



City of Downey
California

Comprehensive Annual Financial Report

**For Fiscal Year Ended
June 30, 2015**



CITY OF DOWNEY, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2015

Prepared by: Finance Department

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CITY OF DOWNEY
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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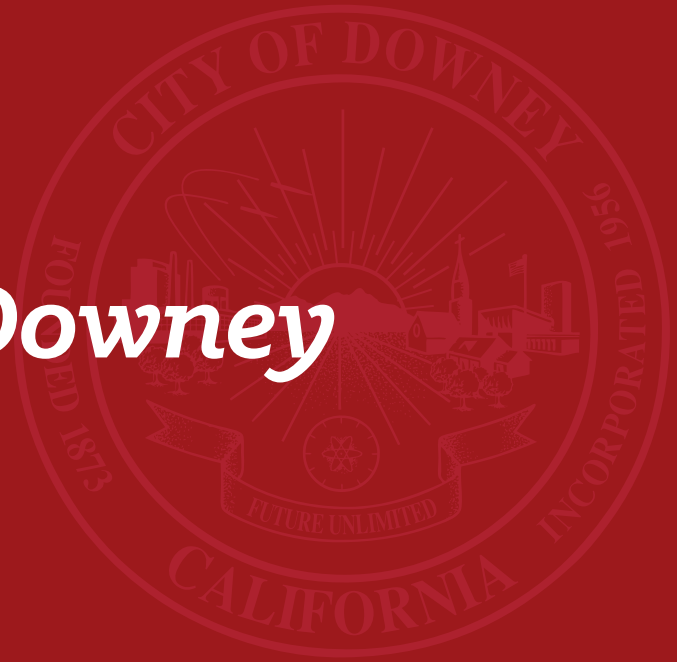
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City of *Downey*



Introductory Section



City of Downey

December 31, 2015

Honorable Mayor, Members of the City Council
City of Downey
Downey, California

In accordance with the Charter of the City of Downey (City), it is with much pride and gratitude that I submit for your consideration the Comprehensive Annual Financial Report (CAFR) of the City of Downey for the fiscal year ended June 30, 2015.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal controls established for that purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

The CAFR is presented in a manner designed to fairly set forth the financial position and results of operations of the City. The CAFR includes disclosures designed to enable the reader to gain an understanding of the City's financial affairs.

This letter of transmittal is designed to complement the Management's Discussion & Analysis (MD&A) in the financial section and should be read in conjunction with it.

PROFILE OF THE CITY OF DOWNEY

The City of Downey, located twelve miles southeast of the City of Los Angeles in the County of Los Angeles, California, encompasses an area of 12.5 square miles and serves a residential population of 113,900.

The City of Downey was incorporated on December 17, 1956 and on January 14, 1965 became a Chartered City. Downey is operated under a Council-Manager form of government, and is governed by a five-member Council with four elected from designated districts and one elected at large.

The City provides full ranges of services, which includes but is not limited to, police and fire protection, water and wastewater utilities, street maintenance, public transportation, park and

recreation, planning and building safety , library and cultural programs. In addition to general government activities, the City exercises oversight of the Downey Community Development Commission, the City of Downey Water Facilities Corporation and the Downey Public Facilities Financing Corporation; therefore, the financial activities of these organizations are included in this reporting entity. Since the Downey Unified School District, other special districts, the County of Los Angeles and its related agencies have not met the established criteria for inclusion in the reporting entity; they have been excluded from this report.

ECONOMIC CONDITION AND OUTLOOK

Slowly, but steadily, the City is recovering from the larges economic downturn since the Great Depression. The City of Downey continues to position itself as the prime locator for companies looking for industrial, retail, or office space due to its central location, public safety record, and robust business environment. During the last couple of years, Downey has been experiencing overall increased activity in contractor and commercial business. Overall, Downey's economy is one of the most diverse communities in Los Angeles County mainly due to a healthy influx of businesses and industries that operate within its borders. Mix of industries including auto & transportation, restaurants and hotels, retail trade, business services, health care and manufacturing.

The City's retail sector continues to experience moderate growth as the region's economy continues to slowly recover from the effect of the recession, Downey has benefited in particular from a strong recovery in automotive sales and the continues the addition of retail and restaurant businesses in the City.

In June 2015, the unemployment rate for the City was 6.2%, which is slightly higher than the national unemployment rate of 5.3% and slightly lower than the County unemployment rate of 7.4%. The City's retail sector is highly dependent on the financial health of consumers and their perception of the direction of the local and national economy. Most economists predict that the national economy will continue to slowly improve throughout 2015 and 2016.

With positive indicators, such as rising consumer confidence, improvements in the housing market, increased contractor activity, and reduced rate of unemployment, Downey is forecasting moderate growth in major general fund revenues such as property, sales, and utility user taxes for the upcoming year. While the other side of the coin is that revenue growth is not keeping pace with the growth in expenditures, which will be challenging in coming years.

MAJOR INITIATIVES

For FY 2014-2015

Fiscal year 2014-15 was the third consecutive year the City did not rely upon the City's reserves for General Fund operation. The City has performed admirably under significant pressure to reduce costs and eliminate employees and services, with the result that the majority of residents and businesses have not been inconvenienced by the significant reductions. In fact, the City has implemented all seven of their commendations from the Independent Cities Association (ICA) to safeguard debt credibility and ratings. These recommendations include right-sizing the organization (early retirement incentives and elimination of frozen positions), changes in service delivery, program reductions, employee benefit concessions, reductions to employee benefit packages, deferring non-essential equipment replacement, and reduced General Fund capital costs. These measures have resulted in the closure of a budget gap and the proposed FY 2015-2016 balanced budget that maintains available reserves at approximately \$30 million.

The City looks forward to the opening of The Promenade at Downey, a 77-acre development that will merge retail, dining, and entertainment with a one-of-a-kind walk through history. Confirmed tenants include a Cinemark Theatre, Walmart, Benihana, Lazy Dog, and a 24 Hour Fitness Sports Gym. The Promenade is sure to become Downey's new community gathering destination.

Downey continued to promote civic engagement through a variety of successful, community events. Specifically, Downtown Downey experienced a wave of first time events that attracted people not only from the local community, but surrounding cities as well. Thousands came out to the summer Rooftop Concerts, FIFA World Cup Viewing Party, International Food Festival, National Night Out, and Rock N' Ride Bike events. The City was also able to complete much needed park improvements this fiscal year. This includes the construction of new playground equipment and walking trails at some of the local parks. In addition, the City adopted its own Bicycle Master Plan and is also currently developing a Parks Master Plan.

FUTURE INITIATIVES

For FY 2015-2016

Throughout the upcoming 2015-16 fiscal year, staff will monitor cost estimates and revenue projections. Staff will continue meeting with the budget subcommittee on a regular basis to review whether additional budget modifications are necessary. Looking forward to this coming fiscal year, the City will aggressively continue with technological advances and will implement new technology to improve services to residents.

This fiscal year, the City looks forward to continued economic growth. With the anticipated opening of The Promenade of Downey, the City will welcome successful retailers such as Walmart, TJ Maxx, Home Goods, and ULTA, as well as restaurants like Lazy Dog, Benihana, and Panera Bread. The Promenade will also be home to a new, state of the art XD Cinemark

Theatre. The Promenade's first openings are scheduled for early December 2015 and will fully open by summer 2016.

A new Vallarta Supermarket will open at the former Beaches Market site. In addition, the site will include a new Starbucks at the former Baker's Square location. This is a much needed development for a property that has been vacant for over five years. The grand opening is scheduled for January 2016.

At the former Downey Ford site, the *Commons*, at Gallatin and Lakewood, will soon be home to new modern architecture buildings with a mix use of restaurants and retail space. Planet Fitness is a confirmed tenant and more will be announced in the near future. The *Commons* is anticipated to open by summer of 2016. Additionally, at the former Lincoln-Mercury dealership site, a new development will feature a mix of retail shops and restaurants and will be called the Downey Crossroads. A confirmed tenant is the Golden Corral Restaurant and more will be announced soon. All tenants at this development are anticipated to open by summer 2016.

FINANCIAL INFORMATION

Management of the City 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 (GAAP). The City also has a budget committee in place.

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. All internal control evaluations occur within the above framework. We believe that the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

As part of our internal control evaluation, the City contracts with an outside independent public accounting firm to complete a special audit, which is called a single audit, to comply with certain federal government regulations. During this audit, tests are made to determine the adequacy of the internal control structure, including that portion related to federal financial assistance programs as well as to determine that the government has complied with applicable laws and regulations. The results of the government's single audit for the fiscal year ended June 30, 2014 provided no instances of material weaknesses in the internal control structure or significant violations of applicable laws and regulations. The single audit for the current fiscal year is in progress; however, the City fully anticipates that there will also be no instances of material weaknesses in the internal controls.

Budgeting Controls

The City's annual budget is a financial planning tool outlining the estimated revenues and appropriation for the City. Prior to July 1 of each year, the City prepares and submits its budget to the City Council for the ensuing fiscal year. The objective of the budget is to ensure funds are expended in accordance with the vision of the City Council. Activities of the General Fund, Special Revenue Funds, and the Capital Project Funds are included in the budget. The City conducts periodic reviews to ensure compliance with the provision of the annual operating budget. The level of budgetary control is the department level within the fund. The City Council may amend the initial budget by motion during the fiscal year. The City uses the encumbrance system as a management control technique to assist in controlling expenditures. At year-end, all appropriations and encumbrances are canceled (allowed to lapse) and thus are not included in reported expenditures.

Debt Administration

The City's 2002 Certificate of Participation (COPs) were rated A+ by Standards & Poor and the 2005 Pension Obligation Bonds (POBs) were rated "A2" by Moody's Investors Service. The City refinanced 2002 COP in August of 2014 for a saving of \$425 thousand. The City of Downey has no general obligation debt. However, the City does have two revenue bond issues and one tax allocation bond issue. The City uses various trustees as its paying agents for all bonds and coupons. The City deposits with the trustee, according to agreement, principal and interest requirements as appropriate.

A list of the City's debt issues is summarized below:

| Principal Issue | Trustee | Outstanding |
|---|----------------------------|--------------------|
| Downey Public Facilities Financing Corporation: | | |
| 2014 Certificates of Participation | Western Alliance Bank | \$5,875,000 |
| California Statewide Communities Development Authority: | | |
| 2005 Pension Obligation Bonds | Wells Fargo Trust Services | \$18,680,000 |

Note 10 Long-Term Liabilities, of the Notes to Basic Financial Statements, presents more detailed information about these debt issues.

OTHER INFORMATION

Government Accounting Standards Board (GASB) Statement 68 – An Amendment of GASB Statement No. 27

Government Accounting Standards Board issued Statement No. 68 on June 2012 as an amendment to Statement No. 27 issued on 1994. Statement No. 68 addresses accounting and financial reporting for employees' pension plans offered by state and local government. The statement also establishes guidelines for recognizing liabilities, deferred outflows, deferred inflows, and expenditures at the close of the fiscal year. Agencies are required to implement statement 68 after June 15, 2014.

In accordance with Government Accounting Standards Board, the City implemented statement 68 in fiscal year 2014-15. At June 30, 2015, the City total net pension liability is \$128.6 million with a net deferred outflow of resources and inflow of resources of \$10.1 million and \$26.2 million respectively.

Government Finance Officers Association of the United States and Canada (GFOA) Certificate of Achievement Award

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Downey for its comprehensive annual financial report for the fiscal year ended June 30, 2014. 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.

Acknowledgments

The preparation and development of this report would not have been possible without the year-round work of the Finance Department staff and their special efforts, working in conjunction with the City's independent auditors, Lance, Soll and Lunghard, LLP, to produce this report. I would like to express my appreciation to all members of the Finance Department.

I would like to take this opportunity to compliment and thank the staff members of the City who were associated with the preparation of this report. I would also like to thank the City Council, City Manager, and Assistant City Manager for their leadership and strong support in the implementation of vital fiscal management policies and procedures.

Respectfully submitted,

A handwritten signature in black ink that reads "Anil H. Gandhi". The signature is written in a cursive style with a large initial 'A' and 'G'.

Anil H. Gandhi, CPA
Director of Finance

CITY OF DOWNEY
PRINCIPAL OFFICIALS

CITY COUNCIL

Luis H. Marquez, Mayor

Alex Saab, Mayor Pro Tem

**Fernando Vasquez
Council Member**

**Roger C. Brossmer
Council Member**

**Sean Ashton
Council Member**

APPOINTED OFFICIALS

Yvette M. Abich-Garcia – City Attorney

Adria M. Jimenez - City Clerk

MANAGEMENT TEAM

Gilbert A. Livas, City Manager

John Oskoui, Assistant City Manager

**Carl D. Charles
Chief of Police**

**Mark Gillaspie
Fire Chief**

**Anil H. Gandhi
Director of Finance & Information Technology**

**Mohammad Mostahkami
Director of Public Works**

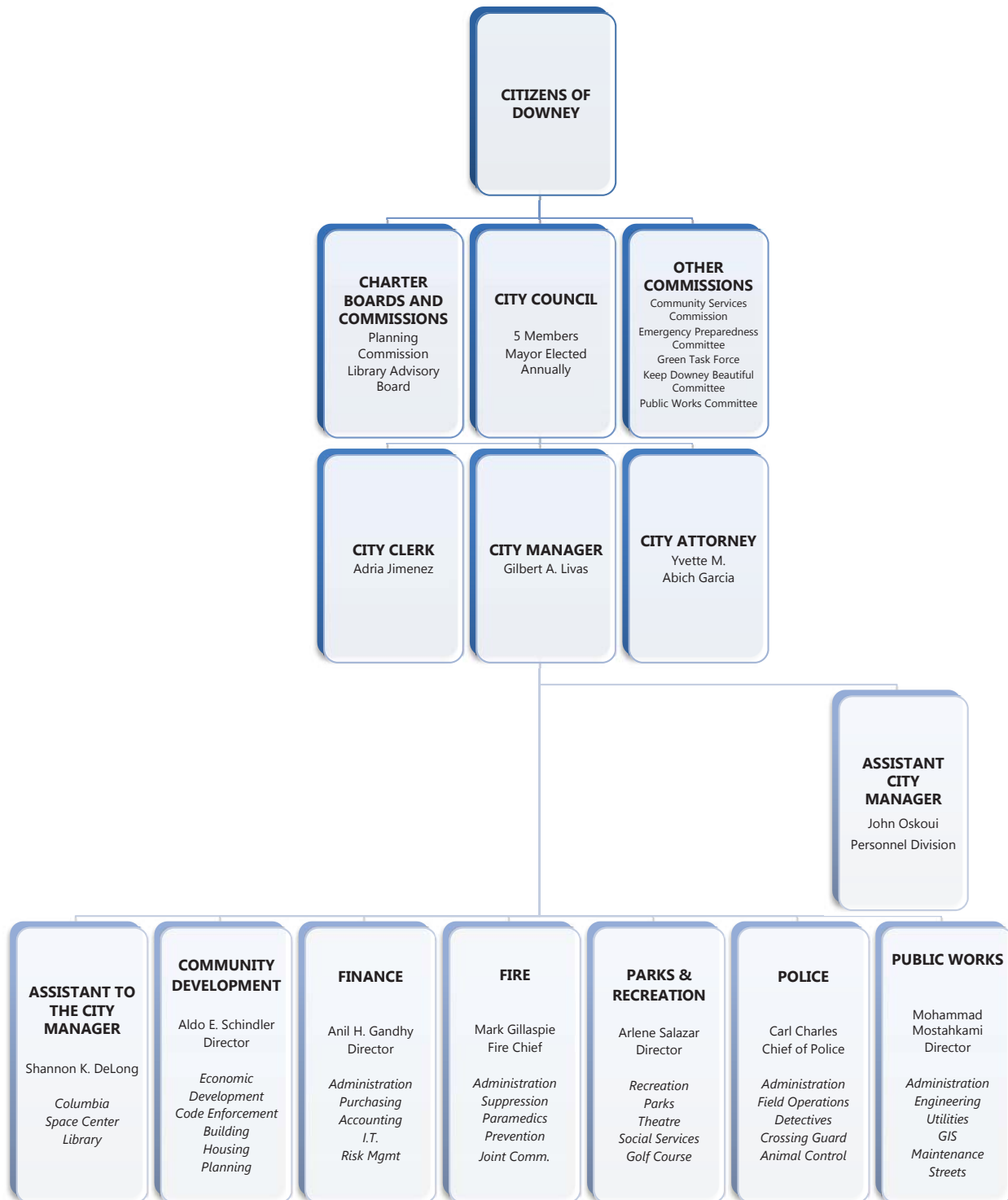
**Aldo E. Schindler
Director of Community Development**

**Arlene Salazaar
Director of Park & Recreation**

**Shannon Delong
Assistant to the City Manager,
Columbia Memorial Space Center & Library**

City of Downey

Organizational Chart



City of Downey

Commissions and Committees

| Title | Chairperson |
|---|--------------------------|
| Downey Public Facility Financing Corp | Carlos Galvan Jr. |
| Emergency Preparedness | Janet Molinaro |
| Green Task Force | Sean Ashton |
| Handicapped Accommodation Appeals Board | Vacant |
| Keep Downey Beautiful | Chuck Frey |
| Library Advisory Board | Betty Monroy |
| Planning Commission | Robert Kiefer |
| Project Area Committee | Vacant |
| Public Works Committee | Patricia Kotze |
| Recreation and Community Services Commission | Alexander Lopez |
| Water Facilities Corporation | Vacant |



Government Finance Officers Association

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

Presented to

**City of Downey
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

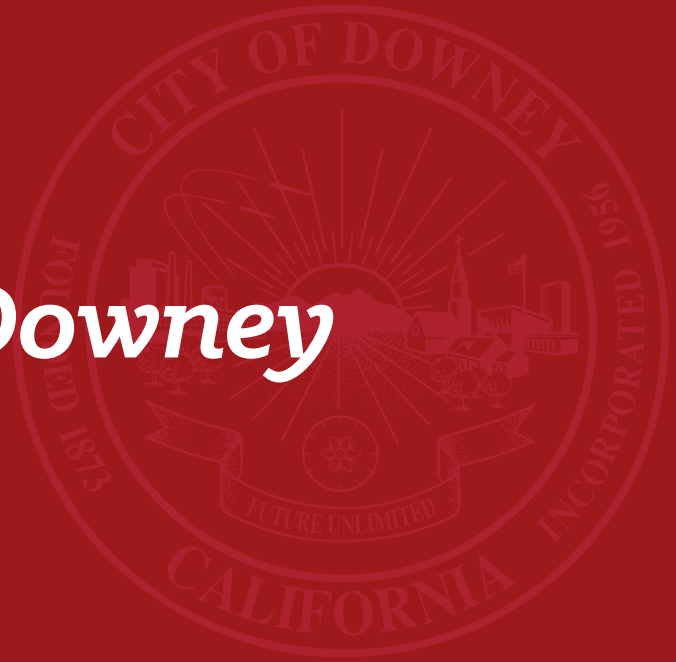
June 30, 2014

Executive Director/CEO

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City of *Downey*



Financial Section

INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members of the City Council
City of Downey, California

Report on the 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 City of Downey, California, (the City) as of and for the year ended June 30, 2015, 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 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 entity'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 entity'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.



