

CITY OF DAVIS, CALIFORNIA

COMPREHENSIVE ANNUAL
FINANCIAL REPORT



FOR THE FISCAL YEAR ENDED
JUNE 30, 2017



CITY OF DAVIS, CALIFORNIA

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2017**

PREPARED BY THE
FINANCE DEPARTMENT

CITY OF DAVIS, CALIFORNIA

Comprehensive Annual Financial Report
For the Year Ended June 30, 2017

Table of Contents

Page

INTRODUCTORY SECTION

Table of Contents i
Letter of Transmittal..... v
GFOA Award x
Principal Officials..... xi
Organizational Chart xii
Location Map..... xiii

FINANCIAL SECTION

Independent Auditor's Report 1
Management Discussion and Analysis 5

Basic Financial Statements:

Government-Wide Financial Statements:

Statement of Net Position 21
Statement of Activities..... 22

Fund Financial Statements:

Governmental Funds:

Balance Sheet 26
Reconciliation of the Governmental Funds Balance Sheet to
the Government-Wide Statement of Net Position..... 28
Statement of Revenues, Expenditures, and Changes in Fund Balances 30
Reconciliation of the Net Change in Fund Balances - Total Governmental
Funds with the Statement of Activities 32

Proprietary Funds:

Statement of Net Position 34
Statement of Revenue, Expenses and Changes in Net Position..... 36
Statement of Cash Flows..... 38

CITY OF DAVIS, CALIFORNIA
Comprehensive Annual Financial Report
For the Year Ended June 30, 2017

Table of Contents

Page

FINANCIAL SECTION (Continued):

Fiduciary Funds:	
Statement of Fiduciary Net Position.....	42
Statement of Changes in Fiduciary Net Position.....	43
Notes to Financial Statements	45
Required Supplemental Information:	
Pension Plans.....	97
Schedule of Changes in the Net Pension Liability and Related Ratios	98
Schedule of Contributions – Miscellaneous Plan.....	99
Schedule of the City’s Proportionate Share of the Net Pension Liability	100
Schedule of Contributions – Safety Plan.....	101
Schedule of Funding Progress - Other Post Retirement Benefit Plan (OPEB).....	102
Schedules of Revenues, Expenditures, and Changes in Fund Balances Budget and Actual:	
General Fund	103
Low/Mod Housing Fund	104
Open Space Fund.....	105
Development Deferred Improvement Fund.....	106
Note to Required Supplemental Information	107
Supplementary Information:	
Non-Major Governmental Funds – Combining Balance Sheet	114
Non-Major Governmental Funds – Combining Statement of Revenues, Expenditures and Changes in Fund Balances	120
Budgeted Non-Major Funds – Combining Schedule of Revenues, Expenditures And Changes in Fund Balance – Budget and Actual	126

CITY OF DAVIS, CALIFORNIA

Comprehensive Annual Financial Report
For the Year Ended June 30, 2017

Table of Contents

Page

FINANCIAL SECTION (Continued):

Internal Service Funds:

Combining Statement of Net Position..... 138
Combining Statement of Revenue, Expenses and Changes in Net Position..... 139
Combining Statement of Cash Flows..... 140

Agency Funds:

Statement of Changes in Assets and Liabilities 142

STATISTICAL SECTION

Net Position by Component – Last Ten Fiscal Years..... 146
Changes in Net Position – Last Ten Fiscal Years..... 147
Fund Balances of Governmental Funds – Last Ten Fiscal Years 149
Changes in Fund Balance of Governmental Funds – Last Ten Fiscal Years..... 150
Citywide Assessed Value and Estimated Actual Value of Taxable Property –
Last Ten Fiscal Years 151
Assessed Value of Property by Use Code, Citywide – Last Fiscal Year 152
Principal Property Tax Payers – Last Fiscal Year and Nine Years Ago..... 153
Property Tax Levies and Collections - Last Ten Fiscal Years 154
Principal Sales Tax Producers – Last Fiscal Year and Nine Years Ago 155
Historical Sales Tax Amounts by Benchmark Year 156
Ratio of Outstanding Debt by Type 157
Demographic and Economic Statistics - Last Ten Fiscal Years..... 158
Principal Employers - Current Year and Last Year..... 159
Full-Time Equivalent City Government Employees by Function – Last Ten Fiscal Years..... 160
Operating Indicators by Function/Program – Last Ten Fiscal Years..... 161
Capital Asset Statistics by Function/Program – Last Ten Fiscal Years..... 162

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**Administrative Services Department
Finance Division**

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



December 22, 2017

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

We are pleased to present the Comprehensive Annual Financial Report (CAFR) of the City of Davis for the Fiscal Year ended June 30, 2017. The format and content of this CAFR complies with the principles and standards of account and financial reporting adopted by the Governmental Accounting Standards Board (GASB), and contains all information needed for readers to gain a reasonable understanding of the City of Davis' financial position and operations. Management takes sole responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that is has established for this purpose. The objective of internal controls is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

The City of Davis' financial statements have been audited by Maze & Associates. 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 generally accepted accounting principles (GAAP). Maze & Associates issued an unmodified opinion for the fiscal year ended June 30, 2017. Their report is presented as the first component of the financial section of this report.

In conjunction with the annual CAFR, the City is also required to undergo an annual Single Audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and the U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of State and Local Governments and Non-Profit Organizations*. The City's Single Audit for Fiscal Year 2016-2017 will be completed in early 2018 and a separate Single Audit Report will be issued.

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

REPORTING ENTITY

The enclosed report includes information for all funds of the City of Davis which provide services to citizens in the areas of public safety; community development, planning and sustainability; recreation, cultural and social assistance; transportation and infrastructure support; water, waste water and sanitation utilities, as well as general government activities.

The City Council of the City of Davis also has financial responsibility and accountability for the following legally separate entities: City of Davis Redevelopment Successor Agency, City of Davis Public Facilities Financing Authority, Community Facilities District 1991-2 (Mace Ranch) and Community Facilities District 2015 (The Cannery). Financial information on these entities has been included in this report.

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

PROFILE OF THE GOVERNMENT

The City of Davis was founded in 1868, and was originally named Davisville after Jerome C. Davis, who was a prominent local farmer. In 1907, the Davisville post office shortened the town name and the change became official when the City incorporated in March 1917. The City of Davis is a general law city and employs the Council/Manager form of government. The City Council is comprised of five council members, one of whom serves as the Mayor and another as the Mayor Pro Tem. Council members are elected for overlapping four-year term on a citywide basis. The City Council acts as the legislative and policy-making body. Council appoints the City Manager and awards the contract for City Attorney services. The City Manager is the chief administrator and is responsible for City operations.

The City of Davis is a university and residential community internationally known for its commitment to implementing progressive and innovative programs. Dedicated to citizen participation, the City has fifteen council-appointed commissions and committees and several time-limited task forces or subcommittees that are devoted to various aspects of community life, including such elements as planning, recreation, finance/budget, natural resources and social services.

BUDGET INFORMATION

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

FINANCIAL CONTROLS

The City's accounting records are organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. The City's financial statements have been prepared in accordance with the recent requirements of GASB 65 that reclassifies certain assets and liabilities as outflows and inflows of resources or as deferred outflows and inflows of resources.

City management staff is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles that facilitate internal management reporting. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

In addition, the City maintains budgetary controls. The objective of these controls is to ensure compliance with legal provisions embodied in the annual budget approved by the City Council via the annual appropriation ordinance. Funds for all operating, special revenue, debt service, and capital improvement activities of the City are appropriated in the annual budget. The legal level of budgetary control is at the fund level.

We believe that the statements and schedules included in the Financial Section of this report demonstrate that the City is meeting its responsibility for sound financial management.

For a more comprehensive analysis of the City's financial information, please refer to Management's Discussion and Analysis contained in the Financial Section.

CASH MANAGEMENT

The City pools all cash funds not held by fiscal agents in order to maximize investment opportunities and increase flexibility. Investment earnings are credited back to all funds contributing to the pool, based on the fund's cash balance as a percentage of the pool. Investment responsibility is located organizationally within the Finance Division, and internal control is rigorously maintained to provide accountability and to protect the City's cash assets. Investments are conservatively managed with the three primary objectives of (1) safety of principal, (2) liquidity to meet disbursement requirements, and (3) investment yield pursued in that order.

In October, 2016 the City contracted with PFM Asset Management to update the Investment Policy and to manage the City's portfolio, with the goal of safely expanding portfolio diversification and to add long term investments that will increase investment earnings, while still adhering to the investment policy and maintaining adequate cash flow. A total of \$50 million was placed with PFM during FY 2016/17 to invest on the City's behalf. Total investment earnings for all funds held in the City treasury totaled \$913,644 for the 2016/17 fiscal year.

In fiscal year 1997/98, the City adopted the requirements of Governmental Accounting Standards Board Statement 31, which calls for the recognition of the unrealized net market value gain or loss on investments held by the City and its fiscal agents. On June 30, 2017 the City's treasury, including fiduciary funds, held \$180,113,971 in cash and investments.

RISK MANAGEMENT

The Yolo County Public Agency Risk Management Insurance Authority (YCPARMIA) JPA handles the City's risk management. The deductible for general liability is \$5,000, auto liability is \$20,000 and workers compensation is \$1,000. This significantly limits the City's financial risk.

LOCAL ECONOMY

The City of Davis is located near Sacramento and has a very strong legacy of agriculture, education and innovation. The Sacramento region is the nation's Farm-to-Fork Capital. Local policies and practices support preservation of agriculture land as well as an increasing dominance in the fields of 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. Our 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.

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

Housing prices in Davis, on average, are higher than other cities in Yolo County. Reasons include an excellent quality of life, low crime rate, a premier local school system, the presence of UC Davis, and a convenient location on the I-80 corridor between Sacramento and the bay area. The median home value for October 2017 was \$629,200, an increase of 6.6% over the past year and is predicted to increase by 4.4% by October of next year.

The shortage of available and affordable housing, particularly for the increased number of students admitted to the university, will continue to be an issue in the city. According to the annual rental housing study commissioned by UC Davis, the Davis' rental housing vacancy rate is 0.2%, which is effectively zero. There are several residential rental projects that have been proposed or are expected to come to Council in the near future. However, as the university continues its expansion, sufficient housing will remain an issue for the City.

LONG-RANGE PLANNING

In October 2016, the Davis City Council adopted its 2016 – 2018 Goals and Objectives. Each goal is accompanied by a set of guiding principles and a list of tasks required to achieve each goal. City staff continually works toward implementation of specific tasks for each goal, making periodic progress reports to the Council. The goals will be updated in the fall of 2018, after a new council is seated.

During fiscal year 2016/17, the City contracted to develop a long-term comprehensive financial forecasting model to assist in making budgetary and policy decisions. This 20-year General Fund

model has been integrated into the budget process to aide in informing fiscal decisions to address unfunded liabilities.

The following are a few of the significant City projects that are planned for fiscal year 2017/18:

- Complete the final phase of improvements to Third Street between A and B Streets to improve safety and enhance the joint use of the travel corridor by pedestrians, bicyclists and motorists by creating an open-street environment for increased public use.
- Continue with two year effort to install automatic meter reading infrastructure and new water meters to all customers throughout the city in order to improve information available to the customer and delivery of utility services in the city
- Complete the work on the wastewater treatment plant upgrade project in order to comply with State discharge requirements that went into effect in October 2017.
- Continue the transportation infrastructure rehabilitation program that focusses on maintaining and repairing streets and paths throughout the city.
- Rehabilitate the pavement on the Russell Boulevard bike path from SR-113 west to City limits.
- Begin the development of the grade-separated bike/pedestrian connection from the Cannery development across Covell and the Union Pacific Railroad.

AWARD AND ACKNOWLEDGEMENTS

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

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

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

Respectfully submitted,



Michael Webb
City Manager



Pamela Day
Financial Service Manager



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

City of Davis
California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2016

Christopher P. Morill

Executive Director/CEO

PRINCIPAL OFFICIALS

CITY OF DAVIS

JUNE 30, 2017

CITY COUNCIL

Mayor	Robb Davis
Mayor Pro-Tem	Brett Lee
Councilmember	Lucas Frerichs
Councilmember	Rochelle Swanson
Councilmember	Will Arnold

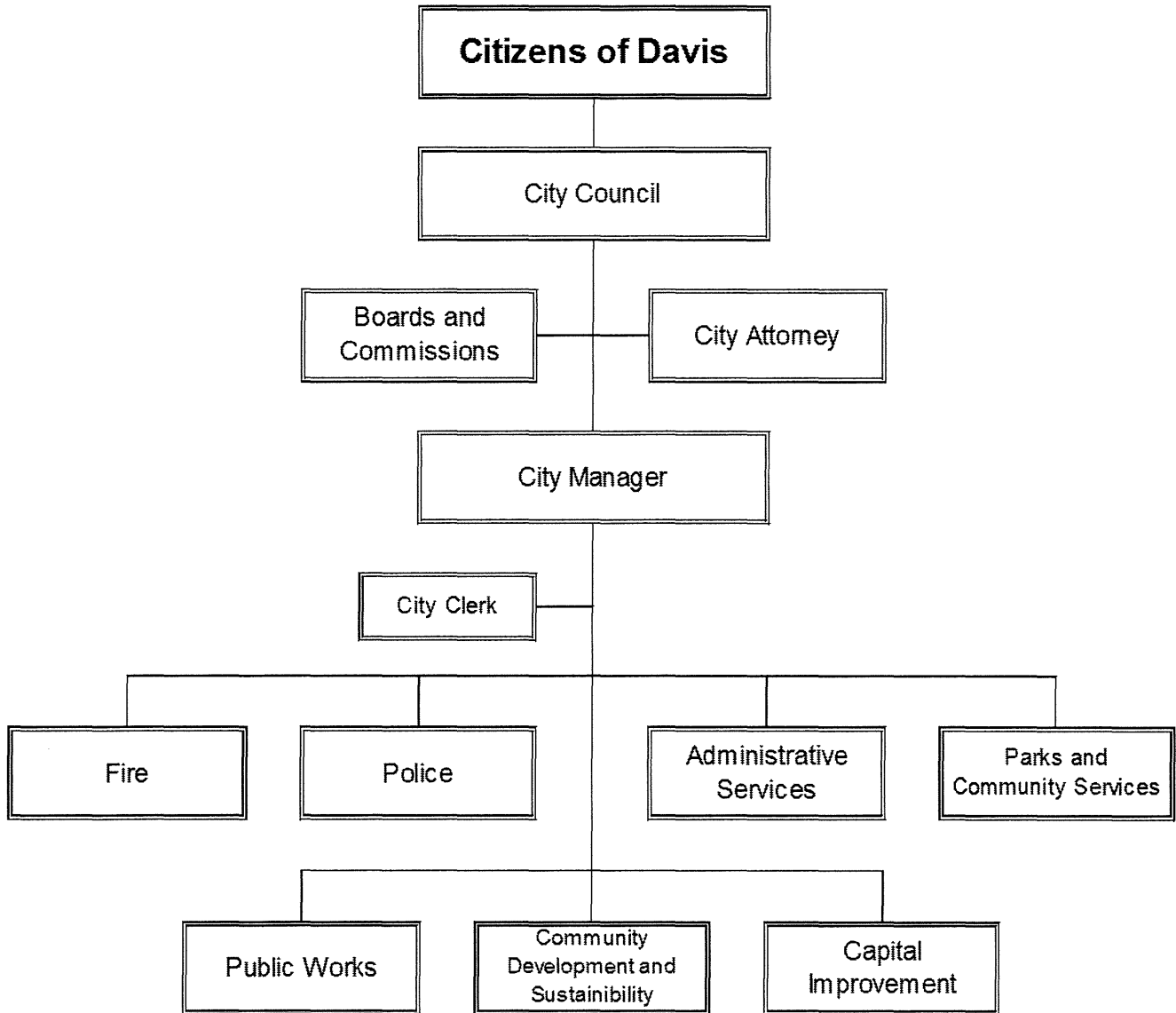
ADMINISTRATIVE OFFICIALS

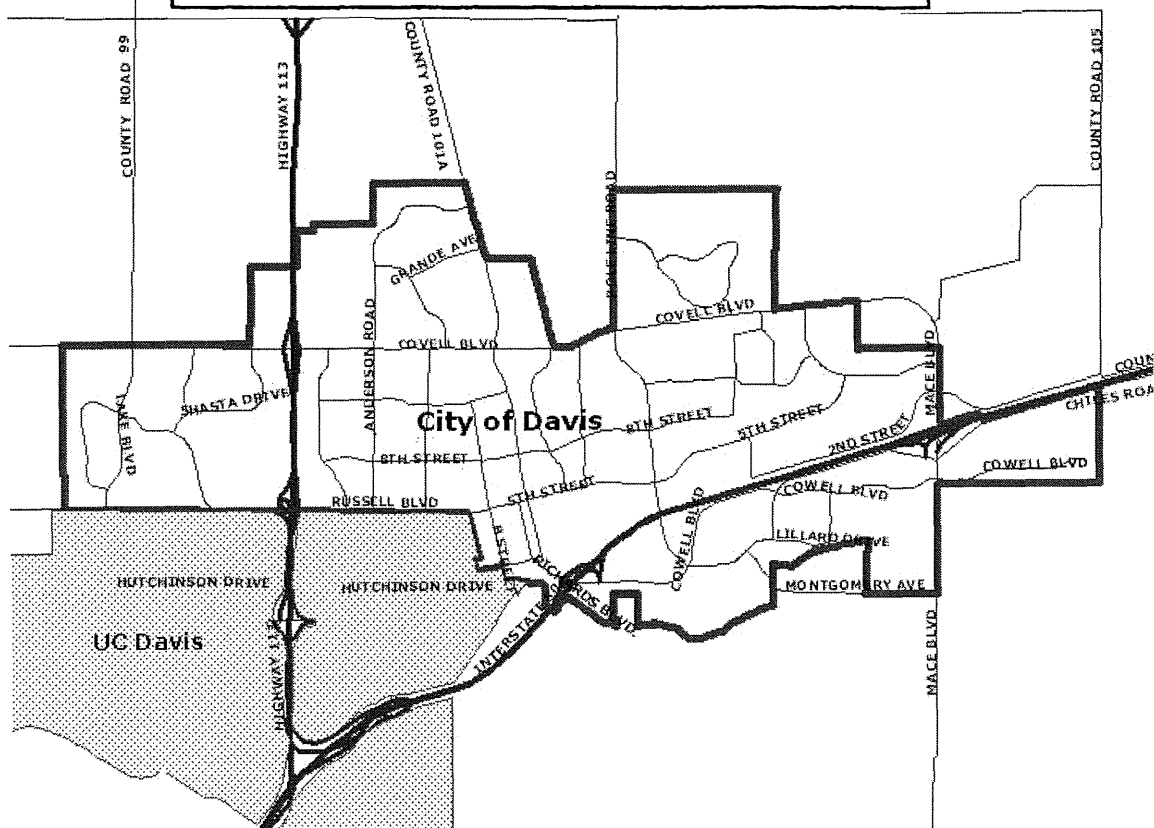
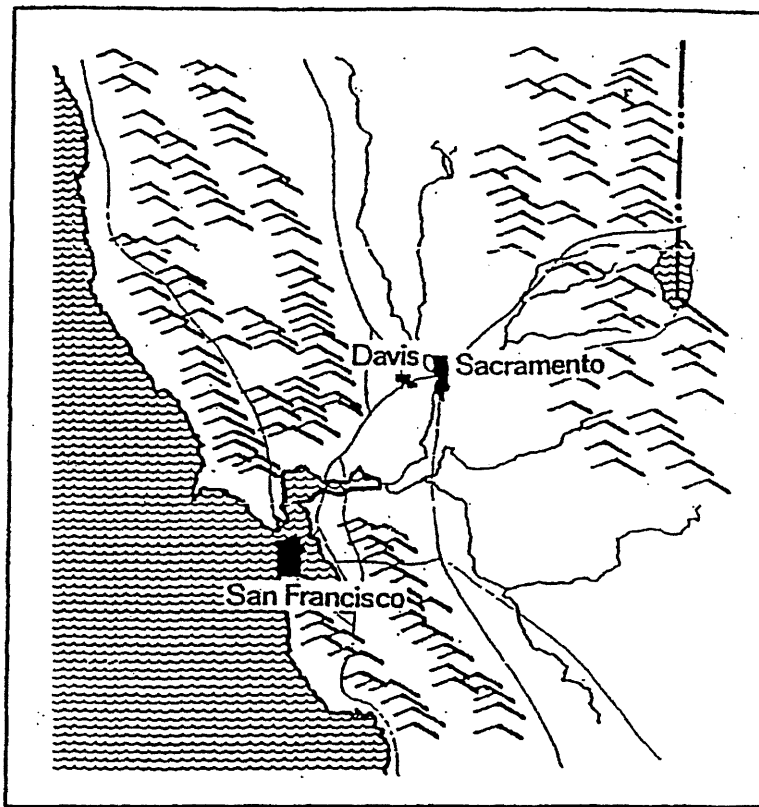
City Manager	Michael Webb (Appointed 12/1/17) Dirk Brazil (Retired 11-30-17)
City Attorney	Harriet Steiner
Assistant City Manager	Kelly Stachowicz
HR Administrator	Janet Emmett
Parks & Recreation Director	Dale Summersille
Fire Chief	Daryl Arbuthnott
Police Chief	Darren Pytel
Public Works Director	Robert Clarke

ADMINISTRATIVE STAFF

Financial Services Manager	Pamela Day
Accountant	Nou Vang
Finance Administrator	Kelly Fletcher

City of Davis Organizational Chart





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INDEPENDENT AUDITOR'S REPORT

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

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Davis, California, (City) as of and for the year ended June 30, 2017, 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, 2017, and the respective changes in financial position and where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

The City is a participant of the *Woodland-Davis Clean Water Agency*, a separate joint powers authority. The joint powers authority was formed between the City of Davis and City of Woodland to coordinate the construction, ownership and operation of the Woodland-Davis Water Supply Capital Improvement Project. As of June 30, 2017 the City's accumulated contributions to the Agency amounted to \$42,628,201. See Note 16 to the financial statements for further discussion.

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

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The Introductory Section, Supplemental Information and Statistical Section listed in the Table of Contents are presented for purposes of additional analysis and are not a required part of the financial statements.

The Supplemental Information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplemental Information is fairly stated, in all material respects, in relation to the financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2017, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Maze & Associates

Pleasant Hill, California
December 22, 2017

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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, 2017. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i-v of this report.

FINANCIAL HIGHLIGHTS

Financial highlights for the 2016-2017 fiscal year include the following:

- City total assets increased by \$34.6 million to \$798.4 million, of which \$371.5 million represented governmental assets and \$426.9 million represented business-type assets.
- City total liabilities increased by \$40.2 million to \$255.1 million, of which \$110.8 million were governmental liabilities and \$144.3 million were business-type liabilities.
- Total government-wide revenues were \$127.4 million, an increase of \$2.6 million from the prior year's \$124.8 million. The City's governmental activities generated \$74.9 million in revenue, while the business-type activities generated \$52.5 million in revenue
- Total expenses for the City increased \$10.8 million. Governmental expenses increased \$0.7 million, from \$70.5 million to \$71.2 million. Expenses for business-type activities increased \$10.1 million to \$47.7 million.
- Total governmental fund revenues increased \$0.7 million to \$74.6 million. Total governmental fund expenditures decreased to \$73.9 million in fiscal year 2016-17, down \$0.5 million from the prior year's \$74.4 million.
- The General Fund's ending fund balance of \$23.2 million in fiscal 2016-17 is up \$1.5 million from the prior year's \$21.7 million.
- General Fund revenues decreased to \$61.9 million, down \$0.6 million from the prior year's \$62.5 million. Expenditures increased \$5.3 million from prior year's \$56.5 million.

Overview of the Financial Statements

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

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

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

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

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

The government-wide financial statements include not only the City itself (known as the primary government), but also its legally separate component units, including the Public Facilities Financing Authority.

The government-wide financial statements can be found on pages 21-23 of this report.

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

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

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

The City maintains 28 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the Development Deferred Improvement special revenue fund, the Low/Mod Housing special revenue fund, and the Open Space special revenue fund, which are considered to be major funds. Data from the other 24 governmental funds are combined into a single aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements in the Required Supplementary Information section of this report.

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

The basic governmental fund financial statements can be found on pages 26-31 of this report.

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

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

The basic proprietary fund financial statements can be found on pages 34-39 of this report.

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

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

The fiduciary fund financial statements can be found on pages 42-43 of this report.

Notes to the Financial Statements. The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. The Notes to the Financial Statements can be found on pages 45-93 of this report.

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

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

The combining statements and individual fund statements and schedules referred to earlier in connection with non-major governmental funds, internal service funds and agency funds are presented immediately following the required supplementary information on pensions and OPEB. Combining and individual fund statements and schedules can be found on pages 114-143 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

This section focuses on the net assets and changes in net 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.

The largest portion of the City's net position, \$479.9 million, reflects its net investment in capital assets (infrastructure, land, buildings, and equipment), less any related outstanding debt used to acquire those assets. These capital assets are used by the City to provide services to citizens, making them unavailable for future spending. Although the City's net investment in its capital assets is reported as net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Tables 1 and 2 on the following pages present a summary and changes of the City's net position as of June 30, 2016 and June 30, 2017.

**Table 1: Statement of Net Position
For the Years Ended June 30, 2017 and 2016
(in Millions)**

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Cash and investments	\$ 81.459	\$ 70.475	\$ 67.324	\$ 54.793	\$ 148.783	\$ 125.268
Other assets	47.274	49.618	8.100	6.723	55.374	56.341
Capital assets	242.767	242.813	351.519	339.376	594.286	582.189
Total Assets	<u>371.500</u>	<u>362.906</u>	<u>426.943</u>	<u>400.892</u>	<u>798.443</u>	<u>763.798</u>
Deferred outflows of resources	23.960	16.414	6.128	3.438	30.088	19.852
Other liabilities	10.922	8.123	7.099	32.449	18.021	40.572
Long-term debt outstanding	99.859	87.600	137.212	86.688	237.071	174.288
Total Liabilities	<u>110.781</u>	<u>95.723</u>	<u>144.311</u>	<u>119.137</u>	<u>255.092</u>	<u>214.860</u>
Deferred inflows of resources	6.863	9.537	2.308	3.523	9.171	13.060
Net position:						
Net investment in capital assets	241.338	242.813	238.518	274.098	479.856	516.911
Restricted	69.931	69.365			69.931	69.365
Unrestricted	<u>(33.454)</u>	<u>(38.119)</u>	<u>47.934</u>	<u>7.572</u>	<u>14.480</u>	<u>(30.547)</u>
Total Net Position	<u>\$ 277.815</u>	<u>\$ 274.059</u>	<u>\$ 286.452</u>	<u>\$ 281.670</u>	<u>\$ 564.267</u>	<u>\$ 555.729</u>

**Table 2: Statement of Changes in Net Position
For the Years Ended June 30, 2017 and 2016
(in Millions)**

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Expenses						
General government:						
City Council	\$ 0.180	\$ 0.145	\$ -	\$ -	\$ 0.180	\$ 0.145
City Attorney	0.638	0.323	-	-	0.638	0.323
City Manager	2.701	2.278	-	-	2.701	2.278
Administrative Services	4.836	2.947	-	-	4.836	2.947
Community Development	5.011	4.912	-	-	5.011	4.912
Public Works	10.815	9.288	-	-	10.815	9.288
Special Projects	1.510	7.694	-	-	1.510	7.694
Parks and community services:						
Parks and Community Services	12.860	12.508	-	-	12.860	12.508
Public safety:						
Fire	11.742	11.350	-	-	11.742	11.350
Police	20.868	19.043	-	-	20.868	19.043
Interest on Long-Term Debt	-	0.002	-	-	-	0.002
Water			15.010	10.974	15.010	10.974
Sanitation	-	-	11.812	11.147	11.812	11.147
Sewer	-	-	9.110	7.937	9.110	7.937
Storm Sewer	-	-	3.820	3.941	3.820	3.941
Public transit	-	-	7.969	3.639	7.969	3.639
Total Expenses	<u>71.161</u>	<u>70.490</u>	<u>47.721</u>	<u>37.638</u>	<u>118.882</u>	<u>108.128</u>
Revenues						
Program Revenues:						
Charges for Services	14.848	15.693	44.220	42.502	59.068	58.195
Operating Contributions and Grants	8.327	8.127	7.694	3.199	16.021	11.326
Capital Grants and Contributions	2.703	1.025	-	0.040	2.703	1.065
General Revenues:						
Taxes	41.869	41.157			41.869	41.157
Motor vehicle in-lieu	6.107	6.146			6.107	6.146
Investment income	0.504	0.469	0.347	0.307	0.851	0.776
Miscellaneous	0.559	2.165	0.242	4.006	0.801	6.171
Total Revenues	<u>74.917</u>	<u>74.782</u>	<u>52.503</u>	<u>50.054</u>	<u>127.420</u>	<u>124.836</u>
Changes in Net Position	3.756	4.292	4.782	12.416	8.538	16.708
Net Position - Beginning	<u>274.059</u>	<u>269.767</u>	<u>281.670</u>	<u>269.254</u>	<u>555.729</u>	<u>539.021</u>
Net Position - Ending	<u>\$ 277.815</u>	<u>\$ 274.059</u>	<u>\$ 286.452</u>	<u>\$ 281.670</u>	<u>\$ 564.267</u>	<u>\$ 555.729</u>

Governmental Activities

The City's governmental activities rely on several sources of revenue to finance ongoing operations. Taxes (\$41.9 million), Operating Grants & Contributions (\$8.3 million), and Charges for Services (\$14.8 million) comprise the largest sources of revenue. Operating Grants & Contributions include revenues such as gas tax revenue passed through from the State for maintenance of the streets, HUD/HOME Federal Grant funding for the housing program, and HUD/CDBG Federal Grant funding and other one-time grants. Charges for Services are revenues that arise from charges to customers who purchase, use, or directly benefit from goods or services. Examples of the types of services that fall under this category include building permits, business licenses, and park and recreation fees. Also included in Charges for Services is an internal administrative overhead charge to departments within the City for services provided to them by the City Manager's, City Attorney's and City Clerk's offices, Human Resources, and Finance services.