To the Honorable Mayor and Members of the City Council
City of Downey, California

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 of Downey, California, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note 1 to the financial statements, in 2015 the City adopted new accounting guidance, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison schedules for the general, housing authority special revenue, HOME special revenue and gas tax special revenue funds, the schedule of funding progress – OPEB, the schedule of changes in net pension liability and related ratio, the schedule of contributions, 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, combining and individual nonmajor fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves,



To the Honorable Mayor and Members of the City Council
City of Downey, California

and other additional procedures in accordance with auditing standard generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules are fairly stated in all material respects in relation to the basic 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 30, 2015 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.

Lance, Soll & Lughard, LLP

Brea California
December 30, 2015

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MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Downey, we offer readers of the City of Downey's financial statements this narrative overview and analysis of the financial activities of the City of Downey for the fiscal year ended June 30, 2015. 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-vii of this report. All amounts, unless otherwise indicated, are expressed in millions of dollars.

Financial Highlights

- The assets of the City exceeded its liabilities, at June 30, 2015, by \$168 million (net position). Of this amount, \$2.1 million is designated for public works projects and \$1.1 million is designated for community development.
- At the fiscal year ended June 30, 2015, the government's total net position decreased by \$148.5 million. The decrease is due to GASB 68 Net Pension Liability being recorded on June 30, 2015.
- The City's total long-term liabilities increased by \$120 million or 193.9% during the current fiscal year. The increase is due to GASB 68 Net Pension Liability being recorded on June 30, 2015.
- As of June 30, 2015, the City's governmental funds reported combined ending fund balances of \$52.5 million, an increase of \$1.9 million in comparison with the prior year. Approximately 67% of this total amount, \$35.3 million, is available for spending at the government's discretion (committed, assigned, and unassigned fund balance) within the guidelines of the funding sources.
- At June 30, 2015, committed, assigned, and unassigned fund balance for the general fund was \$29.5 million or 38% of total general fund expenditures. This represents an increase of \$6.4 million or 21.7%, from the prior year. The unassigned fund balance which is unrestricted in use is anticipated to be designated by City Council for specific purposes at a future City Council meeting.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

This discussion and analysis 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) notes to basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements

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

The *Statement of Net Position* presents information on all of the City's assets and liabilities, including capital assets and long-term liabilities, with the difference between the two reported as net position. Over time, increases or decreases in the net position may serve as a useful indicator of whether the financial position of the City as a whole 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 in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*). The governmental activities of the City include general government, public safety, public works, community services, community development, unallocated infrastructure depreciation, and interest on long term debt.

The *business-type activities* of the City include a water utility and golf course. Transit services were transferred to governmental-wide activities during the year. The revenue generated from these functions that intended to recover all or a significant portion of their costs through user fees and charges.

The government-wide financial statements include not only the City itself (known as the *primary government*), but also three legally separate entities: the City of Downey Public Facilities Financing Corporation, the City of Downey Housing Authority, and the City of Downey Water Facilities Corporation. The City is financially accountable for these entities and financial information for these *blended component units* is reported within the financial information presented for the primary government itself. The government-wide financial statements can be found immediately following this discussion and analysis.

Fund financial statements

The *fund* financial statements focus on current available resources and are organized and operated on the basis of funds. A fund is a self-balancing group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives in accordance with special regulations, restrictions or limitations. Like other state and local governments, the City 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 Fund

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike 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 evaluating a government's near-term financing requirements.

Because the focus of the government fund is narrower than that of the government-wide financial statements, it is useful to compare the information presented for the *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 City'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 various individual governmental funds. Information is presented separately in the Governmental Funds Balance Sheet, and in the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances, for the General Fund, Housing Authority Special Revenue Fund, and HOME Special Revenue Fund; all of which are considered to be major funds. Data from other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these other governmental funds is provided in the form of *combining statements* elsewhere in this report.

The basic financial statements also include budgetary comparison statements for the General Fund, to demonstrate compliance with the annual budget as adopted and amended.

The basic governmental fund financial statements can be found immediately following the government-wide financial statements.

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 its *enterprise funds* to account for its water utility and golf course. *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 its employee benefits and self-insurance activities, vehicle fleet operations, and miscellaneous equipment replacement and maintenance, and duplication and telecommunications services. Because these services predominantly benefit governmental rather than business-type functions, they have been included with *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary funds financial statements provide separate information for all of the enterprise funds, which are considered to be major funds of the City.

Conversely, all of the internal service funds are combined into a single, aggregated presentation in the proprietary funds financial statements. Individual fund data for the Internal Service funds is provided in the form of *combining statements* in the Supplementary Schedule section of this report.

Fiduciary funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds include Special Deposit Fund, Cemetery District Fund, and other funds. Fiduciary funds are not reflected 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 similar with that used for proprietary funds. The fiduciary fund financial statements can be found in the Basic Financial Statements section of this report.

Notes to basic financial statements

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found immediately following the basic fiduciary fund financial statements.

Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City's progress in funding its obligation to provide Defined Benefit Pension Plans and Other Post Employment Benefit Plans to its employees. It includes Schedules of Funding Progress for the City Employee Retirement Plan and Postemployment Benefits Other Than Pensions, and Budgetary Comparison Schedules for the General Fund, Housing Authority Special Revenue Funds, and HOME Special Revenue Fund.

The combining statements referred to earlier in connection with other governmental funds and internal service funds are presented for Other Special Revenue Funds, Other Capital Projects Funds, Internal Service Funds and Fiduciary Funds. These combining and individual fund statements and schedules can be found immediately following the required supplementary information.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The government-wide financial statements provide long-term and short-term information about the City's overall financial condition. This analysis addresses the financial statements of the City as a whole.

In the case of the City of Downey, assets exceeded liabilities by \$131.8 million for governmental activities and \$36.3 million for business-type activities for a total of \$168.1 million at the close of the most recent fiscal year.

The largest portion of the City's net position, \$241.3 million reflects its net investment in capital assets (e.g., land, buildings and systems, improvements other than buildings, machinery and equipment, infrastructure, and construction in progress); less any related outstanding debt used to acquire those assets. The City's only outstanding debt against capital assets is four capital leases for public safety vehicles, ambulance and various types of fire equipment. The City uses these capital assets to provide services to residents; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported 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.

Of the remaining total net position, \$27.7 million is restricted to specifically stipulated spending agreements originated by law, contract or other agreements with external parties.

| City of Downey Summary of Net Position For Fiscal Year Ended June 30, 2015 and 2014 (Amounts Expressed in Thousands) | | | | | | |
|---|--------------------------|--------------------------|--------------------------|-------------------------|--------------------------|--------------------------|
| | Governmental Activities | | Business-Type Activities | | Total | |
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| ASSETS | | | | | | |
| Current and Other Assets | \$ 112,601 | \$ 124,923 | \$ 11,621 | \$ 14,211 | \$ 124,222 | \$ 139,134 |
| Capital Assets | <u>220,525</u> | <u>202,086</u> | <u>38,490</u> | <u>45,640</u> | <u>259,015</u> | <u>247,726</u> |
| Total Assets | 333,126 | 327,009 | 50,111 | 59,851 | 383,237 | 386,860 |
| Deferred Outflows of Resources | 9,645 | - | 425 | 75 | 10,070 | 75 |
| LIABILITIES | | | | | | |
| Current Liabilities | 14,705 | 5,207 | 2,559 | 3,308 | 17,263 | 8,515 |
| Non-current Liabilities | <u>171,057</u> | <u>54,366</u> | <u>10,704</u> | <u>7,479</u> | <u>181,761</u> | <u>61,845</u> |
| Total Liabilities | 185,762 | 59,573 | 13,263 | 10,787 | 199,024 | 70,360 |
| Deferred Inflows of Resources | 25,244 | | 977 | | 26,221 | - |
| NET POSITION | | | | | | |
| Net Investment Capital Assets | 206,576 | 193,071 | 34,744 | 41,719 | 241,320 | 234,790 |
| Restricted | 23,592 | 26,203 | 469 | 1,479 | 24,061 | 27,682 |
| Unrestricted | <u>(98,403)</u> | <u>48,162</u> | <u>1,084</u> | <u>5,941</u> | <u>(97,319)</u> | <u>54,103</u> |
| Total Net Position | <u>\$ 131,765</u> | <u>\$ 267,436</u> | <u>\$ 36,297</u> | <u>\$ 49,139</u> | <u>\$ 168,062</u> | <u>\$ 316,575</u> |

Governmental Activities

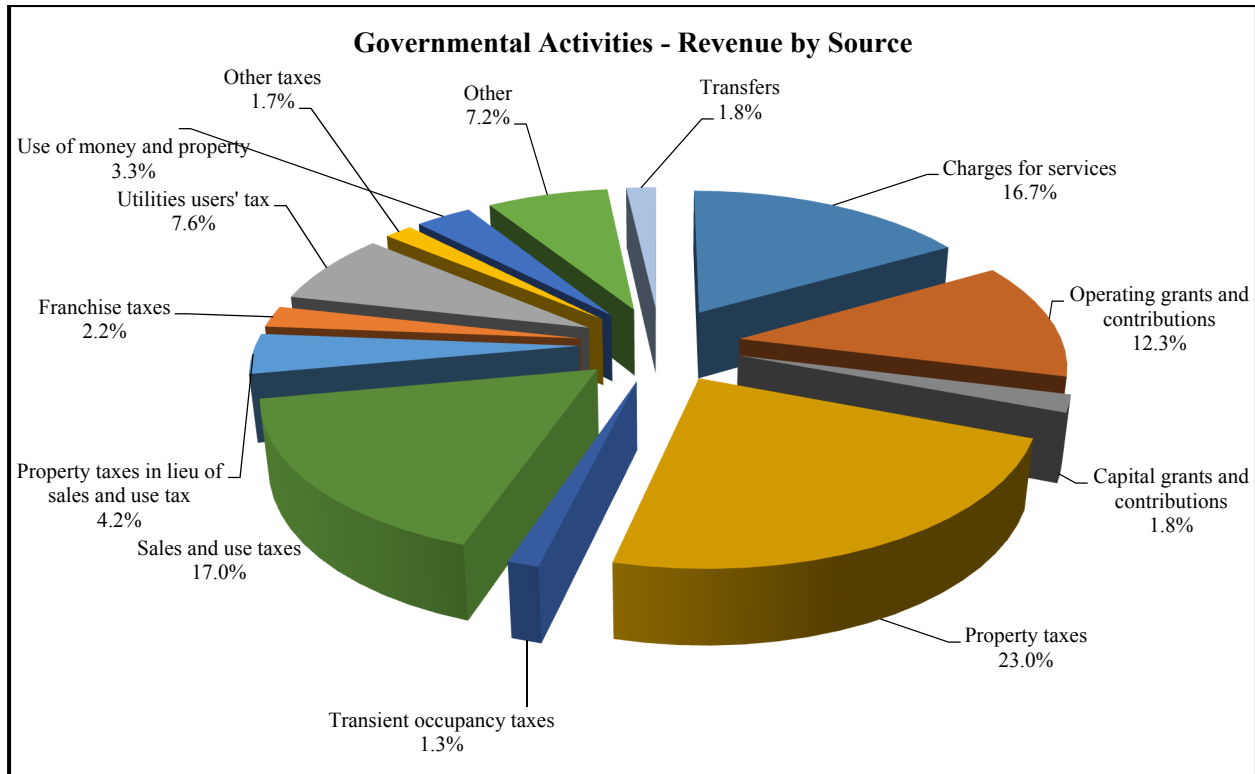
The City's net position in the Governmental activities decreased \$135.7 million. The decrease in net position is due to GASB 68 Net Pension Liability of almost \$124 million recorded in June 30, 2015. As noted previously, the City is continuing to see growth in its revenue base and realized savings in the General Fund above the level anticipated in the FY 2014-15 budget.

City of Downey
Summary of Net Position
For Fiscal Year Ended June 30, 2015 and 2014
(Amounts Expressed in Thousands)

| | <u>Governmental Activities</u> | | Amount |
|--|--------------------------------|------------------|--------------------------------|
| | 2015 | 2014 | Increase (Decrease) |
| REVENUES: | | | |
| Program Revenues: | | | |
| Charges for Services | \$ 16,745 | \$ 15,550 | \$ 1,195 |
| Operating Grants and Contributions | 12,689 | 9,691 | 2,998 |
| Capital Grants and Contributions | 1,503 | 981 | 522 |
| General Revenues: | | | |
| Taxes | | | |
| Property Taxes | 23,152 | 21,842 | 1,310 |
| Transient Occupancy Taxes | 1,317 | 1,315 | 2 |
| Sales and Used Taxes | 17,062 | 11,395 | 5,667 |
| Property Taxes in Lieu Sales and Used Taxes | 4,231 | 4,385 | (154) |
| Franchise Taxes | 2,258 | 2,281 | (23) |
| Utilities Users' Taxes | 7,595 | 7,562 | 33 |
| Other Taxes | 1,661 | 1,633 | 28 |
| Use of Money and Property | 3,343 | 5,189 | (1,846) |
| Other Revenues | 7,201 | 16,321 | (9,120) |
| Total Revenues | 98,757 | 98,145 | 612 |
| EXPENSES: | | | |
| Program Activities | | | |
| General Government | 12,419 | 12,856 | (437) |
| Public Safety | 54,196 | 52,127 | 2,069 |
| Public Works | 13,599 | 10,209 | 3,390 |
| Community Services | 6,703 | 5,820 | 883 |
| Community Development | 4,893 | 5,115 | (222) |
| Interest on Long-term Debts | 1,617 | 1,052 | 565 |
| Total Expenses | 93,426 | 87,179 | 6,247 |
| Excess/(Shortage) of Revenues Over Expenses | 5,331 | 10,966 | (5,635) |
| TRANSFERS: | | | |
| Transfer-in | 1,777 | 1,311 | 466 |
| Changes in Net Position | \$ 7,108 | \$ 12,277 | \$ (5,169) |

Top Governmental Activity Revenue Sources

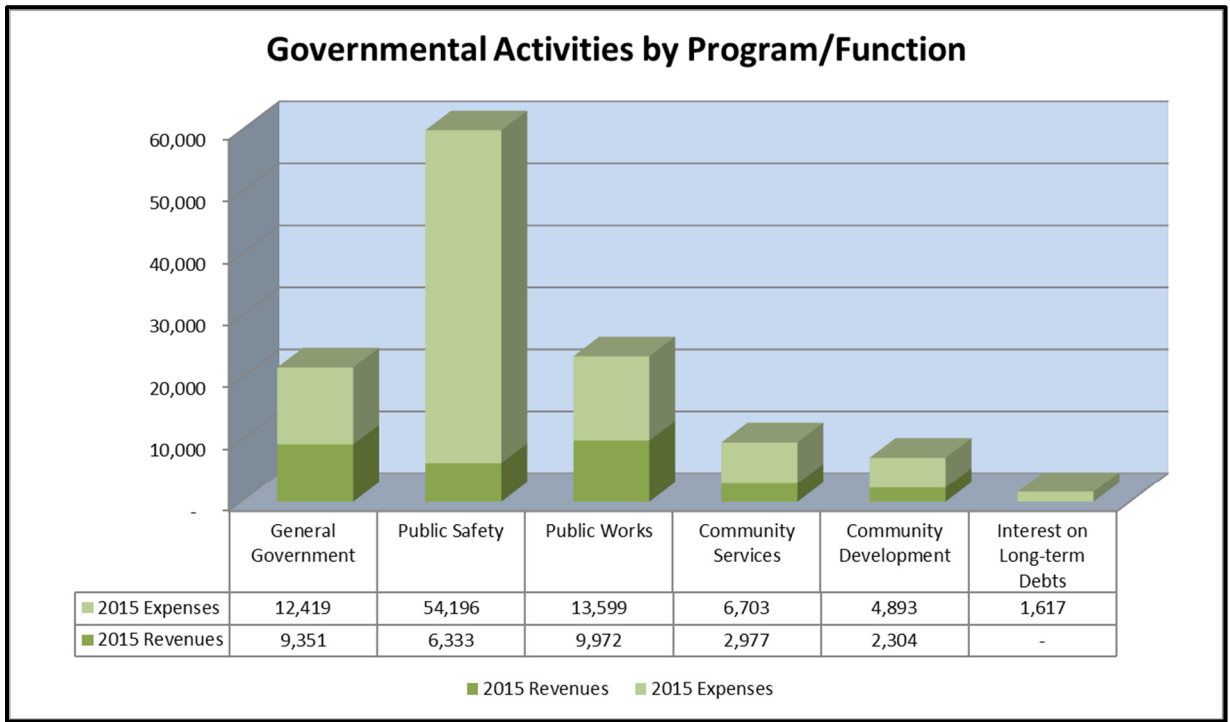
As shown below, our top five revenues accounted for approximately 76.1% of total revenues, with use of money and property accounted for 3.3% and miscellaneous revenues accounted for 8.9%. Generally, revenues for FY 2014-15 increased from those of the prior fiscal year.



The following narrative addresses the significant variances in key revenues and expenses from the prior fiscal year:

1. *Sales Tax.* General sales tax receipts were \$5.7 million or 49.7% over prior year. Of this amount \$5.3 million is from transit funds being reported as governmental activities. The remaining \$400 thousand is from economic recovery.
2. *Operating grants and contributions.* These revenues increased by \$3 million or 31% over prior as progress on City infrastructure projects resulted in an increased amount of grant reimbursements.
3. *Property taxes.* Property tax increased by \$1.3 million or 6% over the prior year. Property taxes continue to grow at a slow but steady pace.
4. *Charges for Services.* These revenues increased by approximately \$1.2 million or 7.7% over prior year. In the General Fund, charges for services increased significantly over the prior year due to the plan check and various permit fee related to the Promenade development project and other private developments that is continuing to remain strong.
5. *Other Revenues.* These revenues decreased by \$9.1 million or 56% from prior year. The decrease is from the one-time revenue for the sale of the hospital last fiscal year.
6. *Use of Money and Property.* These revenues decreased by \$1.8 million or 36% from prior year. The decrease is the result of Fiat loan payoff last fiscal year.

7. *Program Expenses.* Program activities experienced an increase of \$6.2 million or 7.2% from prior year. The increase is due to full staffing in public safety, increase in PERS rates and additional capital projects.