At the end of fiscal year 2016-17, total revenue for governmental activities was \$74.9 million with minor increases from the prior year.

- Program revenues increased \$1.0 million. Capital Grants and Contribution increased \$1.7 million while Charges for Services experienced a decrease of \$0.8 million.
 - The largest increase in Capital Grants and Contributions was \$1.4 million in development impact fees. This is due to fees collected from construction in the Cannery development.
 - The decrease in Charges for Services was due to a \$0.8 million reduction in development review fees in Public Works. Fees collected in fiscal year 2015-16 were higher than normal due to pre-construction plan reviews for the Cannery development.
- General Revenues decreased overall by \$0.9 million, with tax revenue increasing by \$0.7 million and other revenue decreasing by \$1.6 million.
 - Tax revenue had a modest increase of \$0.7 million. Property Tax increased by \$0.6 million due to housing completion in the Cannery subdivision. Transient Occupancy Tax rates increased in August 2016 from 10% to 12%, resulting in a revenue increase of \$0.3 million.
 - In fiscal year 2015-16, Other Revenue included \$1.6 million in loan proceeds from Siemens to fund the Streetlight Conversion project.

Total governmental activities expenses were \$71.2 million, an increase of \$0.7 million compared to the prior year.

- Special projects decreased by \$6.2 million. The decrease in expenses is primarily due to a one-time payment made in the prior year of approximately \$4.9 million to the Department of Finance in compliance with the Due Diligence Review determination letter in connection with the Downtown Area Capital Revitalization
- Public Safety, Administrative Services, and Public Works had increases in expenses.
 - Expenses for Public Safety increased \$2.2 million, largely due to compensation. The Police Memorandum of Understanding for the period of January 1, 2016 to June 30, 2017 settled, which included the addition of a step 6 to the salary range and resulted in retroactive wage adjustments.
 - Public Works increased by \$1.5 million largely due to a one-time authorization from the City Council to set aside \$2.8 million for future facility maintenance.
 - Administrative Services cost increased from \$2.9 million to \$4.8 million over the prior year was due to an additional \$2.0 million OPEB contribution made with excess money from the prior year.

Analysis of Business-Type Activities

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

Net Position for the Enterprise Funds increased \$4.8 million, with positive and negative changes in the five major funds. The Water and Sewer Funds had a positive change in net position of \$7.7 million, while Sanitation, Storm Sewer, and Public Transportation had a combined decrease in net position of \$2.9 million. Total Enterprise revenues increased \$2.4 million and expenses increased \$10.1 million.

Three capital projects were near completion or put into service in fiscal year 2016-17. The Davis-Woodland Water Supply Project and the Local Facilities were placed into service in August 2017 and the Waste Water Treatment facility will be fully accredited in October 2017. Large expenditures and loan proceeds had a significant impact in the funds. Cash and Investments have increased \$12.5 million. The City was reimbursed \$24.0 million for contributions made in the prior years for the construction of the Water Treatment Plant; however there were increased expenses from capital projects, such as the construction of the waste water treatment plant and the local pipeline project.

Operating revenues and Non-operating revenues totaled \$44.2 million and \$8.3 million, respectively. The operating revenue consists of Charges for Current Services, which increased \$1.7 million, mostly attributed to the Water Fund. Increased water rates and higher consumption resulted in a \$2.2 million increase in revenue.

Non-operating revenues, which consist of investment revenue, operating grants, and other revenues totaled \$8.3 million. Operating grants from Public Transit increased by \$4.5 million from the prior year to \$7.7 million. The change accounted for operating and capital grants Unitrans was awarded in the amount of \$2.6 million and \$1.8 million, respectively. Other revenue from the Water Fund decreased by \$3.8 million. This was associated with an occurrence in the prior year where UC Davis contributed \$2.9 million for their share of the local surface water project. In addition, the City had a gain of \$0.9 million when refinancing the capacity rights for the Surface Water Project.

Operating expenses for the proprietary funds increased \$10.1 million. The Water Fund expenses totaled \$15.0 million, an increase of \$4.0 million. Production expenses increased \$3.4 million due to the water treatment plant becoming operational in August 2016. The Public Transit Fund's expenses increased from \$3.6 million to \$8.0 million, an increase of \$4.4 million. FTA grant funds, which increased \$4.4 million, were passed through to UC Davis.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the City's governmental funds is to provide information on near-term inflows and outflows and balances of resources that are available for spending. This information is presented as a comparison with the prior year and should prove useful in evaluating the City's financial requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The City maintains 28 individual governmental funds, which include four Major Funds, the General Fund, the Development Deferred Improvement special revenue fund, the Low/Mod Housing special revenue fund, and the Open Space special revenue fund. In the financial statements, these Major Funds are reported separately, with the data from the other 24 governmental funds combined into a single aggregated presentation.

As of June 30, 2017, the City's governmental funds reported combined fund balances of \$94.9 million, an increase of \$2.1 million compared with last year. The unassigned portion of fund balance was \$22.8 million, which is available for spending at the City's discretion.

General Fund. The General Fund is the primary governmental fund and chief operating fund of the City. The total fund balance for the General Fund increased \$1.6 million. General Fund revenues decreased \$0.6 million. Transient occupancy tax increased from \$1.5 million to \$1.8 million in the current year. In June 2016, voters of Davis passed Measure B, which allowed the City to increase the tax to 12%. Property tax increased to \$13.9 million from \$13.7 million in the prior fiscal year, a modest increase due to the Cannery subdivision. Sales tax decreased \$0.5 million in the current fiscal year, in part due to the ending of "triple flip", the state revenue sharing program. Charges for Service decreased \$0.6 million, mainly due to a decrease in fees for development review in Public Works.

Other Governmental Funds. Intergovernmental revenues for the other Governmental funds decreased \$0.8 million, due to revenue anticipated for the TDA Non-Transit fund was not received within the availability period. This revenue will be recognized in fiscal year 2017-18. Development fees increased significantly, as discussed in the Development Deferred Improvement Fund below.

Table 3 provides a summary of Governmental and General Fund revenues for the year ended June 30, 2017, and compares the revenues to the prior fiscal year.

**Table 3: Revenues in the Governmental Funds
For the Year Ended June 30, 2017 and 2016**

	Governmental Funds			General Fund *		
	2017	2016	\$ Change	2017	2016	\$ Change
Property Tax	\$13,827,008	\$13,721,604	105,404	\$13,827,008	\$13,721,604	\$105,404
Sales tax	15,660,665	16,192,725	(532,060)	15,660,665	16,192,725	(532,060)
Real Property Transfer	386,182	306,001	80,181	386,182	306,001	80,181
Municipal Services	2,937,053	2,878,914	58,139	2,937,053	2,878,914	58,139
Business License	1,804,618	1,719,258	85,360	1,804,618	1,719,258	85,360
Construction Tax	1,146,893	1,167,502	(20,609)	1,146,893	1,167,502	(20,609)
Franchise	1,793,833	1,704,481	89,352	1,211,522	1,141,614	69,908
Transient Occupancy	1,784,072	1,453,819	330,253	1,784,072	1,453,819	330,253
Motor Vehicle in-lieu	6,137,775	6,146,238	(8,463)	6,137,775	6,146,238	(8,463)
Park Maintenance	1,382,436	1,367,935	14,501			
Public Safety Charge	497,182	481,685	15,497			
Open Space Protection	649,222	644,914	4,308			
Fines and forfeitures	567,834	660,313	(92,479)	567,834	660,313	(92,479)
Use of money and property	1,570,285	1,640,957	(70,672)	1,315,207	1,359,131	(43,924)
Intergovernmental	4,228,914	5,018,162	(789,248)	459,426	512,490	(53,064)
Charges for current services	11,665,050	12,293,260	(628,210)	9,011,474	9,549,153	(537,679)
Development fees	2,840,272	797,720	2,042,552	119,500		
Administrative fees	1,876,317	2,260,871	(384,554)	1,876,317	2,260,871	(384,554)
Other	3,805,856	3,449,412	356,444	3,694,589	3,443,488	251,101
Totals	\$74,561,467	\$73,905,771	\$655,696	\$61,940,135	\$62,513,121	(\$692,486)

* The General Fund is a subset of the Governmental funds

Expenditures for Governmental Funds decreased \$0.5 million. General Fund expenditures increased \$5.3 million, and Other Governmental Fund expenditures decreased \$7.0 million. Changes in the Governmental funds attributed to a decrease in expense with Special Projects and increases for General Fund is due to increased expense in Administrative Services, Public Safety and Public Works.

- There was a significant decrease in Special Projects for the Governmental Funds. In fiscal year 2016-17 a one-time payment of \$5.4 million was transmitted to the Department of Finance in compliance with the Due Diligence Review determination letter in connection with the Downtown Area Capital Revitalization.
- General Fund expenditures increased in Public Works (\$3.3 million), Administrative Services (\$2.0 million) and Public Safety (\$1.6 million). The increase in Public Works and Administrative Services expenditures was due to City Council authorization of \$2.8 million for future facility maintenance and an additional \$2.0 million to the Trust to reduce the liability for retiree medical. Public Safety expenditures also increased by \$1.6 million, as discussed in the Governmental Activities section of this document.

Table 4 provides a summary of Governmental and General Fund expenditures for the year ended June 30, 2017 and June 30, 2016.

**Table 4: Expenses in the Governmental Funds
For the Year Ended June 30, 2017 and 2016**

	Governmental Funds			General Fund *		
	2017	2016	Change from Prior Year	2017	2016	Change from Prior Year
City Council	\$187,422	\$162,094	\$25,328	\$187,422	\$162,094	\$25,328
City Attorney	638,231	323,152	315,079	638,231	323,152	315,079
City Manager	3,231,499	2,511,944	719,555	3,194,516	2,499,230	695,286
Administrative Services	5,298,775	3,268,570	2,030,205	4,508,259	2,493,166	2,015,093
Public Safety	30,254,413	28,686,821	1,567,592	27,245,519	25,556,925	1,688,594
Public Works	7,927,980	5,849,339	2,078,641	5,813,731	2,574,938	3,238,793
Community Development	5,539,962	5,227,343	312,619	5,379,820	5,155,537	224,283
Parks & Community Services	12,019,873	11,681,163	338,710	10,410,511	9,939,664	470,847
Special Projects	1,741,902	7,742,821	(6,000,919)		567,900	(567,900)
Capital Outlay	7,108,003	8,984,638	(\$1,876,635)	4,430,490	7,234,569	(2,804,079)
Totals	\$73,948,060	\$74,437,885	(\$489,825)	\$61,808,499	\$56,507,175	\$5,301,324

* The General Fund is a subset of the Governmental funds

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

Development Deferred Improvement Fund. This capital fund accounts for major project finance fees collected to pay for infrastructure and improvements needed due to the additional burden created by development. Development impact fees increased from \$0.6 million to \$2.4 million, due to new housing in the Cannery sub-division. Expenditures totaled \$2.2 million, mainly for capital projects. On June 30, 2017, the Development Deferred Improvement Fund held \$22.9 million in restricted fund balance.

Low/Mod Housing Fund. The Low/Mod Housing Fund is a special revenue fund that is used to develop, rehabilitate, and preserve affordable housing. Revenues are comprised of charges for services, interest on loans and investments and monitoring fees. Revenues decreased \$0.1 million to \$0.4 million for FISCAL YEAR 2016-17. Expenditures total \$0.8 million and are classified as special projects. On June 30, 2017, the Low/Mod Housing Fund held \$33.2 million in restricted fund balance.

Open Space Fund. This fund accounts for revenue from the Open Space Preservation Tax. The assessments are placed on the tax roll and forwarded by the County with the property taxes. The assessment for fiscal year 2016-17 was \$0.7 million. Expenditures were for maintenance and totaled \$0.5 million. On June 30, 2017, the Open Space restricted fund balance was \$4.9 million, an increase in fund balance of \$0.2 million from the prior year.

Enterprise Funds

Net Position for the Enterprise Funds increased \$4.8 million, with positive and negative changes in the five major funds. The Water and Sewer Funds had a positive change in net position of \$7.7 million, while Sanitation, Storm Sewer, and Public Transportation had a combined decrease in net position of \$2.9 million. Total Enterprise revenues increased \$2.4 million and expenses increased \$10.1 million.

Water Fund. The operating revenues for this fund, which are charges for services to the residents of Davis and some residents in Yolo County, total \$17.5 million. An increase in water rates in January 2017 produced an increase in revenues of \$2.2 million.

Operating expenses for the Water Fund totaled \$15.0 million, with the primary expenses for production, distribution, and system maintenance totaling \$10.3 million. Depreciation increased by \$1.0 million, attributed to an increase \$2.7 million in capitalized assets in fiscal 2016-17.

Sanitation Fund. This fund had operating revenues of \$11.0 million, an increase of \$0.2 million over the prior year. Primary expenses are for waste removal, solid waste management and street sweeping, totaling \$11.3 million. Operating expenses increased \$0.7 million from the prior year, primarily due to adding yard waste cans for green waste. Overall, the net position for the Sanitation Fund decreased \$0.7 million.

Sewer Fund. Sewer Fund operating revenues were \$13.9 million for the current fiscal year, a decrease of \$0.7 million over the prior year. Sewer rates are based on the winter water usage for the prior year. Water consumption was down during fiscal year 2015-16, resulting in lower sewer rates for fiscal year 2016-17. The primary operating expenses for the sewer fund are sewage collection and treatment, totaling \$6.1 million. Total operating expenses increased from \$7.9 million to \$9.1 million. The Sewer Fund ended the year with a change in net position of \$5.0 million.

Storm Sewer Fund. The operating revenues totaled \$1.7 million with minimal changes over the prior year. Primary operating expenses are for maintenance of the storm drainage system totaling \$1.5 million. Total operating expenses were \$3.8 million, a decrease of \$0.1 million over the prior year. The Storm Sewer Fund ended the year with a net loss of \$2.0 million.

Public Transit Fund. This fund's revenues consist primarily of operating grants and contributions in the amount of \$7.7 million. The City has a pass through an agreement with the University of California-Davis to provide partial funding for public transportation services (Unitrans). Grants and contributions increased \$4.5 million from the prior year. Unitrans was awarded \$2.6 million and \$1.8 million in operating and capital grants, respectively. Operating expenses, which include the provision of public and special transportation services, total \$8.0 million. This reflects an increase in expenses of \$4.3 million from the previous year. The fund net position was \$2.3 million.

Fiduciary Funds

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

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2017, the City's investment in capital assets totaled \$594.3 million, net of depreciation, invested in a broad range of capital assets used in governmental and business-type activities, as shown in Table 5 below (further detail can be found in Note 8 in Notes to the Financial Statements):

Table 5
Capital Assets at June 30, 2017 and 2016
(in Millions)

	<u>2017</u>	<u>2016</u>	<u>Net Change</u>
Governmental Activities:			
Land	\$ 56.487	\$ 56.067	0.420
Construction in progress	17.582	16.194	1.388
Buildings and improvements	45.901	44.657	1.244
Equipment	11.651	10.886	0.765
Infrastructure - Streets	259.058	259.057	0.001
Infrastructure - Parks	68.174	65.018	3.156
Infrastructure - Bike/Ped Paths	15.341	15.342	(0.001)
Less accumulated depreciation	<u>(231.428)</u>	<u>(224.408)</u>	<u>(7.020)</u>
Total	<u>\$ 242.766</u>	<u>\$ 242.813</u>	<u>\$ (0.047)</u>
Business-Type Activities:			
Land	\$ 21.783	\$ 21.783	\$ -
Construction in progress	129.352	136.126	(6.774)
Buildings	150.156	150.156	-
Pipes and Lines	170.719	167.723	2.996
Equipment	11.757	11.691	0.066
Intangible Assets	23.466	-	23.466
Less accumulated depreciation	<u>(155.714)</u>	<u>(148.103)</u>	<u>(7.611)</u>
Total	<u>\$ 351.519</u>	<u>\$ 339.376</u>	<u>\$ 12.143</u>

Capital assets, before depreciation, increased \$26.7 million, mainly due to construction in progress. The increase in business-type activities is for expenditures for the Waste Water Treatment Plant (\$28.5 million). Capital expenditures for governmental activities included \$2.1 million for Transportation Infrastructure Rehabilitation, \$.9 million for the Parks Pathway Lighting Improvement, and \$0.7 million for the Rainbow City Rehab/Renovation project.

Debt Administration

Each of the City's debt issues is discussed in detail in Note 9 in Notes to the Financial Statements. On June 30, 2017, the City's debt comprised:

Table 6
Outstanding Debt at June 30, 2017 and 2016
(in Millions)

	<u>2017</u>	<u>2016</u>	<u>Net Change</u>
Governmental activities: *			
Long Term Employee Benefits	\$ 96.034	\$ 84.992	\$ 11.042
Business-type activities:			
Long Term Debt	111.451	85.193	26.258
Long Term Employee Benefits	<u>25.761</u>	<u>22.707</u>	<u>3.054</u>
Total	<u>\$ 233.246</u>	<u>\$ 192.892</u>	<u>\$ 40.354</u>

Long term debt for both the governmental and business-type activities increased in fiscal year 2016-17. Increases in long term employee benefits were due to the increase in net pension liability. Please refer to Note 12 in the Notes to the Financial Statements for more information. The Business-type activities long term debt increased \$27.8 million. The City has acquired two loans from the State to fund major projects in the prior year. State Revolving Fund (SRF) Loan #3 is used to fund the Wastewater Treatment Plant. The draw for the current fiscal year was \$14.5 million, leaving the total outstanding loan debt to \$34.5 million. SRF Loan #4 is for the Surface Water Pipeline project. The draw on that loan was \$13.3 million, leaving an outstanding loan balance of \$21.4 million. Note 9 in the Notes to the Financial Statements provide more information on the specifics of each loan.

Private Purpose Trust Fund

The private purpose trust fund is used to report resources held in trust related to the dissolution of the former Redevelopment Agency. The balance of tax allocation bond debt is \$38.6 million with related unamortized discounts of \$0.5 million, to be amortized over the life of the bonds.

Special Assessment District Debt

On June 30, 2017, a total of \$32.0 million in special assessment district debt was outstanding, issued by five special assessment districts. This debt is secured only by special assessments on the real property in the district issuing the debt, and is not the City's responsibility, although the City does act as these Districts' agent in the collection and remittance of assessments.

ECONOMIC OUTLOOK

Economic Factors

The economy of the City is discussed in the accompanying Transmittal letter.

Next Year's Budget

Total All Funds Revenue for fiscal year 2017-18 is budgeted at \$188.8 million with General Fund revenues totaling \$60.6 million. Property Tax revenue for fiscal year 2017-18 is budgeted at \$20.9 million and Sales Taxes are expected to total \$16.8 million.

Total All Funds Expenditures for the City in fiscal year 2017-18 are budgeted at \$192.4 million with General Fund expenditures totaling \$64.0 million. The City will engage in a total of 45 separate capital projects over the course of the 2017-18 budget year, with total capital expenditures accounting for \$45.2 million of the Adopted All Funds budget. Of this, 44.5% of the capital budget is committed to Transportation (\$20.1 million), 48.0% will be dedicated to Drainage, Water and Wastewater projects (\$21.7 million), with the remaining dollars slated for facilities and parks upgrades. Over the past several years, the city's capital budget has been dramatically higher due to the construction of the surface water project and the wastewater treatment plant upgrades. The capital portion of the surface water project is complete, and the work on the wastewater treatment plant should conclude in 2018-19, bringing the capital budget closer to more typical levels.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This Comprehensive Annual Financial Report is intended to provide citizens, taxpayers, investors, and creditors with a general overview of the City's finances. Questions concerning any of the information provided in this report should be directed to the Finance Department at FinanceWeb@cityofdavis.org.

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STATEMENT OF NET POSITION AND STATEMENT OF ACTIVITIES

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

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

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

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

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

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

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CITY OF DAVIS
STATEMENT OF NET POSITION
JUNE 30, 2017

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and investments (Note 4)	\$81,459,120	\$65,642,058	\$147,101,178
Cash and investments with fiscal agents (Note 4)		1,681,742	1,681,742
Accrued interest	229,040	183,622	412,662
Receivables:			
General accounts	7,901,049	3,874,595	11,775,644
Grants	1,436,528	3,247,542	4,684,070
Utility accounts	518,771	4,309,506	4,828,277
Loans (Note 6)	33,049,579		33,049,579
Mortgages (Note 6)	322,764		322,764
Inventory (Note 11)	301,594		301,594
Internal balances (Note 5C)	3,515,322	(3,515,322)	
Capital assets (Note 7):			
Non-depreciable	74,068,776	151,135,224	225,204,000
Depreciable, net of depreciation	168,697,774	200,383,577	369,081,351
Total Assets	<u>371,500,317</u>	<u>426,942,544</u>	<u>798,442,861</u>
DEFERRED OUTFLOWS OF RESOURCES			
Related to pension (Note 12)	23,959,498	6,128,172	30,087,670
Total Assets and Deferred Outflows of Resources	<u>395,459,815</u>	<u>433,070,716</u>	<u>828,530,531</u>
LIABILITIES			
Payables:			
Accounts and other accrued liabilities	1,807,064	1,752,804	3,559,868
Wages	1,859,267	317,006	2,176,273
Grants	6,151		6,151
Interest		496,184	496,184
Deposits	5,603,491	54,625	5,658,116
Unearned revenue (Note 8)	1,151,247	2,404,959	3,556,206
Claims payable (Note 15):			
Due within one year	109,185		109,185
Due in more than one year	175,768		175,768
Compensated absences (Note 3):			
Due within one year	386,490	522,162	908,652
Due in more than one year	2,219,988		2,219,988
Long-term debt (Note 9):			
Due within one year		1,168,447	1,168,447
Due in more than one year	1,428,745	90,611,799	92,040,544
Long-term note payable to JPA (Note 16)			
Due within one year		382,121	382,121
Due in more than one year		20,838,996	20,838,996
OPEB liability, due in more than one year (Note 13)	8,761,254	2,910,143	11,671,397
Net pension liability (Note 12)	87,273,220	22,851,336	110,124,556
Total Liabilities	<u>110,781,870</u>	<u>144,310,582</u>	<u>255,092,452</u>
DEFERRED INFLOWS OF RESOURCES			
Related to pension (Note 12)	6,862,474	2,308,349	9,170,823
Total Liabilities and Deferred Inflows of Resources	<u>117,644,344</u>	<u>146,618,931</u>	<u>264,263,275</u>
NET POSITION (Note 1N):			
Net investment in capital assets	241,337,805	238,517,438	479,855,243
Restricted for:			
Capital projects	27,644,124		27,644,124
Housing	35,100,274		35,100,274
Special revenue projects	7,187,192		7,187,192
Total Restricted Net Position	<u>69,931,590</u>		<u>69,931,590</u>
Unrestricted	(33,453,924)	47,934,347	14,480,423
Total Net Position	<u>\$277,815,471</u>	<u>\$286,451,785</u>	<u>\$564,267,256</u>

See accompanying notes to financial statements

CITY OF DAVIS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
City council	\$180,359			
City attorney	638,231			
City manager	2,700,596	\$1,402,353	\$1,223,609	
Administrative services	4,835,955	1,831,299		
Community development	5,010,995	4,391,769	364,065	\$166,924
Parks and community services	12,860,303	3,439,496	1,570,801	121,474
Public safety - fire	11,741,554	1,286,161	1,230,504	
Public safety - police	20,867,695	1,075,531	1,958,706	
Public works	10,815,163	1,421,458	1,978,954	2,414,579
Special projects	1,509,819			
Total Governmental Activities	71,160,670	14,848,067	8,326,639	2,702,977
Business-type Activities:				
Water	15,009,598	17,532,566		
Sanitation	11,812,422	11,033,701		
Sewer	9,110,218	13,873,913		
Storm sewer	3,819,462	1,747,635		
Public transit	7,969,174	32,108	7,693,559	
Total Business-type Activities	47,720,874	44,219,923	7,693,559	
Total	\$118,881,544	\$59,067,990	\$16,020,198	\$2,702,977

General revenues:

Taxes:

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

Intergovernmental, unrestricted:

- Motor vehicle in-lieu
- Investment earnings
- Miscellaneous

Total general revenues

Change in Net Position

Beginning Net Position

Ending Net Position

See accompanying notes to financial statements

Net (Expense) Revenue and
Changes in Net Position

Governmental Activities	Business-type Activities	Total
(\$180,359)		(\$180,359)
(638,231)		(638,231)
(74,634)		(74,634)
(3,004,656)		(3,004,656)
(88,237)		(88,237)
(7,728,532)		(7,728,532)
(9,224,889)		(9,224,889)
(17,833,458)		(17,833,458)
(5,000,172)		(5,000,172)
(1,509,819)		(1,509,819)
<u>(45,282,987)</u>		<u>(45,282,987)</u>
	\$2,522,968	2,522,968
	(778,721)	(778,721)
	4,763,695	4,763,695
	(2,071,827)	(2,071,827)
	<u>(243,507)</u>	<u>(243,507)</u>
	4,192,608	4,192,608
<u>(45,282,987)</u>	<u>4,192,608</u>	<u>(41,090,379)</u>
14,324,190		14,324,190
15,660,664		15,660,664
2,937,053		2,937,053
1,804,618		1,804,618
1,382,436		1,382,436
1,146,893		1,146,893
649,222		649,222
1,793,833		1,793,833
1,784,072		1,784,072
386,182		386,182
6,107,171		6,107,171
503,676	347,197	850,873
558,862	242,223	801,085
<u>49,038,872</u>	<u>589,420</u>	<u>49,628,292</u>
3,755,885	4,782,028	8,537,913
<u>274,059,586</u>	<u>281,669,757</u>	<u>555,729,343</u>
<u>\$277,815,471</u>	<u>\$286,451,785</u>	<u>\$564,267,256</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 2017. Individual non-major funds may be found in the Supplemental section.

GENERAL FUND

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

LOW/MOD INCOME HOUSING FUND

This special revenue fund is used to develop, rehabilitate, and preserve affordable housing that serves households from extremely low to moderate incomes. This fund is funded by Federal HOME and Supportive Housing Grants and is used to account for housing assets of the former City Redevelopment Agency upon acceptance of the Housing Successor role by the City.

OPEN SPACE FUND

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

DEVELOPMENT DEFERRED IMPROVEMENT FUND

This special revenue fund accounts for restricted revenues from fees collected from property developers at the time of subdivision for specific major offsite public improvements that impose a burden cost on the newly developed areas and that will be constructed at a later date.

CITY OF DAVIS
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2017

	General	Low/ Mod Housing Fund	Open Space	Development Deferred Improvement
ASSETS				
Cash and investments (Note 4)	\$25,937,719	\$1,166,013	\$4,823,924	\$17,161,678
Accrued interest	70,384	4,836	12,877	53,811
Receivables:				
General accounts	6,281,826	923,334	33,276	1,115
Grants	831,123	115,663		
Utility accounts	274,790			
Loans (Note 6)	130,309	31,124,258		39,688
Mortgages (Note 6)		322,764		
Due from other funds (Note 5A)				5,820,575
Total Assets	\$33,526,151	\$33,656,868	\$4,870,077	\$23,076,867
LIABILITIES				
Payables:				
Accounts and other accrued liabilities	\$1,359,830	\$37,743	\$2,968	\$86,566
Wages	1,735,309	1,440	5,161	
Grants				6,151
Deposits	5,445,272	26,006		132,213
Unearned revenue (Note 8)	921,576			
Due to other funds (Note 5A)				
Total Liabilities	9,461,987	65,189	8,129	224,930
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue (Note 8)	814,294	115,663		
Unavailable mortgages (Note 8)		241,055		
Total Deferred Inflows of Resources	814,294	356,718		
FUND BALANCES				
Fund balance (Note 11):				
Nonspendable	130,309			
Restricted		33,234,961	4,861,948	22,851,937
Committed				
Unassigned	23,119,561			
Total Fund Balances	23,249,870	33,234,961	4,861,948	22,851,937
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$33,526,151	\$33,656,868	\$4,870,077	\$23,076,867

See accompanying notes to financial statements

Other Governmental Funds	Total Governmental Funds
\$8,937,925	\$58,027,259
23,155	165,063
370,396	7,609,947
489,742	1,436,528
243,981	518,771
1,755,324	33,049,579
	322,764
	5,820,575
<u>\$11,820,523</u>	<u>\$106,950,486</u>
\$46,338	\$1,533,445
20,804	1,762,714
	6,151
	5,603,491
229,671	1,151,247
518,093	518,093
<u>814,906</u>	<u>10,575,141</u>
347,604	1,277,561
	241,055
<u>347,604</u>	<u>1,518,616</u>
	130,309
7,383,999	68,332,845
3,581,941	3,581,941
(307,927)	22,811,634
<u>10,658,013</u>	<u>94,856,729</u>
<u>\$11,820,523</u>	<u>\$106,950,486</u>

CITY OF DAVIS
RECONCILIATION OF THE
GOVERNMENTAL FUNDS - BALANCE SHEET
TO THE GOVERNMENT-WIDE
STATEMENT OF NET POSITION
JUNE 30, 2017

Total fund balances reported on the governmental funds balance sheet \$94,856,729

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. 237,144,328

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	23,431,861
Accrued interest	63,977
Accounts receivable	291,102
Inventory	301,594
Capital assets, net	5,622,222
Accounts payable	(273,619)
Wages payable	(96,553)
Claims payable	(284,953)
Leave benefits payable	(386,490)
Net pension liability and related deferred outflows and inflows of resources	(5,168,487)
Internal balances	(1,787,160)

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. 1,518,616

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	(1,428,745)
Net OPEB obligation, due in more than one year	(8,761,254)
Net pension liability and related deferred outflows and inflows of resources	(65,007,709)
Non-current portion of compensated absences	(2,219,988)

NET POSITION OF GOVERNMENTAL ACTIVITIES \$277,815,471

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, 2017

	General	Low/ Mod Housing Fund	Open Space	Development Deferred Improvement
REVENUES				
Taxes	\$44,895,788		\$649,222	
Fines and forfeitures	567,834			
Use of money and property	1,315,207	\$20,332		\$97,565
Intergovernmental	459,426	43,241	25,101	
Charges for current services	9,011,474	192,567		
Development fees	119,500			2,393,308
Administrative fee - other funds	1,876,317			
Other	3,694,589	107,016		
Total Revenues	61,940,135	363,156	674,323	2,490,873
EXPENDITURES				
Current:				
City Council	187,422			
City Attorney	638,231			
City Manager	3,194,516			
Administrative services	4,508,259			74,944
Community development	5,379,820			
Parks and community services	10,410,511		203,604	
Public safety - fire	9,681,821			
Public safety - police	17,563,698			
Public works	5,813,731			323,461
Special projects		835,257		8,378
Capital outlay	4,430,490		290,145	1,838,200
Total Expenditures	61,808,499	835,257	493,749	2,244,983
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	131,636	(472,101)	180,574	245,890
OTHER FINANCING SOURCES (USES)				
Issuance of long-term debt	1,428,745			
Total Other Financing Sources (Uses)	1,428,745			
NET CHANGE IN FUND BALANCES	1,560,381	(472,101)	180,574	245,890
BEGINNING FUND BALANCES	21,689,489	33,707,062	4,681,374	22,606,047
ENDING FUND BALANCES	\$23,249,870	\$33,234,961	\$4,861,948	\$22,851,937

See accompanying notes to financial statements

Other Governmental Funds	Total Governmental Funds
\$2,461,868	\$48,006,878
	567,834
137,242	1,570,346
3,701,146	4,228,914
2,461,009	11,665,050
327,464	2,840,272
	1,876,317
4,251	3,805,856
<u>9,092,980</u>	<u>74,561,467</u>
	187,422
	638,231
36,983	3,231,499
715,572	5,298,775
160,142	5,539,962
1,405,758	12,019,873
1,452,198	11,134,019
1,556,696	19,120,394
1,790,788	7,927,980
898,267	1,741,902
549,168	7,108,003
<u>8,565,572</u>	<u>73,948,060</u>
<u>527,408</u>	<u>613,407</u>
	1,428,745
	1,428,745
527,408	2,042,152
<u>10,130,605</u>	<u>92,814,577</u>
<u>\$10,658,013</u>	<u>\$94,856,729</u>

CITY OF DAVIS
RECONCILIATION OF THE
NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS
WITH THE
STATEMENT OF NET ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

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	\$2,042,152
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Amounts reported for governmental activities in the Statement of Activities are different because of the following:

CAPITAL ASSETS TRANSACTIONS

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

The capital outlay is therefore added back to fund balance	7,108,003
Other capitalized expenditures are added back to fund balance	174,641
Depreciation expense is deducted from the fund balance (Depreciation expense is net of internal service fund depreciation of \$1,011,388 which has already been allocated to serviced funds	(6,940,504)
Loss on disposal of capital assets is deducted from fund balance	(84,571)

LONG-TERM DEBT

Long-term debt issuance is deducted from fund balance	(1,428,745)
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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	(102,870)
Compensated absences	170,533
Net OPEB obligation	2,428,386
Net pension liability and related deferred outflows and inflows of resources	(3,444,505)

ALLOCATION OF INTERNAL SERVICE FUND ACTIVITY

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

Change in Net Position - All Internal Service Funds	3,833,365
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CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$3,755,885
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See accompanying notes to financial statements

MAJOR PROPRIETARY FUNDS

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

ENTERPRISE FUNDS:

Water Fund

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

Sanitation Fund

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

Sewer Fund

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

Storm Sewer Fund

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

Public Transit Fund

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

Internal Service Funds

These funds account for general services, building maintenance, and City's self-insurance; all of which are provided to other departments on a cost-reimbursement basis.

CITY OF DAVIS
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 JUNE 30, 2017

	Business-type Activities-Enterprise Funds			
	Water	Sanitation	Sewer	Storm Sewer
ASSETS				
Current Assets:				
Cash and investments (Note 4)	\$36,304,432	\$1,406,404	\$23,451,123	\$4,480,099
Cash and investments with fiscal agents (Note 4)	1,681,742			
Accrued interest	108,484	3,105	58,445	12,881
Receivables:				
General accounts	2,739,763	81,620	1,048,781	4,277
Grants				
Utility accounts	1,849,681	997,262	1,135,722	326,841
Inventory (Note 11)				
Total Current Assets	<u>42,684,102</u>	<u>2,488,391</u>	<u>25,694,071</u>	<u>4,824,098</u>
Noncurrent Assets:				
Advances to other funds (Note 5B)				
Capital Assets (Note 7)				
Non-depreciable				
City's investment in JPA facilities (Note 16)	42,628,201			
Land and construction in progress	5,186,455		98,907,282	4,413,286
Depreciable				
Accumulated depreciation	(56,535,543)		(91,055,250)	(101,501,665)
Total Noncurrent Assets	<u>150,490,940</u>		<u>137,182,797</u>	<u>61,439,929</u>
Total Assets	<u>193,175,042</u>	<u>2,488,391</u>	<u>162,876,868</u>	<u>66,264,027</u>
DEFERRED OUTFLOWS OF RESOURCES				
Related to pension (Note 12)	2,482,043	407,928	2,603,706	623,415
Total Assets and Deferred Outflows of Resources	<u>195,657,085</u>	<u>2,896,319</u>	<u>165,480,574</u>	<u>66,887,442</u>
LIABILITIES				
Current Liabilities:				
Accounts payable	298,519	897,189	358,990	60,853
Wages payable	114,831	18,773	133,897	32,408
Interest payable	496,184			
Compensated absences (Note 3)	218,791	55,114	205,279	25,324
Deposits	44,625		10,000	
Unearned revenue (Note 8)	125,174	998,850	1,114,384	166,551
Due to other funds (Note 5A)				
Claims payable (Note 15)				
Long-term debt, due in one year (Note 9)	1,168,447			
Long-term note payable to JPA, due in one year (Note 16)	382,121			
Total Current Liabilities	<u>2,848,692</u>	<u>1,969,926</u>	<u>1,822,550</u>	<u>285,136</u>
Noncurrent Liabilities:				
Advances from other funds (Note 5B)				336,695
Net OPEB obligation	1,297,542	117,414	1,235,358	250,829
Claims payable (Note 15)				
Net pension liability (Note 12)	9,297,215	1,478,185	9,631,329	2,411,681
Long-term debt, due in more than one year (Note 9)	56,107,702		34,504,097	
Long-term note payable to JPA, due in more than one year (Note 16)	20,838,996			
Total Noncurrent Liabilities	<u>87,541,455</u>	<u>1,595,599</u>	<u>45,370,784</u>	<u>2,999,205</u>
Total Liabilities	<u>90,390,147</u>	<u>3,565,525</u>	<u>47,193,334</u>	<u>3,284,341</u>
DEFERRED INFLOWS OF RESOURCES				
Related to pension (Note 12)	948,541	139,719	955,560	263,079
Total Liabilities and Deferred Inflows of Resources	<u>91,338,688</u>	<u>3,705,244</u>	<u>48,148,894</u>	<u>3,547,420</u>
NET POSITION (Note 11)				
Net investment in capital assets	71,993,674		102,678,700	61,439,929
Unrestricted	32,324,723	(808,925)	14,652,980	1,900,093
Total Net Position	<u>\$104,318,397</u>	<u>(\$808,925)</u>	<u>\$117,331,680</u>	<u>\$63,340,022</u>

See accompanying notes to financial statements

Public Transit	Totals	Governmental Activities- Internal Service Funds
	\$65,642,058	\$23,431,861
	1,681,742	
\$707	183,622	63,977
154	3,874,595	291,102
3,247,542	3,247,542	
	4,309,506	
		301,594
<u>3,248,403</u>	<u>78,939,065</u>	<u>24,088,534</u>
		336,695
	42,628,201	
	108,507,023	51,148
4,328,560	356,097,302	14,355,969
(1,923,425)	(155,713,725)	(8,784,895)
<u>2,405,135</u>	<u>351,518,801</u>	<u>5,958,917</u>
<u>5,653,538</u>	<u>430,457,866</u>	<u>30,047,451</u>
11,080	6,128,172	1,651,915
<u>5,664,618</u>	<u>436,586,038</u>	<u>31,699,366</u>
137,253	1,752,804	273,619
17,097	317,006	96,553
	496,184	
17,654	522,162	386,490
	54,625	
	2,404,959	
3,178,627	3,178,627	2,123,855
		109,185
	1,168,447	
	382,121	
<u>3,350,631</u>	<u>10,276,935</u>	<u>2,989,702</u>
	336,695	
9,000	2,910,143	
		175,768
32,926	22,851,336	6,190,888
	90,611,799	
	20,838,996	
<u>41,926</u>	<u>137,548,969</u>	<u>6,366,656</u>
<u>3,392,557</u>	<u>147,825,904</u>	<u>9,356,358</u>
1,450	2,308,349	629,514
<u>3,394,007</u>	<u>150,134,253</u>	<u>9,985,872</u>
2,405,135	238,517,438	5,622,222
(134,524)	47,934,347	16,091,272
<u>\$2,270,611</u>	<u>\$286,451,785</u>	<u>\$21,713,494</u>

CITY OF DAVIS
 PROPRIETARY FUNDS
 STATEMENT OF REVENUE, EXPENSES
 AND CHANGES IN NET POSITION
 FOR THE YEAR ENDED JUNE 30, 2017

	Business-type Activities-Enterprise Funds			
	Water	Sanitation	Sewer	Storm Sewer
OPERATING REVENUES				
Charges for current services	\$17,532,566	\$11,033,701	\$13,873,913	\$1,747,635
Total Operating Revenues	<u>17,532,566</u>	<u>11,033,701</u>	<u>13,873,913</u>	<u>1,747,635</u>
OPERATING EXPENSES				
Administrative and billing	657,681	428,333	904,199	147,333
Payments to general government	326,555	65,183	229,231	60,574
Water production	6,563,269			
Water distribution	2,633,816			
Water system maintenance	1,112,189			
Street sweeping		479,965		
Waste removal and solid waste management		10,838,941		
Sewage collection			1,773,740	
Sewage treatment			4,340,538	
Storm drainage system maintenance				1,487,937
Public transportation service				
Special transportation service				
Central stores				
Central equipment				
Duplication - postal				
City administrative facility maintenance				
Insurance administration				
Insurance premiums				
Litigation				
MIS services				
OPEB expense				
Depreciation	3,658,438		1,796,070	2,006,696
Other	57,650		66,440	116,922
Total Operating Expenses	<u>15,009,598</u>	<u>11,812,422</u>	<u>9,110,218</u>	<u>3,819,462</u>
Operating Income (Loss)	<u>2,522,968</u>	<u>(778,721)</u>	<u>4,763,695</u>	<u>(2,071,827)</u>
NONOPERATING REVENUES (EXPENSES)				
Interest income	184,129	7,630	127,161	25,550
Interest (expense)				
Grants and subventions				
Other	5,112	96,720	105,879	34,512
Total Nonoperating Revenues (Expenses)	<u>189,241</u>	<u>104,350</u>	<u>233,040</u>	<u>60,062</u>
Change in net position	2,712,209	(674,371)	4,996,735	(2,011,765)
BEGINNING NET POSITION	<u>101,606,188</u>	<u>(134,554)</u>	<u>112,334,945</u>	<u>65,351,787</u>
ENDING NET POSITION	<u>\$104,318,397</u>	<u>(\$808,925)</u>	<u>\$117,331,680</u>	<u>\$63,340,022</u>

See accompanying notes to financial statements

Public Transit	Totals	Governmental Activities- Internal Service Funds
\$32,108	\$44,219,923	\$28,470,297
32,108	44,219,923	28,470,297
	2,137,546	
	681,543	
	6,563,269	
	2,633,816	
	1,112,189	
	479,965	
	10,838,941	
	1,773,740	
	4,340,538	
	1,487,937	
7,174,119	7,174,119	
645,471	645,471	
		240,220
		1,784,392
		121,149
		1,986,168
		440,704
		14,036,008
		80,768
		2,349,892
		3,044,201
149,584	7,610,788	1,011,388
	241,012	
7,969,174	47,720,874	25,094,890
(7,937,066)	(3,500,951)	3,375,407
2,727	347,197	120,474
7,693,559	7,693,559	
	242,223	337,484
7,696,286	8,282,979	457,958
(240,780)	4,782,028	3,833,365
2,511,391	281,669,757	17,880,129
\$2,270,611	\$286,451,785	\$21,713,494

CITY OF DAVIS
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2017

	Business-type Activities-Enterprise Funds			
	Water	Sanitation	Sewer	Storm Sewer
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$16,694,114	\$11,065,419	\$13,783,502	\$1,779,057
Payments to suppliers	(12,641,796)	(11,261,615)	(8,431,550)	(1,430,351)
Payments to employees	(1,253,876)	(534,820)	(1,477,698)	(284,238)
Claims paid				
Other revenue (expenses)	(57,650)		(66,440)	(116,922)
Cash Flows from Operating Activities	<u>2,740,792</u>	<u>(731,016)</u>	<u>3,807,814</u>	<u>(52,454)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Operating grants and contributions				
Interfund receipts			7,158,579	
Interfund (payments)	(7,554,889)			(59,615)
Cash Flows from Noncapital Financing Activities	<u>(7,554,889)</u>		<u>7,158,579</u>	<u>(59,615)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
(Acquisitions) of capital assets	(15,235,528)		(28,710,879)	(17,736)
Reimbursement from JPA	24,211,156			
Issuance of long-term debt	13,315,947		14,483,762	
Principal payments on capital debt	(1,288,891)			
Interest paid	213,334			
Cash Flows from Capital and Related Financing Activities	<u>21,216,018</u>		<u>(14,227,117)</u>	<u>(17,736)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	93,679	6,396	133,695	16,871
Cash Flows from Investing Activities	<u>93,679</u>	<u>6,396</u>	<u>133,695</u>	<u>16,871</u>
Net Cash Flows	16,495,600	(724,620)	(3,127,029)	(112,934)
Cash and investments at beginning of period	21,490,574	2,131,024	26,578,152	4,593,033
Cash and investments at end of period	<u>\$37,986,174</u>	<u>\$1,406,404</u>	<u>\$23,451,123</u>	<u>\$4,480,099</u>
Reconciliation of Operating Income (Loss) to Cash Flows from Operating Activities:				
Operating income (loss)	\$2,522,968	(\$778,721)	\$4,763,695	(\$2,071,827)
Litigation settlement and other	5,112	96,720	105,879	34,512
Adjustments to reconcile operating income (loss) to cash flows from operating activities:				
Depreciation	3,658,438		1,796,070	2,006,696
Other revenues				
Change in assets and liabilities:				
Receivables:				
General accounts	(558,751)	(79,198)	(267,368)	1,001
Utility accounts	(338,038)	(35,505)	71,078	(17,249)
Prepaid expenses				
Inventory				
Accounts payable	(2,332,522)	57,291	(2,317,272)	57,586
Wages payable	38,981	(4,204)	34,187	8,084
Leave benefits payable	38,000	19,044	16,779	(4,937)
Claims payable				
Unearned revenue	53,225	49,701	(29,327)	13,158
Net OPEB obligations	(51,653)	(4,674)	(49,177)	(9,985)
Net pension liability, deferred outflows and deferred inflows	(294,968)	(51,470)	(316,730)	(69,493)
Cash Flows from Operating Activities	<u>\$2,740,792</u>	<u>(\$731,016)</u>	<u>\$3,807,814</u>	<u>(\$52,454)</u>

See accompanying notes to financial statements

Public Transit	Totals	Governmental Activities- Internal Service Funds
\$32,796	\$43,354,888	\$28,601,734
(8,124,719)	(41,890,031)	(19,315,123)
	(3,550,632)	(5,302,113)
	(241,012)	(127,954)
<u>(8,091,923)</u>	<u>(2,326,787)</u>	<u>3,856,544</u>
7,518,556	7,518,556	
571,348	7,729,927	455,925
	(7,614,504)	(151,560)
<u>8,089,904</u>	<u>7,633,979</u>	<u>304,365</u>
(1)	(43,964,144)	(707,079)
	24,211,156	
	27,799,709	
	(1,288,891)	
	213,334	
<u>(1)</u>	<u>6,971,164</u>	<u>(707,079)</u>
2,020	252,661	74,626
2,020	252,661	74,626
	12,531,017	3,528,456
	54,792,783	19,903,405
	<u>\$67,323,800</u>	<u>\$23,431,861</u>
(\$7,937,066)	(\$3,500,951)	\$3,375,407
	242,223	
149,584	7,610,788	1,011,388
		337,484
688	(903,628)	(229,725)
	(319,714)	
		20,584
		32,040
(309,776)	(4,844,693)	(685,011)
3,539	80,587	(40,195)
3,299	72,185	275,673
		(47,186)
	86,757	
(358)	(115,847)	
<u>(1,833)</u>	<u>(734,494)</u>	<u>(193,915)</u>
<u>(\$8,091,923)</u>	<u>(\$2,326,787)</u>	<u>\$3,856,544</u>

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FIDUCIARY FUNDS

FIDUCIARY FUNDS**REDEVELOPMENT (RDA) OBLIGATION RETIREMENT PRIVATE-PURPOSE TRUST FUND**

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

AGENCY FUNDS

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

CITY OF DAVIS
 FIDUCIARY FUNDS
 STATEMENT OF FIDUCIARY NET POSITION
 JUNE 30, 2017

	RDA Obligation Retirement Private-Purpose Trust Fund	<u>Agency Funds</u>
ASSETS		
Current assets:		
Cash and investments (Note 4)	\$2,636,849	\$9,448,471
Cash and investments with fiscal agents (Note 4)	16,998,423	2,247,308
Accounts receivable		335,995
Loans receivable (Note 19D)	214,455	
Accrued interest receivable		4,356
	<u>19,849,727</u>	<u>12,036,130</u>
Total Assets	<u>19,849,727</u>	<u>\$12,036,130</u>
LIABILITIES		
Current liabilities:		
Accounts payable		\$1,195,371
Wages payable	\$3,518	
Interest payable (Note 19E)	459,468	
Deposits payable		50,000
Long-term debt, due in one year (Note 19F)	1,225,000	
Due to members		2,296,208
Due to bondholders		8,494,551
Noncurrent liabilities:		
Long-term debt, due in more than one year (Note 19F)	36,895,837	
	<u>38,583,823</u>	<u>\$12,036,130</u>
Total Liabilities	<u>38,583,823</u>	<u>\$12,036,130</u>
NET POSITION	<u><u>(\$18,734,096)</u></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, 2017

	RDA Obligation Retirement Private-Purpose Trust Fund
ADDITIONS	
Property tax revenues	\$3,724,180
Investment earnings	49,600
Total additions	3,773,780
DEDUCTIONS	
Program expenses	144,149
Interest and fiscal charges	2,288,069
Total deductions	2,432,218
CHANGES IN NET POSITION	1,341,562
Beginning net position	(20,075,658)
Ending net position	(\$18,734,096)

See accompanying notes to financial statements

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CITY OF DAVIS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. *Reporting Entity*

The City of Davis is a municipal corporation operating under the general laws of the State of California, under the Council-Manager form of government and provides the following services: public safety (police and fire); community planning and development; water, wastewater, and sanitation utilities; transportation; recreation, cultural and social assistance; and general administration services.

The City is governed by a five-member council elected by City residents. The City is legally separate and fiscally independent, which means it can issue debt, set and modify budgets and fees, and sue or be sued. These financial statements present the government and its component units for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations and so data from these units are combined with data of the primary government.

Primary Government

The financial statements of the primary government of the City of Davis include the activities of the City as well as the Public Facilities Financing Authority, both of which are controlled by and dependent on the City. While the Public Facilities Financing Authority is a separate legal entity, its financial activities are integral to those of the City, and its financial activities have been aggregated and merged (termed "blending") with those of the primary government of the City in the accompanying financial statements.

Blended Component Unit

The Public Facilities Financing Authority was established solely to assist the City in the issuance of certain bonds for a series of Community Facilities Districts under the State Mello-Roos Act for the construction of infrastructure and improvements. The Authority is controlled by and financially dependent on the City; its financial activities are included in the Capital Projects Fund and Fiduciary Fund. Separate financial statements are not prepared for the Authority.

B. *Basis of Presentation*

The City's Basic Financial Statements are prepared in conformity with accounting principles generally accepted in the United States of America. The Government Accounting Standards Board is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the U.S.A. These Standards require that the financial statements described below be presented.

Government-Wide Statements: The Statement of Net Position and the Statement of Activities display information about the primary government (the City and its component units). These statements include the financial activities of the overall City government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. However, the interfund services provided and used are not eliminated in the process of consolidation. These statements distinguish between the governmental and business-type activities of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

CITY OF DAVIS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Statement of Activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs, (b) grants and contributions that are restricted to meeting the operational needs of a particular program, and (c) fees, grants and contributions that are restricted to financing the acquisition or construction of capital assets. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the City's funds, including fiduciary funds and blended component units. Separate statements for each fund category - governmental, proprietary, and fiduciary - are presented. The emphasis of fund financial statements is on major individual governmental and enterprise funds, each of which is displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

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

C. Major Funds

Major funds are defined as funds that have either assets and deferred outflows, liabilities and deferred inflows, revenues, or expenditures/expenses equal to ten percent of their fund-type total and five percent of the grand total. Major governmental and business-type funds are identified and presented separately in the fund financial statements. All other funds, called non-major funds, are combined, and reported in a single column, regardless of their fund-type. The General Fund is always a major fund. The City may also select other funds it believes should be presented as major funds.

GOVERNMENTAL FUNDS:

The City reported the following major governmental funds in the accompanying financial statements:

GENERAL FUND

The General Fund is used for all general revenues of the City not specifically levied or collected for other City funds and the related expenditures. The general fund accounts for all financial resources of a governmental unit which are not accounted for in another fund.

LOW/MOD HOUSING FUND

This special revenue fund is used to develop, rehabilitate, and preserve affordable housing that serves households from extremely low to moderate incomes. This fund is funded by Federal HOME and Supportive Housing Grants and is used to account for housing assets of the former City Redevelopment Agency upon acceptance of the Housing Successor role by the City.

CITY OF DAVIS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

OPEN SPACE FUND

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

DEVELOPMENT DEFERRED IMPROVEMENT FUND

This special revenue fund accounts for restricted revenues from fees collected from property developers at the time of subdivision for specific major offsite public improvements that impose a burden cost on the newly developed areas and that will be constructed at a later date.

PROPRIETARY FUNDS:

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

WATER FUND

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

SANITATION FUND

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

SEWER FUND

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

STORM SEWER FUND

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

PUBLIC TRANSIT FUND

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

CITY OF DAVIS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

INTERNAL SERVICE FUNDS

These funds account for general services, building maintenance, City's self-insurance and Employee Benefits Fund; all of which are provided to other departments on a cost-reimbursement basis.

FIDUCIARY FUNDS:

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

REDEVELOPMENT (RDA) OBLIGATION RETIREMENT PRIVATE-PURPOSE TRUST FUND

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

AGENCY FUNDS

Agency Funds are used to account for assets held by the City as an agent for Public Facilities Financing Authority, Mello Roos Community Facilities District, University Research Park, Special Assessment Parking District #3, the Woodland-Davis Clean Water Agency JPA and Cannery Community Facilities District and Debt Service Fund.

D. *Basis of Accounting*

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

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

CITY OF DAVIS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Non-exchange transactions, in which the City gives or receives value without directly receiving or giving equal value in exchange, include taxes, grants, entitlements, and donations. On the accrual basis, revenue from taxes is recognized in the fiscal year for which the taxes are levied or assessed. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Those revenues susceptible to accrual include but are not limited to property taxes, use of money and property revenue, charges for services and fines and penalties. Sales taxes collected and held by the State at year-end on behalf of the City also are recognized as revenue.

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

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

E. Utility Service Billing

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

The City has recorded all utility accounts receivable outstanding at June 30, 2017, and has deferred revenue recognition on the June 28, 2017, monthly billing, representing July service.

F. Compensated Absences

The liability for compensated absences includes the unused vacation leave and compensatory time off, which are accrued as earned. No compensation is payable for sick leave. For governmental funds, a liability for these amounts is recorded only if they have matured, for example, as a result of employee resignations and retirements. The remaining amounts are reported as a liability in the Statement of Net Position. Proprietary funds' liability for compensated absences is recorded in and liquidated by each proprietary fund. The liability for compensated absences is determined annually.

G. Property Tax

Yolo County assesses properties and bills, collects, and distributes actual property taxes collected to the City five times per year. Secured and unsecured property taxes are levied on January 1 of the preceding fiscal year.

Secured property tax is due in two installments, on November 1 and March 1, and becomes a lien on those dates. It becomes delinquent on December 10 and April 10, respectively. Unsecured property tax is due on July 1, and becomes delinquent on August 31. The term "unsecured" refers to taxes on personal property other than real estate, land, and buildings. Property taxes levied are recorded as revenue and receivables in the fiscal year of levy.

CITY OF DAVIS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

I. Inventories

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

J. Use of Estimates

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

K. Capital Assets

Contributed capital assets are valued at their estimated fair value on the date contributed. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are recorded at acquisition value. All other capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Generally capital assets acquisitions in excess of \$25,000 are capitalized if they have an expected useful life of greater than three years, and are depreciated over their estimated useful lives. The purpose of depreciation is to spread the cost of capital assets equitably among all users over the life of these assets. The amount charged to depreciation expense each year represents that year's pro rata share of the cost of capital assets. Depreciation is provided using the straight-line method which means the cost of the asset is divided by its expected useful life in years and the result is charged to expense each year until the asset is fully depreciated. The City has assigned the useful lives listed below to capital assets:

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

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

CITY OF DAVIS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Capitalized Interest

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

M. Deferred Outflows/Inflows of Resources:

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

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

N. Net Position

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

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

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

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

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

CITY OF DAVIS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

O. Fund Balance

The City's fund balances are classified in accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which requires the City to classify its fund balances based on spending constraints imposed on the use of resources. Each category in the following hierarchy is ranked according to the degree of spending constraint:

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

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

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

Assigned fund balances are amounts constrained by the City's intent to be used for a specific purpose, but are neither restricted nor committed. Intent is expressed only by the City Council and may be changed at the discretion of only the City Council as a designee has not yet been appointed by the City Council. The City did not have assigned fund balances as of June 30, 2017.

Unassigned fund balance represents residual amounts that have not been restricted, committed, or assigned. This includes the residual general fund balance and residual fund deficits, if any, of other governmental funds.

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

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

Management adopted the provisions of the following Governmental Accounting Standards Board (GASB) Statements, which became effective during the year ended June 30, 2017.

GASB Statement No. 73 – *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68*. This Statement establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, Accounting and Financial Reporting for Pensions, as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement 68. It also amends certain provisions of Statement No. 67, Financial Reporting for Pension Plans, and Statement 68 for pension plans and pensions that are within their respective scopes. This statement had no impact on the City's financial statements.

CITY OF DAVIS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GASB Statement No. 74 – *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans.* The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency. This statement had no impact on the City's financial statements.

GASB Statement No. 77 – *Tax Abatement Disclosures.* This Statement establishes financial reporting standards for tax abatement agreements entered into by state and local governments. The disclosures required by this Statement encompass tax abatements resulting from both (a) agreements that are entered into by the reporting government and (b) agreements that are entered into by other governments and that reduce the reporting government's tax revenues. This statement had no impact on the City's financial statements.