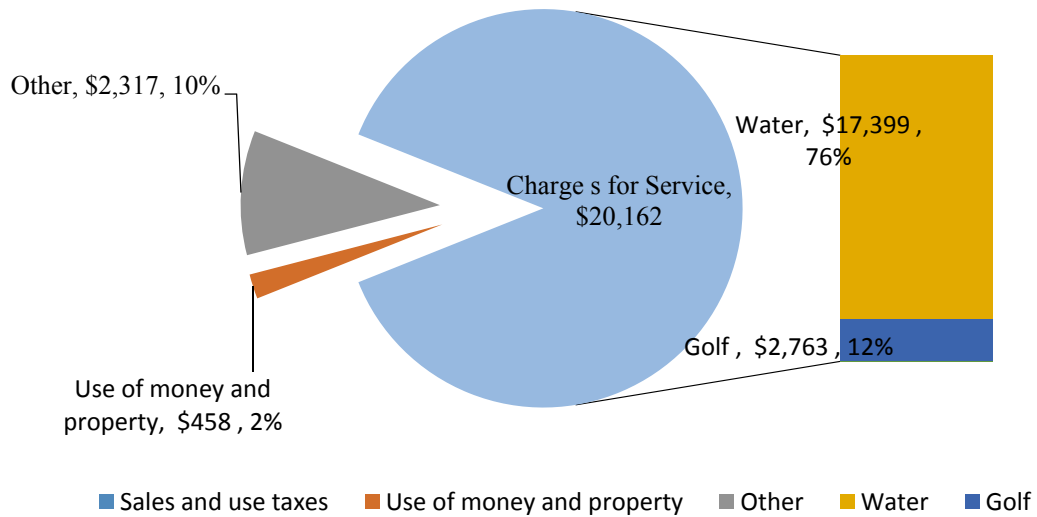


Summary of Business-Type Activities

Revenue Sources – charges for services reflect a decrease of almost \$1 million or decrease of 5% from the prior fiscal year. This reflects decrease in water consumption from City’s water conservation policies. Significant variances are as follows:

1. *Water revenues* - total operating revenues decreased \$705 thousand or 3.9% from the prior year. The decrease in revenue is from less water consumption, down 17%, compared to prior year.
2. *Golf revenues* - the overall decreased by \$2 thousand over prior year. The decrease is from one-time reimbursement grant last fiscal year.
3. *Transit revenues* – transit activities were properly transferred to government-wide during FY 2014.15.

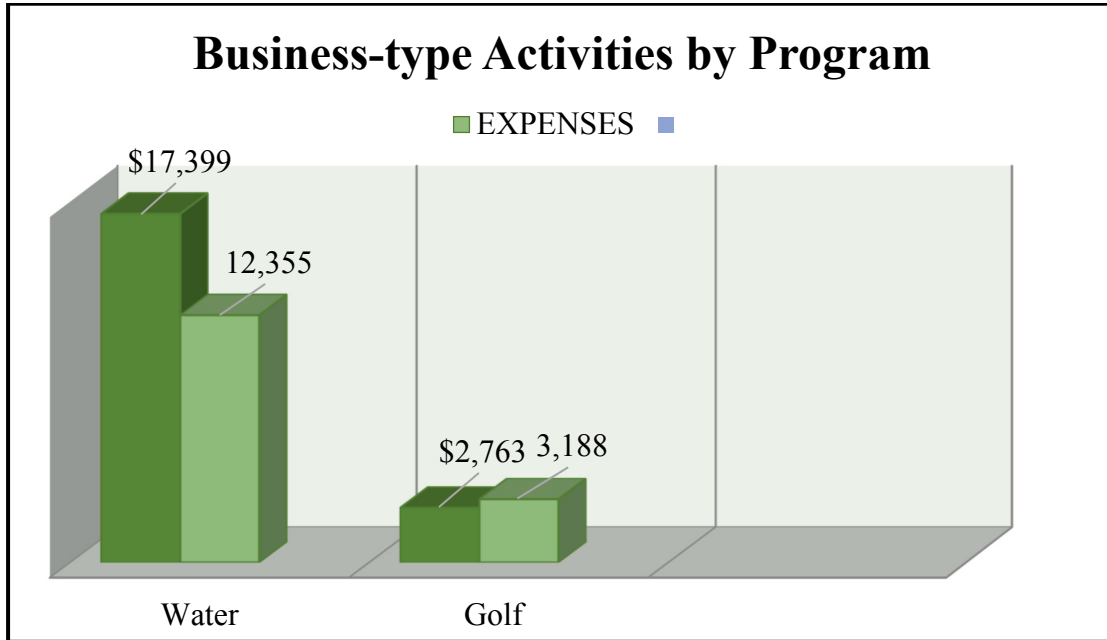
BUSINESS-TYPE ACTIVITIES - REVENUE BY SOURCE



City of Downey Summary of Net Position Business-Type Activities For Fiscal Year Ended June 30, 2015 and 2014 (Amounts Expressed in Thousands)

| | Business-Type Activities | | Amount Increase (Decrease) |
|--|--------------------------|-----------------|----------------------------------|
| | 2015 | 2014 | |
| REVENUES: | | | |
| Program Revenues: | | | |
| Charges for Services | \$ 20,162 | \$ 21,159 | \$ (997) |
| General Revenues: | | | |
| Taxes | | | |
| Sales and Used Taxes | - | 4,685 | (4,685) |
| Use of Money and Property | 458 | 489 | (31) |
| Other Revenues | 2,292 | 648 | 1,644 |
| Total Revenues | 22,912 | 26,981 | (4,069) |
| EXPENSES: | | | |
| Program Activities | | | |
| Water | 12,355 | 12,102 | 253 |
| Golf | 3,188 | 3,054 | 134 |
| Transit | - | 3,317 | (3,317) |
| Total Expenses | 15,543 | 18,473 | (2,930) |
| Excess/(Shortage) of Revenues Over Expenses | 7,369 | 8,508 | (1,139) |
| TRANSFERS: | | | |
| Transfer-in | - | - | - |
| Transfer-out | (1,777) | (1,311) | (466) |
| Changes in Net Position | \$ 5,592 | \$ 7,197 | \$ (1,605) |

Program Expenses – the program expenses for enterprises funds have a net decreased by almost \$3 million or a decrease of 15.9% over the prior year. From this amount, the transfer of transit activities to government-wide activities accounted for \$3.3 million and water activities has a slight increase of a little over \$250 thousand during the year. Golf course experienced no significant changes during the year.



FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The following funds have been classified as either governmental or proprietary fund types.

Governmental Funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements.

As of June 30, 2015, the City's governmental funds reported combined ending fund balances of \$52.5 million, a net increase of \$1.9 million or 3.7% over the prior year. Approximately 67.4% of the City's governmental fund ending fund balances, or \$35.3 million, consisted of committed, assigned and unassigned fund balance, which is available for spending at the City's discretion within the guidelines of the funding sources. The remainder of fund balance, \$17.1 million, is either non-spendable or restricted for purposes imposed by creditors, grantors, contributors, laws or regulations of other governments or through enabling legislation. Non-spendable fund balance

of \$10.9 million is not available for use and are comprised of advances to Successor Agency and prepaid costs. Restricted fund balance of almost \$6.2 million can only be used for specific purposes pursuant to constraints imposed by applicable law and regulations and external parties such as grantors and creditors. The restricted funds are comprised of \$513 thousand for community development activity, \$2.1 million for public works, and almost \$1.4 million for low and moderate income housing.

General Fund Financial Highlights

The general fund is the chief operating fund of the City. At June 30, 2015, assigned and unassigned fund balance of the general fund was \$29.5 million, while total fund balance was \$37.1 million. As a measure of the general fund's liquidity, it is useful to compare committed, assigned and unassigned fund balance to total fund expenditures. Assigned, and unassigned fund balance represents 38.3% of the total general fund expenditures. As mentioned above, however, the City Council has designated all of the committed, assigned, and unassigned fund balance for specified purpose.

For the fiscal year ended June 30, 2015, the cash and investments balance in the general fund was \$16.5 million, a decrease of \$2.9 million from the prior fiscal year.

| City of Downey | | | | | |
|--|------------------|-------------------|------------------|-------------------|--------------------|
| General Fund Revenues and Other Financing Sources | | | | | |
| For Fiscal Year Ended June 30, 2015 and 2014 | | | | | |
| <i>(Amounts Expressed in Thousands)</i> | | | | | |
| | 2015 | Percent of | 2014 | Percent of | Increase |
| | Actuals | Total | Actuals | Total | (Decrease) |
| Taxes | \$ 53,313 | 68.4% | \$ 51,625 | 57.8% | \$ 1,688 |
| Licenses and Permits | 1,726 | 2.2% | 1,390 | 1.6% | 336 |
| Fines and Forfeitures | 1,512 | 1.9% | 1,435 | 1.6% | 77 |
| Use of Money and Property | 1,619 | 2.1% | 4,632 | 5.2% | (3,013) |
| Intergovernmental Revenues | 3,966 | 5.1% | 2,605 | 2.9% | 1,361 |
| Charges for Services | 8,842 | 11.3% | 8,986 | 10.0% | (144) |
| Other Revenues | <u>4,097</u> | <u>5.3%</u> | <u>15,958</u> | <u>17.8%</u> | <u>(11,861)</u> |
| Total Revenues | 75,076 | 96.3% | 86,631 | 96.9% | (11,555) |
| Other Financing Sources | <u>2,893</u> | <u>3.7%</u> | <u>2,840</u> | <u>3.2%</u> | <u>53</u> |
| Total Revenues & Other Financing Sources | <u>\$ 77,969</u> | <u>100.0%</u> | <u>\$ 89,471</u> | <u>100.1%</u> | <u>\$ (11,502)</u> |

Overall, General Fund revenues for the fiscal year ended June 30, 2015 decreased by \$11.5 million, or 12.8%, over the prior year. The majority of this decrease is attributed to one-time sale of city's hospital property in prior year.

Expenditures and Other Financing Uses for the General Fund, including comparative amounts from the preceding year, are shown in the following table:

| City of Downey | | | | | |
|---|------------------|-------------------|------------------|-------------------|-------------------|
| General Fund Expenditures and Other Financing Uses | | | | | |
| For Fiscal Year Ended June 30, 2015 and 2014 | | | | | |
| <i>(Amounts Expressed in Thousands)</i> | | | | | |
| | 2015 | Percent of | 2014 | Percent of | Increase |
| | Actuals | Total | Actuals | Total | (Decrease) |
| General Government | \$ 10,789 | 13.8% | \$ 12,660 | 17.2% | \$ (1,871) |
| Public Safety | 44,985 | 57.9% | 43,717 | 59.3% | 1,268 |
| Public Works | 6,780 | 8.7% | 5,873 | 8.0% | 907 |
| Community Services | 5,834 | 7.5% | 4,949 | 6.7% | 885 |
| Community Development | 2,740 | 3.5% | 2,548 | 3.5% | 192 |
| Principal retirement | 395 | 0.5% | | 0.0% | 395 |
| Debt Services | <u>959</u> | <u>1.2%</u> | <u>-</u> | <u>0.0%</u> | <u>959</u> |
| Total Expenditures | 72,483 | 93.1% | 69,747 | 94.7% | 2,736 |
| Other Financing Uses | <u>5,047</u> | <u>6.5%</u> | <u>4,036</u> | <u>5.5%</u> | <u>1,011</u> |
| Total Expenditures & Other Financing Sources | <u>\$ 77,530</u> | <u>99.6%</u> | <u>\$ 73,783</u> | <u>100.2%</u> | <u>\$ 3,747</u> |

The General Fund's total expenditures, not including transfers, increased by \$2.7 million or 3.9%, from the previous fiscal year. All departments' expenditures increased except the expenditures in General Government. Changes in expenditures, by function, occurred as follows during the fiscal year ended June 30, 2015:

- Public Safety expenditures increased by \$1.3 million, to \$45 million attributable to the increase in PERS safety rate, full staffing and Cost of Living Adjustments.
- Public Works expenditures increased by \$876 thousand, to \$6.7 million, as a result of additional staffing and the increase in the cost of supply and maintenance.
- Community Services expenditures increased by \$885 thousand, to \$5.8 million, as a result of additional staffing and contract services.
- Community Development expenditures increased by \$192 thousand, to \$2.7 million, as a result of additional staffing.
- General Government experienced a decreased of \$1.9 million, to \$10.8 million, as a result of vacant positions, a reduction in service hours, and a decrease in recreational and private development activities.

General Fund Budgetary Highlights

Differences between the general fund original budget expenditures and the final amended budget were over \$1.1 million. The increases for activities can be briefly summarized as follows:

- \$471 thousand for community services
- \$620 thousand for transfer-out

In the functional expenditure categories actual expenditures were less than final budgeted amount, totaling \$77.53 million, and \$77.50 million, respectively. In addition, actual revenue exceeded budgetary estimates, at \$4.2 million, bringing actual revenue at June 30, 2015 to \$114.6 million. The actual transfers out of the general fund were more than final budget amount by \$790 thousand, as a result of a one-time transfer to Equipment Fund.

Financial Analysis of the Other Major Funds

The Housing Authority Special Revenue Fund account for revenues generated by housing assets received from former redevelopment agency. The total revenue generated in fiscal year 2014-15 was \$127.6 thousand. Of the fund balance of \$4.2 million, \$3.3 million is non-spendable and \$900 thousand is restricted for low and moderate income housing.

The HOME special Revenue Fund is used to account for the operations of HOME Investment Partnership Program. The total revenues and expenditures in fiscal year 2014-15 was \$149 and \$185 thousand, respectively, leaving an ending fund balance of \$175 thousand. The ending fund balance is also restricted for low and moderate income housing.

The Gas Tax Special Revenue Fund is required by state law to account for gas taxes allocated to the City. The total capital outlay spent in fiscal year 2014-15 was \$6.4 million. The fund has a negative fund balance of \$1.3 million at the close of year.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets

The City's investment in capital assets for its government and business-type activities at June 30, 2015 amounted to \$259 million, net of accumulated depreciation. This investment in capital assets includes land, projects in progress, buildings, equipment, fixtures and infrastructure. The total increase over prior fiscal year in the City's investment in capital assets was \$11.3 million, or a 4.5% increase.

City of Downey
Summary of Capital Assets (Net of Depreciation)
For Fiscal Year Ended June 30, 2015 and 2014
(Amounts Expressed in Thousands)

| | Governmental Activities | | Business-Type Activities | | Total | |
|--------------------------------------|-------------------------|-------------------|--------------------------|------------------|-------------------|-------------------|
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| Land and Improvements | \$ 26,396 | \$ 21,374 | \$ 8,272 | \$ 15,050 | \$ 34,668 | \$ 36,424 |
| Projects in Progress | 24,351 | 9,929 | - | - | 24,351 | 9,929 |
| Buildings | 21,542 | 20,073 | 5,216 | 7,577 | 26,759 | 27,650 |
| Land Improvements | 13,903 | 13,584 | 9,371 | 9,254 | 23,275 | 22,838 |
| Machinery & Equipment | 5,383 | 5,717 | 300 | 355 | 5,682 | 6,072 |
| Furniture & Fixtures | 0 | 42 | 75 | 1 | 75 | 43 |
| Infrastructures | 128,949 | 131,368 | - | - | 128,949 | 131,368 |
| Water Supply and Distribution System | - | - | 15,256 | 13,402 | 15,256 | 13,402 |
| Total Capital Assets | \$ 220,525 | \$ 202,087 | \$ 38,490 | \$ 45,639 | \$ 259,015 | \$ 247,726 |

Major capital asset transactions during the current fiscal year included the following:

- Infrastructure decreased \$2.4 million due to depreciation, \$6.1 million, exceeding additions, \$3.7 million, during the year.
- Projects in progress increased \$14.4 million.
- Building decreased \$700 thousand due to depreciation during the year.

Additional information on the City's assets can be found in the notes to basic financial statements in note 9.

Long-term liabilities

Total outstanding long-term debt at June 30, 2015 is \$60.8 million, a decrease of \$460 thousand from the prior fiscal year.

City of Downey
Summary of Changes in Long-Term Liabilities
(Amounts Expressed in Thousands)

| | Balance | | | Balance June 30, 2015 | Due Within One-Year |
|-------------------------------|------------------|-----------------|-----------------|--------------------------|------------------------|
| | June 30, 2014 | Additions | Reduction | | |
| Bond | \$ 25,283 | \$ - | \$ 863 | \$ 24,420 | \$ 855 |
| Capital Lease Payable | 1,218 | - | 226 | 992 | 339 |
| Loans from Federal Government | 12,573 | 633 | 250 | 12,957 | 668 |
| Compensated Absences | 12,629 | 5,108 | 4,461 | 13,276 | 4,698 |
| Claims Payable | 9,607 | 1,542 | 1,943 | 9,206 | 1,300 |
| Total | \$ 61,311 | \$ 7,283 | \$ 7,743 | \$ 60,851 | \$ 7,860 |

Long-term debt-related events during the fiscal year ended June 30, 2015 included:

- Compensated absences liabilities increased by \$647 thousand and payouts to employees amounted to approximately \$1.4 million.
- A net decrease to claim payable of \$401 thousand to adjust for possible future general liability and workers' compensation claims.
- Capital lease obligations decreased \$226 thousand as a result of the City paying off the fire leases and no new lease was entered during the year.

Additional information on the City's long-term liabilities can be found in Note 10 of the Notes to Basic Financial Statement.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

On June 23, 2015, the City Council adopted and approved FY 2015-16 budget with total appropriations of \$164.3 million. Adequate resources are available to fund the proposed expenditures. For the General Fund, the FY 2015-16 budget reflects a margin of current expenses and other uses exceeding current revenue and other resources by \$2.4 million or 3% of the General Fund operating budget. The City Council approved the use of reserves to pay for one-time expense for Capital Improvement Project for public facilities infrastructure. Consistent with the City's budget resolution, the amount of General Fund Net Increase in Fund Balance at the end of June 30, 2016 shall be deposited into an Assigned General Fund balance account to provide future resources for fiscal emergencies.

It is important to note that the City annually reviews all of its fees for services to ensure, when possible, fees collected fully support the cost of providing City services. For fiscal year 2016, the City kept 742 fees unchanged, increased 43 fees, removed 2 fees, and set up 10 new fees.

The changes in fees mainly were for the Downey Theatre and Parks and Recreation department.

Utility Rates

Effective July 1, 2015, water rates increased by 3% based on action previously adopted by Council during a public hearing held on June 28, 2011.

REQUESTS FOR INFORMATION

This financial report is designated to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Department of Finance & Information Technology, City of Downey, 11111 Brookshire Avenue, Downey, California 90241-0607.

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CITY OF DOWNEY

STATEMENT OF NET POSITION
JUNE 30, 2015

| | Primary Government | | |
|---|----------------------------|-----------------------------|-----------------------|
| | Governmental Activities | Business-Type Activities | Total |
| Assets: | | | |
| Cash and investments | \$ 64,475,656 | \$ 10,807,983 | \$ 75,283,639 |
| Receivables: | | | |
| Accounts | 1,635,101 | 3,088,164 | 4,723,265 |
| Taxes | 3,686,215 | - | 3,686,215 |
| Notes and loans | 13,842,238 | - | 13,842,238 |
| Accrued interest | 368,790 | - | 368,790 |
| Internal balances | 6,081,168 | (6,081,168) | - |
| Prepaid costs | 18,076 | - | 18,076 |
| Due from other governments | 4,100,755 | 1,000 | 4,101,755 |
| Inventories | 102,993 | 162,920 | 265,913 |
| Land held for resale | 1,393,150 | - | 1,393,150 |
| Restricted assets: | | | |
| Cash and investments | - | 1,513,970 | 1,513,970 |
| Cash with fiscal agent | 5,924,193 | 2,128,128 | 8,052,321 |
| Advances to Successor Agency | 10,972,759 | - | 10,972,759 |
| Capital assets not being depreciated | 50,746,874 | 8,271,537 | 59,018,411 |
| Capital assets, net of depreciation | 169,777,735 | 30,218,848 | 199,996,583 |
| Total Assets | 333,125,703 | 50,111,382 | 383,237,085 |
| Deferred Outflows of Resources: | | | |
| Deferred pension related items | 9,645,357 | 424,854 | 10,070,211 |
| Total Deferred Outflows of Resources | 9,645,357 | 424,854 | 10,070,211 |
| Liabilities: | | | |
| Accounts payable | 3,919,165 | 1,476,964 | 5,396,129 |
| Accrued liabilities | 1,588,128 | 144,580 | 1,732,708 |
| Accrued interest | 103,509 | 88,814 | 192,323 |
| Unearned revenue | 1,865,420 | - | 1,865,420 |
| Deposits payable | 2,650 | 214,355 | 217,005 |
| Noncurrent liabilities: | | | |
| Due within one year | 7,225,680 | 634,129 | 7,859,809 |
| Due in more than one year | 47,077,306 | 5,913,601 | 52,990,907 |
| OPEB liability | 205,981 | - | 205,981 |
| Net pension liability | 123,773,832 | 4,790,245 | 128,564,077 |
| Total Liabilities | 185,761,671 | 13,262,688 | 199,024,359 |
| Deferred Inflows of Resources: | | | |
| Deferred pension related items | 25,244,491 | 977,002 | 26,221,493 |
| Total Deferred Inflows of Resources | 25,244,491 | 977,002 | 26,221,493 |
| Net Position: | | | |
| Net investment in capital assets | 206,575,932 | 34,743,513 | 241,319,445 |
| Restricted for: | | | |
| Community development | 1,070,945 | - | 1,070,945 |
| Public works | 2,110,049 | - | 2,110,049 |
| Capital projects | 2,251,502 | - | 2,251,502 |
| Debt service | 1,400,203 | 469,039 | 1,869,242 |
| Low and moderate income housing | 16,758,810 | - | 16,758,810 |
| Unrestricted | (98,402,543) | 1,083,994 | (97,318,549) |
| Total Net Position | \$ 131,764,898 | \$ 36,296,546 | \$ 168,061,444 |

CITY OF DOWNEY

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2015

| | Program Revenues | | | |
|---------------------------------------|-----------------------|----------------------|------------------------------------|---------------------|
| | Expenses | Charges for Services | Operating Contributions and Grants | |
| Functions/Programs | | | | |
| Primary Government: | | | | |
| Governmental Activities: | | | | |
| General government | \$ 12,418,512 | \$ 5,530,192 | \$ 3,820,543 | \$ - |
| Public safety | 54,195,561 | 3,979,871 | 2,352,794 | - |
| Community development | 4,892,908 | 1,307,431 | - | 996,870 |
| Community services | 6,702,616 | 2,977,235 | - | - |
| Public works | 13,598,590 | 2,950,044 | 6,516,191 | 506,093 |
| Interest on long-term debt | 1,617,345 | - | - | - |
| Total Governmental Activities | 93,425,532 | 16,744,773 | 12,689,528 | 1,502,963 |
| Business-Type Activities: | | | | |
| Water Fund | 12,354,938 | 17,399,373 | - | - |
| Golf Fund | 3,188,289 | 2,762,769 | - | - |
| Total Business-Type Activities | 15,543,227 | 20,162,142 | - | - |
| Total Primary Government | \$ 108,968,759 | \$ 36,906,915 | \$ 12,689,528 | \$ 1,502,963 |

General Revenues:

Taxes:

Property taxes, levied for general purpose

Transient occupancy taxes

Sales taxes

Property taxes in lieu of sales and use tax

Franchise taxes

Utility users tax

Other taxes

Use of money and property

Other

Gain on sale of capital asset

Extraordinary gain

Transfers

Total General Revenues, Extraordinary Gain and Transfers

Change in Net Position

Net Position at Beginning of Year

Restatement of Net Position

Net Position at End of Year

| Net (Expenses) Revenues and Changes in Net Position | | |
|--|---------------------------------|-----------------------|
| Primary Government | | |
| Governmental Activities | Business-Type Activities | Total |
| \$ (3,067,777) | \$ - | \$ (3,067,777) |
| (47,862,896) | - | (47,862,896) |
| (2,588,607) | - | (2,588,607) |
| (3,725,381) | - | (3,725,381) |
| (3,626,262) | - | (3,626,262) |
| (1,617,345) | - | (1,617,345) |
| (62,488,268) | - | (62,488,268) |
| - | 5,044,435 | 5,044,435 |
| - | (425,520) | (425,520) |
| - | 4,618,915 | 4,618,915 |
| (62,488,268) | 4,618,915 | (57,869,353) |
| 23,151,751 | - | 23,151,751 |
| 1,316,761 | - | 1,316,761 |
| 17,062,468 | - | 17,062,468 |
| 4,230,861 | - | 4,230,861 |
| 2,257,721 | - | 2,257,721 |
| 7,594,895 | - | 7,594,895 |
| 1,660,712 | - | 1,660,712 |
| 3,343,128 | 457,781 | 3,800,909 |
| 4,317,313 | 2,289,133 | 6,606,446 |
| 25,289 | 2,750 | 28,039 |
| 2,858,295 | - | 2,858,295 |
| 1,777,176 | (1,777,176) | - |
| 69,596,370 | 972,488 | 70,568,858 |
| 7,108,102 | 5,591,403 | 12,699,505 |
| 267,435,557 | 49,138,902 | 316,574,459 |
| (142,778,761) | (18,433,759) | (161,212,520) |
| \$ 131,764,898 | \$ 36,296,546 | \$ 168,061,444 |

CITY OF DOWNEY

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2015**

| | Special Revenue Funds | | | |
|--|-----------------------|----------------------|---------------------|---------------------|
| | General | Housing Authority | Gas Tax | HOME |
| Assets: | | | | |
| Pooled cash and investments | \$ 16,483,799 | \$ 966,404 | \$ - | \$ 174,394 |
| Receivables: | | | | |
| Accounts | 1,320,888 | - | - | - |
| Taxes | 3,686,215 | - | - | - |
| Notes and loans | - | 7,768,038 | - | 5,515,961 |
| Accrued interest | 131,403 | 237,387 | - | - |
| Prepaid costs | 16,913 | - | - | - |
| Due from other governments | 1,094,956 | - | 2,468,027 | 6,159 |
| Due from other funds | 4,760,319 | - | - | - |
| Inventories | - | - | - | - |
| Land held for resale | - | 1,393,150 | - | - |
| Restricted assets: | | | | |
| Cash and investments with fiscal agents | 4,994,934 | - | - | - |
| Advances to Successor Agency | 7,575,408 | 1,874,126 | - | - |
| Total Assets | \$ 40,064,835 | \$ 12,239,105 | \$ 2,468,027 | \$ 5,696,514 |
| Liabilities, Deferred Inflows of Resources, and Fund Balances: | | | | |
| Liabilities: | | | | |
| Accounts payable | \$ 1,508,840 | \$ 4,071 | \$ 719,155 | \$ 2,843 |
| Accrued liabilities | 1,373,393 | - | 11,644 | 80 |
| Unearned revenues | - | - | - | - |
| Deposits payable | - | - | - | 2,650 |
| Due to other funds | 31,583 | - | 3,011,191 | - |
| Total Liabilities | 2,913,816 | 4,071 | 3,741,990 | 5,573 |
| Deferred Inflows of Resources: | | | | |
| Unavailable revenues | 58,544 | 8,005,425 | - | 5,515,961 |
| Total Deferred Inflows of Resources | 58,544 | 8,005,425 | - | 5,515,961 |
| Fund Balances: | | | | |
| Nonspendable: | | | | |
| Inventory | - | - | - | - |
| Prepaid costs | 16,913 | - | - | - |
| Land held for resale | - | 1,393,150 | - | - |
| Advances to Successor Agency | 7,575,408 | 1,874,126 | - | - |
| Restricted for: | | | | |
| Community development | - | - | - | - |
| Public works | - | - | - | - |
| Capital Projects | - | - | - | - |
| Low and moderate income housing | - | 962,333 | - | 174,980 |
| Assigned to: | | | | |
| Public works | 1,113,535 | - | - | - |
| Fiscal emergency fund | 15,688,549 | - | - | - |
| Community services | 775,999 | - | - | - |
| Unassigned | 11,922,071 | - | (1,273,963) | - |
| Total Fund Balances | 37,092,475 | 4,229,609 | (1,273,963) | 174,980 |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances | \$ 40,064,835 | \$ 12,239,105 | \$ 2,468,027 | \$ 5,696,514 |

CITY OF DOWNEY

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2015**

| | Other Governmental Funds | Total Governmental Funds |
|--|---|---|
| Assets: | | |
| Pooled cash and investments | \$ 15,859,304 | \$ 33,483,901 |
| Receivables: | | |
| Accounts | 312,343 | 1,633,231 |
| Taxes | - | 3,686,215 |
| Notes and loans | 558,239 | 13,842,238 |
| Accrued interest | - | 368,790 |
| Prepaid costs | 1,163 | 18,076 |
| Due from other governments | 531,613 | 4,100,755 |
| Due from other funds | 132,887 | 4,893,206 |
| Inventories | 9,707 | 9,707 |
| Land held for resale | - | 1,393,150 |
| Restricted assets: | | |
| Cash and investments with fiscal agents | - | 4,994,934 |
| Advances to Successor Agency | - | 9,449,534 |
| Total Assets | \$ 17,405,256 | \$ 77,873,737 |
| Liabilities, Deferred Inflows of Resources, and Fund Balances: | | |
| Liabilities: | | |
| Accounts payable | \$ 1,395,102 | \$ 3,630,011 |
| Accrued liabilities | 178,353 | 1,563,470 |
| Unearned revenues | 1,865,420 | 1,865,420 |
| Deposits payable | - | 2,650 |
| Due to other funds | 1,171,099 | 4,213,873 |
| Total Liabilities | 4,609,974 | 11,275,424 |
| Deferred Inflows of Resources: | | |
| Unavailable revenues | 558,239 | 14,138,169 |
| Total Deferred Inflows of Resources | 558,239 | 14,138,169 |
| Fund Balances: | | |
| Nonspendable: | | |
| Inventory | 9,707 | 9,707 |
| Prepaid costs | 1,163 | 18,076 |
| Land held for resale | - | 1,393,150 |
| Advances to Successor Agency | - | 9,449,534 |
| Restricted for: | | |
| Community development | 512,706 | 512,706 |
| Public works | 2,110,049 | 2,110,049 |
| Capital Projects | 2,251,502 | 2,251,502 |
| Low and moderate income housing | 225,985 | 1,363,298 |
| Assigned to: | | |
| Public works | 5,092,358 | 6,205,893 |
| Fiscal emergency fund | - | 15,688,549 |
| Community services | - | 775,999 |
| Unassigned | 2,033,573 | 12,681,681 |
| Total Fund Balances | 12,237,043 | 52,460,144 |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances | \$ 17,405,256 | \$ 77,873,737 |

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CITY OF DOWNEY

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2015**

| | | |
|---|--------------------|-------------------------------------|
| Fund balances of governmental funds | | \$ 52,460,144 |
| Amounts reported for governmental activities in the statement of net position are different because: | | |
| Capital assets net of depreciation have not been included as financial resources in governmental fund activity. | | 214,670,723 |
| Deferred outflows related to pension items for pension contributions subsequent to measurement date | | 9,562,748 |
| Long-term debt and claims liabilities that have not been included in the governmental fund activity: | | |
| Bonds payable | \$ (31,366,601) | |
| Unamortized bond premiums/discounts | (135,065) | |
| Claims payable | <u>(1,830,965)</u> | (33,332,631) |
| Accrued interest payable for the current portion of interest due on Bonds has not been reported in the governmental funds. | | (74,510) |
| Governmental funds report all OPEB contributions as expenditures, however in the statement of net position any excesses or deficiencies in contributions in relation to the Annual Required Contribution (ARC) are recorded as an asset or liability. | | (205,981) |
| Pension liabilities are not included in the governmental fund statements, however they are reported in the governmental activities in the Statement of Net Position. | | (122,768,528) |
| Deferred inflows related to pension items due to differences between projected and actual earnings | | (25,039,453) |
| Revenues reported as unavailable revenue in the governmental funds and recognized in the statement of activities. These are included in the intergovernmental revenues in the governmental fund activity. | | 14,138,169 |
| Internal service funds are used by management to charge the costs of certain activities, such as equipment management and self-insurance, to individual funds. The assets and liabilities of the internal service funds must be added to the statement of net position. | | <u>22,354,217</u> |
| Net Position of governmental activities | | <u><u>\$ 131,764,898</u></u> |

CITY OF DOWNEY

STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2015

| | Special Revenue Funds | | | |
|--|-----------------------|----------------------|-----------------------|-------------------|
| | General | Housing Authority | Gas Tax | HOME |
| Revenues: | | | | |
| Taxes | \$ 53,313,382 | \$ - | \$ - | \$ - |
| Licenses and permits | 1,725,867 | - | - | - |
| Intergovernmental | 3,966,117 | - | 6,393,009 | 148,793 |
| Charges for services | 8,842,418 | - | - | - |
| Use of money and property | 1,619,434 | 47,841 | 18,674 | - |
| Fines and forfeitures | 1,511,670 | - | - | - |
| Contributions | 250,000 | - | - | - |
| Developer participation | - | - | - | - |
| Miscellaneous | 3,847,465 | 79,805 | 138,383 | - |
| Total Revenues | 75,076,353 | 127,646 | 6,550,066 | 148,793 |
| Expenditures: | | | | |
| Current: | | | | |
| General government | 10,789,194 | - | - | - |
| Public safety | 44,984,912 | - | - | - |
| Community development | 2,739,575 | 20,907 | - | 185,356 |
| Community services | 5,834,363 | - | - | - |
| Public works | 6,749,465 | - | - | - |
| Capital outlay | 31,000 | - | 6,399,267 | - |
| Debt service: | | | | |
| Principal retirement | 395,000 | - | - | - |
| Interest and fiscal charges | 959,036 | - | - | - |
| Total Expenditures | 72,482,545 | 20,907 | 6,399,267 | 185,356 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 2,593,808 | 106,739 | 150,799 | (36,563) |
| Other Financing Sources (Uses): | | | | |
| Transfers in | 2,892,943 | - | - | - |
| Transfers out | (5,046,990) | - | (2,079,035) | - |
| Proceeds from sale of capital assets | - | 349,724 | - | - |
| Total Other Financing Sources (Uses) | (2,154,047) | 349,724 | (2,079,035) | - |
| Net Change in Fund Balances | 439,761 | 456,463 | (1,928,236) | (36,563) |
| Fund Balances, Beginning of Year, as previously reported | 35,112,950 | 6,235,576 | 654,273 | 211,543 |
| Restatements | 1,539,764 | (2,462,430) | - | - |
| Fund Balances, Beginning of Year, as restated | 36,652,714 | 3,773,146 | 654,273 | 211,543 |
| Fund Balances, End of Year | \$ 37,092,475 | \$ 4,229,609 | \$ (1,273,963) | \$ 174,980 |

CITY OF DOWNEY

STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2015

| | Other Governmental Funds | Total Governmental Funds |
|--|---|---|
| Revenues: | | |
| Taxes | \$ 4,049,889 | \$ 57,363,271 |
| Licenses and permits | - | 1,725,867 |
| Intergovernmental | 4,436,579 | 14,944,498 |
| Charges for services | 3,437,825 | 12,280,243 |
| Use of money and property | 98,938 | 1,784,887 |
| Fines and forfeitures | - | 1,511,670 |
| Contributions | 75,000 | 325,000 |
| Developer participation | 1,240,890 | 1,240,890 |
| Miscellaneous | 251,660 | 4,317,313 |
| Total Revenues | 13,590,781 | 95,493,639 |
| Expenditures: | | |
| Current: | | |
| General government | - | 10,789,194 |
| Public safety | 1,698,317 | 46,683,229 |
| Community development | 1,465,786 | 4,411,624 |
| Community services | 28,009 | 5,862,372 |
| Public works | 6,233,319 | 12,982,784 |
| Capital outlay | 8,127,542 | 14,557,809 |
| Debt service: | | |
| Principal retirement | 250,000 | 645,000 |
| Interest and fiscal charges | 15,874 | 974,910 |
| Total Expenditures | 17,818,847 | 96,906,922 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (4,228,066) | (1,413,283) |
| Other Financing Sources (Uses): | | |
| Transfers in | 6,225,394 | 9,118,337 |
| Transfers out | (1,215,136) | (8,341,161) |
| Proceeds from sale of capital assets | - | 349,724 |
| Total Other Financing Sources (Uses) | 5,010,258 | 1,126,900 |
| Net Change in Fund Balances | 782,192 | (286,383) |
| Fund Balances, Beginning of Year, as previously reported | 8,355,408 | 50,569,750 |
| Restatements | 3,099,443 | 2,176,777 |
| Fund Balances, Beginning of Year, as restated | 11,454,851 | 52,746,527 |
| Fund Balances, End of Year | \$ 12,237,043 | \$ 52,460,144 |

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CITY OF DOWNEY

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2015**

Net change in fund balances - total governmental funds \$ (286,383)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

| | | |
|----------------------------|------------------|-----------|
| Capital outlay | \$ 13,264,411 | |
| Depreciation | (7,640,753) | |
| Contributed capital assets | <u>2,858,295</u> | 8,481,953 |

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

| | | |
|---|----------------|---------|
| Principal repayments | 645,000 | |
| Amortization of bond premiums/discounts | <u>(7,109)</u> | 637,891 |

Other debts issued is a revenue in the governmental funds, but issuance the increases long-term liabilities in the statement of net position. (633,241)

Accrued interest for long-term liabilities. This is the net change in accrued interest for the current period. 11,022

Claims and judgements expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. (124,494)

Governmental funds report all contributions in relation to the annual required contribution (ARC) for OPEB as expenditures, however in the statement of activities only the ARC is an expense. (386,380)

Pension obligation expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. 603,593

Revenues reported as unavailable revenue in the governmental funds and recognized in the statement of activities. These are included in the intergovernmental revenues in the governmental fund activity. 243,111

Internal service funds are used by management to charge the costs of certain activities, such as equipment management and self-insurance, to individual funds. The net revenues (expenses) of the internal service funds is reported with governmental activities. (1,438,970)