GASB Statement No. 78 – *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans.* This Statement amends the scope and applicability of Statement 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that (1) is not a state or local governmental pension plan, (2) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (3) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). This Statement establishes requirements for recognition and measurement of pension expense, expenditures, and liabilities; note disclosures; and required supplementary information for pensions that have the characteristics described above. This statement had no impact on the City's financial statements.

GASB Statement No. 80 – *Blending Requirements for Certain Component Units an amendment of GASB Statement No. 14.* This Statement amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, Determining Whether Certain Organizations Are Component Units. This statement had no impact on the City's financial statements.

GASB Statement No. 82 – *Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No. 73* The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, Financial Reporting for Pension Plans, No. 68, Accounting and Financial Reporting for Pensions, and No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. This statement had no material impact on the City's financial statements.

CITY OF DAVIS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Q. Fair Value Measurements

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

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

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

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

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

R. Closure of Fund

During fiscal year 2017, the City closed the Downtown Area Capital Revitalization Non-Major Capital Projects Fund.

NOTE 2 – DEFICIT FUND EQUITY

The following funds have deficit fund equity:

<u>Special Revenue Fund</u>	
TDA Non- Transit Use	\$307,927
<u>Proprietary Fund</u>	
Sanitation	\$808,925
<u>Internal Service Funds</u>	
City Self-Insurance	\$991,035
Employee Benefits	2,006,264

CITY OF DAVIS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

NOTE 3 – COMPENSATED ABSENCES

Compensated Absences - The long-term portion of the liability for vested vacation, time off in lieu of overtime and sick pay for governmental fund type operations is recorded as compensated absences in the government-wide financial statements. The portion expected to be permanently liquidated (matured due to termination) is recorded in the governmental funds. Vested vacation and sick pay of proprietary fund type operations is recorded in the respective proprietary fund type. Compensated absences attributable to governmental funds are typically liquidated by the General Fund. Compensated Absences are presented below as of June 30, 2017:

The changes in compensated absences were as follow:

	Governmental Activities	Business-Type Activities	Total
Beginning Balance	\$2,501,338	\$449,977	\$2,951,315
Additions	2,802,414	488,338	3,290,752
Payments	<u>(2,697,274)</u>	<u>(416,153)</u>	<u>(3,113,427)</u>
Ending Balance	<u>\$2,606,478</u>	<u>\$522,162</u>	<u>\$3,128,640</u>
Current Portion	<u>\$386,490</u>	<u>\$522,162</u>	<u>\$908,652</u>

NOTE 4 - CASH AND INVESTMENTS

A. Policies

The City invests in individual investments and in investment pools. Individual investments are evidenced in paper form called *securities instruments*, or by an electronic entry registering the owner in the records of the institution issuing the security, called the *book entry* system. In order to maximize security, the City employs the Trust Department of a bank as the custodian of all City managed investments, regardless of their form.

California Law requires banks and savings and loan institutions to pledge government securities with a market value of 110 percent of the City's cash on deposit or first trust deed mortgage notes with a value of 150 percent of the City's cash on deposit as collateral for these deposits. Under California Law this collateral is held in an investment pool by an independent financial institution in the City's name and places the City ahead of general creditors of the institution pledging the collateral.

The City's investments are carried at fair value, as required by generally accepted accounting principles. The City adjusts the carrying value of its investments to reflect their fair value at each fiscal year end, and it includes the effects of these adjustments in income for that fiscal year.

Investment income is allocated among funds on the basis of average daily cash and investment balances in these funds. Interest income on certain investments is allocated based on the source of the investment and legal requirements which apply.

CITY OF DAVIS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

NOTE 4 - CASH AND INVESTMENTS (Continued)

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

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

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

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

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality	Maximum Percentage of Portfolio	Maximum Investment In One Issuer
U.S. Treasury Bills, Notes and Bonds	5 years	No Limit	No Limit	No Limit
Federal Agency Obligations	5 years	No Limit	No Limit	No Limit
Banker's Acceptances	180 days	No Limit	40%	*
Commercial Paper	270	P-1 or A-1	25%	10%
Negotiable Certificates of Deposit	2 years	No Limit	30%	No Limit
Local Agency Investment Program	No Limit	No Limit	No Limit	\$65 million per account
California Asset Management Program	No Limit	No Limit	No Limit	No Limit
Certificates of Deposit	5 years	No Limit	30%	No Limit
Medium-Term Corporate Notes	5 years	A	30%	No Limit
Money Market Mutual Funds	No Limit	AAA	20%	10%
Asset-Backed Securities	5 years	A	20%	No Limit
Supranational Obligations	5 years	AA	30%	No Limit
Repurchase Agreements	1 year	No Limit	No Limit	No Limit
Security Transactions	No Limit	No Limit	No Limit	No Limit

* No more than \$5 million.

CITY OF DAVIS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

NOTE 4 - CASH AND INVESTMENTS (Continued)

C. Investments Authorized by Debt Agreements

The City must maintain required amounts of cash and investments with trustees or fiscal agents under the terms of certain debt issues. These funds are unexpended bond proceeds or are pledged reserves to be used if the City fails to meet its obligations under these debt issues. The California Government Code requires these funds to be invested in accordance with City resolutions, bond indentures, or State statutes. The table below identifies the investment types that are authorized for investment held by fiscal agents. The bond indentures contain no limitations on the maximum investment in any one issuer or the maximum percentage of the portfolio that may be invested in any one investment type. The table also identifies certain provisions of these debt agreements.

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

CITY OF DAVIS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

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, 2017, are as follows:

City Cash and Investments in Primary Government:	
Cash and investments	\$147,101,178
Cash and investments with fiscal agents	<u>1,681,742</u>
Total City Cash and Investments in Primary Government	<u>148,782,920</u>
Cash and Investments in Fiduciary Funds	
Cash and investments	12,085,320
Cash and investments with fiscal agents	<u>19,245,731</u>
Total Fiduciary Funds Cash and Investments	<u>31,331,051</u>
Total Cash and Investments	<u><u>\$180,113,971</u></u>
Cash and Investments as of June 30, 2017, consist of the following:	
Cash on hand	12,575
Cash with financial institutions	887,575
Investments	<u>179,213,821</u>
Total Cash and Investments	<u><u>\$180,113,971</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, 2017

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	\$2,076,110			\$2,076,110
California Local Agency Investment Fund	106,177,556			106,177,556
Certificates of Deposit	1,025,299			1,025,299
U.S. Treasury	3,841,491	\$6,044,278	\$17,249,160	27,134,929
U.S. Agency Securities		669,470	3,493,535	4,163,005
Corporate Notes	1,854,295	604,408	4,259,565	6,718,268
Commercial Paper	4,982,482			4,982,482
Negotiable Certificate of Deposit	445,084	3,412,781		3,857,865
Asset-Backed Securities			2,150,841	2,150,841
<i>Held by Trustees:</i>				
Mondy Market	<u>20,927,466</u>			<u>20,927,466</u>
Total investments	<u>\$141,329,783</u>	<u>\$10,730,937</u>	<u>\$27,153,101</u>	<u>\$179,213,821</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, 2017, these investments matured in an average of 194 days.

The City is a voluntary participant in the California Asset Management Program (CAMP). CAMP is an investment pool offered by the California Asset Management Trust (the Trust). The Trust is a joint powers authority and public agency created by the Declaration of Trust and established under the provisions of the California Joint Exercise of Powers Act (California *Government Code* Sections 6500 et seq., or the "Act") for the purpose of exercising the common power of its Participants to invest certain proceeds of debt issues and surplus funds. The pool's investments are limited to investments permitted by subdivisions (a) to (n), inclusive, of Section 53601 of the California *Government Code*. The City reports its investments in CAMP at the fair value amounts provided by CAMP, which is the same as the value of the pool share in accordance with GASB 79 requirements. At June 30, 2017, the fair value approximated is the City's cost. On June 30, 2017, these investments matured in an average of 49 days.

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

CITY OF DAVIS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

NOTE 4 – CASH AND INVESTMENTS (Continued)

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, 2017

<i>Investments by Fair Value Level:</i>	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
U.S. Treasury	\$27,134,929		\$27,134,929
U.S. Agency Securities		\$4,163,005	4,163,005
Corporate Notes		6,718,268	6,718,268
Commercial Paper		4,982,482	4,982,482
Negotiable Certificate of Deposit		3,857,865	3,857,865
Asset-Backed Securities		2,150,841	2,150,841
Total Investments	<u>\$27,134,929</u>	<u>\$21,872,461</u>	<u>49,007,390</u>
<i>Investments Measured at Net Asset Value Per Share:</i>			
California Asset Management Program			2,076,110
<i>Investments Measured at Amortized Cost:</i>			
Money Market Mutual Fund			20,927,466
California Local Agency Investment Fund (LAIF)			106,177,556
Certificates of Deposit			1,025,299
<i>Cash in banks and on hand</i>			<u>900,150</u>
Total Cash and investments			<u>\$180,113,971</u>

U.S. Treasury Obligations classified in Level 1 of the fair value hierarchy are valued using a quoted price in an active market for an identical asset. U.S. Agency Securities, Corporate Notes, Commercial Paper, Negotiable Certificates of Deposit and Asset-Backed Securities, classified in Level 2 of the fair value hierarchy, are valued using pricing techniques or matrix pricing or market corroborated pricing, with inputs such as yield curves or indices. These prices are obtained from various pricing sources by our custodian bank. Fair value is defined as the quoted market value on the last trading day of the period.

CITY OF DAVIS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

NOTE 4 - CASH AND INVESTMENTS (Continued)

G. Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The actual ratings as of June 30, 2017, are as follows:

Investment Type	AAA+/Aaa	Aa1 - Aa3	A1 - A 3	Baa1	P-1	Total
<i>Held by City:</i>						
California Asset Management Program	\$2,076,110					\$2,076,110
U.S. Treasury	27,134,929					27,134,929
U.S. Agency Securities	4,163,005					4,163,005
Corporate Notes	305,777	\$715,949	\$4,769,306	\$927,236		6,718,268
Commercial Paper					\$4,982,482	4,982,482
Negotiable Certificate of Deposit		2,242,247	1,170,534		445,084	3,857,865
Asset-Backed Securities	2,150,841					2,150,841
<i>Held by Trustees:</i>						
Money Market	20,927,466					20,927,466
	<u>\$56,758,128</u>	<u>\$2,958,196</u>	<u>\$5,939,840</u>	<u>\$927,236</u>	<u>\$5,427,566</u>	
<i>Not rated:</i>						
California Local Agency Investment Fund						106,177,556
Certificates of Deposit						1,025,299
Total investments						<u>179,213,821</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, 2017

NOTE 5 - INTERFUND TRANSACTIONS

A. *Interfund Receivables/Payables*

Current interfund balances arise in the normal course of business and are expected to be repaid shortly after the end of the fiscal year. At June 30, 2017, the following funds have balances due to the Development Deferred Improvement Fund to temporarily fund short-term cash flow needs.

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Development Deferred Improvement Fund	Non Major Governmental Funds	\$518,093
	Public Transit Enterprise Fund	3,178,627
	Employee Benefits Internal Service Fund	<u>2,123,855</u>
		<u>\$5,820,575</u>

All balances pertain to short-term loans to cover cash shortages as of June 30, 2017. The City expects these balances to be repaid in fiscal year 2017-18.

B. *Interfund Advances*

At June 30, 2017, the following funds had made advances which were not expected to be repaid within the next year.

<u>Fund Making Advance</u>	<u>Fund Receiving Advance</u>	<u>Amount of Advance</u>
General Services Internal Services Fund	Storm Sewer Enterprise Fund	<u>\$336,695</u>
		<u>\$336,695</u>

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

C. *Internal Balances*

Internal balances are presented in the government-wide financial statements only. They represent the net interfund receivables and payables remaining after the elimination of all such balances within governmental and business-type activities.

CITY OF DAVIS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

NOTE 6 – LOANS AND NOTES RECEIVABLES

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

	Balance at June 30, 2017
Loans Receivable:	
Davis Mutual Housing Association	\$4,913,250
New Harmony Loan	8,913,045
Windmere II	1,105,186
Walnut Terrace	3,474,055
Tremont Green	2,722,379
Moore Village	3,811,415
Eleanor Roosevelt	4,250,000
Oakshade East	1,571,197
Davis Diamonds	73,884
Other Commercial Rehabilitation	
Housing Rehabilitation, and Affordable Housing	1,000,000
Community Housing Opportunities Corporation	1,119,055
Davis Musical Theater	37,582
Employee Computer Loans	58,531
	33,049,579
Total Loans Receivable - Governmental Activities	
Mortgages Receivable	322,764
Total Loans and Mortgages Receivable	\$33,372,343

A. *Davis Mutual Housing Association*

The former Redevelopment Agency (Agency) and the City entered into two agreements with the Davis Mutual Housing Association (the Association) for affordable housing. Under the terms of the first agreement, the City loaned \$3,950,000 to assist in the development of affordable housing located at 3023 Albany Avenue. This agreement is guaranteed by four promissory notes based on different funding sources. These notes bear no annual interest. One of the promissory notes in the amount of \$807,396 requires monthly payments of \$1,346 that began on January 10, 2002, with a final payment of \$1,142 on January 10, 2052. The other three promissory notes require a total monthly payment of \$5,239, beginning January 10, 2006, with a total final payment of \$4,443 on January 10, 2056.

Under the terms of the second agreement, the City loaned \$1,271,190 to the Association to develop an affordable multi-family housing project consisting of thirty-six units. This note bears 3 percent interest and payments are to be made from residual cash flows. The remaining outstanding principal will be due on May 21, 2033.

Both agreements are secured by deeds of trust. As of June 30, 2017, the Association had a remaining balance of \$4,913,250.

CITY OF DAVIS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

NOTE 6 – LOANS AND NOTES RECEIVABLES (Continued)

B. *New Harmony Loan*

The City and the former Redevelopment Agency of the City of Davis entered into an agreement with New Harmony, LLP to construct and operate a 69-unit residential rental property at the corner of Cowbell Boulevard and Drummond Avenue for low-income and very-low-income housing. These notes are secured by a Deed of Trust. The term of this note is fifty-five years bearing a simple interest rate of 3 percent. The outstanding balance of principal and unpaid accrued interest of this Loan shall be due and payable in full upon the maturity date. Funds used for this project were provided by grant funds from HOME funds and the Low/Mod Housing Fund. The amount of funds available under this agreement is \$9,579,195. As of June 30, 2017, the loan amount outstanding is \$8,913,045.

C. *Windmere II*

The former Redevelopment Agency of the City of Davis entered into two agreements with Windmere II for affordable housing. Under the terms of the first agreement, the Agency loaned \$445,000 to assist in the development of affordable housing located at 3100 Fifth Street. The note bears 3 percent simple interest. Annual interest only payments begin July 1, 2000. Commencing July 1, 2005, principal and interest payments are due annually with final payment expected in 2035. Under the terms of the second agreement, the Agency loaned \$148,000 to assist in the development of affordable housing located at 3100 Fifth Street. The note bears 3 percent simple interest and payments are to be made from residual cash flows. Annual interest only payments began July 1, 2000.

The City also entered into two agreements with Windmere II for affordable housing. Under the terms of the first agreement, the City loaned \$476,190 to assist in the development of affordable housing located at 3100 Fifth Street. The note bears 3 percent simple interest. Payments are to be made from residual cash flow. Under the terms of the second agreement, the City loaned \$151,824 to assist in the development of affordable housing located at 3100 Fifth Street. The note bears 3 percent simple interest and payments are to be made from residual cash flows. Annual interest only payments began July 1, 2001.

Commencing July 1, 2005, annual principal and interest payments are due with final payment expected in 2035. Both agreements are secured by deeds of trust. The balance of the loans receivable arising from these notes at June 30, 2017 was \$1,105,186.

D. *Walnut Terrace*

The former Redevelopment Agency of the City of Davis entered into an agreement with Walnut Terrace Limited Partnership (formerly called Yolo Mutual Housing Association) for affordable housing. Under the terms of the agreement, the Agency loaned \$2,108,792 interest free to assist in the development of affordable senior multi-family housing project consisting of thirty units located at 3101 Fifth Street. Subsequently, Walnut Terrace Limited secured other financing and repaid \$278,372 to the Agency. If the project generates any residual cash flow, 100 percent of the residual cash flow shall be paid to the Agency in the form of an annual payment, commencing November 1, 2005. All unpaid principal is due on November 1, 2060. The agreement is secured by a deed of trust.

CITY OF DAVIS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

NOTE 6 – LOANS AND NOTES RECEIVABLES (Continued)

The City also entered into another loan agreement with Walnut Terrace Limited Partnership. Under the terms of this agreement, the City loaned \$2,251,208 interest free to assist in the development of the same project discussed above. Subsequently, Walnut Terrace Limited secured other financing and repaid \$607,573 to the City. If the project generates any residual cash flow, 100 percent of the residual cash flow shall be paid to the City in the form of an annual payment, commencing November 1, 2005. All unpaid principal is due on November 1, 2060. The agreement is secured by a deed of trust. The balance of the loans receivable arising from these notes at June 30, 2017 was \$3,474,055.

E. *Tremont Green*

The former Redevelopment Agency and the City of Davis entered into an agreement with Yolo Mutual Housing Association for affordable housing. Under the terms of the agreement, the Agency and the City loaned \$2,722,379 for construction of a thirty-six unit residential rental property located at El Macero Estates. The note bears 3 percent interest. If the project generates any residual cash flow, principal and interest payments are due annually with final payment expected in 2058. The agreement is secured by a deed of trust. The balance of the loan receivable arising from this note at June 30, 2017 was \$2,722,379.

F. *Moore Village*

The former Redevelopment Agency and the City of Davis entered into an agreement with Yolo Mutual Housing Association for affordable housing. Under the terms of the agreement, the Agency and the City loaned \$3,811,415 for construction of a fifty-nine unit apartment complex. The note bears 3 percent simple interest. If the project generates any residual cash flow, principal and interest payments are due annually with final payment expected in 2059. The agreement is secured by a deed of trust. The balance of the loan receivable arising from this note at June 30, 2017 was \$3,811,415.

G. *Eleanor Roosevelt*

The former Redevelopment Agency and the City of Davis entered into an agreement with Davis Senior Housing Cooperative for affordable housing. Under the terms of the agreement, the Agency and City of Davis have approved a loan in the amount not to exceed \$4,250,000 for the construction of a sixty-unit senior residential rental property. The note bears no interest for the first fifteen years, 6 percent simple interest for the next fifteen years, and 3 percent simple interest for the remaining twenty five years. The payments are to be made from residual cash flow. Commencing December 2020, annual principal and interest payments are due with final payment expected in 2060. The loan is secured by a deed of trust. The balance of the loan receivable arising from this note at June 30, 2017 was \$4,250,000.

H. *Oakshade East*

The former Redevelopment Agency of the City of Davis entered into an agreement with Yolo Mutual Housing Association and Sacramento Mutual Housing Association to develop 60 to 70 affordable two, three, and four bedroom apartments. Under terms of the agreement the Agency loaned the associations \$900,000. The note bears simple interest at 3 percent. If the projects generate any residual cash flow, principle and interest payments are due annually with final payment expected in 2065. The balance of the loan receivable arising from this note, including accrued interests, was \$1,571,197 at June 30, 2017.

CITY OF DAVIS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

NOTE 6 – LOANS AND NOTES RECEIVABLES (Continued)

I. *Davis Diamonds*

The City of Davis entered into an agreement with Davis DISC LP, a California Limited Partnership, to develop a new gymnastics facility on the vacant land parcel 2800 Cowell Boulevard, owned by DISC LP. Under terms of the agreement, the City loaned the partnership \$98,427. The loan accrues interest at the rate of 6 percent. The loan is secured by deeds of trust. The balance of the loan receivable was \$73,884 at June 30, 2017.

J. *Other Commercial Rehabilitation, Housing Rehabilitation, and Affordable Housing*

Prior to the dissolution of the City's former Redevelopment Agency, the City and the Redevelopment Agency were engaged in programs designed to encourage construction or improvement in low-to-moderate income housing or other projects. Under these programs, grants or loans were provided under favorable terms to homeowners or developers who agree to spend these funds in accordance with the terms of the loan agreements. The balance of the loans receivable arising from these programs at June 30, 2017 was \$1,000,000.

K. *Community Housing Opportunities Corporation*

The City entered into multiple agreements with Community Housing Opportunities Corporation, a California nonprofit public benefit Corporation for the acquisition, rehabilitation and construction of 61 affordable housing rental units. All of the units are rented to households with income that is 80% or less of the area median income, with 27 of the units restricted to households with income that is 50% or less of the area median income. Under the terms of the various agreements, the Agency has loaned the Corporation (TOTAL). The note for the acquisition of the Rosa Parks property (\$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 (\$50,660), for the installation of new HVAC units, bears simple interest at 3 percent and will be due on December 16, 2064. The note for Olive Court Apartments (\$100,000) bears simple interest at 3 percent, and is due May 29, 2028. The note on the acquisition and rehabilitation of the Homestead Apartments (\$723,394.79), bears simple interest at 3 percent and will be due April 25, 2061. The balance of these loans receivable arising from these notes at June 30, 2017 was \$ 1,119,055.

L. *Other Loan Receivables*

The City entered into an agreement with the Davis Musical Theatre Company to provide an unsecured loan to assist in constructing tenant improvements to the building and converting it into a theatre. The original principal balance was \$50,000 and bears interest at 4.8 percent. It was to be repaid through monthly installments of \$261.43 beginning on April 1, 2005, with a balloon payment in December 2007. The loan was delinquent at June 30, 2010. On February 2, 2011, the City agreed to restructure the loan on the unpaid balance of \$48,506 and the new interest rate is 2 percent. The terms of the loan state that principal and interest payments of \$245.39 are to be made monthly until March 5, 2031. The balance of the loan as of June 30, 2017 was \$37,582.

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, 2017, the loans outstanding amounted to \$58,531.

CITY OF DAVIS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

NOTE 6 – LOANS AND NOTES RECEIVABLES (Continued)

M. Mortgage Receivables

The City has an agreement with the developers of low-to-moderate-income housing to defer certain developer fees so those houses can be sold at a lower cost to the home buyers. This fee is collected from the homeowners by the City, and is considered a loan. These loans are secured by second trust deeds on the property. Although these mortgages are expected to be repaid in full, their balance has been offset by deferred revenue or a restriction of fund balance, as they are not expected to be repaid during the next fiscal year. The balance of all the mortgages receivables at June 30, 2017 was \$322,764.

NOTE 7 – CAPITAL ASSETS

A. Capital Asset Additions and Retirements

Capital assets activity of governmental activities for the year ended June 30, 2017, is as follows:

	Balance at June 30, 2016	Additions	Retirements	Adjustments	Balance at June 30, 2017
Governmental Activities					
Capital assets not being depreciated:					
Land	\$56,067,498	\$419,533			\$56,487,031
Construction in Progress	16,194,157	6,448,928		(\$5,061,340)	17,581,745
Total capital assets not being depreciated	72,261,655	6,868,461		(5,061,340)	74,068,776
Capital assets being depreciated:					
Buildings	29,230,126				29,230,126
Improvements	15,426,820	33,800		1,211,135	16,671,755
Vehicles	8,560,648	782,727	(\$893,203)		8,450,172
Computer and Equipment	2,325,316	304,735	(123,193)	694,380	3,201,238
Infrastructure					
Streets	259,057,674				259,057,674
Parks and Greenbelts	65,017,805			3,155,825	68,173,630
Bike and Pedestrian Pathways	15,341,499				15,341,499
Total capital assets being depreciated	394,959,888	1,121,262	(1,016,396)	5,061,340	400,126,094
Less accumulated depreciation:					
Buildings	(11,813,795)	(575,800)			(12,389,595)
Improvements	(5,494,186)	(653,178)			(6,147,364)
Vehicles	(5,966,307)	(792,303)	808,632		(5,949,978)
Computer and Equipment	(2,089,492)	(137,913)	123,193		(2,104,212)
Infrastructure					
Streets	(144,079,300)	(4,971,936)			(149,051,236)
Parks and Greenbelts	(42,345,615)	(747,387)			(43,093,002)
Bike and Pedestrian Pathways	(12,619,558)	(73,375)			(12,692,933)
Total accumulated depreciation	(224,408,253)	(7,951,892)	931,825		(231,428,320)
Net capital assets being depreciated	170,551,635	(6,830,630)	(84,571)	5,061,340	168,697,774
Governmental Activities Capital Assets, Net	\$242,813,290	\$37,831	(\$84,571)		\$242,766,550

CITY OF DAVIS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

NOTE 7 – CAPITAL ASSETS (Continued)

Capital assets activity of business-type activities for the year ended June 30, 2017, is as follows:

	Balance at June 30, 2016	Additions	Retirements	Adjustments	Balance at 6/30/2017
<i>Business-type Activities</i>					
Capital assets, not being depreciated:					
Land	\$21,783,379				\$21,783,379
Construction in Progress					
City's Share of JPA project costs	61,642,334	\$28,662,637	(\$24,211,156)	(\$23,465,614)	42,628,201
Other	74,483,479	15,235,529	(2,680,139)	(\$315,225)	86,723,644
Total capital assets not being depreciated	<u>157,909,192</u>	<u>43,898,166</u>	<u>(26,891,295)</u>	<u>(23,780,839)</u>	<u>151,135,224</u>
Capital assets, being depreciated:					
Buildings and Improvements	4,226,505				4,226,505
Water Wells, Pumps and Related Assets	70,418,518	2,680,138			73,098,656
Water Distribution System	61,228,200				61,228,200
Sewer Treatment Plant	44,444,902				44,444,902
Sewer Pipes and Pipelines	36,077,312			315,225	36,392,537
Drainage Facilities	101,483,928				101,483,928
Equipment	11,690,981	65,979			11,756,960
Intangible Assets				23,465,614	23,465,614
Net capital assets being depreciated	<u>329,570,346</u>	<u>2,746,117</u>		<u>23,780,839</u>	<u>356,097,302</u>
Less accumulated depreciation for:					
Buildings and Improvements	(1,770,995)	(103,189)			(1,874,184)
Water Wells, Pumps and Related Assets	(28,700,983)	(1,291,802)			(29,992,785)
Water Distribution System	(23,209,624)	(1,304,802)			(24,514,426)
Sewer Treatment Plant	(29,962,710)	(887,066)			(30,849,776)
Sewer Pipes and Pipe Lines	(15,866,422)	(681,614)			(16,548,036)
Drainage Facilities	(42,468,325)	(2,005,218)			(44,473,543)
Equipment	(6,123,878)	(316,873)			(6,440,751)
Intangible Assets		(1,020,224)			(1,020,224)
Total accumulated depreciation	<u>(148,102,937)</u>	<u>(7,610,788)</u>			<u>(155,713,725)</u>
Net capital assets being depreciated	<u>181,467,409</u>	<u>(4,864,671)</u>		<u>23,780,839</u>	<u>200,383,577</u>
Business-type Activities Capital Assets, Net	<u>\$339,376,601</u>	<u>\$39,033,495</u>	<u>(\$26,891,295)</u>		<u>\$351,518,801</u>

The City's share of JPA represents the City's contribution for project costs associated with the Woodland-Davis Clean Water Agency JPA. The JPA is a legally separate entity. Further details of the JPA are disclosed in Note 16. In fiscal year 2016-17, the Woodland-Davis Clean Water Agency JPA reimbursed the City \$24,211,156 of project costs. As a result, the City's share of JPA project costs were reduced by that amount.

CITY OF DAVIS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

NOTE 7 – CAPITAL ASSETS (Continued)

B. Capital Asset Contributions

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

C. Depreciation Allocation

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

Governmental Activities

City council	\$8,111
City manager	41,841
Administrative services	3,543
Parks and community services	2,250,423
Public safety - fire	106,064
Public safety - police	184,481
Public works	<u>5,357,429</u>

Total Governmental Activities \$7,951,892

Business-Type Activities

Water	\$3,658,438
Sewer	1,796,070
Storm sewer	2,006,696
Public transit	<u>149,584</u>

Total Business-Type Activities \$7,610,788

NOTE 8 – UNEARNED REVENUE AND DEFERRED INFLOWS/OUTFLOWS

Governmental funds report unavailable revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities in the current period. Governmental funds also delay revenue recognition in connection with resources that have been received, but not yet earned and report those as unearned revenue. As of June 30, 2017, the various components of unavailable and unearned revenue reported in the governmental funds are as follows:

	Deferred Inflow of Resources-Unavailable	Unearned	Total
Grants, fees, and other receipts received prior to meeting all eligibility requirements		\$1,151,247	\$1,151,247
Receivables collected after the 60-day period of availability	\$1,277,561		1,277,561
Second mortgage loans not available within 60-day period of availability	<u>241,055</u>		<u>241,055</u>
Total Governmental Funds	<u>\$1,518,616</u>	<u>\$1,151,247</u>	<u>\$2,669,863</u>

CITY OF DAVIS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

NOTE 8 – UNEARNED REVENUE AND DEFERRED INFLOWS/OUTFLOWS (Continued)

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, 2017, the unearned revenue reported in proprietary funds are \$2,404,959.

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, 2017 is as follows:

	Balance June 30, 2016	Additions	Retirements	Balance June 30, 2017	Current Portion
<i>Governmental Activity Long-Term Debt:</i>					
State Revolving Fund Loan #5 - Energy Conservation 1.0%, due 6/22/32		\$1,428,745		\$1,428,745	
Total Governmental Activity Long-Term Debt		\$1,428,745		\$1,428,745	
	Balance June 30, 2016	Additions	Retirements	Balance June 30, 2017	Current Portion
<i>Business-type Activities Long-Term Debt:</i>					
State Revolving Fund Loan #3 1.5%, due 10/1/48	\$20,020,335	\$14,483,762		\$34,504,097	
State Revolving Fund Loan #4 1.6%, due 12/31/48	8,061,394	13,315,947		21,377,341	
East Area Water Storage Tank Loan 4.0%, due 8/1/38	8,747,699		\$238,891	8,508,808	\$248,447
Wells Fargo Water Bonds Due 6/30/39	28,285,000		895,000	27,390,000	920,000
Total Business-type Activities Long-Term Debt	\$ 65,114,428	\$ 27,799,709	\$ 1,133,891	\$ 91,780,246	\$ 1,168,447

B. Debt Service Requirements

Future principal and interest payments on long-term debt are as follows at June 30, 2017:

Fiscal Year Ending June 30,	Governmental-Type Activities			Business-type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2018				\$1,168,447	\$699,706	\$1,868,153
2019	\$86,853	\$28,167	\$115,020	1,203,385	677,333	1,880,718
2020	88,703	26,316	115,019	2,367,226	2,365,847	4,733,073
2021	90,713	24,306	115,019	2,393,226	2,365,847	4,759,073
2022	92,672	22,349	115,021	2,477,255	2,293,292	4,770,547
2023-2027	493,400	81,697	575,097	13,766,180	10,320,396	24,086,576
2028-2032	576,404	113,704	690,108	16,260,736	8,251,688	24,512,424
2033-2037	-	-	-	19,040,969	5,943,240	24,984,209
2038-2042	-	-	-	15,153,741	3,526,667	18,680,408
2043-2047	-	-	-	12,469,817	1,776,431	14,246,248
2048-2049	-	-	-	5,479,264	219,240	5,698,504
Total	\$1,428,745	\$296,539	\$1,725,284	\$91,780,246	\$38,439,687	\$130,219,933

CITY OF DAVIS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

NOTE 9 – LONG-TERM DEBT (Continued)

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

State Revolving Fund Loan #5 – On July 10, 2015, the City entered into a contract to borrow funds from the State of California Energy Commission. The funds are being used for an energy savings project, including bike path and pedestrian path lights with LED fixtures. The maximum loan amount is \$3,000,000, of which the City had drawn \$1,428,745. The loan bears interest at 1.0 percent per year for a term of thirty years. As of June 30, 2017, the City owed \$1,428,745 on the loan.

State Revolving Fund Loan #3 – The City entered into a contract in December 2014 to borrow funds from the State Water Resources Control Board. The funds are being used for a Davis Wastewater Treatment Plant Secondary and Tertiary Improvements project to meet the City's future wastewater treatment needs. The maximum loan amount is \$81,057,000, of which the City had drawn \$34,504,097. The loan bears interest at 1.5 percent per year for a term of thirty years. As of June 30, 2017, the City owed \$34,504,097 on the loan.

State Revolving Fund Loan #4 – The City entered into a contract in July 2015 to borrow funds from the State Water Resources Control Board. The funds are being used for a Clean Water Revolving Fund project to distribute a new source of drinking water to the City of Davis residents. The maximum loan amount is \$35,500,000, of which the City had drawn \$21,377,341. The loan bears interest at 1.6 percent per year for a term of thirty years. As of June 30, 2017, the City owed \$21,377,341 on the loan.

East Area Water Storage Tank Loan – In July 2009, City Council executed an enterprise fund installment sale agreement with the California Infrastructure and Economic Development Bank. The funds are to provide financing for the East Area Tank and other components of the Davis Wells Capacity EIR project. The maturity date for the loan is August 1, 2038, in the amount not to exceed \$10,000,000. The note bears an interest rate of 4 percent per annum. During fiscal year 2011-2012, the City made a final draw of \$2,577,084 in funds associated with this installment sale agreement resulting in the maximum amount of the loan \$10,000,000 being drawn. As of June 30, 2017, the City owed \$8,508,808 on the loan.

Wells Fargo 2013 Water Revenue Bonds – In October 2013, the City of Davis Public Facilities Financing Authority executed an installment purchase agreement issuing \$30,000,000 in water revenue bonds for the purpose providing financing for engineering and planning costs of a surface water supply acquisition and treatment project, part of the Woodland-Davis Water Supply Capital Improvement Project. The outstanding principal balance on the bonds as of June 30, 2017 is \$27,390,000.

CITY OF DAVIS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

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, 2017, is as follows:

Description	Issue Year	Maturity Year	Outstanding June 30, 2017
University Research Park Improvement \$2,265,000 original principal	1993	2018	\$350,000
Community Facilities District No. 1991-2 \$14,115,000 original principal	2007	2025	8,600,000
Public Facilities Financing Authority \$9,570,000 original principal	2009	2030	9,050,000
Community Facilities District No. 2015-01 \$9,665,000 original principal	2015	2045	9,665,000
2016 Special Tax Refunding Bonds (Community Facilities District No. 2007-2)* \$4,342,128 original principal	2017	2037	<u>4,342,128</u>
Total			<u><u>\$32,007,128</u></u>

*The issuance of the 2016 Special Tax Refunding Bonds refunded the Community Facilities District No. 2007-02 (East Davis Mace Ranch Area II) Special Tax Bond that were outstanding in the aggregate principal amount of \$4,730,000.

CITY OF DAVIS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

NOTE 11- CLASSIFICATION OF FUND BALANCE

Detailed classifications of the City's fund balances, as of June 30, 2017, are below.

Fund Balance Classifications	General Fund	Low/Mod Housing	Open Space	Development Deferred Improvement	Other Governmental Funds	Total
Nonspendables:						
Items not in spendable form:						
Loans Receivable	\$130,309					\$130,309
Total Nonspendable Fund Balances	130,309					130,309
Restricted for:						
Child Care Services					\$472,753	472,753
Development Services				\$1,413,414		1,413,414
Roadways and Street Improvements				10,563,320	1,248,527	11,811,847
Parks			\$4,861,948	5,390,407	89,539	10,341,894
Public Safety				2,886,746		2,886,746
General Facilities				1,112,705		1,112,705
Open Space				1,485,345		1,485,345
Grants					2,544,250	2,544,250
Public Facilities					220,828	220,828
Land Acquisition					1,578,384	1,578,384
District Improvements					1,229,718	1,229,718
Low-Income Housing		\$33,234,961				33,234,961
Total Restricted Fund Balances		33,234,961	4,861,948	22,851,937	7,383,999	68,332,845
Committed to:						
Municipal Arts					58,024	58,024
Public Safety					10,867	10,867
In-Lieu-of Parking and Parking					643,305	643,305
Agriculture Land Acquisition					403,742	403,742
Cable TV					1,583,666	1,583,666
Building and Planning					876,282	876,282
Other Special Revenue Projects					6,055	6,055
Total Committed Fund Balances					3,581,941	3,581,941
Unassigned:						
General Fund	23,119,561					23,119,561
Other Fund Deficit Residuals					(307,927)	(307,927)
Total Unassigned Fund Balances	23,119,561				(307,927)	22,811,634
Total Fund Balances	\$23,249,870	\$33,234,961	\$4,861,948	\$22,851,937	\$10,658,013	\$94,856,729

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.

CITY OF DAVIS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

NOTE 12 – PENSION PLANS (Continued)

A. General Information and Summary of Balances by Plan

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

Below is a summary of the deferred outflows of resources, net pension liabilities, and deferred inflows of resources by Plan for the year ended June 30, 2017:

	Deferred Outflows of Resources	Net Pension Liability/ Proportionate Share of Net Pension Liability	Deferred Inflows of Resources
Miscellaneous	\$17,419,575	\$65,169,338	\$6,630,877
Safety	12,668,095	44,955,218	2,539,946
Total	<u>\$30,087,670</u>	<u>\$110,124,556</u>	<u>\$9,170,823</u>

B. Miscellaneous Agent Multiple-Employer Defined Benefit Pension Plan

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

The Plans’ provisions and benefits in effect at June 30, 2017, are summarized as follows:

	Miscellaneous	
	Classic Plan	PEPRA Plan
Benefit formula	2.0% @ 55 or 2.5% @ 55	2.0% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50	52
Monthly benefits, as a % of eligible compensation	1.426 - 2.418%;	1.0 - 2.5%
Required employee contribution rates	2.0 - 2.5%	8%
Required employer contribution rates	8%	6.25%
	9.143%	9.143%

CITY OF DAVIS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

NOTE 12 – PENSION PLANS (Continued)

Employees Covered – At June 30, 2015 actuarial valuation date and the June 30, 2016 measurement date, the following employees were covered by the benefit terms for the Plan:

	Miscellaneous	
	June 30, 2015	June 30, 2016
Inactive employees or beneficiaries currently receiving benefits	356	382
Inactive employees entitled to but not yet receiving benefits	289	289
Active employees	249	245
Total	894	916

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

Net Pension Liability - The City’s net pension liability for the Plan is measured as the total pension liability, less the pension plan’s fiduciary net position. The net pension liability of the Plans is measured as of June 30, 2016, using an annual actuarial valuation as of June 30, 2015 rolled forward to June 30, 2016 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2015	\$184,686,674	\$128,473,054	\$56,213,620
Changes in the year:			
Service cost	2,725,273		2,725,273
Interest on the total pension liability	13,776,661		13,776,661
Differences between actual and expected experience	(1,273,504)		(1,273,504)
Changes in assumptions			
Plan to plan resource movement			
Changes in benefit terms			
Contribution - employer		4,355,132	(4,355,132)
Contribution - employees		1,309,552	(1,309,552)
Net investment income		686,326	(686,326)
Administrative expenses		(78,298)	78,298
Benefit payments, including refunds of employee contributions	(9,377,495)	(9,377,495)	
Net changes	5,850,935	(3,104,783)	8,955,718
Balance at June 30, 2016	\$190,537,609	\$125,368,271	\$65,169,338

CITY OF DAVIS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

NOTE 12 – PENSION PLANS (Continued)

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

	Miscellaneous
1% Decrease	6.65%
Net Pension Liability	\$89,739,890
Current Discount Rate	7.65%
Net Pension Liability	\$65,169,338
1% Increase	8.65%
Net Pension Liability	\$44,775,853

Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions – For the year ended June 30, 2017, the City recognized negative pension expense of \$4,372,914. At June 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$6,154,074	
Differences between actual and expected experience		(\$1,341,822)
Changes in assumptions		(831,433)
Net differences between projected and actual earnings on plan investments	11,265,501	(4,457,622)
Total	\$17,419,575	(\$6,630,877)

\$6,154,074 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, 2018. 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
2018	(\$950,270)
2019	635,213
2020	3,157,912
2021	1,791,769
2022	-
Thereafter	-
	\$4,634,624

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

CITY OF DAVIS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

NOTE 12 – PENSION PLANS (Continued)

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

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

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

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

The Safety Plan’s provisions and benefits in effect at June 30, 2017, are summarized as follows:

	Safety - Fire	
	<u>Classic Plan</u>	<u>PEPRA Plan</u>
Benefit formula	3.0% @ 50	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50	50
Monthly benefits, as a % of eligible compensation	3%	2-2.7%
Required employee contribution rates	9%	11.25%
Required employer contribution rates	15.768%	0.000%

	Safety - Police	
	<u>Classic Plan</u>	<u>PEPRA Plan</u>
Benefit formula	3.0% @ 50	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50	50
Monthly benefits, as a % of eligible compensation	3%	2-2.7%
Required employee contribution rates	9%	11.25%
Required employer contribution rates	19.544%	12.332%

CITY OF DAVIS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

NOTE 12 – PENSION PLANS (Continued)

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

For the year ended June 30, 2017, the contributions to the Safety Plan were as follows:

	Safety
Contributions - employer	\$1,780,246

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

As of June 30, 2017, the City reported net pension liabilities for its proportionate shares of the net pension liability of the Plan as follows:

	Proportionate Share of Net Pension Liability
Safety	\$44,955,218

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, 2016, 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, 2015 rolled forward to June 30, 2016 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, 2015 and 2016 was as follows:

	Safety
Proportion - June 30, 2015	0.90%
Proportion - June 30, 2016	0.87%
Change - Increase (Decrease)	-0.03%

CITY OF DAVIS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

NOTE 12 – PENSION PLANS (Continued)

For the year ended June 30, 2017, the City recognized pension expense of \$3,471,790 for Safety Plan. At June 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to the pensions for the Safety Plan from the following sources:

<u>Safety Plan</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$1,780,246	
Differences between actual and expected experience		(\$238,483)
Changes in assumptions		(1,039,805)
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	5,779,337	(1,261,658)
Net differences between projected and actual earnings on plan investments	5,108,512	
Total	<u>\$12,668,095</u>	<u>(\$2,539,946)</u>

\$1,780,246 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, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Year Ended June 30</u>	<u>Annual Amortization</u>
2018	\$2,700,917
2019	2,186,515
2020	2,130,577
2021	1,329,894
2022	-
Thereafter	-
	<u>\$8,347,903</u>

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

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

	<u>Safety</u>
1% Decrease	6.65%
Net Pension Liability	\$62,950,447
Current Discount Rate	7.65%
Net Pension Liability	\$44,955,218
1% Increase	8.65%
Net Pension Liability	\$30,182,978

CITY OF DAVIS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

NOTE 12 – PENSION PLANS (Continued)

D. Information Common to the Miscellaneous and Safety Plans

Actuarial Assumptions – The total pension liabilities in the June 30, 2015 actuarial valuations were determined using the following actuarial assumptions:

	All Plans
Valuation Date	June 30, 2015
Measurement Date	June 30, 2016
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.65%
Inflation	2.75%
Payroll Growth	3.0%
Projected Salary Increase	(1)
Investment Rate of Return	7.5% (2)
Mortality	Derived using CalPERS Membership Data for all Funds (3)
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power applies, 0.25% thereafter

- (1) Depending on age, service and type of employment
- (2) Net of pension plan investment expenses, including inflation
- (3) The mortality tables used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the CalPERS 2014 experience study report available on CalPERS website.

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2015 valuation were based on the results of a January 2014 actuarial experience study for the period 1997 to 2011. Further details of the Experience Study can found on the CalPERS website under Forms and Publications.

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

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

CITY OF DAVIS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

NOTE 12 – PENSION PLANS (Continued)

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

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

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

Asset Class	New Strategic Allocation	Real Return Years 1 - 10(a)	Real Return Years 11+(b)
Global Equity	47.0%	5.25%	5.71%
Global Fixed Income	19.0%	0.99%	2.43%
Inflation Sensitive	6.0%	0.45%	3.36%
Private Equity	12.0%	6.83%	6.95%
Real Estate	11.0%	4.50%	5.13%
Infrastructure and Forestland	3.0%	4.50%	5.09%
Liquidity	2.0%	-0.55%	-1.05%
Total	<u>100%</u>		

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

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

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

CITY OF DAVIS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

NOTE 13 – OTHER POSTEMPLOYMENT BENEFITS

Plan Description

By Council resolution and through agreements with its labor units, the City provides certain health care benefits for retired employees under third-party insurance plans. A summary of eligibility and benefits offered are shown below:

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

As of June 30, 2017, approximately 292 participants were eligible to receive benefits.

Funding Policy and Actuarial Assumptions

The annual required contribution (ARC) was determined as part of a June 30, 2015, actuarial valuation using the entry age normal actuarial cost method. This is a projected benefit cost method, which takes into account those benefits that are expected to be earned in the future as well as those already accrued. The actuarial assumptions shown in the table below include (a) investment rate of return of 7.25%, (b) 3.25 percent projected annual salary increase, (c) 3.00 percent of general inflation increase, and (d) a healthcare trend showing actual premiums paid for 2015 to 5.0 percent for years starting 2021. The actuarial methods and assumptions used include techniques that smooth the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Actuarial calculations reflect a long-term perspective and actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to revision at least biannually as results are compared to past expectations and new estimates are made about the future. The City's OPEB unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll using a twenty-eight year closed amortization period.

CITY OF DAVIS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

NOTE 13 – OTHER POSTEMPLOYMENT BENEFITS (Continued)

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

Annual OPEB Cost

During the fiscal year ended June 30, 2017, the City made contributions toward the ARC amounting to \$8,688,233 to the plan which represented 33% percent of the \$26,127,699 covered payroll. As a result, the City has recorded the net OPEB obligation, representing the difference between the ARC, the amortization of the net OPEB obligation and actual contributions, as presented below:

Annual required contribution (ARC)	\$6,688,000
Interest on Net OPEB Obligation	1,018,000
Adjustment to annual required contribution	<u>(1,562,000)</u>
Annual OPEB cost	6,144,000
Contributions made:	
Benefit payments	3,154,016
Trust pre-funding	<u>5,534,217</u>
Total contributions	<u>8,688,233</u>
Net increase (decrease) in Net OPEB Obligation	(2,544,233)
Net OPEB Obligation at June 30, 2016	<u>14,215,630</u>
Net OPEB Obligation at June 30, 2017	<u><u>\$11,671,397</u></u>
Percentage of ARC contributed	141%

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

Fiscal Year	Annual OPEB Cost	Actual Contributions	Percentage of OPEB Cost Contributed	Net OPEB Obligation (Asset)
June 30, 2015	\$5,951,000	\$6,395,146	107.46%	\$14,659,630
June 30, 2016	6,034,000	6,478,000	107.36%	14,215,630
June 30, 2017	6,144,000	8,688,233	141.41%	11,671,397

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

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

CITY OF DAVIS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

NOTE 13 – OTHER POSTEMPLOYMENT BENEFITS (Continued)

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

NOTE 14 – DEFERRED COMPENSATION

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

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

NOTE 15 – RISK MANAGEMENT

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

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

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

The City is a member of the Yolo County Public Agency Risk Management Insurance Authority (YCPARMIA) which provides coverage for general and auto liability, workers' compensation, property, fidelity, boiler and machinery, and pollution legal liability claims. Once the City's deductible is met, YCPARMIA becomes responsible for payment of all claims up to the limit. In addition, the California Joint Powers Risk Management Authority (CJPRMA), Fidelity and Deposit of MD, ACE American Insurance Company, Lloyd's of London, and CSAC-EIA, provide coverage for amounts in excess of YCPARMIA's limits. During the fiscal year ended June 30, 2017, the City contributed \$2,055,232 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.

CITY OF DAVIS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

NOTE 15 – RISK MANAGEMENT (Continued)

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

Type of Coverage	Deductible	Coverage Limits
Fidelity Insurance	\$1,000	\$2,000,000
Cyber Liability	0	1,000,000
General Liability	5,000	40,000,000
Auto Liability	5,000	40,000,000
Pollution Legal Liability	0	10,000,000
Property Insurance	1,000	959,357,100
Underground Storage Tank Insurance	25,000	1,000,000
Workers' Compensation Insurance	1,000	Statutory

Financial statements for the risk pools may be obtained from YCPARMIA at 77 West Lincoln Avenue, Woodland, CA 95695, and from CJPRMA at 6140 Stoneridge Mall Road, Suite 389, Pleasanton, California 94588-3235.

For the years ended June 30, 2017, 2016, and 2015, the amount of settlement did not exceed insurance coverage.

B. Self-Insurance Internal Service Funds

The Governmental Accounting Standards Board (GASB) requires municipalities to record their liability for uninsured claims. As discussed previously, the City has coverage for such claims, but it has retained the risk for the deductible or uninsured portion of these claims.

The City's liability for uninsured *General Liability Claims*, including claims incurred but not reported is reported in the City's Self-Insurance Internal Service Fund. The liability is based on an independent actuarial study prepared annually and was computed as follows for the years ended June 30:

	2017	2016
Beginning balance	\$31,254	\$23,999
Liability for current fiscal year claims and	89,999	80,000
Decrease in estimated liability for prior year claims	(88,894)	(33,230)
Payments made on current year claims	(23,860)	(12,569)
Payments made on prior year claims	8,276	(26,946)
Ending balance	<u>\$16,775</u>	<u>\$31,254</u>
Current Portion	<u>\$16,775</u>	<u>\$31,254</u>

CITY OF DAVIS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

NOTE 15 – RISK MANAGEMENT (Continued)

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:

	2017	2016
Beginning balance	\$10,042	\$5,788
Liability for current fiscal year claims	68,000	63,000
Increase (decrease) in estimated liability for prior year claims	(19,448)	(38,293)
Payments made on current year claims	(24,255)	(19,453)
Payments made on prior year claims	(1,000)	(1,000)
Ending balance	\$33,339	\$10,042
Current Portion	\$33,339	\$10,042

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:

	2017	2016
Beginning balance	\$290,843	\$329,052
Increase in estimated liability for prior year claims	3,067	36,007
Payments made on prior year claims	(59,071)	(74,216)
Ending balance	\$234,839	\$290,843
Current Portion	\$59,071	\$74,216

NOTE 16 – JOINTLY GOVERNED ORGANIZATION / INVESTMENT IN JOINT VENTURE

Woodland-Davis Clean Water Agency

Woodland-Davis Clean Water Agency, a separate joint powers authority, was formed in 2009 between the City of Davis and City of Woodland to coordinate the construction, ownership and operation of the Woodland-Davis Water Supply Capital Improvement Project which is scheduled to be completed in 2016. As defined in the JPA agreement assets will be owned and operated by the Agency and its liabilities are owed by the Agency and not its members. Each member is entitled to certain sole use assets which will be owned and maintained by each member on completion of the Project. Also, upon Project completion, each member will be entitled to capacity rights for the treatment and distribution of surface water. The City of Davis' proportion of such rights will be 44.4%. To fund a portion of its share of the above Project costs the City issued \$30 million of Wells Fargo 2013 Water Revenue Bonds. As of June 30, 2017 the City's accumulated contributions to the Agency amounted to \$42,628,201 which has been capitalized as construction in progress. Upon Project completion, the above costs will be reclassified as capacity rights or infrastructure assets.

CITY OF DAVIS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

NOTE 16 – JOINTLY GOVERNED ORGANIZATION / INVESTMENT IN JOINT VENTURE (Continued)

On December 1, 2015, the Agency issued the 2015 Subordinate Refunding Water Revenue Bonds, Series A (City of Davis, California) in the amount of \$19,495,000. In addition, on December 10, 2015, the Agency issued the 2015 Subordinate Refunding Water Revenue Bonds, Series B (City of Davis, California) in the amount of \$1,881,117. The purpose of the bonds is to repay the outstanding portion of a note payable previously obtained by the Agency. The purpose of the note payables was to help finance the acquisition of certain water rights on behalf of the City of Davis. The Water rights have been recorded as part of the City's Capital Assets, as detailed in Note 7. The Bonds are solely secured by an installment payment agreement between the Agency and the City. Therefore a loan payable to the Agency has been reported on the City's financial statements. The City failed to make the \$8,976 principal portion of the debt service payment for 2015 Second Subordinate Bonds, Series B that was due in March 2017. Payment was not made until December 2017. Future principal and interest payments on the payable were as follows as of June 30, 2017.

	Balance June 30, 2016	Retirements	Balance June 30, 2017	Current Portion
2015 Subordinate Refunding Water Revenue Bonds, Series A 3.00% - 5.00%, due 3/1/39	\$19,495,000	\$155,000	\$19,340,000	\$345,000
2015 Second Subordinate Bonds, Series B 4.697%, due 3/1/39	1,881,117		1,881,117	37,121
Total Business-type Activities Long-Term Debt	<u>\$21,376,117</u>	<u>\$155,000</u>	<u>\$21,221,117</u>	<u>\$382,121</u>

At June 30, 2017 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
2018	\$382,121	\$868,878	\$1,250,999
2019	409,757	857,206	1,266,963
2020	451,794	840,608	1,292,402
2021	491,920	826,430	1,318,350
2022	533,772	811,046	1,344,818
2023-2027	3,444,361	3,700,636	7,144,997
2028-2032	5,108,893	2,801,844	7,910,737
2033-2037	6,917,997	1,816,096	8,734,093
2038-2039	3,480,502	262,577	3,743,079
	<u>\$21,221,117</u>	<u>\$12,785,321</u>	<u>\$34,006,438</u>

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

CITY OF DAVIS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

NOTE 17 – COMMITMENTS AND CONTINGENCIES

A. *Single Audit*

The City participates in several Federal and State grant programs. These programs are subject to audits by the City's independent accountants in accordance with the provisions of the Federal Single Audit Act as amended, and applicable State requirements. No cost disallowances have been proposed as a result of these audits. However, these programs are still subject to further examination by the grantors and the amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time. The City expects such amounts, if any, to be immaterial.

B. *Litigation*

The City is subject to litigation arising in the normal course of business. In the opinion of the City Attorney, there is no other pending litigation which is likely to have a material adverse effect on the financial position of the City.

C. *Due Diligence Agreed-Upon Procedures Engagements*

The City received its original Other Funds and Accounts Due Diligence Review (OFA) determination letter from the California Department of Finance (DOF) dated March 27, 2013. The City subsequently requested a meet and confer session with the DOF and held this meeting on April 17, 2013. The DOF then submitted the final letter of determination of the OFA balances dated May 3, 2013 and determined that the City of Davis was to transmit \$5,575,699 to the Auditor-Controller's Office, to be distributed back to the taxing entities. On November 5, 2015 the Davis Redevelopment Successor Agency transmitted the OFA payment to the Yolo County Auditor-Controller fulfilling the obligation. DOF issued a Finding of Completion on November 13, 2015.

NOTE 18 – PROGRAM CESSATION/ GOING CONCERN

Child Care Grant Fund

All Child Care Services provided by the City of Davis were terminated on June 30, 2015. Those services were transitioned to other service providers at the close of the fiscal year. In fiscal year 2015-16, the final independent audit of the Child Development Fund (the Fund) was conducted. The Fund will be dissolved in fiscal year 2018, after the City has ensured that all funds have been received from the State and all obligations have been settled.

CITY OF DAVIS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

NOTE 19 – SUCCESSOR AGENCY TRUST OF THE FORMER REDEVELOPMENT AGENCY

A. *Background*

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

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

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

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

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

B. *Property Taxes*

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

CITY OF DAVIS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

NOTE 19 – SUCCESSOR AGENCY TRUST OF THE FORMER REDEVELOPMENT AGENCY

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

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

C. Cash and Investments

The Successor Agency's dependence on property tax receipts, which are received semi-annually, requires it to maintain significant cash reserves to finance operations during the remainder of the year. The Successor Agency pools cash from all sources, except Cash with Fiscal Agents, with the City of Davis so that it can be invested at the maximum yield, consistent with safety and liquidity, while individual funds can make expenditures at any time. See Note 4 for details of the City's Cash and Investments at June 30, 2017, for the City's Investment Policy and the California Government Code.

D. Notes and Loans

The Successor Agency has loaned a total balance of \$214,455 to housing associations as of June 30, 2017. Loans receivable, including accrued interest, comprised balances from the following programs, all of which are discussed below:

Loans Receivable:	
New Harmony Loan	\$186,526
Other Commercial Rehabilitation	
Housing Rehabilitation, and Affordable Housing	27,929
Total Loans Receivable	\$214,455

E. Current Liabilities

Interest Payable

The Successor Agency accrues for interest payments on the debt of an enforceable obligation identified on the approved Successor Agency ROPS schedule. Interest payable on the long-term obligations was \$459,468 as of June 30, 2017.

CITY OF DAVIS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

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

F. Long-Term Obligations

1. Tax Allocation Bonds

The following is a summary of long-term debt transactions of the Successor Agency for the fiscal year ended June 30, 2017:

	Balance June 30, 2016	Retirements	Balance June 30, 2017	Current Portion
<i>Tax Allocation Bonds:</i>				
2003 Tax Allocation Refunding Bonds 2.00% - 5.00%, due 9/1/2033	\$7,425,000	\$195,000	\$7,230,000	\$205,000
2007 Tax Allocation Refunding Bonds 4.00% - 4.24%, due 9/1/2030	8,865,000	450,000	8,415,000	465,000
2007 Taxable Housing Refunding Bonds 5.50%, due 9/01/2037	7,240,000	170,000	7,070,000	180,000
2011 Subordinate Tax Allocation Bonds, Series A 6.50% - 7.00%, due 12/01/2036	13,310,000		13,310,000	
2011 Subordinate Tax Allocation Bonds, Series B 3.25% - 5.00%, due 12/01/2022	2,900,000	345,000	2,555,000	375,000
Less Bond Issuance Discounts	(491,754)	32,591	(459,163)	
Total Long-Term Debt	<u>\$39,248,246</u>	<u>\$1,192,591</u>	<u>\$38,120,837</u>	<u>\$1,225,000</u>

2. Debt Service Requirements

Future principal and interest payments on all of the Successor Agency's long-term debt were as follows at June 30, 2017:

Fiscal Year Ending June 30,	Governmental Activities		
	Principal	Interest	Total
2018	\$1,225,000	\$2,186,393	\$3,411,393
2019	1,285,000	2,117,245	3,402,245
2020	1,355,000	2,043,679	3,398,679
2021	1,435,000	1,965,182	3,400,182
2022	1,520,000	1,881,632	3,401,632
2023-2027	8,955,000	8,043,332	16,998,332
2028-2032	11,510,000	5,235,226	16,745,226
2033-2037	10,735,000	1,753,474	12,488,474
2038	560,000	15,820	575,820
Less Bond Issuance Discounts	(459,163)		(459,163)
Total	<u>\$38,120,837</u>	<u>\$25,241,983</u>	<u>\$63,362,820</u>

CITY OF DAVIS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

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

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

2003 Tax Allocation Refunding Bonds

On October 30, 2003, the former Redevelopment Agency of the City of Davis issued the 2003 Tax Allocation Refunding Bonds in the amount of \$9,625,000. The proceeds from the sale of the bonds were used to refund the former Redevelopment Agency's outstanding Davis Redevelopment Project 1994 Tax Allocation Bonds. The Successor Agency's tax increment revenue; less amounts required to be set aside in the Redevelopment Agency Low Income Housing Fund and certain tax increment pass through payments, is pledged for the repayment of these bonds. Principal payments are payable annually on September 1 and interest is payable semi-annually each March 1 and September 1 through 2034.