Change in net position of governmental activities \$ 7,108,102

CITY OF DOWNEY

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 JUNE 30, 2015

| | Business-Type Activities - Enterprise Funds | | | Governmental |
|---|---|----------------------|----------------------|--|
| | Water Fund | Golf Fund | Totals | Activities- Internal Service Funds |
| Assets and Deferred Outflows of Resources: | | | | |
| Assets: | | | | |
| Current: | | | | |
| Cash and investments | \$ 10,807,983 | \$ - | \$ 10,807,983 | \$ 30,991,755 |
| Receivables: | | | | |
| Accounts | 3,010,408 | 77,756 | 3,088,164 | 1,870 |
| Due from other governments | 1,000 | - | 1,000 | - |
| Inventories | 162,920 | - | 162,920 | 93,286 |
| Advance to Successor Agency | - | - | - | 1,523,225 |
| Restricted: | | | | |
| Cash and investments | 1,513,970 | - | 1,513,970 | - |
| Cash with fiscal agent | - | 2,128,128 | 2,128,128 | 929,259 |
| Total Current Assets | 15,496,281 | 2,205,884 | 17,702,165 | 33,539,395 |
| Noncurrent: | | | | |
| Capital assets - net of accumulated depreciation | 24,004,137 | 14,486,248 | 38,490,385 | 5,853,886 |
| Total Noncurrent Assets | 24,004,137 | 14,486,248 | 38,490,385 | 5,853,886 |
| Total Assets | \$ 39,500,418 | \$ 16,692,132 | \$ 56,192,550 | \$ 39,393,281 |
| Deferred Outflows of Resources: | | | | |
| Deferred pension related items | 415,774 | 9,080 | 424,854 | 82,609 |
| Total Deferred Outflows of Resources | \$ 415,774 | \$ 9,080 | \$ 424,854 | \$ 82,609 |
| Total Assets and Deferred Outflows of Resources | \$ 39,916,192 | \$ 16,701,212 | \$ 56,617,404 | \$ 39,475,890 |
| Liabilities, Deferred Inflows of Resources, and Net Position: | | | | |
| Liabilities: | | | | |
| Current: | | | | |
| Accounts payable | \$ 1,280,163 | \$ 196,801 | \$ 1,476,964 | \$ 289,154 |
| Accrued liabilities | 141,591 | 2,989 | 144,580 | 24,658 |
| Accrued interest | - | 88,814 | 88,814 | 28,999 |
| Deposits payable | 91,505 | 122,850 | 214,355 | - |
| Due to other funds | - | 43,194 | 43,194 | 636,139 |
| Accrued compensated absences | 230,295 | 8,834 | 239,129 | 4,458,651 |
| Accrued claims payable | - | - | - | 880,048 |
| Bonds, notes, and capital leases | - | 395,000 | 395,000 | 339,020 |
| Total Current Liabilities | 1,743,554 | 858,482 | 2,602,036 | 6,656,669 |
| Noncurrent: | | | | |
| Accrued compensated absences | 417,426 | 16,175 | 433,601 | 8,144,340 |
| Accrued claims payable | - | - | - | 6,495,370 |
| Bonds, notes, and capital leases | - | 5,480,000 | 5,480,000 | 652,926 |
| Net pension liability | 4,650,635 | 139,610 | 4,790,245 | 1,005,304 |
| Total Noncurrent Liabilities | 5,068,061 | 5,635,785 | 10,703,846 | 16,297,940 |
| Total Liabilities | 6,811,615 | 6,494,267 | 13,305,882 | 22,954,609 |
| Deferred Inflows of Resources: | | | | |
| Deferred pension related items | 948,528 | 28,474 | 977,002 | 205,038 |
| Total Deferred Inflows of Resources | 948,528 | 28,474 | 977,002 | 205,038 |
| Net Position: | | | | |
| Net investment in capital assets | 24,004,137 | 10,739,376 | 34,743,513 | 4,861,940 |
| Restricted for debt service | - | 469,039 | 469,039 | 1,400,203 |
| Unrestricted | 8,151,912 | (1,029,944) | 7,121,968 | 10,054,100 |
| Total Net Position | 32,156,049 | 10,178,471 | 42,334,520 | 16,316,243 |
| Total Liabilities, Deferred Inflows of Resources, and Net Position | \$ 39,916,192 | \$ 16,701,212 | \$ 56,617,404 | \$ 39,475,890 |

Reconciliation of Net Position to the Statement of Net Position

| | |
|---|---------------|
| Net Position per Statement of Net Position - Proprietary Funds | \$ 42,334,520 |
| Prior years' accumulated adjustment to reflect the consolidation of internal service funds activities related to the enterprise funds | (5,888,557) |
| Current years' adjustments to reflect the consolidation of internal service activities related to enterprise funds | (149,417) |

CITY OF DOWNEY

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2015

| | Business-Type Activities - Enterprise Funds | | | Governmental |
|--|---|----------------------|----------------------|--|
| | Water Fund | Golf Fund | Totals | Activities- Internal Service Funds |
| Operating Revenues: | | | | |
| Sales and service charges | \$ 17,399,373 | \$ 2,762,769 | \$ 20,162,142 | \$ - |
| Interdepartmental charges | - | - | - | 3,220,239 |
| Miscellaneous | 2,289,133 | - | 2,289,133 | 3,827 |
| Total Operating Revenues | 19,688,506 | 2,762,769 | 22,451,275 | 3,224,066 |
| Operating Expenses: | | | | |
| Purchased water | 4,412,638 | - | 4,412,638 | - |
| Maintenance and operations | 3,385,869 | 2,537,261 | 5,923,130 | 2,404,030 |
| General and administrative | 3,723,118 | - | 3,723,118 | 104,405 |
| Employee benefits | 37,137 | - | 37,137 | 2,014,121 |
| Depreciation expense | 672,663 | 406,539 | 1,079,202 | 1,438,203 |
| Total Operating Expenses | 12,231,425 | 2,943,800 | 15,175,225 | 5,960,759 |
| Operating Income (Loss) | 7,457,081 | (181,031) | 7,276,050 | (2,736,693) |
| Nonoperating Revenues (Expenses): | | | | |
| Interest revenue | 204,485 | 253,296 | 457,781 | 136,124 |
| Interest expense | - | (218,585) | (218,585) | (13,107) |
| Gain (loss) on disposal of capital assets | - | 2,750 | 2,750 | 25,289 |
| Total Nonoperating Revenues (Expenses) | 204,485 | 37,461 | 241,946 | 148,306 |
| Income (Loss) Before Transfers | 7,661,566 | (143,570) | 7,517,996 | (2,588,387) |
| Transfers in | - | - | - | 1,000,000 |
| Transfers out | (1,235,000) | (542,176) | (1,777,176) | - |
| Changes in Net Position | 6,426,566 | (685,746) | 5,740,820 | (1,588,387) |
| Net Position: | | | | |
| Beginning of Year, as previously reported | 30,989,261 | 11,265,814 | 42,255,075 | 15,701,293 |
| Restatements | (5,259,778) | (401,597) | (5,661,375) | 2,203,337 |
| Beginning of Fiscal Year, as restated | 25,729,483 | 10,864,217 | 36,593,700 | 17,904,630 |
| End of Fiscal Year | \$ 32,156,049 | \$ 10,178,471 | \$ 42,334,520 | \$ 16,316,243 |
| Reconciliation of Changes in Net Position to the Statement of Activities: | | | | |
| Changes in Net Position, per the Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Funds | | | \$ 5,740,820 | |
| Adjustment to reflect the consolidation of current fiscal year internal service funds activities related to enterprise funds | | | (149,417) | |
| Changes in Net Position of Business-Type Activities per Statement of Activities | | | \$ 5,591,403 | |

CITY OF DOWNEY

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2015

| | <u>Business-Type Activities - Enterprise Funds</u> | | | <u>Governmental Activities- Internal Service Funds</u> |
|---|--|---------------------|----------------------|--|
| | <u>Water Fund</u> | <u>Golf Fund</u> | <u>Totals</u> | |
| Cash Flows from Operating Activities: | | | | |
| Cash received from customers and users | \$ 20,136,658 | \$ 2,696,716 | \$ 22,833,374 | \$ 3,236,281 |
| Cash paid to suppliers for goods and services | (8,363,668) | (2,471,135) | (10,834,803) | (2,480,010) |
| Cash paid to employees for services | (3,741,674) | (59,500) | (3,801,174) | (1,506,673) |
| Cash received from (payments to) others | - | - | - | (448,632) |
| Net Cash Provided (Used) by Operating Activities | 8,031,316 | 166,081 | 8,197,397 | (1,199,034) |
| Cash Flows from Non-Capital Financing Activities: | | | | |
| Cash transfers in | (1,235,000) | (542,176) | (1,777,176) | 1,000,000 |
| Net Cash Provided (Used) by Non-Capital Financing Activities | (1,235,000) | (542,176) | (1,777,176) | 1,636,139 |
| Cash Flows from Capital and Related Financing Activities: | | | | |
| Acquisition and construction of capital assets | (2,862,698) | (161,209) | (3,023,907) | (1,426,157) |
| Principal paid on capital debt | - | (475,000) | (475,000) | (226,435) |
| Interest paid on capital debt | - | (89,669) | (89,669) | (19,699) |
| Proceeds from sales of capital assets | - | 27,587 | 27,587 | 20,232 |
| Net Cash Provided (Used) by Capital and Related Financing Activities | (2,862,698) | (698,291) | (3,560,989) | (1,652,059) |
| Cash Flows from Investing Activities: | | | | |
| Interest received | 204,485 | 253,296 | 457,781 | 136,123 |
| Net Cash Provided (Used) by Investing Activities | 204,485 | 253,296 | 457,781 | 136,123 |
| Net Increase (Decrease) in Cash and Cash Equivalents | 4,138,103 | (821,090) | 3,317,013 | (1,078,831) |
| Cash and Cash Equivalents at Beginning of Year | 8,183,850 | 2,949,218 | 11,133,068 | 32,999,845 |
| Cash and Cash Equivalents at End of Year | \$ 12,321,953 | \$ 2,128,128 | \$ 14,450,081 | \$ 31,921,014 |
| Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities: | | | | |
| Operating income (loss) | \$ 7,457,081 | \$ (181,031) | \$ 7,276,050 | \$ (2,736,693) |
| Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities: | | | | |
| Depreciation | 672,663 | 406,539 | 1,079,202 | 1,438,203 |
| Gain on sale of capital assets | - | 2,750 | 2,750 | 25,289 |
| (Increase) decrease in accounts receivable | 508,215 | (77,596) | 430,619 | 6,879 |
| (Increase) decrease in due from other governments | 232 | - | 232 | 5,336 |
| (Increase) decrease in inventories | (54,297) | 32,805 | (21,492) | 10,239 |
| (Increase) decrease in Advances to Successor Agency | - | - | - | 76,775 |
| (Increase) decrease in deferred pension related outflows | (415,774) | (9,080) | (424,854) | (82,609) |
| Increase (decrease) in accounts payable | (510,864) | (32,474) | (543,338) | (111,508) |
| Increase (decrease) in accrued liabilities | 62,096 | 1,176 | 63,272 | 8,157 |
| Increase (decrease) in deposits payable | (60,295) | 11,543 | (48,752) | - |
| Increase (decrease) in claims payable | - | - | - | (525,407) |
| Increase (decrease) in compensated absences | 32,874 | 1,261 | 34,135 | 612,942 |
| Increase (decrease) in net pension liability | (609,143) | (18,286) | (627,429) | (131,675) |
| Increase (decrease) in deferred pension related inflows | 948,528 | 28,474 | 977,002 | 205,038 |
| Total Adjustments | 574,235 | 347,112 | 921,347 | 1,537,659 |
| Net Cash Provided (Used) by Operating Activities | \$ 8,031,316 | \$ 166,081 | \$ 8,197,397 | \$ (1,199,034) |
| Non-Cash Investing, Capital, and Financing Activities: | | | | |
| Amortization of bond premium | \$ - | \$ - | \$ - | \$ 7,109 |
| Gain on sale of capital assets | - | 2,750 | 2,750 | 25,289 |
| Prior period restatement related to net pension liability | 5,259,778 | 157,896 | 5,417,674 | 1,136,979 |

See Notes to Financial Statements

CITY OF DOWNEY

STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 JUNE 30, 2015

| | <u>Agency Funds</u> | <u>Private- Purpose Trust Fund</u> |
|---|-------------------------|--|
| Assets: | | |
| Pooled cash and investments | \$ 3,457,723 | \$ 2,118,295 |
| Receivables: | | |
| Accounts | 1,696,204 | - |
| Taxes | 2,326 | - |
| Accrued interest | 305 | - |
| Due from other governments | 343,414 | - |
| Cash and investments with fiscal agents | - | 662,817 |
| Total Assets | <u>5,499,972</u> | <u>2,781,112</u> |
| Liabilities: | | |
| Accounts payable | 818,088 | - |
| Accrued liabilities | 342,284 | - |
| Accrued interest | - | 147,130 |
| Deposits payable | 3,994,859 | 2,500 |
| Due to other governments | 344,741 | - |
| Long-term liabilities: | | |
| Due in one year | - | 320,000 |
| Due in more than one year | - | 29,754,420 |
| Advances from the City | - | 10,972,759 |
| Total Liabilities | <u>\$ 5,499,972</u> | <u>41,196,809</u> |
| Net Position: | | |
| Held in trust for other purposes | | <u>(38,415,697)</u> |
| Total Net Position | | <u>\$ (38,415,697)</u> |

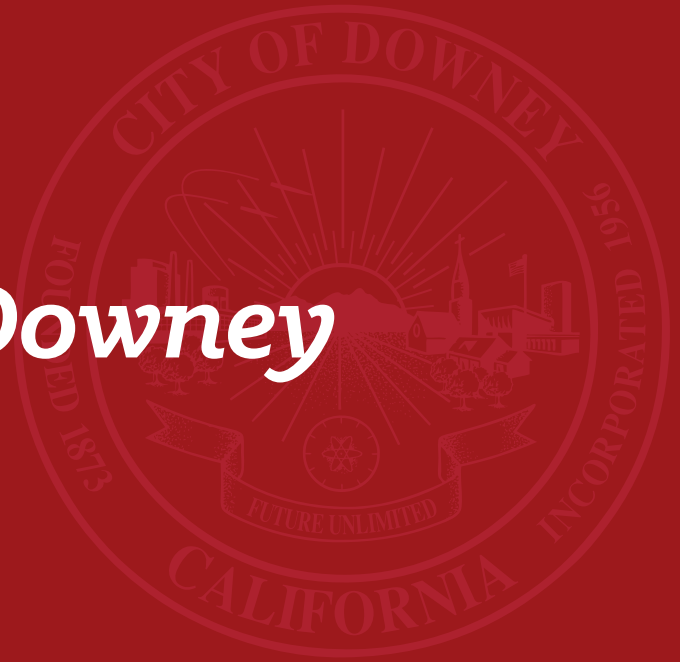
CITY OF DOWNEY

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 YEAR ENDED JUNE 30, 2015

| | <u>Private- Purpose Trust Fund</u> |
|---|--|
| Additions: | |
| Taxes | \$ 883,598 |
| Interest and change in fair value of investments | 5,649 |
| Miscellaneous | <u>38,916</u> |
| Total Additions | <u>928,163</u> |
| Deductions: | |
| Benefits | 25,000 |
| Interest expense | 1,901,532 |
| Administrative expenses | <u>250,000</u> |
| Total Deductions | <u>2,176,532</u> |
| Extraordinary loss (Transferred to City's capital assets) | (2,858,295) |
| Changes in Net Position | (4,106,664) |
| Net Position - Beginning of the Year | <u>(34,309,033)</u> |
| Net Position - End of the Year | <u><u>\$ (38,415,697)</u></u> |



City of *Downey*



Notes to Basic Financial Statements

I. SIGNIFICANT ACCOUNTING POLICIES

Note 1: Organization and Summary of Significant Accounting Policies

a. Description of Entity

The basic financial statements of the City of Downey (the City) include the activities of the City of Downey Public Facilities Financing Corporation (the Corporation) and the City of Downey Housing Authority (the Housing Authority).

The *City of Downey* was incorporated in 1956 under the General Laws of the State of California and became a charter City in 1964. The City operates under a Council-Manager form of government governed by a five-member council and provides the following services: public safety (police, fire, paramedic and ambulance), highways and streets, parks and recreation, public improvements, planning and zoning, and general administrative services.

The criteria used in determining the scope of the reporting entity are based on the provisions of the Governmental Accounting Standards Board (GASB). The City of Downey is the primary government unit. Component units are those entities which are financially accountable to the primary government, either because the City appoints a voting majority of the component unit's board, or because the component unit will provide a financial benefit or impose a financial burden on the City. The City has accounted for the Corporation and Housing Authority as "blended" component units. Despite being legally separate, these entities are so intertwined with the City that they are, in substance, part of the City's operations. Accordingly, these basic financial statements present the City and its component units, the City of Downey Public Facilities Financing Corporation and the City of Downey Housing Authority. Each blended component unit has a June 30 year end.

The *City of Downey Public Facilities Financing Corporation*, formerly known as *City of Downey Civic Center Corporation*, is a non-profit corporation organized June 1, 1981 for the purpose of assisting, through the issuance of revenue bonds, the financing necessary to construct public buildings and facilities for the City. The activities of the Corporation are reported in the proprietary fund financial statements as part of the golf enterprise fund. The Corporation prepares separate Basic Financial Statements and a copy can be obtained from the City's Finance Department.

The *City of Downey Water Facilities Corporation* is a non-profit corporation, organized for the purpose of assisting, through the issuance of leasehold mortgage bonds, the financing necessary to acquire and/or construct a water supply and distribution system for the City. The Corporation has no assets and liabilities and during the fiscal year had no activity.

The *City of Downey Housing Authority* was established by the City Council on October 22, 1974, and is responsible for the administration of providing affordable housing in the City. The Housing Authority provides services entirely to the City and is governed by a five-member Board of Director which consists of members of the City Council. The City has operational responsibility over the Housing Authority. The Housing Authority's financial transactions are reported in the Special Revenue Funds. The Housing Authority does not prepare separate Basic Financial Statements.

Note 1: Organization and Summary of Significant Accounting Policies (Continued)

b. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government (including its blended component units) is reported separately from discretely presented component units for which the primary government is financially accountable. The City has no discretely presented component units.

Certain eliminations have been made as prescribed by the GASB in regard to interfund activities, payables and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities, internal service fund transactions have been eliminated; however, those transactions between governmental and business-type activities have not been eliminated.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

The underlying accounting system of the City is organized and operated on the basis of separate funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Separate financial statements for the City's governmental, proprietary, and fiduciary funds are presented after the government-wide financial statements. These statements display information about major funds individually and other funds in the aggregate for governmental and enterprise funds. Fiduciary statements, even though excluded from the government-wide financial statements, include financial information that represent the private purpose trust fund and agency funds.

c. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary and private purpose trust fund financial statements. Under the economic resources measurement focus, all assets, deferred outflows of resources, liabilities and deferred

Note 1: Organization and Summary of Significant Accounting Policies (Continued)

inflows of resources (whether current or noncurrent) associated with their activity are included on their Statements of Net Position. Operating statements present increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations.

Nonexchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all the eligibility requirements have been satisfied. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the current financial resources measurement focus, only current assets and deferred outflows of resources and current liabilities and deferred inflows of resources are generally included on the balance sheets. The reported fund balance (net current assets) is considered to be a measure of "available spendable resources." Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period. Noncurrent portions of long-term receivables due to governmental funds are reported on their balance sheets in spite of their spending measurement focus. However, special reporting treatments are used to indicate that they should not be considered "available spendable resources" since they do not represent net current assets. Recognition of governmental fund type revenue represented by noncurrent receivables is reported as deferred inflows of resources.

Under the modified accrual basis of accounting, revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 90 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, except for principal and interest on general long-term liabilities, claims and judgments, and compensated absences which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term liabilities are reported as other financing sources.

Property taxes, franchise taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when the government receives cash.