The pledge of future tax increment revenues ends upon repayment of the \$11,274,953 in remaining debt service on this bond issue which is scheduled to occur in 2034. For fiscal year 2016-2017 debt service amounted to \$551,781.

2007 Taxable Allocation Refunding Bonds

On February 20, 2007, the former Redevelopment Agency of the City of Davis issued the 2007 Tax Allocation Refunding Bonds in the amount of \$12,140,000. The proceeds from the sale of the bonds were used to refund the former Redevelopment Agency's outstanding Davis Redevelopment Project 2000 Tax Allocation Refunding Bonds. The bonds are secured on parity with the 2003 Tax Allocation Refunding Bonds by a pledge of and first lien on Successor Agency tax increment revenues less amounts required to be set aside in the Redevelopment Agency Low Income Housing Fund and certain tax increment pass through payments, from the former Redevelopment Agency's Redevelopment Project. Interest is payable semi-annually each March 1 and September 1 and principal payments are payable annually on September 1 through 2031.

The pledge of future tax increment revenues ends upon repayment of the \$11,099,419 in remaining debt service on this bond issue which is scheduled to occur in 2031. For fiscal year 2016-2017 debt service amounted to \$806,000.

2007 Taxable Housing Tax Allocation Bonds

On February 20, 2007, the former Redevelopment Agency of the City of Davis issued the 2007 Taxable Housing Tax Allocation Bonds in the amount of \$8,675,000. The proceeds from the sale of the bonds were used to aid the financing of redevelopment activities consisting of the increasing, improving and preserving of the supply of low and moderate income housing within the City. Successor Agency housing tax revenue is pledged for the repayment of these bonds. Interest is payable semi-annually each March 1 and September 1 and principal payments are payable annually on September 1 through 2037.

The pledge of future tax increment revenues ends upon repayment of the \$12,073,022 in remaining debt service on this bond issue which is scheduled to occur in 2038. For fiscal year 2016-2017 debt service amounted to \$572,790.

CITY OF DAVIS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

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

2011 Subordinate Tax Allocation Bonds, Series A and Series B

On March 1, 2011, the former Redevelopment Agency of the City of Davis issued the 2011 Subordinate Tax Allocation Bonds, Series A, in the amount of \$13,310,000, and 2011 Subordinate Taxable Tax Allocation Bond, Series B, in the amount of \$4,690,000. The proceeds will be used to fund certain redevelopment activities of benefit to the former Redevelopment Agency's Davis Redevelopment Successor Agency Project.

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

The pledge of future tax increment revenues ends upon repayment of the \$29,374,589 in remaining debt service on this bond issue which is scheduled to occur in 2037. For fiscal year 2016-2017 debt service amounted to \$1,480,925.

As discussed above, the Successor Agency has pledged all future tax increment revenues for the repayment of the Tax Allocation Bonds. Debt service for the 2003 Tax Allocation Refunding Bonds and 2007 Tax Allocation Refunding Bonds is senior to the 2011 Series A and B Tax Allocation Refunding Bonds. The pledge of all future tax increment revenues end upon repayment of the combined remaining debt service of \$63,821,983 on the Bonds above, which is scheduled to occur in 2038. For fiscal year 2016-2017, net tax increment revenues amounted to \$3,724,180 while debt service of the bonds amounted to \$3,411,496.

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REQUIRED SUPPLEMENTARY INFORMATION

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CITY OF DAVIS
Required Supplemental Information
For the year ended June 30, 2017

1. PENSION PLANS

Agent Multiple-Employer Defined Benefit Pension Plan:

Schedule of Changes in the Net Pension Liability and Related Ratios

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

Schedule of Contributions

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

Cost-Sharing Employer Defined Benefit Pension Plan:

Schedule of Proportionate Share of the Net Pension Liability

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

Schedule of Contributions

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

CITY OF DAVIS
Required Supplemental Information
For the year ended June 30, 2017

1. PENSION PLANS (Continued)

Miscellaneous Plan
Last 10 Years*

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS

Measurement Date	Miscellaneous Plan		
	<u>6/30/2014</u>	<u>6/30/2015</u>	<u>6/30/2016</u>
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	<u>(8,202,831)</u>	<u>(8,744,147)</u>	<u>(9,377,495)</u>
Net change in total pension liability	7,865,475	2,017,872	5,850,935
Total pension liability - beginning	<u>174,803,327</u>	<u>182,668,802</u>	<u>184,686,674</u>
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	<u>(8,202,831)</u>	<u>(8,744,147)</u>	<u>(9,377,495)</u>
Net change in plan fiduciary net position	16,447,823	(785,046)	(3,104,783)
Plan fiduciary net position - beginning	<u>112,810,277</u>	<u>129,258,100</u>	<u>128,473,054</u>
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. In 2015, the figures above do not include any liability impact that may have resulted from plan changes which occurred after the actuarial valuation date. This applies for voluntary benefit changes as well as any offers of Two Year Additional Service Credit (a.k.a. Golden Handshakes).

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

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

CITY OF DAVIS
Required Supplemental Information
For the year ended June 30, 2017

1. PENSION PLANS (Continued)

Miscellaneous Plan
Last 10 Years*

SCHEDULE OF CONTRIBUTIONS

Fiscal Year Ended June 30:	Miscellaneous Plan		
	2015	2016	2017
Actuarially determined contribution	\$3,935,948	\$4,354,487	\$6,154,074
Contributions in relation to the actuarially determined contributions	3,935,948	4,354,487	6,154,074
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
 Covered payroll	 \$16,448,436	 \$16,260,801	 \$17,279,336
 Contributions as a percentage of covered payroll	 23.93%	 26.78%	 35.62%

Notes to Schedule

Valuation date: 6/30/2013 6/30/2014 6/30/2015

Methods and assumptions used to determine contribution rates:

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

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

CITY OF DAVIS
Required Supplemental Information
For the year ended June 30, 2017

1. PENSION PLANS (Continued)

Safety 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
Plan's Proportion of the Net Pension Liability (Asset)	0.61%	0.90%	0.87%
Plan's Proportionate Share of the Net Pension Liability/(Asset)	\$22,835,706	\$37,270,097	\$44,955,218
Plan's Covered Payroll (A)	\$9,768,195	\$9,475,749	\$9,243,560
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered Payroll	233.78%	393.32%	486.34%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	81.42%	70.45%	66.09%

Notes to Schedule:

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

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

CITY OF DAVIS
Required Supplemental Information
For the year ended June 30, 2017

1. PENSION PLANS (Continued)

Safety Plan
Last 10 Years*

SCHEDULE OF CONTRIBUTIONS

Fiscal Year Ended June 30:	Safety Plan	Safety Plan	
	2015	2016	2017
Actuarially determined contribution	\$2,705,123	\$1,504,861	\$1,780,246
Contributions in relation to the actuarially determined contributions	(2,705,123)	(1,504,861)	(1,780,246)
Contribution deficiency (excess)	\$0	\$0	\$0
 Covered payroll	 \$9,475,749	 \$9,243,560	 \$8,848,363
 Contributions as a percentage of covered payroll	 28.55%	 16.28%	 20.12%
 Notes to Schedule			
Valuation date:	6/30/2013	6/30/2014	6/30/2015

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

CITY OF DAVIS
Required Supplemental Information
For the year ended June 30, 2017

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

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

Notes to Schedule

- (A) This information is intended to help users assess the City’s Public Safety and Miscellaneous Retirement Plans and the City’s OPEB Plan status on a going-concern basis, assess progress made in accumulating to pay benefits when due, and make comparisons with other employers.
- (B) The information presented relates to the City’s Public Safety and Miscellaneous Retirement Plans and the City OPEB Plan only.

CITY OF DAVIS
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Taxes	\$44,052,453	\$45,032,453	\$44,895,788	(\$136,665)
Fines and forfeitures	900,500	900,500	567,834	(332,666)
Use of money and property	1,235,908	1,204,704	1,315,207	110,503
Intergovernmental		431,100	459,426	28,326
Charges for current services	8,963,711	8,492,317	9,011,474	519,157
Development fees	119,500	123,000	119,500	(3,500)
Administrative fee - other funds		1,883,964	1,876,317	(7,647)
Other	2,606,817	2,373,824	3,694,589	1,320,765
Total Revenues	<u>57,878,889</u>	<u>60,441,862</u>	<u>61,940,135</u>	<u>1,498,273</u>
EXPENDITURES:				
Current:				
City Council	167,275	167,329	187,422	(20,093)
City Attorney	362,967	362,967	638,231	(275,264)
City Manager	2,837,650	3,339,128	3,194,516	144,612
Administrative services	3,413,396	5,581,127	4,508,259	1,072,868
Community development	7,074,288	6,286,137	5,379,820	906,317
Parks and community services	10,876,493	11,238,252	10,410,511	827,741
Public safety - fire	9,011,582	9,515,208	9,681,821	(166,613)
Public safety - police	17,241,056	17,496,112	17,563,698	(67,586)
Public works	5,169,861	6,061,520	5,813,731	247,789
Special projects				
Capital outlay	10,151,588	12,598,276	4,430,490	8,167,786
Total Expenditures	<u>66,306,156</u>	<u>72,646,056</u>	<u>61,808,499</u>	<u>10,837,557</u>
OTHER FINANCING SOURCES (USES)				
Issuance of long-term debt			1,428,745	
Net Change in Fund Balance	<u>(\$8,427,267)</u>	<u>(\$12,204,194)</u>	1,560,381	<u>(\$9,339,284)</u>
Beginning fund balance			<u>21,689,489</u>	
Ending fund balance			<u>\$23,249,870</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, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Use of money and property	\$23,000	\$23,000	\$20,332	(\$2,668)
Intergovernmental	401,016	366,282	43,241	(323,041)
Charges for services	254,232	254,232	192,567	(61,665)
Other	114,424	114,424	107,016	(7,408)
Total Revenues	<u>792,672</u>	<u>757,938</u>	<u>363,156</u>	<u>(394,782)</u>
EXPENDITURES:				
Current:				
Special projects	<u>899,386</u>	<u>945,588</u>	<u>835,257</u>	<u>110,331</u>
Total Expenditures	<u>899,386</u>	<u>945,588</u>	<u>835,257</u>	<u>110,331</u>
Net Change in Fund Balance	<u>(\$106,714)</u>	<u>(\$187,650)</u>	<u>(472,101)</u>	<u>(\$284,451)</u>
Beginning fund balance			<u>33,707,062</u>	
Ending fund balance			<u>\$33,234,961</u>	

CITY OF DAVIS
 OPEN SPACE FUND
 SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Taxes	\$673,200	\$673,200	\$649,222	(\$23,978)
Intergovernmental	8,400	8,400	25,101	16,701
Total Revenues	<u>681,600</u>	<u>681,600</u>	<u>674,323</u>	<u>(7,277)</u>
EXPENDITURES:				
Current:				
Parks and community services	256,916	258,197	203,604	54,593
Total Expenditures	<u>256,916</u>	<u>708,343</u>	<u>493,749</u>	<u>214,594</u>
Net Changes in Fund Balance	<u>\$424,684</u>	<u>(\$26,743)</u>	180,574	<u>\$207,317</u>
Beginning fund balance			<u>4,681,374</u>	
Ending fund balance			<u>\$4,861,948</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, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Use of money and property	\$52,800	\$52,800	\$97,565	\$44,765
Development fees	2,035,000	2,035,000	2,393,308	358,308
Total Revenues	<u>2,087,800</u>	<u>2,087,800</u>	<u>2,490,873</u>	<u>403,073</u>
EXPENDITURES				
Current:				
Administrative services	142,260	147,840	74,944	72,896
Public works	336,020	370,140	323,461	46,679
Special projects	15,585	15,585	8,378	7,207
Capital outlay	4,249,953	7,604,238	1,838,200	5,766,038
Total Expenditures	<u>4,743,818</u>	<u>8,137,803</u>	<u>2,244,983</u>	<u>5,892,820</u>
Net Change in Fund Balance	<u>(2,656,018)</u>	<u>(6,050,003)</u>	245,890	<u>(5,489,747)</u>
BEGINNING FUND BALANCE			<u>22,606,047</u>	
ENDING FUND BALANCE			<u>\$22,851,937</u>	

CITY OF DAVIS
Notes to Required Supplemental Information
For the year ended June 30, 2017

1. BUDGETS AND BUDGETARY ACCOUNTING

The City, by Ordinance, adopts annually the operating, debt service and capital improvement budgets for all governmental funds. This budget is effective July 1 for the ensuing fiscal year. From the effective date of the budget, which is adopted and controlled at the fund level, the amounts stated therein as proposed expenditures become appropriations to the various City departments. Upon approval by the City Manager and City Treasurer, however, amounts may be transferred between activities within a fund's operating budget appropriation total. The City Manager and City Treasurer may also approve routine minor new appropriations of \$10,000 or less subject to limitations. For the capital budget, the City Manager and City Treasurer may approve transfers between projects of \$15,000, as long as each fund's appropriation total remains intact. Increases in excess of the above limits and inter-fund transfers must be approved by the City Council. The budget data reflected in these financial statements incorporate all administrative and City Council amendments through June 30, 2017. Individual amendments were not material in relation to the original appropriations. All appropriations not expended or encumbered by year-end are canceled. All prior year unspent encumbrances are rolled over to the current fiscal year.

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

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

Expenditures in Excess of Appropriations

The Downtown Area Capital Revitalization Fund exceeded the appropriations by \$36,804 for the year ended June 30, 2017.

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SUPPLEMENTARY INFORMATION

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NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

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

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

Park Maintenance Tax - This fund accounts for the receipts of the City's Parks Maintenance Tax, which provides the funding for the maintenance of community parks, greenbelts, open space, swimming pools, and related public facilities.

Cable TV - This fund accounts for receipts and expenditures of the City's local Cable TV activities.

Public Safety - This fund accounts for receipts and expenditures of funds produced by the Public Safety fee charged to each parcel within the City. The fee was implemented by City ordinance and may be expended only for Public Safety purposes.

Municipal Arts - This fund accounts for funds produced City ordinance requiring a contribution for works of art equal to at least one percent of the cost from each City construction project. A contribution is not required where source funds restrictions will not permit it as legitimate project expenditure and funds generated must be used for art acquisition.

Child Care Grant - This special revenue fund accounts for receipts and expenditures of funds from Federal, State and local agencies that may be expended only for the purpose of providing child care services.

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

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

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

Federal/State Highway Grants - This fund accounts for receipts and expenditures related to grants received for highway construction projects.

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

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

NON-MAJOR GOVERNMENTAL FUNDS (Continued)

Agriculture Land Acquisition - This fund accounts for the receipts of in lieu fees for agricultural mitigation.

Davisville Book Fund - This fund accounts for funds received from the sale of "Davisville '68, the History and Heritage of the City of Davis," published by the Davis Historical Commission.

Historical Fund - This fund accounts for proceeds of fund raising activities of the Davis Historical and Landmarks Commission and the expenditure of those proceeds for the activities of the Commission.

Brinley/Hattie Weber - This fund accounts for donations to be used for the Hattie Weber Museum and related expenditures.

CAPITAL PROJECTS FUNDS

Capital Projects Funds are utilized to account for resources used for the acquisition and construction of capital facilities by the City, with the exception of those assets financed by proprietary funds.

Davis Research Park - The City is the custodian of funds received from the issuance of bonds for the Davis Research Park special assessment district. These funds are restricted for the construction or acquisition of improvements benefiting the District.

Arlington Boulevard Benefit Area - This fund accounts for collections of fees from the property developed in and adjacent to the Arlington Boulevard Area of Benefit and the expenditures made for development of this major street.

Capital Grants - This fund accounts for intergovernmental grants received for specific capital projects.

Davis Land Acquisition - This fund accounts for moneys assigned for the acquisition of land by the City of Davis.

Public Facilities Financing Authority - This fund accounts for expenditures incurred in connection with the establishment of a series of Community Facilities Districts under the State Mello-Roos Act for the construction of infrastructure and improvements.

Oxford Circle Park and Parking Lot - The City is the custodian of funds received from the issuance of bonds for Oxford Circle Park and Parking Lot special assessment district. These funds are restricted for the construction or acquisition of improvements benefiting the District.

Downtown Area Capitalization Revitalization - This fund accounts as a funding source for the City to undertake future improvements contemplated in the redevelopment plan, pursuant to the Public Works Agreement by and between the City and the Redevelopment Successor Agency, which assumed responsibility as assignee from the City's former Redevelopment Agency.

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CITY OF DAVIS
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2017

	SPECIAL REVENUE FUNDS			
	Gas Tax	TDA Non-Transit Use	Park Maintenance Tax	Cable TV
ASSETS				
Cash and investments	\$829,216		\$31,532	\$1,428,257
Accrued interest	2,104			4,179
Receivables:				
General accounts			69,976	139,819
Grants		\$347,604		18,591
Utility accounts				
Loans				
Total Assets	\$831,320	\$347,604	\$101,508	\$1,590,846
LIABILITIES				
Accounts payable			\$11,969	
Wages payable	\$4,898			\$7,180
Unearned revenue				
Due to other funds		\$307,927		
Total Liabilities	4,898	307,927	11,969	7,180
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue		\$347,604		
FUND BALANCES				
Fund balances:				
Restricted	\$26,422		\$9,539	
Committed				\$1,583,666
Unassigned		(307,927)		
Total Fund Balances	826,422	(307,927)	89,539	1,583,666
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$831,320	\$347,604	\$101,508	\$1,590,846

SPECIAL REVENUE FUNDS

Public Safety	Municipal Arts	Child Care Grant	Subdivision In-Lieu Park Fees	In-Lieu of Parking Payments	Parking	Federal/State Highway Grant
\$43,479	\$57,900 124	\$429,490	\$874,292 1,989	\$464,024 1,307	\$190,264 573	\$420,928 1,178
159,402 4,997 243,981		43,263				
<u>\$451,859</u>	<u>\$58,024</u>	<u>\$472,753</u>	<u>\$876,281</u>	<u>\$465,331</u>	<u>\$190,837</u>	<u>\$422,106</u>
\$1,155					\$12,211 652	
229,671 210,166						
<u>440,992</u>					<u>12,863</u>	
10,867	\$58,024	\$472,753	\$876,281	\$465,331	177,974	\$422,106
<u>10,867</u>	<u>58,024</u>	<u>472,753</u>	<u>876,281</u>	<u>465,331</u>	<u>177,974</u>	<u>422,106</u>
<u>\$451,859</u>	<u>\$58,024</u>	<u>\$472,753</u>	<u>\$876,281</u>	<u>\$465,331</u>	<u>\$190,837</u>	<u>\$422,106</u>

(Continued)

CITY OF DAVIS
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2017

	SPECIAL REVENUE FUNDS			
	Community Development Block Grant	Operational Grants	Agriculture Land Acquisition	Davisville Book
ASSETS				
Cash and investments	\$70,910	\$489,379	\$402,608	\$2,058
Accrued interest	269	1,607	1,134	6
Receivables:				
General accounts	1,199			
Grants	57,998	17,289		
Utility accounts				
Loans	1,755,324			
	<u>\$1,885,700</u>	<u>\$508,275</u>	<u>\$403,742</u>	<u>\$2,064</u>
Total Assets				
LIABILITIES				
Accounts payable	\$19,123	\$1,880		
Wages payable	1,264	6,810		
Unearned revenue				
Due to other funds				
	<u>20,387</u>	<u>8,690</u>		
Total Liabilities				
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue				
FUND BALANCES				
Fund balances:				
Restricted	1,865,313	499,585		
Committed			\$403,742	\$2,064
Unassigned				
	<u>1,865,313</u>	<u>499,585</u>	<u>403,742</u>	<u>2,064</u>
Total Fund Balances				
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$1,885,700</u>	<u>\$508,275</u>	<u>\$403,742</u>	<u>\$2,064</u>

SPECIAL REVENUE FUNDS

CAPITAL PROJECTS FUNDS

Historical Fund	Brinley/Hattie Weber	Davis Research Park	Arlington Boulevard Benefit Area	Capital Grants	Davis Land Acquisition	Public Facilities Financing Authority
\$10	\$3,971 11	\$795,889 2,241	\$380,566 1,072	\$179,183 169	\$1,573,951 4,432	\$220,207 620
<u>\$10</u>	<u>\$3,982</u>	<u>\$798,130</u>	<u>\$381,638</u>	<u>\$179,352</u>	<u>\$1,578,383</u>	<u>\$220,827</u>
\$10	\$3,982	\$798,130	\$381,638	\$179,352	\$1,578,383	\$220,827
10	3,982	798,130	381,638	179,352	1,578,383	220,827
<u>\$10</u>	<u>\$3,982</u>	<u>\$798,130</u>	<u>\$381,638</u>	<u>\$179,352</u>	<u>\$1,578,383</u>	<u>\$220,827</u>

(Continued)

CITY OF DAVIS
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2017

	CAPITAL PROJECTS FUNDS		
	Oxford Circle Park and Parking Lot	Downtown Area Capital Revitalization	Total Nonmajor Governmental Funds
ASSETS			
Cash and investments	\$49,811		\$8,937,925
Accrued interest	140		23,155
Receivables:			
General accounts			370,396
Grants			489,742
Utility accounts			243,981
Loans			1,755,324
	\$49,951		\$11,820,523
Total Assets	\$49,951		\$11,820,523
LIABILITIES			
Accounts payable			\$46,338
Wages payable			20,804
Unearned revenue			229,671
Due to other funds			518,093
			814,906
Total Liabilities			814,906
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue			347,604
			347,604
FUND EQUITY			
Fund balances:			
Restricted	\$49,951		7,383,999
Committed			3,581,941
Unassigned			(307,927)
	49,951		10,658,013
Total Fund Balances	49,951		10,658,013
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$49,951		\$11,820,523

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CITY OF DAVIS
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2017

	SPECIAL REVENUE FUNDS			
	Gas Tax	TDA Non-Transit Use	Park Maintenance Tax	Cable TV
REVENUES				
Taxes			\$1,382,375	\$582,311
Use of money and property	\$4,170	\$1,183		8,441
Intergovernmental	1,201,963			73,033
Charges for current services				
Development fees				
Other				
Total Revenues	<u>1,206,133</u>	<u>1,183</u>	<u>1,382,375</u>	<u>663,785</u>
EXPENDITURES				
Current:				
City Manager				36,983
Administrative service				644,688
Community development				
Parks and community services			1,306,126	99,100
Public safety - fire				
Public safety - police				
Public works	1,109,855	680,468		
Special projects				
Capital outlay	5,023			43,870
Total Expenditures	<u>1,114,878</u>	<u>680,468</u>	<u>1,306,126</u>	<u>824,641</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>91,255</u>	<u>(679,285)</u>	<u>76,249</u>	<u>(160,856)</u>
Net Change in Fund Balance	91,255	(679,285)	76,249	(160,856)
BEGINNING FUND BALANCES	<u>735,167</u>	<u>371,358</u>	<u>13,290</u>	<u>1,744,522</u>
ENDING FUND BALANCES	<u><u>\$826,422</u></u>	<u><u>(\$307,927)</u></u>	<u><u>\$89,539</u></u>	<u><u>\$1,583,666</u></u>

SPECIAL REVENUE FUNDS

Public Safety	Municipal Arts	Child Care Grant	Subdivision In-Lieu Park Fees	In-Lieu of Parking Payments	Parking	Federal/State Highway Grants
\$497,182						
418	\$204		\$3,899	\$2,554	\$91,815	\$2,131
105,395						161,979
2,461,009	21,529		305,935			
	4,000					
<u>3,064,004</u>	<u>25,733</u>		<u>309,834</u>	<u>2,554</u>	<u>91,815</u>	<u>164,110</u>
50,363					20,521	
	5,964				154,149	
		\$532				
1,452,198						
1,556,696						465
			19,309		78,151	74,450
<u>3,059,257</u>	<u>5,964</u>	<u>532</u>	<u>19,309</u>		<u>252,821</u>	<u>74,915</u>
4,747	19,769	(532)	290,525	2,554	(161,006)	89,195
4,747	19,769	(532)	290,525	2,554	(161,006)	89,195
6,120	38,255	473,285	585,756	462,777	338,980	332,911
<u>\$10,867</u>	<u>\$58,024</u>	<u>\$472,753</u>	<u>\$876,281</u>	<u>\$465,331</u>	<u>\$177,974</u>	<u>\$422,106</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, 2017

	SPECIAL REVENUE FUNDS			
	Community Development Block Grant	Operational Grants	Agriculture Land Acquisition	Davisville Book
REVENUES				
Taxes				
Use of money and property	\$117	\$2,982	\$2,217	\$12
Intergovernmental	578,238	1,411,293		
Charges for current services				
Development fees				
Other				
	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenues	578,355	1,414,275	2,217	12
EXPENDITURES				
Current:				
City Manager				
Administrative service				
Community development			29	
Parks and community services				
Public safety - fire				
Public safety - police				
Public works				
Special projects	390,567	507,700		
Capital outlay	108,187			
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenditures	498,754	507,700	29	
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES				
	<hr/>	<hr/>	<hr/>	<hr/>
	79,601	906,575	2,188	12
Net Change in Fund Balance	79,601	906,575	2,188	12
BEGINNING FUND BALANCES	<hr/>	<hr/>	<hr/>	<hr/>
	1,785,712	(406,990)	401,554	2,052
ENDING FUND BALANCES	<hr/>	<hr/>	<hr/>	<hr/>
	\$1,865,313	\$499,585	\$403,742	\$2,064

SPECIAL REVENUE FUND		CAPITAL PROJECTS FUNDS				
Historical	Brinley/Hattie Weber	Davis Research Park	Arlington Boulevard Benefit Area	Capital Grants	Davis Land Acquisition	Public Facilities Financing Authority
	\$21	\$4,381	\$2,095	\$454 169,245	\$8,663	\$1,211
	251					
	272	4,381	2,095	169,699	8,663	1,211
				183,208		
				183,208		
	272	4,381	2,095	(13,509)	8,663	1,211
	272	4,381	2,095	(13,509)	8,663	1,211
\$10	3,710	793,749	379,543	192,861	1,569,720	219,616
\$10	\$3,982	\$798,130	\$381,638	\$179,352	\$1,578,383	\$220,827

(Continued)

CITY OF DAVIS
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2017

	<u>CAPITAL PROJECTS FUNDS</u>		
	<u>Oxford Circle Park and Parking Lot</u>	<u>Downtown Area Capital Revitalization</u>	<u>Total Nonmajor Governmental Funds</u>
REVENUES			
Taxes			\$2,461,868
Use of money and property	\$274		137,242
Intergovernmental			3,701,146
Charges for current services			2,461,009
Development fees			327,464
Other			4,251
	<hr/>	<hr/>	<hr/>
Total Revenues	274		9,092,980
	<hr/>	<hr/>	<hr/>
EXPENDITURES			
Current:			
City Manager			36,983
Administrative service			715,572
Community development			160,142
Parks and community services			1,405,758
Public safety - fire			1,452,198
Public safety - police			1,556,696
Public works			1,790,788
Special projects			898,267
Capital outlay	166	\$36,804	549,168
	<hr/>	<hr/>	<hr/>
Total Expenditures	166	36,804	8,565,572
	<hr/>	<hr/>	<hr/>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	108	(36,804)	527,408
	<hr/>	<hr/>	<hr/>
Net Change in Fund Balance	108	(36,804)	527,408
BEGINNING FUND BALANCES	49,843	36,804	10,130,605
	<hr/>	<hr/>	<hr/>
ENDING FUND BALANCES	<u>\$49,951</u>	<u></u>	<u>\$10,658,013</u>

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CITY OF DAVIS
 BUDGETED NON-MAJOR FUNDS
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	GAS TAX			TDA NON-TRANSIT USE		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Taxes						
Use of money and property	\$2,880	\$4,170	\$1,290		\$1,183	\$1,183
Intergovernmental	1,369,199	1,201,963	(167,236)	\$778,741		(778,741)
Charges for current services						
Development fees						
Other						
Total Revenues	1,372,079	1,206,133	(165,946)	778,741	1,183	(777,558)
EXPENDITURES						
Current:						
City Manager						
Administrative services						
Community development						
Parks and community services						
Public safety - fire						
Public safety - police						
Public works	1,902,400	1,109,855	792,545	1,062,994	680,468	382,526
Special projects						
Capital outlay	5,023	5,023				
Total Expenditures	1,907,423	1,114,878	792,545	1,062,994	680,468	382,526
Net Change in Fund Balance	(\$535,344)	91,255	\$626,599	(\$284,253)	(679,285)	(\$395,032)
BEGINNING FUND BALANCE		735,167			371,358	
ENDING FUND BALANCE		\$826,422			(\$307,927)	

PARK MAINTENANCE TAX			CABLE TV			PUBLIC SAFETY		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$1,393,655	\$1,382,375	(\$11,280)	\$845,900	\$582,311	(\$263,589)	\$500,000	\$497,182	(\$2,818)
			2,520	8,441	5,921	120	418	298
			154,750	73,033	(81,717)	90,000	105,395	15,395
						2,556,953	2,461,009	(95,944)
			23,281		(23,281)			
<u>1,393,655</u>	<u>1,382,375</u>	<u>(11,280)</u>	<u>1,026,451</u>	<u>663,785</u>	<u>(362,666)</u>	<u>3,147,073</u>	<u>3,064,004</u>	<u>(83,069)</u>
			136,288	36,983	99,305			
			885,600	644,688	240,912	56,528	50,363	6,165
1,356,126	1,306,126	50,000	185,439	99,100	86,339			
						1,500,787	1,452,198	48,589
						1,592,376	1,556,696	35,680
			46,084	43,870	2,214			
<u>1,356,126</u>	<u>1,306,126</u>	<u>50,000</u>	<u>1,253,411</u>	<u>824,641</u>	<u>428,770</u>	<u>3,149,691</u>	<u>3,059,257</u>	<u>90,434</u>
<u>\$37,529</u>	76,249	<u>\$38,720</u>	<u>(\$226,960)</u>	(160,856)	<u>\$66,104</u>	<u>(\$2,618)</u>	4,747	<u>\$7,365</u>
	13,290			1,744,522			6,120	
	<u>\$89,539</u>			<u>\$1,583,666</u>			<u>\$10,867</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, 2017

	MUNICIPAL ARTS			CHILD CARE GRANT		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Taxes						
Use of money and property	\$60	\$204	\$144			
Intergovernmental						
Charges for current services						
Development fees	10,000	21,529	11,529			
Other		4,000	4,000			
Total Revenues	10,060	25,733	15,673			
EXPENDITURES						
Current:						
City Manager						
Administrative services	21,272	5,964	15,308			
Community development				\$23,924	\$532	\$23,392
Parks and community services						
Public safety - fire						
Public safety - police						
Public works						
Special projects						
Capital outlay						
Total Expenditures	21,272	5,964	15,308	23,924	532	23,392
Net Change in Fund Balance	(\$11,212)	19,769	\$30,981	(\$23,924)	(532)	\$23,392
BEGINNING FUND BALANCE		38,255			473,285	
ENDING FUND BALANCE		\$58,024			\$472,753	

SUBDIVISION IN-LIEU PARK FEES			IN-LIEU OF PARKING PAYMENTS			PARKING		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$840	\$3,899	\$3,059	\$720	\$2,554	\$1,834	\$82,080	\$91,815	\$9,735
	305,935	305,935	12,000		(12,000)			
<u>840</u>	<u>309,834</u>	<u>308,994</u>	<u>12,720</u>	<u>2,554</u>	<u>(10,166)</u>	<u>82,080</u>	<u>91,815</u>	<u>9,735</u>
						32,031	20,521	11,510
						160,688	154,149	6,539
<u>69,519</u>	<u>19,309</u>	<u>50,210</u>				<u>117,993</u>	<u>78,151</u>	<u>39,842</u>
<u>69,519</u>	<u>19,309</u>	<u>50,210</u>				<u>310,712</u>	<u>252,821</u>	<u>57,891</u>
<u>(\$68,679)</u>	<u>290,525</u>	<u>\$359,204</u>	<u>\$12,720</u>	<u>2,554</u>	<u>(\$10,166)</u>	<u>(\$228,632)</u>	<u>(161,006)</u>	<u>\$67,626</u>
	<u>585,756</u>			<u>462,777</u>			<u>338,980</u>	
	<u>\$876,281</u>			<u>\$465,331</u>			<u>\$177,974</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, 2017

	FEDERAL/STATE HIGHWAY GRANTS			COMMUNITY DEVELOPMENT BLOCK GRANT		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Taxes						
Use of money and property	\$540	\$2,131	\$1,591		\$117	\$117
Intergovernmental	7,045,681	161,979	(6,883,702)	\$1,028,664	578,238	(450,426)
Charges for current services						
Development fees						
Other						
Total Revenues	<u>7,046,221</u>	<u>164,110</u>	<u>(6,882,111)</u>	<u>1,028,664</u>	<u>578,355</u>	<u>(450,309)</u>
EXPENDITURES						
Current:						
City Manager						
Administrative services						
Community development						
Parks and community services						
Public safety - fire						
Public safety - police						
Public works	11,648	465	11,183			
Special projects				720,194	390,567	329,627
Capital outlay	7,076,514	74,450	7,002,064	483,845	108,187	375,658
Total Expenditures	<u>7,088,162</u>	<u>74,915</u>	<u>7,013,247</u>	<u>1,204,039</u>	<u>498,754</u>	<u>705,285</u>
Net Change in Fund Balance	<u>(\$41,941)</u>	89,195	<u>\$131,136</u>	<u>(\$175,375)</u>	79,601	<u>\$254,976</u>
BEGINNING FUND BALANCE		332,911			1,785,712	
ENDING FUND BALANCE		<u>\$422,106</u>			<u>\$1,865,313</u>	

OPERATIONAL GRANTS			AGRICULTURE LAND ACQUISITION			DAVISVILLE BOOK		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$60	\$2,982	\$2,922	\$720	\$2,217	\$1,497		\$12	\$12
1,225,324	1,411,293	185,969						
<u>1,225,384</u>	<u>1,414,275</u>	<u>188,891</u>	<u>720</u>	<u>2,217</u>	<u>1,497</u>		<u>12</u>	<u>12</u>
			13,029	29	13,000			
1,310,312	507,700	802,612						
27,980		27,980						
<u>1,338,292</u>	<u>507,700</u>	<u>830,592</u>	<u>13,029</u>	<u>29</u>	<u>13,000</u>			
<u>(\$112,908)</u>	906,575	<u>\$1,019,483</u>	<u>(\$12,309)</u>	2,188	<u>\$14,497</u>		12	<u>\$12</u>
	(406,990)			401,554			2,052	
	<u>\$499,585</u>			<u>\$403,742</u>			<u>\$2,064</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, 2017

	HISTORICAL			BRINLEY/HATTIE WEBER		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Taxes						
Use of money and property	\$12		(\$12)		\$21	\$21
Intergovernmental						
Charges for current services						
Development fees						
Other					251	251
Total Revenues	<u>12</u>		<u>(12)</u>		<u>272</u>	<u>272</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						
Net Change in Fund Balance	<u>\$12</u>		<u>(\$12)</u>		<u>272</u>	<u>\$272</u>
BEGINNING FUND BALANCE		<u>\$10</u>			<u>3,710</u>	
ENDING FUND BALANCE		<u>\$10</u>			<u>\$3,982</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)
\$1,200	\$4,381	\$3,181	\$600	\$2,095	\$1,495	\$600 347,833	\$454 169,245	(\$146) (178,588)
<u>1,200</u>	<u>4,381</u>	<u>3,181</u>	<u>600</u>	<u>2,095</u>	<u>1,495</u>	<u>348,433</u>	<u>169,699</u>	<u>(178,734)</u>
						<u>500,132</u>	<u>183,208</u>	<u>316,924</u>
						<u>500,132</u>	<u>183,208</u>	<u>316,924</u>
<u>\$1,200</u>	<u>4,381</u>	<u>\$3,181</u>	<u>\$600</u>	<u>2,095</u>	<u>\$1,495</u>	<u>(\$151,699)</u>	<u>(13,509)</u>	<u>\$138,190</u>
	<u>793,749</u>			<u>379,543</u>			<u>192,861</u>	
	<u>\$798,130</u>			<u>\$381,638</u>			<u>\$179,352</u>	

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CITY OF DAVIS
 BUDGETED NON-MAJOR FUNDS
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	DAVIS LAND ACQUISITION			PUBLIC FACILITIES FINANCING AUTHORITY		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Taxes						
Use of money and property	\$2,520	\$8,663	\$6,143	\$360	\$1,211	\$851
Intergovernmental						
Charges for current services						
Development fees						
Other						
	<u>2,520</u>	<u>8,663</u>	<u>6,143</u>	<u>360</u>	<u>1,211</u>	<u>851</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						
Net Change in Fund Balance	<u>\$2,520</u>	8,663	<u>\$6,143</u>	<u>\$360</u>	1,211	<u>\$851</u>
BEGINNING FUND BALANCE		<u>1,569,720</u>			<u>219,616</u>	
ENDING FUND BALANCE		<u>\$1,578,383</u>			<u>\$220,827</u>	

OXFORD CIRCLE PARK AND PARKING LOT			DOWNTOWN AREA CAPITAL REVITALIZATION		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$120	\$274	\$154			
120	274	154			
49,674	166	49,508		\$36,804	(\$36,804)
49,674	166	49,508		36,804	(36,804)
<u>(\$49,554)</u>	108	<u>\$49,662</u>		<u>(36,804)</u>	<u>(\$36,804)</u>
	49,843			36,804	
	<u>\$49,951</u>				

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INTERNAL SERVICE FUNDS

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

General Services Fund – This fund accounts for the financial activities of the City’s centralized duplicating and postal operation, its central garage and vehicle maintenance services, central data processing and telecommunications services and the central stores inventory services.

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

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

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

CITY OF DAVIS
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2017

	General Services	Building Maintenance	City Self- Insurance	Employee Benefits	Total
ASSETS					
Current Assets:					
Cash and investments	\$22,181,322	\$747,626	\$260,627	\$242,286	\$23,431,861
Accrued interest	61,801	2,176			63,977
Accounts receivable	43,434		86,275	161,393	291,102
Inventory	301,594				301,594
Noncurrent Assets:					
Advances to other funds	336,695				336,695
Capital assets:					
Non-depreciable	33,308	17,840			51,148
Depreciable	14,118,431	237,538			14,355,969
Accumulated depreciation	(8,765,496)	(19,399)			(8,784,895)
Total Assets	28,311,089	985,781	346,902	403,679	30,047,451
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows related to pension	1,132,608	260,175	259,132		1,651,915
Total Assets and Deferred Outflows of Resources	29,443,697	1,245,956	606,034	403,679	31,699,366
LIABILITIES					
Payables:					
Accounts	173,367	72,017	8,025	\$20,210	273,619
Wages	70,176	11,205	15,172		96,553
Leave benefits	104,024	16,588		265,878	386,490
Due to other funds				2,123,855	2,123,855
Net pension liability	4,051,598	946,053	1,193,237		6,190,888
Claims payable:					
Due within one year			109,185		109,185
Due in more than one year			175,768		175,768
Total Liabilities	4,399,165	1,045,863	1,501,387	2,409,943	9,356,358
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows related to pension	487,581	46,251	95,682		629,514
Total Liabilities and Deferred Inflows of Resources	4,886,746	1,092,114	1,597,069	2,409,943	9,985,872
NET POSITION					
Net investment in capital assets	5,386,243	235,979			5,622,222
Unrestricted	19,170,708	(82,137)	(991,035)	(2,006,264)	16,091,272
Total Net Position	\$24,556,951	\$153,842	(\$991,035)	(\$2,006,264)	\$21,713,494

CITY OF DAVIS
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<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>\$9,852,528</u>	<u>\$1,962,446</u>	<u>\$13,253,750</u>	<u>\$3,401,573</u>	<u>\$28,470,297</u>
Total Operating Revenues	<u>9,852,528</u>	<u>1,962,446</u>	<u>13,253,750</u>	<u>3,401,573</u>	<u>28,470,297</u>
OPERATING EXPENSES					
Central stores	240,220				240,220
Central equipment	1,784,392				1,784,392
Duplication - postal	121,149				121,149
City administrative facility maintenance	480,432	1,505,736			1,986,168
Insurance administration			440,704		440,704
Insurance premiums			14,036,008		14,036,008
Litigation			80,768		80,768
MIS services	2,349,892				2,349,892
Leave benefits paid				3,044,201	3,044,201
Depreciation	<u>1,006,637</u>	<u>4,751</u>			<u>1,011,388</u>
Total Operating Expenses	<u>5,982,722</u>	<u>1,510,487</u>	<u>14,557,480</u>	<u>3,044,201</u>	<u>25,094,890</u>
Operating Income (Loss)	<u>3,869,806</u>	<u>451,959</u>	<u>(1,303,730)</u>	<u>357,372</u>	<u>3,375,407</u>
NONOPERATING REVENUES					
Interest income	117,122	4,045	(693)		120,474
Other	<u>273,700</u>		<u>63,784</u>		<u>337,484</u>
Total Nonoperating Revenues	<u>390,822</u>	<u>4,045</u>	<u>63,091</u>		<u>457,958</u>
Income (Loss) before transfers	<u>4,260,628</u>	<u>456,004</u>	<u>(1,240,639)</u>	<u>357,372</u>	<u>3,833,365</u>
Change in Net Assets	4,260,628	456,004	(1,240,639)	357,372	3,833,365
BEGINNING NET POSITION (DEFICIT)	<u>20,296,323</u>	<u>(302,162)</u>	<u>249,604</u>	<u>(2,363,636)</u>	<u>17,880,129</u>
ENDING NET POSITION (DEFICIT)	<u>\$24,556,951</u>	<u>\$153,842</u>	<u>(\$991,035)</u>	<u>(\$2,006,264)</u>	<u>\$21,713,494</u>

CITY OF DAVIS
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOW
FOR THE YEAR ENDED JUNE 30, 2017

	General Services	Building Maintenance	City Self- Insurance	Employee Benefits	Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers	\$10,117,437	\$1,986,124	\$13,257,993	\$3,240,180	\$28,601,734
Payments to suppliers	(4,340,968)		(14,969,556)	(4,599)	(19,315,123)
Payments to employees	(754,651)	(1,705,727)		(2,841,735)	(5,302,113)
Claims paid			(127,954)		(127,954)
Cash Flows from Operating Activities	<u>5,021,818</u>	<u>280,397</u>	<u>(1,839,517)</u>	<u>393,846</u>	<u>3,856,544</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Interfund receipts	455,925				455,925
Interfund (payments)				(151,560)	(151,560)
Cash Flows from Noncapital Financing Activities	<u>455,925</u>			<u>(151,560)</u>	<u>304,365</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Sales (Acquisitions) of capital assets, net	(707,079)				(707,079)
Cash Flows from Capital and Related Financing Activities	<u>(707,079)</u>				<u>(707,079)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received	71,085	2,294	1,247		74,626
Cash Flows from Investing Activities	<u>71,085</u>	<u>2,294</u>	<u>1,247</u>		<u>74,626</u>
Net Cash Flows	4,841,749	282,691	(1,838,270)	242,286	3,528,456
Cash and investments at beginning of period	<u>17,339,573</u>	<u>464,935</u>	<u>2,098,897</u>		<u>19,903,405</u>
Cash and investments at end of period	<u>\$22,181,322</u>	<u>\$747,626</u>	<u>\$260,627</u>	<u>\$242,286</u>	<u>\$23,431,861</u>
Reconciliation of operating income to net cash flows from operating activities:					
Operating income (loss)	\$3,869,806	\$451,959	(\$1,303,730)	\$357,372	\$3,375,407
Adjustments to reconcile operating income to net cash flows from operating activities:					
Depreciation	1,006,637	4,751			1,011,388
Other revenues	273,700		63,784		337,484
Change in assets and liabilities:					
General accounts receivable	(8,791)		(59,541)	(161,393)	(229,725)
Prepaid expenses			20,584		20,584
Inventory	32,040				32,040
Accounts payable	122,645	23,678	(826,735)	(4,599)	(685,011)
Wages payable	19,932	1,092	2,193	(63,412)	(40,195)
Leave benefits payable	5,718	4,077		265,878	275,673
Claims payable			(47,186)		(47,186)
Due to retirement system	(299,869)	(205,160)	311,114		(193,915)
Cash Flows from Operating Activities	<u>\$5,021,818</u>	<u>\$280,397</u>	<u>(\$1,839,517)</u>	<u>\$393,846</u>	<u>\$3,856,544</u>

AGENCY FUNDS

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

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

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

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

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

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

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

CITY OF DAVIS
AGENCY FUNDS
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2017

	Balance June 30, 2016	Additions	Deductions	Balance June 30, 2017
<u>Public Facilities Financing Authority</u>				
Assets:				
Cash and investments	\$4,012,982	\$90,096		\$4,103,078
Cash and investments with fiscal agents	950,647	758		951,405
Accrued interest receivable	3,689		\$3,689	
Accounts receivable	52,589	573		53,162
Total Assets	<u>\$5,019,907</u>	<u>\$91,427</u>	<u>\$3,689</u>	<u>\$5,107,645</u>
Liabilities:				
Accounts payable		\$250		\$250
Due to bondholders	\$5,019,907	91,177	\$3,689	5,107,395
Total Liabilities	<u>\$5,019,907</u>	<u>\$91,427</u>	<u>\$3,689</u>	<u>\$5,107,645</u>
<u>Mello Roos Community Facilities District</u>				
Assets:				
Cash and investments	\$1,728,537		\$39,401	\$1,689,136
Cash and investments with fiscal agents	368,688		292,862	75,826
Accrued interest receivable	1,589	\$2,801	1,589	2,801
Accounts receivable	71,273	8,111		79,384
Total Assets	<u>\$2,170,087</u>	<u>\$10,912</u>	<u>\$333,852</u>	<u>\$1,847,147</u>
Liabilities:				
Deposits payable	\$50,000			\$50,000
Due to bondholders	2,120,087	\$10,912	\$333,852	1,797,147
Total Liabilities	<u>\$2,170,087</u>	<u>\$10,912</u>	<u>\$333,852</u>	<u>\$1,847,147</u>
<u>University Research Park</u>				
Assets:				
Cash and investments	\$414,939	\$47		\$414,986
Accrued interest receivable	382	939	\$382	939
Accounts receivable	9,676		274	9,402
Total Assets	<u>\$424,997</u>	<u>\$986</u>	<u>\$656</u>	<u>\$425,327</u>
Liabilities:				
Due to bondholders	\$424,997	\$986	\$656	\$425,327
Total Liabilities	<u>\$424,997</u>	<u>\$986</u>	<u>\$656</u>	<u>\$425,327</u>
<u>Special Assessment Parking District #3</u>				
Assets:				
Cash and investments	\$132,925		\$36,521	\$96,404
Accrued interest receivable	123	\$351	123	351
Total Assets	<u>\$133,048</u>	<u>\$351</u>	<u>\$36,644</u>	<u>\$96,755</u>
Liabilities:				
Accounts payable		\$1,846		\$1,846
Due to bondholders	\$133,048	(1,495)	\$36,644	94,909
Total Liabilities	<u>\$133,048</u>	<u>\$351</u>	<u>\$36,644</u>	<u>\$96,755</u>

CITY OF DAVIS
 AGENCY FUNDS
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 FOR THE YEAR ENDED JUNE 30, 2017

	Balance June 30, 2016	Additions	Deductions	Balance June 30, 2017
<u>Woodland-Davis Clean Water Agency JPA</u>				
Assets:				
Cash and investments	\$23,949,287		\$20,977,103	\$2,972,184
Cash and investments with fiscal agents		\$332,347		332,347
Accounts receivable		184,952		184,952
Accrued interest receivable	22,004		22,004	
Total Assets	<u>\$23,971,291</u>	<u>\$517,299</u>	<u>\$20,999,107</u>	<u>\$3,489,483</u>
Liabilities:				
Accounts payable	\$1,301,921		\$108,646	\$1,193,275
Due to members	22,669,370	\$517,299	20,890,461	2,296,208
Total Liabilities	<u>\$23,971,291</u>	<u>\$517,299</u>	<u>\$20,999,107</u>	<u>\$3,489,483</u>
<u>Cannery Bond and Debt Service</u>				
Assets:				
Cash and investments	\$4,579	\$168,104		\$172,683
Cash and investments with fiscal agents	1,328,439		\$440,709	887,730
Accounts receivable		9,095		9,095
Accrued interest receivable		265		265
Total Assets	<u>\$1,333,018</u>	<u>\$177,464</u>	<u>\$440,709</u>	<u>\$1,069,773</u>
Liabilities:				
Due to bondholders	\$1,333,018	\$177,464	\$440,709	\$1,069,773
Total Liabilities	<u>\$1,333,018</u>	<u>\$177,464</u>	<u>\$440,709</u>	<u>\$1,069,773</u>
<u>Total Agency Funds</u>				
Assets:				
Cash and investments	\$30,243,249	\$258,247	\$21,053,025	\$9,448,471
Cash and investments with fiscal agents	2,647,774	333,105	733,571	2,247,308
Accounts receivable	133,538	202,731	274	335,995
Accrued interest receivable	27,787	4,356	27,787	4,356
Total Assets	<u>\$33,052,348</u>	<u>\$798,439</u>	<u>\$21,814,657</u>	<u>\$12,036,130</u>
Liabilities:				
Accounts payable	\$1,301,921	\$2,096	\$108,646	\$1,195,371
Deposits payable	50,000			50,000
Due to members	22,669,370	517,299	20,890,461	2,296,208
Due to bondholders	9,031,057	279,044	815,550	8,494,551
Total Liabilities	<u>\$33,052,348</u>	<u>\$798,439</u>	<u>\$21,814,657</u>	<u>\$12,036,130</u>

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STATISTICAL SECTION

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

Financial Trends

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

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

Revenue Capacity

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

1. Citywide Assessed Value and Estimated Actual Value of Taxable Property
2. Assessed Value of Property by Use Code, Citywide
3. Principal Property Tax Payers
4. Property Tax Levies and Collections
5. Principal Sales Tax Producers
6. 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

Demographic and Economic Information

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

1. Demographic and Economic Statistics
2. Principal Employers

Operating Information

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

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

Sources

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

City of Davis

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Governmental activities										
Invested in capital assets,										
net of related debt	\$268,196,258	\$252,723,158	\$230,339,089	\$219,145,446	\$250,695,740	\$247,797,970	\$242,575,554	\$240,360,485	\$242,813,290	\$241,337,805
Restricted	82,394,483	90,708,023	87,064,955	95,845,260	66,227,858	67,365,068	69,746,280	75,927,570	69,365,224	69,931,590
Unrestricted	7,754,642	2,784,364	11,656,610	(8,572,349)	13,515,454	15,540,261	18,474,120	(46,521,260)	(38,118,928)	(33,453,924)
Total governmental activities net position	<u>\$358,345,383</u>	<u>\$346,215,545</u>	<u>\$329,060,654</u>	<u>\$306,418,357</u>	<u>\$330,439,052</u>	<u>\$330,703,299</u>	<u>\$330,795,954</u>	<u>\$269,766,795</u>	<u>\$274,059,586</u>	<u>\$277,815,471</u>
Business-type activities										
Invested in capital assets,										
net of related debt	\$221,228,535	\$224,029,039	\$228,167,880	\$223,254,657	\$222,630,293	\$ 222,668,422	\$ 225,975,439	\$ 235,769,713	\$ 274,098,197	\$238,517,438
Restricted				69,850						
Unrestricted	29,101,435	31,689,545	28,963,136	37,774,437	44,957,358	50,530,091	55,468,805	33,484,489	7,571,560	47,934,347
Total business-type activities net position	<u>\$250,329,970</u>	<u>\$255,718,584</u>	<u>\$257,131,016</u>	<u>\$261,098,944</u>	<u>\$267,587,651</u>	<u>\$273,198,513</u>	<u>\$281,444,244</u>	<u>\$269,254,202</u>	<u>\$281,669,757</u>	<u>\$286,451,785</u>
Primary government										
Invested in capital assets,										
net of related debt	\$489,424,793	\$476,752,197	\$458,506,969	\$442,400,103	\$473,326,033	\$470,466,392	\$468,550,993	\$476,130,198	\$516,911,487	\$479,855,243
Restricted	82,394,483	90,708,023	87,064,955	95,915,110	66,227,858	67,365,068	69,746,280	75,927,570	69,365,224	69,931,590
Unrestricted	36,856,077	344,973,909	40,619,746	29,202,088	58,472,812	66,070,352	73,942,925	(13,036,771)	(30,547,368)	14,480,423
Total primary government net position	<u>\$608,675,353</u>	<u>\$912,434,129</u>	<u>\$586,191,670</u>	<u>\$567,517,301</u>	<u>\$598,026,703</u>	<u>\$603,901,812</u>	<u>\$612,240,198</u>	<u>\$539,020,997</u>	<u>\$555,729,343</u>	<u>\$564,267,256</u>

Source:
City of Davis Comprehensive Annual Financial Report

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

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

(continued)	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Taxes:										
Property Taxes	\$19,717,475	\$19,909,233	\$20,322,775	\$20,462,811	\$10,070,329	\$10,741,612	\$11,926,326	\$12,156,824	\$13,721,604	\$14,324,190
Sales Taxes	9,117,999	7,733,047	8,418,817	7,894,939	8,279,385	10,267,444	10,282,592	13,302,816	16,192,725	15,660,664
Municipal Services	2,165,883	2,239,758	4,336,510	2,417,072	2,492,849	2,578,655	2,669,472	2,770,291	2,878,914	2,937,053
Business License	1,283,451	1,351,827	1,492,242	1,466,725	1,556,797	1,470,124	1,669,289	1,735,021	1,719,258	1,804,618
Park Maintenance	1,337,888	1,341,289	1,344,782	1,329,056	1,334,629	1,334,782	1,339,536	1,360,149	1,367,935	1,382,436
Construction	856,186	237,777	208,859	342,590	925,461	905,411	229,577	562,206	1,167,502	1,146,893
Open Space Protection	637,786	640,287	641,221	634,857	637,161	636,293	640,980	649,634	644,914	649,222
Franchise	1,022,880	1,066,032	1,034,530	1,067,657	1,089,210	1,119,918	1,141,883	1,359,272	1,704,481	1,793,833
Transient Occupancy Tax	1,120,983	1,031,031	912,456	958,434	925,477	1,436,067	1,250,725	1,319,909	1,453,819	1,784,072
Transfer Taxes	(214,596)					194,326	225,977	367,464	306,001	386,182
Other Taxes										
Motor Vehicle In-Lieu	4,888,366	4,961,873	5,054,571	5,213,376	4,879,324	4,979,748	5,291,098	5,523,938	6,146,238	6,107,171
Investment Earnings	3,313,964	1,895,335	558,490	236,141	281,322	301,030	417,751	135,148	468,830	503,676
Miscellaneous	719,943	1,568,513	542,805	2,495,652	554,551	436,719	231,174	1,264,593	2,165,109	558,862
Special Item: Transfer of loan from Successor Agency					1,684,904					
Extraordinary Gain: RDA Dissolution					24,083,029					
Total Government Activities	45,968,208	43,976,002	44,868,058	44,519,310	58,794,428	36,402,129	37,316,380	42,507,265	49,937,330	49,038,872
Business-Type Activities:										
Interest Earnings	1,301,203	814,923	318,724	298,741	174,215	110,170	77,279	75,698	306,459	347,197
Miscellaneous	135,286	294,249	131,317	336,868	298,808	524,480	78,838	245,077	4,005,603	242,223
Total Business-Type Activities	1,436,489	1,109,172	450,041	635,609	473,023	634,650	156,117	320,775	4,312,062	589,420
Total Primary Government	\$47,404,697	\$45,085,174	\$45,318,099	\$45,154,919	\$59,267,451	\$37,036,779	\$37,472,497	\$42,828,040	\$54,249,392	\$49,628,292
Change in Net Position										
Governmental Activities	(\$4,691,475)	(\$12,251,747)	(\$18,909,380)	(\$15,311,607)	\$21,912,137	\$264,247	\$92,655	\$5,893,665	\$4,292,791	\$3,755,885
Business-Type Activities	3,075,479	5,388,614	2,658,167	2,411,142	4,654,480	5,610,862	8,245,731	6,727,504	12,415,555	4,782,028
Total Primary Government	(\$1,615,996)	(\$6,863,133)	(\$16,251,213)	(\$12,900,465)	\$26,566,617	\$5,875,109	\$8,338,386	\$12,621,169	\$16,708,346	\$8,537,913

148

Source:
City of Davis Comprehensive Annual Financial Report
Notes:

- (1.) Net position of the governmental activities and business-type activities as of June 30, 2011 were restated in fiscal year 2012 to adopt the correction of errors. Prior year revenues and expenses presented in this schedule have not been restated. Refer to Note 2 in the notes to the financial statements fiscal year ended June 2012
- (2.) Beginning net position of the governmental activities and business-type activities as of June 30, 2014 were restated in fiscal year 2015 due to the requirements of GASB 68.