Note 1: Organization and Summary of Significant Accounting Policies (Continued)

The City's Fiduciary Funds consists of the private purpose trust fund which is reported using the economic resources measurement focus and the agency funds which have no measurement focus, but utilizes the accrual basis for reporting its assets and liabilities.

d. Fund Classifications

The City reports the following major governmental funds:

- The General Fund is the general operating fund of the City. All general tax receipts and fee revenue not allocated by law, Council policy or contractual agreement to other funds are accounted for in the General Fund. General Fund expenditures include operations traditionally associated with activities, which are not required to be accounted for or paid by another fund.
- The Housing Authority Special Revenue Fund is used to account for revenues generated by housing assets received from former redevelopment agency and associated expenditures to be used for increasing or improving low and moderate income housing.
- The Gas Tax Special Revenue Fund is required by state law to account for gas taxes allocated by the State. The State levies various taxes on gasoline and other motor fuels, which are allocated among the State, cities and counties by formula.
- The HOME Special Revenue Fund is used to account for the operations of the HOME Investment Partnership Program. Major sources of revenues are repayments received on rehab loans.

The City reports the following major proprietary funds:

- The Water Enterprise Fund is used to account for the provision of water services to residential, commercial and industrial customers.
- The Golf Enterprise Fund is used to account for all revenues and expenses related to the City - operated golf course, driving range and clubhouse.

The City's fund structure also includes the following fund types:

- The Special Revenue Funds are used to account for proceeds of specific revenue sources that are legally restricted or otherwise designated for specific purposes.
- The Capital Projects Funds are used to account for financial resources used for the acquisition or construction of major capital facilities.
- The Internal Service Funds are used to account for the financing of special activities that provide services within the City. These activities include compensation and other employee benefits, and equipment purchase and maintenance.

Note 1: Organization and Summary of Significant Accounting Policies (Continued)

- The Private-Purpose Trust Fund is used to account for the activities of the Successor Agency to the Community Development Commission of the City of Downey.
- The Agency Funds are used to account for money and property held by the City as trustee, agent or custodian. Agency funds are custodial in nature and do not involve measurement of results of operations.

The City's fund structure also includes the following departmental classifications:

Operating expenditures of the City are classified by department. Departmental classifications are defined as follows:

- General Government Department includes the legislative, city clerk, city attorney, city manager, personnel, finance, purchasing, and information technology divisions.
- Public Safety Department includes police, fire and paramedic, and animal control operations.
- Public Works Department includes maintenance and engineering divisions.
- Community Services Department includes the recreation, theatre, social services, and the library divisions.
- Community Development Department includes planning, redevelopment and building safety divisions.

e. Cash and Investments

The City pools idle cash from all funds for purposes of increasing income through investment activities. Investments are stated at fair value (quoted market price or best available estimate thereof). The City intends to either hold the investments until maturity or until market values equal or exceed cost. Interest income on investments is allocated among funds on the basis of average monthly cash and investment balances (see Note 3).

f. Accounts Receivable

The City extends credit to customers in the normal course of operations. The City accounts for potential losses in accounts receivable utilizing the allowance method. Management evaluates all accounts receivable and if it is determined that they are uncollectible they are written off as a bad debt expense.

g. Inventories and Land Held for Resale

Inventories are valued at cost on a first-in first-out basis and are accounted for under the consumption method, whereby inventories are capitalized and recorded as expenditures as used. Water Enterprise Fund inventories consist primarily of water pipes, valves, and fittings. Inventories of fuel are recorded in the Equipment Internal Service Fund.

Land held for resale is valued at the lesser of cost, net realizable value or contracted sales price.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

Note 1: Organization and Summary of Significant Accounting Policies (Continued)

h. Capital Assets

Capital assets are recorded at cost where historical records are available and at an estimated original cost where no historical records exist. Contributed capital assets are valued at their estimated fair market value at the date of contribution. Generally, capital asset purchases in excess of \$500 are capitalized if they have an expected useful life of 1 year or more.

Capital assets include additions to public domain (infrastructure), certain improvements including pavement, curb and gutter, sidewalks, traffic control devices, streetlights, sewers, bridges and right-of-way corridors within the City. The City has valued and recorded all infrastructure asset data as of June 30, 2014.

Capital assets used in operations are depreciated over their estimated useful lives using the straight-line method in the Government-wide Financial Statements and in the Fund Financial Statements of the Enterprise Funds. Depreciation is charged as an expense against operations and accumulated depreciation is reported on the respective Statements of Net Position.

The lives used for depreciation purposes of each capital asset class are:

| | |
|---|----------------|
| Buildings..... | 50 years |
| Improvements other than buildings..... | 20 years |
| Water distribution lines..... | 50 years |
| Water tanks, meters, hydrants, and other equipment..... | 15 to 40 years |
| Vehicles..... | 3 to 15 years |
| Machinery and equipment..... | 5 to 10 years |
| Office furniture, computers and equipment..... | 10 years |
| Infrastructure..... | 20 to 50 years |

i. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has one item that qualifies for reporting in this category, the deferred outflow relating to the net pension obligation reported in the statements of net position. These outflows are the results of contributions made after the measurement period, which are expensed in the following year.

Note 1: Organization and Summary of Significant Accounting Policies (Continued)

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. The City has two types of items in this category. One arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenues, is reported only in the governmental fund balance sheet. The governmental funds report unavailable revenues from two sources: taxes and long-term notes receivable. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The second item is in relation to the net pension obligation reported in the statement of net position. These inflows are the results of net differences between projected and actual earnings on pension plan investments. Inflows from changes in net pension liability arise only under a full accrual basis of accounting, and are reported in the government-wide Statement of Net Position and proprietary funds.

j. Net Position Flow Assumptions

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

It is the City's practice to consider restricted - net position to have been depleted before unrestricted - net position is applied.

k. Compensated Absences

The City is obligated to pay all unused vacation to all employees. All vacation is accrued when incurred in the government-wide and proprietary fund financial statements. Governmental fund types recognize the vested vacation time as an expenditure in the current year to the extent it is paid during the year.

l. Claims and Judgments

Expenditures for claims and judgments are recognized when it is probable that the liability has been incurred at year-end and the amount of the loss can be reasonably estimated. Claims payable, which will be liquidated from current resources, are recorded in the General Fund and Internal Service Funds.

m. Pensions

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position and additions to/deductions from the 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. CalPERS audited financial statements are publicly available reports that can be obtained at CalPERS' website under Forms and Publications.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

Note 1: Organization and Summary of Significant Accounting Policies (Continued)

GASB 68 requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date (VD): June 30, 2013

Measurement Date (MD): June 30, 2014

Measurement Period (MP): July 1, 2013 to June 30, 2014

n. Statement of Cash Flows

A substantial portion of the City's investments are in short-term, highly liquid instruments, with original maturities of three months or less (excluding fiscal agent investments). The Enterprise and Internal Service Funds participate in the pooling of City-wide cash and investments. Amounts from the pool are available to these funds on demand. As a result, the cash and investments for the Enterprise and Internal Services Funds are considered to be cash and cash equivalents for the statement of cash flows purposes.

o. 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 expenditures during the reporting period. Specifically, the City has made certain estimates and assumptions relating to the collectability of its accounts and notes receivable, depreciation of capital assets, amounts due from other funds and amounts advanced to other funds, the valuation of property held for resale, and the ultimate outcome of claims and judgments. Actual results could differ from those estimates and assumptions.

p. New Accounting Pronouncements

During the fiscal year ended June 30, 2015, the City implemented the following Governmental Accounting Standards Board (GASB) standards:

GASB Statement No. 68 – *Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement No. 27* will improve the decision-usefulness of information in employer and governmental nonemployer contributing entity financial reports and will enhance its value for assessing accountability and interperiod equity by requiring recognition of the entire net pension liability and a more comprehensive measure of pension expense. Decision-usefulness and accountability also will be enhanced through new note disclosures and required supplementary information. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2014. The City has conformed to GASB 68. Refer to Note 12 for net pension liability information and Note 19 for change in accounting principle restatement.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

Note 1: Organization and Summary of Significant Accounting Policies (Continued)

GASB Statement No. 69 – *Government Combinations and Disposals of Government Operations*. This statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. As used in this statement, the term *government combinations* includes a variety of transactions referred to as mergers, acquisitions, and transfers of operations. The provisions of GASB Statement No. 69 are effective for financial statements beginning after December 15, 2014. The implementation of this statement did not affect the financial statements.

GASB Statement No. 71 – *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. The provisions of GASB Statement No. 71 are effective for financial statements beginning after June 15, 2014. The City has conformed and implemented to GASB 71.

Note 2: Property Taxes

Prior to the beginning of the fiscal year, Los Angeles County, which administers property tax collections for the City of Downey, establishes the assessed valuation roll on January 1 and property taxes attach as an enforceable lien on that date. After the fiscal year has started on July 1, taxes are levied prior to September 1 and are payable in two installments on November 1 (delinquent December 10) and February 1 (delinquent April 10). Assessed valuation is computed at 100% of full cash value; however, due to the 2% annual increase limit per Article XIII-A of the State Constitution, the roll does not fully reflect cash value. Property is reassessed to full cash value when it is sold or otherwise transferred.

When property is sold after the normal January 1 lien date, a supplemental property tax is levied representing the difference between the tax levy based on the property value as of January 1 and the tax based on the new value.

Note 3: Cash and Investments

As of June 30, 2015, cash and investments were reported in the accompanying financial statements as follows:

| | Government Wide Statement of Net Position | Fiduciary Funds Statement of Net Position | Total |
|---|--|--|--------------------------|
| Cash and investments | \$ 75,283,639 | \$ 5,576,018 | \$ 80,859,657 |
| Restricted cash and investments | 1,513,970 | - | 1,513,970 |
| Cash and investments with fiscal agents | 8,052,321 | 662,817 | 8,715,138 |
| Total Cash and Investments | <u>\$ 84,849,930</u> | <u>\$ 6,238,835</u> | <u>\$ 91,088,765</u> |

CITY OF DOWNEY

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015**

Note 3: Cash and Investments (Continued)

As of June 30, 2015, cash and investments consisted of the following:

| | |
|----------------------------|-----------------------------|
| Demand accounts | \$ 16,685,404 |
| Petty cash | 5,130 |
| Investments | <u>74,398,231</u> |
| Total Cash and Investments | <u><u>\$ 91,088,765</u></u> |

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

The table below identifies the investment types that are authorized for the City by the California Government Code (or the City's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the City's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustees that are governed by the provisions of debt agreements of the City, rather than the general provisions of the California Government Code or the City's investment policy.

| Authorized Investment Type | Maximum Maturity | Maximum Percentage Allowed | Maximum Investment in One Issuer |
|--|------------------|----------------------------|----------------------------------|
| United States Treasury Bills, Bonds and Notes | 5 years | None | None |
| United States Government Sponsored Agency Securities | 5 years | None | None |
| Small Business Administration Loans | 5 years | None | None |
| California Local Agency Obligations | 5 years | None | None |
| Certificates of Deposits (or Time Deposits) | 5 years | None | None |
| Negotiable Certificates of Deposits | 5 years | 30% | None |
| Medium-Term Corporate Notes | 5 years | 30% | None |
| Bankers' Acceptances | 180 days | 20% | 10% |
| Commercial Paper | 270 days | 15% | 10% |
| Repurchase Agreements | 30 days | None | None |
| Municipal Bonds | 5 years | None | None |
| Local Agency Investment Funds (LAIF) | N/A | None | None |
| Money Market Mutual Funds | N/A | None | None |

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

Note 3: Cash and Investments (Continued)

Investments Authorized by Debt Agreements

Investment of debt proceeds held by bond trustee are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the City's investment policy. Investments authorized for funds held by bond trustee include, United States Treasury Obligations, United States Government Sponsored Agency Securities, Certificates of Deposits, Commercial Paper, Local Agency Bonds, Bankers' Acceptances, Money Market Mutual Funds, Investment Agreements and any other investments permitted by bond insurer. There were no limitations on the maximum amount that can be invested in one issuer, maximum percentage allowed or the maximum maturity of an investment, except for the maturity of Bankers' Acceptance and Certificates of Deposits which are limited to one year and 270 days, respectively.

Disclosures Relating to 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 greater 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.

Information about the sensitivity of the fair values of the City's investments (including investments held by bond trustee) to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity:

| | Investment Maturities (in Months) | | | |
|----------------------------------|-----------------------------------|----------------------|----------------------|----------------------|
| | 12 months or less | 13 - 36 Months | 36 - 60 Months | Total |
| Investments: | | | | |
| Local Agency Investment Fund | \$ 9,729,216 | \$ - | \$ - | \$ 9,729,216 |
| Federal Farm Credit Bank | - | 8,315,152 | 999,810 | 9,314,962 |
| Federal Home Loan Bank | - | 2,003,700 | 5,504,760 | 7,508,460 |
| Federal Home Loan Mortgage Corp. | - | 6,253,663 | - | 6,253,663 |
| Federal National Mortgage Assoc. | - | 8,976,120 | 1,993,840 | 10,969,960 |
| Federal National Mortgage Assoc. | - | 1,001,210 | - | 1,001,210 |
| Medium-term Corporation Notes | 2,226,586 | 6,584,131 | 4,365,778 | 13,176,495 |
| Money Market Mutual Funds | 68,265 | - | - | 68,265 |
| Held by Bond Trustee | | | | |
| Money Market Mutual Funds | 16,376,000 | - | - | 16,376,000 |
| | <u>\$ 28,400,067</u> | <u>\$ 33,133,976</u> | <u>\$ 12,864,188</u> | <u>\$ 74,398,231</u> |

Disclosures Relating to 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. Presented below is the minimum rating required, at the time of purchase, by (where applicable) the California Government Code, the City's investment policy, or debt agreements, and the actual rating, as reported by Standard and Poor's, as of yearend for each investment type:

CITY OF DOWNEY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2015

Note 3: Cash and Investments (Continued)

| | Total as of June 30, 2015 | Minimum Legal Rating | AAA | AA+ | AA | Unrated |
|---|------------------------------|----------------------------|----------------------|----------------------|----------------------|---------------------|
| Investments: | | | | | | |
| United States Government Sponsored Agency Securities | | | | | | |
| FFCB | \$ 9,314,962 | N/A | \$ - | \$ 9,314,962 | \$ - | \$ - |
| FHLB | 7,508,460 | N/A | - | 7,508,460 | - | - |
| FHLMC | 6,253,663 | N/A | - | 6,253,663 | - | - |
| FNMA | 10,969,960 | N/A | - | 10,969,960 | - | - |
| FAMC | 1,001,210 | | - | 1,001,210 | - | - |
| Medium-Term Corporate Notes | 13,176,495 | A | - | - | 13,176,495 | - |
| Local Agency Investment Fund | 9,729,216 | N/A | - | - | - | 9,729,216 |
| Money Market Mutual Funds | 68,265 | A | 68,265 | - | - | - |
| Held by Bond Trustee | | | | | | |
| Money Market Mutual Funds | 16,376,000 | A | 16,376,000 | - | - | - |
| | <u>\$ 74,398,231</u> | | <u>\$ 16,444,265</u> | <u>\$ 35,048,255</u> | <u>\$ 13,176,495</u> | <u>\$ 9,729,216</u> |

N/A - Not Applicable

Concentration of Credit Risk

The investment policy of the City contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. Investments in any one issuer that represent 5% or more of total City's investments (excluding held by trustees) are as follows:

| Issuer | Investment Type | Reported Amount | Percent of Investment |
|--|---|--------------------|--------------------------|
| Federal Farm Credit Bank | United States Government Sponsored Agency Securities | \$ 9,314,962 | 12.52% |
| Federal Home Loan Bank | United States Government Sponsored Agency Securities | 7,508,460 | 10.09% |
| Federal Home Loan Mortgage Corp. | United States Government Sponsored Agency Securities | 6,253,663 | 8.41% |
| Federal National Mortgage Association | United States Government Sponsored Agency Securities | 10,969,960 | 14.75% |

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

Note 3: Cash and Investments (Continued)

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government 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 and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

At June 30, 2015, the City deposits (bank balances) were all insured by the Federal Deposit Insurance Corporation or collateralized.

Investment in State Investment Pool

The City is a voluntary 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 fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

Note 4: Interfund Receivables/Payables and Transfers

As of June 30, 2015, amounts due from/to other funds were as follows:

| Due to Other Funds | Due from Other Funds | | Total |
|-------------------------------|----------------------|-----------------------|---------------------|
| | General | Nonmajor governmental | |
| <i>Governmental funds:</i> | | | |
| General | \$ - | \$ 31,583 | \$ 31,583 |
| Gas Tax | 3,011,191 | - | 3,011,191 |
| Other nonmajor governmental | 1,069,795 | 101,304 | 1,171,099 |
| <i>Enterprise fund:</i> | | | |
| Golf | 43,194 | - | 43,194 |
| <i>Internal service fund:</i> | | | |
| Employee Benefits | 14,600 | - | 14,600 |
| Equipment | 621,539 | - | 621,539 |
| Total | <u>\$ 4,760,319</u> | <u>\$ 132,887</u> | <u>\$ 4,893,206</u> |

CITY OF DOWNEY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2015

Note 4: Interfund Receivables/Payables and Transfers (Continued)

The amounts loaned by the General Fund to the Other Governmental Funds were to provide short-term loans to fund operations of the various funds.

Interfund transfers at June 30, 2015, consisted of the following:

| Transfers Out | Transfers In | Amount |
|--------------------------|--------------------------|---------------|
| General Fund | Other Governmental Funds | \$ 4,046,990 |
| | Internal Service Funds | 1,000,000 |
| Gas Tax Fund | General Fund | 1,556,535 |
| | Other Governmental Funds | 522,500 |
| Other Governmental Funds | General Fund | 94,232 |
| | Other Governmental Funds | 1,120,904 |
| Water Enterprise Fund | General Fund | 700,000 |
| | Other Governmental Funds | 535,000 |
| Golf Enterprise Fund | General Fund | 542,176 |
| | | \$ 10,118,337 |

The General Fund transferred \$4,046,990 to Other Governmental Funds to provide for capital expenditures and subsidize for various grant and project operations.

The Gas Tax Fund transferred \$1,556,535 and \$522,500 to the General fund and Other non-major Governmental Funds, respectively, for various street projects.

Other governmental funds transferred \$1,120,904 to Other Governmental Funds for various street and related program expenditures.

The Water and Golf Enterprise Funds transferred \$700,000 and \$542,176 to the General Fund, respectively, to reimburse the General Fund for certain program, administrative and overhead expenditures. The Water Enterprise Fund transferred \$535,000 to Other Governmental Funds to provide funding for capital expenditures.

CITY OF DOWNEY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

Note 5: Advances Receivable from Successor Agency

As of June 30, 2015, amounts advanced to the Successor Agency were as follows:

| | |
|--|----------------------|
| Advances from General Fund | \$ 7,575,408 |
| Advances from Housing Authority Special Revenue Fund | 1,874,126 |
| Advances from Employee Benefits | <u>1,523,225</u> |
| | <u>\$ 10,972,759</u> |

The advances from the General Fund, Housing Authority Special Revenue Fund and Employee Benefits Internal Service Fund to the Successor Agency are to provide for operations of the Successor Agency. The collectability of the balance is subject to the approval of the Department of Finance. See Note 18 for additional information.

Note 6: Land Held for Resale

As of June 30, 2015, the Housing Authority has a property for redevelopment purposes for resale to developers at a capitalized cost of \$1,393,150.

Note 7: Loans Receivable

The City has provided deferred-payment rehabilitation loans to qualifying low-income households in connection with the CDBG, Home Investment Partnership and Housing Authority housing rehabilitation programs. Due to the long-term nature of the loans, the City has recorded unavailable revenue as an offset to loans receivable which totaled \$13,842,238 at June 30, 2015.

Note 8: Deferred Compensation Plan

The City has adopted a deferred compensation plan in accordance with Internal Revenue Code 457 for its eligible employees wherein they may execute an individual agreement with the City for amounts earned by them to be paid at a future date when certain circumstances are met. These circumstances are termination by reason of death, disability, resignation or retirement, or unforeseeable emergency.

The plan permits all city employees to defer a portion of their salaries until future years. Amounts accumulated under the plan have been invested by third party operators at the direction of the employee.

Pursuant to changes in August 1996 of IRC Section 457, the City formally established a trust in which it placed the 457 Plan assets and income. The assets, all property and rights purchased with such amounts, and all income attributable to such amounts, property, or rights are held in trust for the exclusive benefit of all participants and their beneficiaries. These assets are not the property of the City, and as such are not subject to the claims of the City's general creditors. As a result, these 457 plan assets are not reported in the City's comprehensive annual financial report.

CITY OF DOWNEY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2015

Note 9: Capital Assets

A summary of changes in the Governmental Activities capital assets as of June 30, 2015, is as follows:

| | Balances at June 30, 2014 | Adjustments | Transfer from Transit Fund | Adjusted Beginning Balance | Transfers of CIP | Additions | Deletions | Balances at June 30, 2015 |
|---|------------------------------|-------------|-------------------------------|----------------------------------|---------------------|-----------------------------|-----------|------------------------------|
| Governmental Activities: | | | | | | | | |
| Capital assets, not being depreciated: | | | | | | | | |
| Land and improvements | \$ 21,373,816 | \$ - | \$ 2,163,881 | \$ 23,537,697 | \$ - | \$ 2,858,295 ⁽¹⁾ | \$ - | \$ 26,395,992 |
| Projects-in-progress | 9,928,792 | 1,277,614 | 4,615,710 | 15,822,116 | (4,735,645) | 13,264,411 | - | 24,350,882 |
| Total Capital Assets, Not Being Depreciated | 31,302,608 | 1,277,614 | 6,779,591 | 39,359,813 | (4,735,645) | 16,122,706 | - | 50,746,874 |
| Capital assets, being depreciated: | | | | | | | | |
| Buildings | 37,303,621 | - | 2,973,321 | 40,276,942 | - | - | - | 40,276,942 |
| Land Improvements | 22,068,053 | - | 277,067 | 22,345,120 | 1,062,848 | - | 167,533 | 23,240,435 |
| Equipment | 24,909,796 | (356,060) | 967,383 | 25,521,119 | - | 1,426,157 | 982,856 | 25,964,420 |
| Furniture and fixtures | 298,993 | - | - | 298,993 | - | - | - | 298,993 |
| Infrastructure | 290,057,177 | - | - | 290,057,177 | 3,672,797 | - | - | 293,729,974 |
| Total Capital Assets, Being Depreciated | 374,637,640 | (356,060) | 4,217,771 | 378,499,351 | 4,735,645 | 1,426,157 | 1,150,389 | 383,510,764 |
| Less accumulated depreciation: | | | | | | | | |
| Buildings | 17,230,685 | - | 757,760 | 17,988,445 | - | 746,072 | - | 18,734,517 |
| Land Improvements | 8,483,824 | - | 266,510 | 8,750,334 | - | 754,198 | 167,533 | 9,336,999 |
| Equipment | 19,192,691 | - | 906,445 | 20,099,136 | - | 1,445,307 | 962,623 | 20,581,820 |
| Furniture and fixtures | 257,543 | - | - | 257,543 | - | 41,315 | - | 298,858 |
| Infrastructure | 158,688,772 | - | - | 158,688,772 | - | 6,092,063 | - | 164,780,835 |
| Total Accumulated Depreciation | 203,853,515 | - | 1,930,715 | 205,784,230 | - | 9,078,955 | 1,130,156 | 213,733,029 |
| Total Capital Assets, Being Depreciated, Net | 170,784,125 | (356,060) | 2,287,056 | 172,715,121 | 4,735,645 | (7,652,798) | 20,233 | 169,777,735 |
| Governmental Activities Capital Assets, Net | \$ 202,086,733 | \$ 921,554 | \$ 9,066,647 | \$ 212,074,934 | \$ - | \$ 8,469,908 | \$ 20,233 | \$ 220,524,609 |

Refer to Note 14 for description of adjustments due to restatements and transfer from Transit Funds.

(1) There was an extraordinary gain recorded in governmental activities and a corresponding extraordinary loss in the Successor Agency for land transferred over per DOF review.

Governmental Activities depreciation expense, excluding infrastructure, was charged to functions/programs of the primary government as follows:

| | |
|--|---------------------|
| General Government | \$ 431,640 |
| Public Safety | 5,633,726 |
| Community Development | 405,972 |
| Community Services | 650,949 |
| Public Works | 518,466 |
| Internal Service Funds | 1,438,202 |
| Total depreciation expense governmental activities | <u>\$ 9,078,955</u> |

CITY OF DOWNEY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2015

Note 9: Capital Assets (Continued)

A summary of changes in the Business-type Activities capital assets at June 30, 2015, is as follows:

| | WATER FUND | | | |
|--|-------------------------------------|------------------|------------------|-------------------------------------|
| | Balances at June 30,2014 | Additions | Deletions | Balances at June 30,2015 |
| <u>Business-type Activities:</u> | | | | |
| Capital assets, not being depreciated: | | | | |
| Land | \$ 8,271,537 | \$ - | \$ - | \$ 8,271,537 |
| Capital assets, being depreciated: | | | | |
| Buildings and improvements | 216,992 | 159,875 | - | 376,867 |
| Land Improvements | 65,097 | 174,662 | - | 239,759 |
| Furniture and fixtures | 323,633 | - | - | 323,633 |
| Machinery and equipment | 322,942 | 51,229 | - | 374,171 |
| Water supply and distribution system | 30,703,412 | 2,476,932 | - | 33,180,344 |
| Total Capital Assets, Being Depreciated | 31,632,076 | 2,862,698 | - | 34,494,774 |
| Less accumulated depreciation: | | | | |
| Buildings and improvements | 214,401 | 11,520 | - | 225,921 |
| Land Improvements | 6,510 | 23,976 | - | 30,486 |
| Furniture and fixtures | 244,784 | 3,500 | - | 248,284 |
| Machinery and equipment | 322,941 | 10,194 | - | 333,135 |
| Water supply and distribution system | 17,300,875 | 623,473 | - | 17,924,348 |
| Total Accumulated Depreciation | 18,089,511 | 672,663 | - | 18,762,174 |
| Total Capital Assets, Being Depreciated, Net | 13,542,565 | 2,190,035 | - | 15,732,600 |
| Water Fund Capital Assets, Net | \$ 21,814,102 | \$ 2,190,035 | \$ - | \$ 24,004,137 |

CITY OF DOWNEY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2015

Note 9: Capital Assets (Continued)

A summary of changes in the Business-type Activities capital assets as of June 30, 2015, is as follows:

| GOLF FUND | | | | |
|--|--------------------------------------|---------------------|------------------|--------------------------------------|
| | Balances at June 30, 2014 | Additions | Deletions | Balances at June 30, 2015 |
| Capital assets, being depreciated: | | | | |
| Land improvements | \$ 10,817,430 | \$ - | \$ - | \$ 10,817,430 |
| Buildings and improvements | 8,217,041 | - | - | 8,217,041 |
| Machinery and equipment | 572,106 | 161,209 | 145,426 | 587,889 |
| Total Capital Assets, Being Depreciated | 19,606,577 | 161,209 | 145,426 | 19,622,360 |
| Less accumulated depreciation: | | | | |
| Land improvements | 1,633,226 | 22,021 | - | 1,655,247 |
| Buildings and improvements | 2,857,925 | 293,595 | - | 3,151,520 |
| Machinery and equipment | 356,261 | 90,923 | 117,839 | 329,345 |
| Total Accumulated Depreciation | 4,847,412 | 406,539 | 117,839 | 5,136,112 |
| Golf Fund Capital Assets, Net | \$ 14,759,165 | \$ (245,330) | \$ 27,587 | \$ 14,486,248 |

Note 10: Long-Term Liabilities

Noted below is a summary of changes in long-term liabilities for the year ended June 30, 2015:

| | Balance June 30, 2014 | Adjustments* | Adjusted Balance June 30, 2014 | Additions | Reductions | Balance June 30, 2015 | Due Within One Year |
|---|--------------------------|---------------------|--------------------------------------|---------------------|---------------------|--------------------------|------------------------|
| Governmental Activities: | | | | | | | |
| Bonds payable | \$ 19,075,000 | \$ - | \$ 19,075,000 | \$ - | \$ 395,000 | \$ 18,680,000 | \$ 460,000 |
| Bond discount | (142,174) | - | (142,174) | - | (7,109) | (135,065) | - |
| Total Bonds | 18,932,826 | - | 18,932,826 | - | 387,891 | 18,544,935 | 460,000 |
| Capital lease payable | 1,319,506 | (101,125) | 1,218,381 | - | 226,435 | 991,946 | 339,020 |
| Loans from Federal Government | 12,573,490 | - | 12,573,490 | 633,241 | 250,000 | 12,956,731 | 668,070 |
| Compensated absences | 11,933,112 | 56,937 | 11,990,049 | 4,846,770 | 4,233,828 | 12,602,991 | 4,458,651 |
| Claims payable | 9,607,296 | - | 9,607,296 | 1,541,885 | 1,942,798 | 9,206,383 | 1,299,939 |
| Total governmental activities long-term liabilities | \$ 54,366,230 | \$ (44,188) | \$ 54,322,042 | \$ 7,021,896 | \$ 7,040,952 | \$ 54,302,986 | \$ 7,225,680 |
| Business-type Activities: | | | | | | | |
| Compensated absences | \$ 695,532 | \$ (56,937) | \$ 638,595 | \$ 261,130 | \$ 226,995 | \$ 672,730 | \$ 239,129 |
| Golf Course 2002 Certificates of Participation | 6,775,000 | (6,775,000) | - | - | - | - | - |
| Golf Course 2014 Certificates of Participation | - | 6,350,000 | 6,350,000 | - | 475,000 | 5,875,000 | 395,000 |
| Add deferred items: | | | | | | | |
| Bond premium | 8,455 | (8,455) | - | - | - | - | - |
| Total business-type activities long-term liabilities | \$ 7,478,987 | \$ (490,392) | \$ 6,988,595 | \$ 261,130 | \$ 701,995 | \$ 6,547,730 | \$ 634,129 |

CITY OF DOWNEY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2015

Note 10: Long-Term Liabilities (Continued)

Governmental Activities

Bonds Payable

2005 Pension Obligation Bonds

In June 2005, the City issued \$20,635,000 taxable pension obligation bonds. Bond proceeds were used to satisfy a portion of the City's requirement to amortize the unfunded actuarial accrued liability with respect to retirement benefits accruing to members of the City. The par amount of the bonds comprised of \$1,955,000 serial bonds and \$18,680,000 term bonds. Principal on serial bonds mature in amounts from \$90,000 to \$395,000, the interest at 4.030% to 4.775% through June 1, 2015. Principal on the term bonds mature on June 1, 2020, 2025 and 2034, the interest rate at 4.885% to 5.083%. The term bonds are subject to optional redemption prior to their maturity at the option of the City, in whole or in part on any date, at the redemption price equal to the lesser of (a) 100% of the principal amount on the term bonds to be redeemed; or (b) the sum of the present value of the remaining scheduled payments of the principal and interest to be redeemed.

The future debt service requirements on these bonds are as follows:

| <u>Year Ending June 30,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-----------------------------|----------------------|----------------------|----------------------|
| 2016 | \$ 460,000 | \$ 940,184 | \$ 1,400,184 |
| 2017 | 530,000 | 917,713 | 1,447,713 |
| 2018 | 600,000 | 891,822 | 1,491,822 |
| 2019 | 680,000 | 862,512 | 1,542,512 |
| 2020 | 760,000 | 829,294 | 1,589,294 |
| 2021-2025 | 4,745,000 | 3,483,101 | 8,228,101 |
| 2026-2030 | 4,965,000 | 2,315,052 | 7,280,052 |
| 2031-2034 | 5,940,000 | 787,103 | 6,727,103 |
| Total | <u>\$ 18,680,000</u> | <u>\$ 11,026,781</u> | <u>\$ 29,706,781</u> |

CITY OF DOWNEY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2015

Note 10: Long-Term Liabilities (Continued)

Capital Lease Payable

The future minimum lease obligations and the net present value of these minimum lease payments are as follows:

| <u>Year Ending June 30,</u> | <u>Governmental Activities</u> |
|---|------------------------------------|
| 2016 | \$ 376,695 |
| 2017 | 242,014 |
| 2018 | 209,310 |
| 2019 | 130,561 |
| 2020 | 130,561 |
| Total minimum lease payments | 1,089,141 |
| Less: amounts representing interest | 97,195 |
| Present value of minimum lease payments | <u>\$ 991,946</u> |

Loans from Federal Government

In 2004, the City received a Section 108 Loan from the United States Department of Housing and Urban Development. The loan was paid off in the current fiscal year.

In 2011, the City received a Section 108 Loan from the United States Department of Housing and Urban Development. The payment schedule as of June 30, 2015, is as follows:

| <u>Year Ending June 30,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-----------------------------|-------------------|-------------------|-------------------|
| 2016 | \$ - | \$ 18,768 | \$ 18,768 |
| 2017 | 81,000 | 18,274 | 99,274 |
| 2018 | 81,000 | 17,156 | 98,156 |
| 2019 | 81,000 | 15,815 | 96,815 |
| 2020 | 81,000 | 14,268 | 95,268 |
| 2021-2025 | 405,000 | 40,800 | 445,800 |
| 2026 | 81,000 | 1,219 | 82,219 |
| Total | <u>\$ 810,000</u> | <u>\$ 126,300</u> | <u>\$ 936,300</u> |

In addition, on April 21, 2000, the City purchased 67 acres of land from the federal government for which the City must pay \$14,897,223 on April 21, 2019. The City has recorded this transaction as a loan valued at \$12,146,731 as of June 30, 2015.

CITY OF DOWNEY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2015

Note 10: Long-Term Liabilities (Continued)

Compensated Absences

For the fiscal year ended June 30, 2015, compensated absences are as follows:

| | |
|---|----------------------|
| | <u>Total</u> |
| Amount reported in governmental activities | \$ 12,602,991 |
| Amount reported in business-type activities | 672,730 |
| | <u>\$ 13,275,721</u> |

The compensated absences are predominantly associated with the General fund.

Claims Payable (Self-Insurance)

The City has three types of claims it has to manage and account for. The City is a member of Independent Cities Risk Management Authority (ICRMA), an Authority that provides liability insurance for several California Cities, and employs independent claims administrators to accomplish this task. The two types of claims are workers' compensation and general liability. The self-insured retention and limits of insurance coverage (each occurrence or per employee, per year) for the respective claims are as follows:

| | | |
|-------------------------|-----------------------------------|--|
| | <u>Self-Insured Retention</u> | <u>Limit of Insurance Coverage</u> |
| Workers' Compensation | \$ 750,000 | \$ 50,000,000 |
| General Liability | 2,000,000 | 20,000,000 |
| Employee Health Benefit | 85,000 | 1,000,000 |

Changes in the workers' compensation, employee health benefits, and general liability outstanding claims liability for the fiscal year ended June 30, 2015, were as follows:

| | | | | |
|-------------------------|--|---|----------------------------------|--|
| | <u>Claims Payable Balance June 30,2014</u> | <u>Current Year Claims and Changes in Estimates</u> | <u>Current Year Payments</u> | <u>Claims Payable Balance June 30,2015</u> |
| General Liability | \$ 2,821,585 | \$ 1,995,414 | \$ 2,105,986 | \$ 2,711,013 |
| Workers' Compensation | 6,700,711 | 1,142,213 | 1,432,554 | 6,410,370 |
| Employee Health Benefit | 85,000 | - | - | 85,000 |

The amounts payable include Incurred but Not Reported (IBNR) claims. Payments are typically paid from General Fund and Employee Benefits Internal Service Fund. The various amounts are based on information provided by the City's claims administrators.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2015

Note 10: Long-Term Liabilities (Continued)

Business-type Activities

2002 Golf Course Certificates of Participation

The 2002 Certificates of Participation, consisting of \$7,045,000 serial certificates and \$2,865,000 of term certificates, were issued by the City of Downey Public Facilities Financing Corporation. The proceeds were used to refund in advance the 1970 and 1993 bond issues and for improvements to the facilities. Interest rates ranged from 3.0% to 5.02%. The City refunded the bonds with the 2014 Capital Lease Agreement in the prior year for which there is a restatement in the current year.

2014 Golf Course Capital Lease Agreement

The 2014 Capital Lease, consisting of \$6,350,000, were issued by the City of Downey to prepay the 2002 Lease Agreement and Certificates of Participation (Golf Course Financing). Principal payments are due August, the interest is due February and August of every year at a rate of 3.70% maturing in August 2026.

Future debt service requirements on these certificates are as follows:

| <u>Year Ending June 30,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-----------------------------|---------------------|---------------------|---------------------|
| 2016 | \$ 395,000 | \$ 210,068 | \$ 605,068 |
| 2017 | 410,000 | 195,175 | 605,175 |
| 2018 | 425,000 | 179,727 | 604,727 |
| 2019 | 445,000 | 163,633 | 608,633 |
| 2020 | 460,000 | 146,890 | 606,890 |
| 2020-2024 | 2,570,000 | 461,205 | 3,031,205 |
| 2025-2029 | 1,170,000 | 43,660 | 1,213,660 |
| Total | <u>\$ 5,875,000</u> | <u>\$ 1,400,358</u> | <u>\$ 7,275,358</u> |

Note 11: Governmental Fund Balance Classifications

The fund balances reported on the fund statements consist of the following categories:

Nonspendable Fund Balance - This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted Fund Balance - This classification includes amounts that can be spent only for specific purposes stipulated by constitution, external resource providers or through enabling legislation.

Committed Fund Balance - This classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The governing council is the highest level of decision-making authority for the government that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Note 11: Governmental Fund Balance Classifications (Continued)

Assigned Fund Balance - This classification includes amounts intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The governing council (council) has authorized the finance director to assign fund balance. The council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Unassigned Fund Balance - This classification includes the residual balance for the government's general fund and includes all spendable amounts not contained in other classifications. In other funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed or assigned.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available, the City's policy is to apply restricted fund balance first.

When an expenditure is incurred for purposes for which committed, assigned or unassigned fund balances are available, the City's policy is to apply committed fund balance first, then assigned fund balance, and finally unassigned fund balance.