City of Davis

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Fund										
Reserved	\$1,308,154	\$1,304,307	\$1,279,973							
Unreserved	5,071,910	2,327,880	4,253,958							
Nonspendable				\$190,606	\$153,020	\$122,840	\$104,343	\$147,093	\$137,664	\$130,309
Restricted										
Committed										
Assigned							1,458,749			
Unassigned				6,350,652	6,101,878	7,797,107	7,973,690	15,536,438	21,551,825	23,119,561
Total General Fund	<u>\$6,380,064</u>	<u>\$3,632,187</u>	<u>\$5,533,931</u>	<u>\$6,541,258</u>	<u>\$6,254,898</u>	<u>\$7,919,947</u>	<u>\$9,536,782</u>	<u>\$15,683,531</u>	<u>\$21,689,489</u>	<u>\$23,249,870</u>
All Other Governmental Funds										
Reserved	\$ 36,173,371	\$ 39,121,878	\$ 37,644,210							
Unreserved, reported in:										
Special revenue funds	19,495,729	24,424,793	23,476,779							
Capital project funds	28,814,920	28,585,987	28,062,545							
Nonspendable					\$33,952,695	\$9,795,953	\$1,795,533			
Restricted				\$87,819,702	29,321,073	55,900,967	67,657,120	\$69,329,025	\$67,911,538	\$68,332,845
Committed				9,899,535	8,409,293	7,654,337	8,058,386	8,334,135	3,620,540	3,581,941
Assigned					1,555,674	1,559,189	383,420			
Unassigned				(399,822)	(201,277)	142,500	(1,095,591)		(406,990)	(307,927)
Total all other governmental funds	<u>\$84,484,020</u>	<u>\$92,132,658</u>	<u>\$89,183,534</u>	<u>\$97,319,415</u>	<u>\$73,037,458</u>	<u>\$75,052,946</u>	<u>\$76,798,868</u>	<u>\$77,663,160</u>	<u>\$71,125,088</u>	<u>\$71,606,859</u>

Source:

City of Davis Comprehensive Annual Financial Report

Notes:

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

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

City of Davis

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues										
Taxes	\$42,254,186	\$40,737,792	\$41,867,742	\$41,786,803	\$32,472,106	\$36,141,112	\$36,981,511	\$40,921,164	\$47,758,142	\$48,006,878
Licenses, permits and fees	115	209	188	182	317	353	301	0		
Fines and forfeitures	944,583	884,624	861,131	1,004,144	961,642	826,972	833,513	661,160	660,313	567,834
Use of money and property	3,671,372	2,259,142	1,074,244	1,031,044	715,761	648,017	3,362,708	2,097,332	1,640,957	1,570,346
Intergovernmental revenues	16,785,328	20,546,039	15,243,036	13,442,401	10,975,947	12,410,582	10,408,899	14,157,718	5,045,096	4,228,914
Charges for services	9,054,124	8,432,546	8,279,578	8,698,620	9,541,440	9,939,479	9,614,559	12,080,275	12,293,260	11,665,050
Development fees	4,705,005	899,051	592,374	494,460	2,583,790	2,238,192	2,011,157	923,944	797,720	2,840,272
Administrative fee - Enterprise Fund	1,794,961	2,280,423	2,316,719	2,296,790	2,523,552	2,541,485	2,626,107	2,329,522	2,260,874	1,876,317
Other	504,120	747,277	2,407,821	1,795,965	254,482	1,069,570	476,872	1,121,047	3,449,409	3,805,856
Total Revenues	79,713,794	76,787,103	72,642,833	70,550,409	60,029,037	65,815,762	66,315,627	74,292,162	73,905,771	74,561,467
Expenditures										
Current:										
City Council	124,862	124,022	129,390	161,532	146,932	150,439	124,507	168,389	162,094	187,422
City Attorney	383,943	362,152	331,121	307,893	362,967	265,804	555,619	296,143	323,152	638,231
City Manager	2,342,020	2,010,671	1,950,261	2,322,778	2,607,106	2,469,750	2,710,000	2,063,550	2,511,944	3,231,499
Finance/Administrative Services	2,237,186	2,140,766	2,048,770	2,119,014	2,051,852	2,983,681	2,728,275	3,204,437	3,266,870	5,298,775
Public safety	24,678,723	24,261,642	25,348,848	24,168,701	24,227,418	25,616,115	26,368,580	27,838,666	28,686,821	30,254,413
Public works	4,431,330	4,262,586	4,485,175	4,210,546	5,103,770	3,702,414	5,173,502	6,227,483	5,849,339	7,927,980
Community development	3,913,194	3,422,430	2,794,363	3,181,665	3,178,808	3,780,789	4,096,916	5,467,094	5,227,343	5,539,962
Parks and Community Services	25,113,063	24,657,652	22,543,846	18,663,508	18,077,634	16,938,350	18,163,238	14,971,458	11,681,163	12,019,873
Special Projects	6,850,876	5,237,321	11,115,111	16,750,622	1,916,055	1,996,757	1,926,030	2,077,228	7,742,821	1,741,902
Debt service:										
Principal repayment	1,107,915	1,060,687	923,828	1,493,799	2,316,295					
Interest and fiscal charges	958,487	1,486,429	1,442,353	2,713,521	1,352,117				1,700	
Special assessment	88,231									
Capital Improvements	8,307,585	3,333,909	3,372,261	3,118,144	5,241,669	4,402,828	4,199,574	4,966,673	8,984,638	7,108,003
Total Expenditures	80,537,415	72,360,267	76,485,327	79,211,723	66,582,623	62,306,927	66,046,241	67,281,121	74,437,885	73,948,060
Excess (deficiency) of revenues over (under) expenditures	(823,621)	4,426,836	(3,842,494)	(8,661,314)	(6,553,586)	3,508,835	269,386	7,011,041	(532,114)	613,407
Other Financing Sources (Uses)										
Transfers in	3,500,822	4,378,832	4,990,510	29,491,616	8,278,245	660,680	8,832,713		382,804	
Transfers (out)	(4,003,532)	(4,378,832)	(4,972,076)	(29,687,094)	(8,326,775)	(754,850)	(8,832,713)		(382,804)	
Issuance of long-term debt	39,227	473,925	13,289	18,000,000						1,428,745
Sale of real property							3,093,371			
Total other financing sources (uses)	(463,483)	473,925	31,723	17,804,522	(48,530)	(94,170)	3,093,371	0	0	1,428,745
Special and Extraordinary Items										
Special Item					1,684,904					
Extraordinary Item					(18,856,040)					
Total special and extraordinary item					(17,171,136)	0	0	0	0	0
Net Change in fund balances	(\$1,287,104)	\$4,900,761	(\$3,810,771)	\$9,143,208	(\$23,773,252)	\$3,414,665	\$3,362,757	\$7,011,041	(\$532,114)	\$2,042,152
Debt service as a percentage of noncapital expenditures	3.0%	3.8%	3.2%	5.5%	6.4%	0.0%	0.0%	0.0%	0.0%	0.0%

Source:
City of Davis Comprehensive Annual Financial Report

City of Davis

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

Fiscal Year	Secured Property	Unsecured Property	Total Assessed Value (1)	Total Direct Tax Rate (2)	Estimated Actual Taxable Value (3)	Factor of Taxable Assessed Value (3)
2008	\$5,684,262,465	\$147,078,407	\$5,831,340,872	1.00000%	\$5,831,340,872	0.00
2009	\$5,849,305,791	\$156,635,502	6,005,941,293	1.00000%	\$6,005,941,293	0.00
2010	\$5,849,305,791	\$151,696,172	6,001,001,963	1.00000%	\$6,001,001,963	0.00
2011	\$6,040,438,139	\$152,101,938	6,192,540,077	1.00000%	\$6,192,540,077	0.00
2012	\$6,045,152,582	\$149,987,064	6,195,139,646	1.00000%	\$6,195,139,646	0.00
2013	\$6,174,002,301	\$148,643,161	6,322,645,462	1.00000%	\$6,322,645,462	0.00
2014	\$6,532,936,548	\$149,162,860	6,682,099,408	1.00000%	\$6,682,099,408	0.00
2015	\$6,827,198,602	\$151,707,098	6,978,905,700	1.00000%	\$6,978,905,700	0.00
2016	\$7,133,136,703	\$150,409,221	7,283,545,924	1.00000%	\$9,868,221,448	1.354865
2017	\$7,536,741,273	\$155,727,533	7,692,468,806	1.00000%	\$10,188,159,538	1.324433

Source: Yolo Assessor data, MuniServices, LLC

Source: 2015 and prior: Prior Published CAFR

(1) Total value does not include state unitary value of \$1,809,497.

(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 (Unaudited) Last Two Fiscal Years

Category	2015-16	2016-17
Agriculture	\$1,614,307	\$0
Commercial	709,019,460	715,514,172
Government	0	0
Industrial	109,972,596	115,053,787
Institution	208,619,210	214,333,475
Professional	30,955,831	33,522,520
Public	0	1,516,043
Recreation	20,939,793	28,414,307
Residential	6,234,177,758	6,586,956,530
Rural	4,108,856	5,383,050
Social	41,995,317	45,581,844
Unknown	48,052,440	51,090,491
Vacant	126,499,610	179,756,307
Net Secured Value	\$7,535,955,178	\$7,977,122,526
Unsecured	217,740,009	228,858,353
Exemptions	470,149,263	513,512,073
Net Taxable Value (1)	\$7,283,545,924	\$7,692,468,806

Source: San Mateo County Assessor, MuniServices, LLC
 Use code categories are based on San Mateo County Assessor's data
 (1) Net value does not include state unitary value of \$1,809,497.

City of Davis

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

Taxpayer	2016-17		2007-08	
	Taxable Value (\$)	Percent of Total City Taxable Value (%)	Taxable Value (\$)	Percent of Total City Taxable Value (%)
Mori Seiki Davis Land Holding	\$57,765,576	0.75%		
Tanglewood Apts LLC	54,818,881	0.71%		
Cp Iv University Village LLC	41,781,172	0.54%		
Marketplace Center Inc.	36,805,966	0.48%	\$21,574,091	0.37%
Green Leaf College Square LLC	35,065,520	0.46%		
Centro Watt Property Owner I	34,500,000	0.45%	17,470,926	0.30%
Oakshade Regency Llc	34,157,515	0.44%		
Tilden Sharps LLC	33,095,625	0.43%		
Comcast Of Ca X Inc	32,480,000	0.42%		
Vtr Covell Lp	32,056,157	0.42%		
Target Corp	28,422,090	0.37%		
Buzz Oates LLC	26,639,981	0.35%		
Fine Arts Lp	25,890,638	0.34%	22,875,517	0.40%
Carlton Plaza Of Davis Lp	25,283,639	0.33%		
Shea Homes Lp	24,801,904	0.32%		
Schilling Robotics LLC	24,187,916	0.31%		
Olive Drive Partners	24,004,012	0.31%	21,553,661	0.37%
New Home Co Northern Ca LLC	22,464,121	0.29%		
Tnhc Hw Cannery LLC	22,336,789	0.29%		
Angstenberger Rev Liv Trust	21,670,387	0.28%		
Wga Sycamore Lane Lp	21,284,996	0.28%	18,692,011	0.32%
Dartbrook Twin Oaks Lp	18,727,166	0.24%		
Academy Lane Partners Ltd. Ptp	18,414,156	0.24%		
Bridge Oakshade Lp	18,172,618	0.24%		
Adobe At Evergreen Apts Llc	18,166,028	0.24%	15,952,437	0.28%
Sequoia Equities Cypress Etal			42,445,774	0.74%
Kirkwood Village Assoc Etal			37,196,259	0.65%
United Cable Telev Of Cal Inc.			32,470,708	0.56%
Sfc Greystone Investors L P			31,755,830	0.55%
Kw Davis LLC			24,478,172	0.42%
Arv Covell LLC			20,898,517	0.36%
Se Davis LLC			18,487,535	0.32%
Oates Marvin L Tr Etal			18,069,864	0.31%
5Th & G Plaza Inc			16,036,904	0.28%
Fairfield Cambridge Glen LLC			15,997,417	0.28%
Kaiser Found Health Plan Inc			14,586,470	0.25%
Pole Line Road Holding Co LLC			13,265,099	0.23%
Walnut Park Apartments			13,075,552	0.23%
Arlington Farm Partners			13,064,861	0.23%
West Davis Associates			12,929,421	0.22%
Renaissance Park 176 LLC			11,492,033	0.20%
Yolo Boundary Lp			11,175,325	0.19%
Lee Dong K Etal			10,898,601	0.19%
Willows Partners			9,687,657	0.17%
Total Top 25 Taxpayers	732,992,853	9.53%	486,130,642	8.43%
Total Taxable Value	<u>\$7,692,468,806</u>	<u>100.00%</u>	<u>\$5,764,573,917</u>	<u>100.00%</u>

Source: Marin County Assessor data, MuniServices, LLC

City of Davis

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

Fiscal Year	Total Tax Levy (a)	Current Tax Collections	Percent of Levy Collected	Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collections to Tax Levy
2008	\$23,286,515	\$23,286,515	100.0000%	\$32,657	\$23,286,515	100.0000%
2009	23,426,537	23,426,537	100.0000%	19,556	23,426,537	100.0000%
2010	23,763,685	23,763,685	100.0000%	5,545	23,763,685	100.0000%
2011	24,165,876	24,165,876	100.0000%	21,275	24,165,876	100.0000%
2012	23,993,724	23,993,724	100.0000%	2,777	23,993,724	100.0000%
2013	24,777,767	24,777,767	100.0000%	1,770	24,777,767	100.0000%
2014	21,233,005	21,233,005	100.0000%	3,998	21,233,005	100.0000%
2015	22,233,001	22,233,001	100.0000%	3,652	22,233,001	100.0000%
2016	23,503,506	23,503,506	100.0000%	1,358	23,503,506	100.0000%
2017	24,954,659	24,954,659	100.0000%	na	24,954,659	100.0000%

Source:

Yolo County Auditor - Controller's Assessed Value Summaries

Notes:

(1.) During fiscal year 1995, the County began providing the City 100% of its tax levy under an agreement which allows the County to keep all interest and delinquency charges collected.

City of Davis

Principal Sales Tax Producers (Unaudited) Last Fiscal Year and Nine Years Ago

2016-17		2007-08	
Taxpayer	Business Type	Taxpayer	Business Type
American River RV	Misc. Vehicle Sales	Aclara	Electronic Equipment
ARCO AM/PM Mini Marts	Service Stations	ARCO AM/PM Mini Marts	Service Stations
Chevron Service Stations	Service Stations	Borders Books & Music	Miscellaneous Retail
Crepeville	Restaurants	Central States Fire Apparatus	Health & Government
CVS/Pharmacy	Drug Stores	Chevron Service Stations	Service Stations
Davis Food Co-Op	Food Markets	Circle K Service Stations	Service Stations
Davis Lumber & Hardware Co.	Bldg.Matls-Retail	CVS/Pharmacy	Drug Stores
Hanlee's Chevrolet	Auto Sales - New	Davis Food Co-Op	Food Markets
Hanlee's Chrysler Dodge Jeep	Auto Sales - New	Davis Lumber & Hardware Co.	Bldg.Matls-Retail
Hanlee's Nissan	Auto Sales - New	Gottschalks Department Store	Department Stores
Hanlee's Toyota	Auto Sales - New	Hanlee's Chevrolet	Auto Sales - New
Hibbert Lumber	Bldg.Matls-Retail	Hanlees Nissan	Auto Sales - New
In-N-Out Burgers	Restaurants	Hanlee's Toyota	Auto Sales - New
La Mesa R.V. Center	Misc. Vehicle Sales	Hibbert Lumber	Bldg.Matls-Retail
Mikuni Japanese Restaurant	Restaurants	La Mesa R.V. Center	Misc. Vehicle Sales
Nugget Market	Food Markets	Nugget Market	Food Markets
Rite Aid Drug Stores	Drug Stores	Officemax	Office Equipment
Safeway Supermarkets	Food Markets	Petco Animal Supplies	Miscellaneous Retail
Shell Service Stations	Service Stations	Rite Aid Drug Stores	Drug Stores
Swift Jeep/Chrysler/Dodge	Auto Sales - New	Safeway Supermarkets	Food Markets
Target Stores	Department Stores	Sunmart Service Stations	Service Stations
TJ Maxx	Apparel Stores	Swift Jeep/Chrysler/Dodge	Auto Sales - New
Union 76 Service Stations	Service Stations	Union 76 Service Stations	Service Stations
University Honda	Auto Sales - New	University Honda	Auto Sales - New
Valero Service Stations	Service Stations	Valero Service Stations	Service Stations

Source: MuniServices, LLC

City of Davis

HISTORICAL SALES TAX AMOUNTS BY BENCHMARK YEAR (Unaudited)

CATEGORY NAME	2008 Q1	2009 Q1	2010 Q1	2011 Q1	2012 Q1	2013 Q1	2014 Q1	2015 Q1	2016 Q1	2017 Q1
All Other Outlets	710,808	548,866	370,353	349,021	336,856	554,247	427,590	467,608	503,417	468,194
Apparel Stores	92,970	91,380	81,818	80,272	128,817	136,265	163,211	192,825	194,972	195,632
Auto Dealers & Auto	1,334,345	1,056,576	921,355	933,122	1,150,940	1,332,670	1,391,752	1,541,477	1,740,427	1,888,705
Bldg. Matrl. & Farm	185,829	164,184	146,187	155,521	157,663	164,380	162,274	170,729	185,751	180,297
Drug Stores	168,516	159,081	141,767	129,567	135,051	133,663	134,313	133,385	128,763	129,110
Eating & Drinking Pl	833,137	841,029	837,055	848,686	901,892	968,181	1,044,340	1,138,306	1,189,395	1,242,549
Food Stores	389,220	388,007	374,023	375,688	400,838	425,750	450,347	459,076	475,006	485,555
General Merchandise	65,295	62,161	182,857	292,748	308,123	335,057	335,868	346,283	340,520	344,080
Home Furnishings & A	29,645	26,653	21,251	22,445	20,351	25,026	25,575	21,538	20,169	24,552
Other Retail Stores	820,773	669,645	766,382	573,929	573,446	683,879	763,482	819,834	937,906	990,034
Packaged Liquor Stor	16,342	16,375	16,853	17,425	23,861	23,261	22,384	22,525	21,774	21,842
Service Station	760,140	684,399	613,507	717,997	813,697	808,243	806,840	772,093	673,885	639,457
TOTAL	5,407,020	4,708,356	4,473,408	4,496,421	4,951,535	5,590,622	5,727,976	6,085,679	6,411,985	6,610,007

Source: MuniServices, LLC

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	
2008	28,950,000	1,460,000	83,205	733,168	39,227		31,265,600
2009	28,365,000	1,155,000		562,481	513,152		30,595,633
2010	27,755,000	1,020,000		383,653	526,441		29,685,094
2011	45,120,000	875,000		196,295			46,191,295
2012 (2)							
2013							
2014							
2015							
2016							
2017						1,428,745	1,428,745

Fiscal Year	Business-Type Activities						Total	Total Primary Government
	Department of Water Resources	State Revolving Fund Loans	Sewer System Capital Improvement Loan	East Area Water Storage Tank Loan	Line of Credit	Water Revenue Bonds		
2008	5,160,443	9,130,789	1,639,763				15,930,995	46,526,628
2009	4,651,531	8,385,136	1,520,677				14,557,344	44,242,438
2010	4,129,424	7,620,513	1,394,951				13,144,888	59,336,183
2011	3,593,956	6,835,765	1,262,215	7,234,117	3,000,000		21,926,053	21,926,053
2012	3,202,182	6,030,364		9,614,850	6,270,000		25,117,396	25,117,396
2013	2,960,053	5,203,765		9,410,645	11,970,000		29,544,463	29,544,463
2014		3,790,855		9,198,271		30,000,000	42,989,126	42,989,126
2015		3,484,726		8,977,402		29,155,000	41,617,128	41,617,128
2016		28,081,729		8,747,699		49,661,117	86,490,545	86,490,545
2017		55,881,438		8,508,807		48,611,117	113,001,362	114,430,107

Sources:

City of Davis

State of California, Department of Finance (population)

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

Notes:

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

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

City of Davis

Demographic and Economic Statistics (Unaudited) Last Ten Fiscal Years

Fiscal Year	City Population (1)	Personal Income (In Thousands)	Per Capita Income	Unemployment Rate	County Population (1)	City population as a % of County	Public School Enrollment (3)
2008	65,814	\$2,467,235	\$37,488	4.3%	199,066	33.06%	0.00
2009	66,005	2,378,688	36,038	7.0%	200,709	32.89%	0.00
2010	66,570	2,430,138	36,505	7.6%	201,105	33.10%	0.00
2011	66,011	2,191,235	33,195	7.7%	201,759	32.72%	0.00
2012	65,052	2,163,369	33,256	6.9%	202,133	32.18%	0.00
2013	66,471	2,187,361	32,907	6.0%	205,999	32.27%	0.00
2014	66,656	2,060,121	30,860	6.7%	206,381	32.30%	0.00
2015	66,757	2,246,106	33,646	5.4%	207,212	32.22%	0.00
2016	68,314	2,336,407	34,201	4.9%	214,555	31.84%	8,562
2017	68,740	2,464,123	35,847	4.4%	218,896	31.40%	8,582

(-) Data Unavailable.

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

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

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

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

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

City of Davis

Principal Employers (Unaudited) Last Fiscal Year & Nine Years Ago

Business Name	2016-17		2007-08	
	Number of Employees	Percent of Total Employment (%)	Number of Employees	Percent of Total Employment (%)
UC Davis	23,607	66.69%	20,882	31.7%
Davis Joint Unified School District	1,265	3.57%	1,054	1.6%
Sutter Davis Hospital	492	1.39%	411	0.6%
City of Davis*	342	0.97%	625	0.9%
Unitrans	280	0.79%		0.0%
Safeway Stores (2 Locations)	220	0.62%	197	0.3%
Nugget Market (2 Locations)	220	0.62%	257	0.4%
University Retirement Community	218	0.62%		0.0%
Davis Food CO-OP	138	0.39%	130	0.2%
Kaiser Permanente**	116	0.33%		0.0%
USDA			200	0.3%
PG&E ***			166	0.3%
Sierra Health Care			143	0.2%
Total Top 10 Employers	26,898	75.98%	24,065	36.5%
Total City Labor Force (1)	35,400		65,870	

Source: MuniServices, LLC

Source: 2007-08 count from previous published CAFR

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

* FTE only

** Includes Employees and physicians

*** Count for PG&E unavailable

City of Davis

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Function										
General government	49.78	34.55	31.64	42.23	41.74	46.74	49.24	43.81	45.52	49.33
Public safety	157.22	156.64	151.63	151.27	146.82	145.03	140.03	138.03	140.21	142.94
Public Works	119.79	124.09	122.24	119.24	117.53	126.98	118.79	109.06	110.32	113.01
Community development	33.98	35.18	25.57	26.07	26.39	22.30	22.30	20.05	24.00	28.36
Parks & Community services	183.83	201.74	193.55	165.62	149.79	113.56	102.58	117.01	103.16	105.34
Total	<u>544.60</u>	<u>552.20</u>	<u>524.63</u>	<u>504.43</u>	<u>482.27</u>	<u>454.61</u>	<u>432.94</u>	<u>427.96</u>	<u>423.21</u>	<u>438.98</u>

Source: City of Davis

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

Function/Program	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Public safety:										
Fire:										
Fire calls for service	232	265	229	193	196	255	173	152	250	272
Medical calls for service	2,281	2,432	2,416	2,448	2,538	2,845	3,011	3,041	3,973	4,268
Other calls for service	1,490	1,573	1,524	1,432	1,547	1,210	1,628	1,572	1,658	1,981
Primary fire inspections conducted	1,195	1,563	1,799	1,806	1,503	1,806	1,198	1,115	1,768	1,101
Fire loss	2,569,901	1,980,190	597,732	591,107	576,395	822,500	1,384,310	623,821	\$748,000	\$1,005,000
Police:										
Communication Center calls answered (911)	8,920	9,095	11,203	12,083	12,008	12,538	12,959	13,690	13,164	13,787
Police calls for Service	57,326	61,328	56,315	57,540	60,830	53,630	49,442	51,358	48,961	49,978
Law violations:										
Part I and Part II crimes	2,543	2,464	1,792	1,823	1,603	1,573	1,802	1,703	1,881	1,873
Warrants processed (adult and juvenile)	1,047	917	727	666	845	742	756	756	689	994
Driving under influence arrests (DUI)	173	245	166	164	265	253	156	185	162	104
Property loss	\$2,555,708	\$3,316,075	\$2,213,102	\$2,235,868	\$1,196,213	\$1,196,512	\$2,215,301	\$2,261,182	\$2,253,215	\$3,305,098
Property recovered	\$605,887	\$763,045	\$778,997	\$574,448	\$510,747	\$511,747	\$490,507	\$533,942	\$905,034	\$1,106,738
Cases written	6,968	6,815	5,929	5,407	4,730	4,760	4,667	4,830	5,681	5,055
Animal related calls	588	283	276	353	327	386	402	430	451	454
Citizen complaints	33	20	32	12	15	15	11	12	8	4
Noise complaints	2,708	601	2,751	2,919	2,230	2,073	1,792	1,449	1,553	1,211
Moving violations	6,059	5,651	4,116	2,554	4,963	5,019	5,082	3,706	4,738	3,979
Parking violations	18,483	17,116	17,993	18,020	16,570	15,470	15,253	14,082	11,228	8,479
Public works										
Annual vandalism expenses	37,553	11,415	51,916	84,886	69,367	100,964	65,868	14,247	47,009	\$15,062
Tons of material used for the pothole repairs	16	9	7	11	9	10	10.5	7	25	30
Parks and Community Services										
Community Services:										
Recreation Program Participants	24,407	24,720	20,327	19,316	19,746	18,297	15,747	16,583	15,858	15,087
Athletic Field Rentals									5,023	7,011
Park & Picnic Rentals									1,130	675
Performing Arts Center Rentals					192	137	132	193	207	209
Pool Rentals									65	60
Public Facility Rentals									3,327	2,770
Water										
Water service connections	16,292	16,292	16,325	16,430	16,430	16,572	16,139	16,756	16,794	16,852
Average daily consumption (thousands of gallons)	11,551	10,286	10,286	10,699	10,478	10,340	10,306	7,723	8,133	8,456
Average daily consumption (millions of gallons/day)	11.55	10.29	10.29	10.70	10.48	10.34	10.31	7.72	8.13	8.46
Wastewater										
Sewer service connections		15,750	16,325	16,430	16,430	16,430	16,572	N/A	16,179	16,852
Average daily treatment (millions of gallons/day) *	5.68	5.54	4.90	4.84	5.07	4.60	4.60	4.22	3.70	4.39
Solid Waste *										
CalRecycle EAR Disposal (tons)	39286	36090	37370	31449	31867	32533	32766	35055	35543	
CalRecycle Calculated Generation (tons)	90,477	91,428	91,617	91,928	89,700	91,574	92,230	91,868	96,474	
CalRecycle Calculated Diverted (tons)	51,191	55,338	54,247	60,479	57,833	59,041	59,464	56,813	60,931	
CalRecycle Calculated Diverted (%)	57%	61%	59%	66%	64%	64%	64%	62%	63%	
CalRecycle Calculated Disposal (%)	43%	39%	41%	34%	36%	36%	36%	38%	37%	

* corrected basis of measurement

Source: City of Davis

Notes:

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

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

City of Davis

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Function/Program										
Public safety:										
Fire stations	3	3	3	6	3	3	3	3	3	3
Police stations	1	1	1	1	1	1	1	1	1	1
Number of sworn personnel	61	61	61	61	61	63	63	61	61	61
Police patrol units	38	44	43	34	37	37	37	34	34	34
Public works										
Miles of streets	162	165	165	166	166	165	165	179	179	179
Street lights	5,403	5,426	5,676	5,699	5,699	5,710	5,710	6,100	6,100	4,540
Traffic Signals	60	60	60	61	61	59	58	60	60	67
Culture and recreation:										
Community services:										
City parks	31	31	31	36	36	36	36	34	37	37
City trees *	30,000	26,000	26,000	26,000	26,000	21,500	20,616	20,616	19,556	19,125
Playgrounds	69	69	69	69	69	69	69	65	67	67
Miles of on-street bike lanes	54	54	55	55	55	55	55	55.8	55.8	56
Miles of off-street bike paths	55	55	56	56	56	53	53	53.3	58.8	56
Community gardens	1	1	1	1	1	1	1	1	2	2
Senior centers	1	1	1	1	1	1	1	1	1	1
Performing arts centers	1	1	1	1	1	1	1	1	1	1
Swimming pools	4	4	4	4	4	4	4	9	9	9
Tennis courts	33	33	33	33	33	33	33	32	30	30
Pickleball courts									8	8
Bocce Ball courts									3	3
Outdoor Amphitheater									1	1
City buildings maintained	87	87	87	87	91	92	91	91	92	
Square footage of City Buildings	301,853	305,093	305,093	305,093	305,093	305,093	305,093	305,093	307,973	
Water										
Miles of water mains	178	179	180	180	183	198	188	187.8	188	191
Number of wells	21	20	20	20	20	20	20	20	20	10
Fire hydrants	1,699	1,703	1,703	1,703	1,706	1,708	1,078	1,708	1,750	1,708
Wastewater										
Miles of sewer mains	156	157	164	164	164	164	164	164	160	164
Miles of storm sewers	126	127	127	127	127	127	127	127	80	127
Number of treatment plants						1	1	1	1	1
Treatment capacity (millions of gallons)*	7.5	7.5	7.5	7.5	7.5	7.5	7.5	7.5	7.5	6.5

* corrected basis of measurement

Source: City of Example

Notes:

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

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