Note 12: City Employee Retirement Plan

a. General Information about the Pension Plans

Plan Description

The City of Downey contributes to the State of California Public Employees Retirement System (CalPERS), which is an agent multiple-employer public employee defined benefit pension plan. All qualified permanent and probationary employees are eligible to participate in the City's separate Safety (police and fire) and Miscellaneous (all other) Plans administered by CalPERS, which acts as a common investment and administrative agent for its participating member employers. CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions and all other requirements are established by state statute and city ordinance. Copies of PERS' annual financial report may be obtained from their Executive Office - 400 P Street Sacramento, CA 95814, or downloaded from the website at www.calpers.ca.gov.

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 for non-duty disability benefits after 10 statutorily reduced benefits.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

Note 12: City Employee Retirement Plan (Continued)

The Plans' provisions and benefits in effect at June 30, 2015, are summarized as follows:

| | Miscellaneous agent plans | | Safety agent plans | |
|---|----------------------------------|-----------------------------|-----------------------------|-----------------------------|
| | Miscellaneous Classic | PEPRA Safety Police | Safety Classic | PEPRA Safety Police |
| Hire date | Prior to January 1, 2010 | January 1, 2013 and after | Prior to January 1, 2010 | January 1, 2013 and after |
| Benefit formula | 2% @ 55 | 2% @ 62 | 3% @ 50 | 2% @ 62 |
| Benefit vesting schedule | 5 years service | 5 years service | 5 years service | 5 years service |
| Benefit payments | monthly for life minimum 50 | monthly for life minimum 50 | monthly for life minimum 50 | monthly for life minimum 50 |
| Retirement age | yrs | yrs | yrs | yrs |
| | 15% - 90%, 50 | 50 yrs - 57+ | 15% - 90%, 50 | 50 yrs - 57+ |
| Monthly benefits, as a % of eligible compensation | yrs - 55+ yrs, respectively | yrs, respectively | yrs - 55+ yrs, respectively | yrs, respectively |
| Required employee contribution rates | 7.904% | 12% | 9.025% | 12% |
| Required employer contribution rates | 18.996% | 12% | 29.539% | 12% |

Note: There were no entrants in PEPRA as of June 30, 2013 therefore a GASB 68 and net pension liability could not be calculated.

Employees Covered

At June 30, 2015, the following employees were covered by the benefit terms for each Plan:

| | Miscellaneous | Safety |
|--|---------------|--------|
| Inactive employees or beneficiaries currently receiving benefits | 1,940 | 1,500 |
| Inactive employees entitled to but not yet receiving benefits | 976 | 204 |
| Active employees | 198 | 159 |
| Total | 3,114 | 1,863 |

The Miscellaneous and Safety Classic Plans are closed to new entrants.

Contribution Description

Section 20814(c) of the California Public Employees' Retirement Law (PERL) 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. The total plan contributions are determined through CalPERS' annual actuarial valuation process. 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 employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the measurement period ended June 30, 2014 (the measurement date), the average active employee.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2015

Note 12: City Employee Retirement Plan (Continued)

b. Net Pension Liability

The City's net pension liability for each Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of each of the Plans is measured as of June 30, 2014, using an annual actuarial valuation as of June 30, 2013 rolled forward to June 30, 2014 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

Actuarial Assumptions

The total pension liabilities in the June 30, 2013 actuarial valuations were determined using the following actuarial assumptions:

| | |
|----------------------------------|---|
| Actuarial Cost Method | Entry Age Normal in accordance with the requirements of GASB Statement No. 68 |
| Actuarial Assumptions | |
| Discount Rate | 7.50% |
| Inflation | 2.75% |
| Salary Increases | 3.00%; Varies by Entry Age and Service |
| Investment Rate of Return | 7.50% Net of Pension Plan Investment and Administrative Expenses; includes Inflation |
| Mortality Rate Table (1) | Derived using CalPERS' Membership Data for all Funds |
| Post Retirement Benefit Increase | Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter |

(1) The mortality table 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 2014 experience study report.

Discount Rate

The discount rate used to measure the total pension liability was 7.50 percent. 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 7.50 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long-term expected discount rate of 7.50 percent is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS' website under the GASB 68 section.

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50 percent

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

Note 12: City Employee Retirement Plan (Continued)

investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65 percent. Using this lower discount rate has resulted in a slightly higher total pension liability and net pension liability. This difference was deemed immaterial to the agent multiple-employer plan. Refer to the sensitivity of the net pension liability for changes in the discount rate.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the 2017-18 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as we have changed our methodology.

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. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 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 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 geometric rates of return are net of administrative expenses.

| Asset Class | New Strategic Allocation | Real Return Years 1 - 10 (1) | Real Return Years 11+ (2) |
|-------------------------------|---------------------------------|-------------------------------------|----------------------------------|
| Global Equity | 47.00% | 5.25% | 5.71% |
| Global Fixed Income | 19.00 | 0.99 | 2.43 |
| Inflation Sensitive | 6.00 | 0.45 | 3.36 |
| Private Equity | 12.00 | 6.83 | 6.95 |
| Real Estate | 11.00 | 4.50 | 5.13 |
| Infrastructure and Forestland | 3.00 | 4.50 | 5.09 |
| Liquidity | 2.00 | (0.55) | (1.05) |

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

Note 12: City Employee Retirement Plan (Continued)

c. Changes in Net Pension Liability

The changes in the Net Pension Liability recognized over the measurement date for each Plan follows:

| | Increase (Decrease) | | |
|--|-----------------------------------|---------------------------------------|--|
| | Total Pension Liability (a) | Plan Fiduciary Net Position (b) | Net Pension Liability/(Assets) (c)=(a)-(b) |
| Miscellaneous Plan | | | |
| Balance at: 6/30/2013 (Valuation Date) (1) | \$ 163,562,752 | \$ 113,168,786 | \$ 50,393,966 |
| Changes Recognized for the Measurement Period: | | | |
| Service Cost | 2,312,390 | - | 2,312,390 |
| Interest on the Total Pension Liability | 12,026,911 | - | 12,026,911 |
| Contribution from the Employer | - | 2,487,187 | (2,487,187) |
| Contributions from Employees | - | 1,333,703 | (1,333,703) |
| Net Investment Income (2) | - | 19,329,661 | (19,329,661) |
| Benefit Payments including Refunds of Employee Contributions | (8,720,279) | (8,720,279) | - |
| Net Changes During 2013-14 | <u>5,619,022</u> | <u>14,430,272</u> | <u>(8,811,250)</u> |
| Balance at: 6/30/2014 (Measurement Date) (1) | <u>\$ 169,181,774</u> | <u>\$ 127,599,058</u> | <u>\$ 41,582,716</u> |

| | Increase (Decrease) | | |
|--|-----------------------------------|---------------------------------------|--|
| | Total Pension Liability (a) | Plan Fiduciary Net Position (b) | Net Pension Liability/(Assets) (c)=(a)-(b) |
| Safety Plan | | | |
| Balance at: 6/30/2013 (Valuation Date) (1) | \$ 325,393,976 | \$ 222,079,752 | \$ 103,314,224 |
| Changes Recognized for the Measurement Period: | | | |
| Service Cost | 5,427,672 | - | 5,427,672 |
| Interest on the Total Pension Liability | 23,998,427 | - | 23,998,427 |
| Contribution from the Employer | - | 5,817,524 | (5,817,524) |
| Contributions from Employees | - | 1,883,501 | (1,883,501) |
| Net Investment Income (2) | - | 38,057,937 | (38,057,937) |
| Benefit Payments including Refunds of Employee Contributions | (16,257,568) | (16,257,568) | - |
| Net Changes During 2013-14 | <u>13,168,531</u> | <u>29,501,394</u> | <u>(16,332,863)</u> |
| Balance at: 6/30/2014 (Measurement Date) (1) | <u>\$ 338,562,507</u> | <u>\$ 251,581,146</u> | <u>\$ 86,981,361</u> |

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

The following presents the net pension liability of the Plan as of the measurement date, calculated using the discount rate of 7.50 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.50 percent) or 1 percentage-point higher (8.50 percent) than the current rate:

| | Plan's Net Pension Liability | | |
|---------------|------------------------------|-------------------------|------------------------------|
| | Discount Rate - 1% (6.5%) | Discount Rate (6.5%) | Discount Rate + 1% (6.5%) |
| Miscellaneous | \$ 62,930,534 | \$ 41,582,716 | \$ 23,847,360 |
| Safety | 132,398,037 | 86,981,361 | 49,662,205 |

Pension Plan Fiduciary Net Position

Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

Note 12: City Employee Retirement Plan (Continued)**d. Changes in Net Pension Liability**

For the year ending June 30, 2015, the City recognized a reduction of net pension liability of \$8,304,711. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Outflows of Resources |
|--|---|---|
| Pension contributions subsequent to measurement date | \$ 10,070,211 | \$ - |
| Net difference between projected and actual earnings on pension plan investments | - | 26,221,493 |
| | <u>\$ 10,070,211</u> | <u>\$ 26,221,493</u> |

\$10,070,211 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in future pension expense as follows:

| Measurement Period ended June 30: | Deferred Outflows/(Inflows) of Resources |
|--|---|
| 2015 | \$ (6,555,374) |
| 2016 | (6,555,374) |
| 2017 | (6,555,374) |
| 2018 | (6,555,371) |

Note 13: Post-Employment Benefits Other than PensionsPlan Description

In connection with the retirement benefits for employees described in Note 12, the City provides post-retirement medical benefits to retirees. The Plan is a single employer plan. These benefits are available to employees who retire with the City with at least 10 years of service or those who satisfy certain disability requirements. The retiree is entitled to participate in the City sponsored medical plan and the City contributes up to \$98 (\$270 for sworn police and fire employees) per month toward the premium for employee only coverage under the City sponsored medical plans. A surviving spouse may continue coverage after the retiree's death, but does so entirely at his or her own expense or receives medical reimbursement payment on a quarterly basis for the cost of alternate medical insurance up to the amount of the retiree medical annuity in effect. The Plan does not issue a publicly available financial report.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

Note 13: Post-Employment Benefits Other than Pensions (Continued)Funding Policy

The contribution requirements of plan members and the City are established and may be amended by the City, City council, and/or the employee associations. Currently, contributions are not required from plan members. During the fiscal year ended June 30, 2015, the City did not contribute the annual required contribution (ARC) of the employer. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The ARC for fiscal year 2014-15, was \$382,333.

Annual Other Postemployment Benefit (OPEB) Cost

The required contribution for the fiscal year 2015 was determined as part of the July 1, 2013, actuarial valuation, the entry age normal cost method was used. The actuarial assumptions included: (a) 7.5% investment rate of return (net of administrative expenses), (b) inflation rate of 3.00%, (c) projected annual salary increase of 3.25%, and (d) medical plan premium cost will increase at a rate ranging from 5% to 8.5%. The City's unfunded actuarial accrued liability is amortized on a level dollar basis over a closed period of 26 years.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and the plan members at that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets consistent with the long-term perspective of the calculations.

Three-Year Trend Information

For fiscal year 2015, the City's annual OPEB cost (expense) was \$386,380.

| Fiscal Year | Annual OPEB Cost | Percentage of Annual OPEB Cost Contributed | Net OPEB Asset (Liability) |
|--------------|---------------------|---|-------------------------------|
| June 30,2013 | \$ 336,306 | 153% | \$ 177,973 |
| June 30,2014 | 340,091 | 101% | 180,399 |
| June 30,2015 | 386,380 | 0% | (205,981) |

Funded Status and Funding Progress

As of July 1, 2013, the most current actuarial valuation date, the actuarial accrued liability for benefits was \$8,862,615 million and the actuarial value of assets was \$5,322,085 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$2,336,388 million. The covered payroll (annual payroll of active employees covered by the plan) was \$25,653,930 million and the ratio of the UAAL to the covered payroll was 9.11%.

CITY OF DOWNEY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2015

Note 13: Post-Employment Benefits Other than Pensions (Continued)

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about rates of employee turnover, retirement, mortality, as well as economic assumptions regarding claim costs per retiree, healthcare inflation and interest rates. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Note 14: Restatement of Beginning Net Position and Fund Balances

| <i>Governmental Funds</i> | General | Housing Successor | Asset Forfeiture | Transit Prop C | Transit Prop A | Measure R Transit |
|--|----------------------|------------------------------|-----------------------------|---------------------------|---------------------------|------------------------------|
| Fund Balance as previously reported, June 30, 2014 | \$ 35,112,950 | \$ 6,235,576 | \$ - | \$ 4,351,549 | \$ 4,172,350 | \$ 3,359,318 |
| Adjust prior year's liabilities balance to equity | 699,764 | - | - | - | - | - |
| Adjust for Successor Agency Advances | 840,000 | (320,000) | - | - | - | - |
| Remove land held for resale | - | (1,203,923) | - | - | - | - |
| Correct prior year's unavailable revenue | - | (938,507) | - | - | - | - |
| Change in fund reporting: | | | | | | |
| Capital assets (Note 9) | - | - | - | (3,082,292) | (4,450,324) | (1,534,031) |
| Compensated absences (Note 10) | - | - | - | - | 80,685 | - |
| Agency converted to governmental fund | - | - | 202,188 | - | - | - |
| Fund Balance, as restated, July 1, 2014 | \$ 36,652,714 | \$ 3,773,146 | \$ 202,188 | \$ 1,269,257 | \$ (197,289) | \$ 1,825,287 |

The General Fund has been restated to adjust the Advances to Successor Agency allocated between the General, Housing Successor and Employee Benefit Funds. The total advances to Successor Agency were not misstated however the allocation between the three funds were restated. The General fund was restated to increase the advances by \$840,000, the Housing Successor advances were reduced by \$320,000 and the Employee Benefits fund was reduced by \$520,000.

The Housing Successor Fund has been restated to remove land held for resale; the City transferred the property to a developer in 2013. There is an additional restatement due to correct prior year's unavailable revenue in relation to notes and loans receivable in the amount of \$938,507

The Asset Forfeiture was previously reported as an agency fund however the City has appropriately changed the fund accounting; activities are recorded in a governmental fund. There is a restatement of \$202,188 due to the change in fund accounting.

The Transit Prop C, Prop A and Measure R funds were previously reported as one enterprise fund. The City has separated the fund operations and appropriately reported them as governmental funds to record intergovernmental funds. There were restatements in the funds to transfer the modified accrual activities, the fund's fund balances except capital assets and compensated absences.

CITY OF DOWNEY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2015

Note 14: Restatement of Beginning Net Position and Fund Balances (Continued)

| <i>Enterprise Funds</i> | <u>Water</u> | <u>Golf</u> |
|--|----------------------|----------------------|
| Net position as previously reported, June 30, 2014 | \$ 30,989,261 | \$ 11,265,814 |
| Effect of retroactive application - GASB 68 | (5,259,778) | (157,896) |
| Adjustment to compensated absences (Note 10) | - | (23,748) |
| Effect of prior year's refunding - 2014 Capital Lease net effect with deferred charge (Note 10) | - | (219,953) |
| Net position, as restated, July 1, 2014 | <u>\$ 25,729,483</u> | <u>\$ 10,864,217</u> |

As discussed in Note 1 to the financial statements, the City adopted Statement of Governmental Accounting Standards Board No. 68, *Accounting and financial Reporting for Pensions—an Amendment of GASB Statement No. 27*. The estimated net pension liability has been determined by CalPERS actuarial using benefit provisions and assumptions described in Note 12. As a result, there has been a total restatement of \$145,403,479 for the City of Downey relating to GASB 68; governmental activities \$138,848,826, Water Fund \$5,259,778, Golf Fund \$157,896, and Equipment Fund \$1,136,979.

The Golf Fund has been restated due to the GASB 68 implementation along with recording the 2014 Capital Lease debt entered into in June 2014 and adjusting compensated absences recorded in the Transit Funds in previous years.

| <i>Internal Service Funds</i> | <u>Employee Benefits</u> | <u>Equipment</u> |
|---|------------------------------|---------------------|
| Net position as previously reported, June 30, 2014 | \$ 8,128,709 | \$ 7,572,584 |
| Effect of retroactive application - GASB 68 | (15,428,842) | (1,136,979) |
| Removal of 2005 Pension Obligation Bonds to governmental activities | 18,932,826 | - |
| Removal of 2005 Pension Obligation Bonds' accrued interest payable | 85,532 | - |
| Adjustment to compensated absences | (56,937) | - |
| Correct double accrual of accounts payable | 57,553 | - |
| Restate capital assets from Transit equipment | - | 41,335 |
| Restate capital assets for 2012-13 purchase | - | 127,724 |
| Adjust for double payment in capital lease in prior year | - | 101,125 |
| Adjust for Successor Agency Advances | (520,000) | - |
| Net position, as restated, July 1, 2014 | <u>\$ 11,198,841</u> | <u>\$ 6,705,789</u> |

| <i>Government-wide</i> | <u>Governmental Activities</u> | <u>Business- type Activities</u> |
|--|------------------------------------|--------------------------------------|
| Net position as previously reported, June 30, 2014 | \$ 267,435,557 | \$ 49,138,902 |
| Change in fund reporting: capital assets - Transit from enterprise full accrual to governmental fund (modified accrual) | 2,897,255 | (2,938,590) |
| Change in fund reporting: agency converted to governmental fund | 202,188 | - |
| General fund restatements | 1,539,764 | - |
| Housing successor fund restatements | (2,462,430) | - |
| Capital-related restatements related to Transit Fund | 9,025,312 | (9,025,312) |
| Capital-related restatements for purchases made in prior year | 793,830 | - |
| Effect of retroactive application - GASB 68 | (138,848,826) | (5,417,674) |
| 2005 Pension Obligation Bonds from ISF | (18,932,826) | - |
| 2005 Pension Obligation Bonds accrued interest payable from ISF | (85,532) | - |
| Golf fund restatements relating to debt | - | (219,953) |
| Internal Service adjustments including compensated absences | 3,092,504 | (832,230) |
| Restatement of Net Position | <u>(142,778,761)</u> | <u>(18,433,759)</u> |
| Net position, as restated, July 1, 2014 | <u>\$ 124,656,796</u> | <u>\$ 30,705,143</u> |

Note 15: Joint Ventures

The City is a participant in three joint ventures. The joint ventures are not considered part of the reporting entity, as the City does not exercise primary oversight responsibilities for their operations and does not have financial responsibility. These agencies do not depend on revenue from the City to continue in existence. Each participating agency in these joint ventures has proportionate control over management, budgets, and financial decisions.

Southeast Area Animal Control Authority.

This joint venture provides animal control services to nine cities in the southeast Los Angeles County area. The Authority is governed by a nine-member board with one representative from each member city. Each member is obligated to contribute annually. The Authority is not currently experiencing financial stress on accumulating significant resources. The City has no equity interest in the Authority and does not receive a share of operating results. Separate audited financial statements for the Authority may be obtained at 9777 Seaaca Street, Downey, CA 90241.

Joint Fire Dispatching Center.

In this joint venture, the City operates as a cooperative program with the cities of Santa Fe Springs and Compton. The City receives all calls for fire emergency services and dispatches fire units for the four-city area. The program is financed with contributions from each city per a Joint Powers Agreement. Pro-rata expenditures and revenues are reported as part of the Fire Department. Separate audited financial statements are not prepared for the joint venture.

Gateway Authority (Gateway Region IRWM Joint Powers Authority).

This joint venture was formed through a directive of COG (Gateway Cities Council of Governments) in 2007 and was designated by the State of California as an Integrated Regional Water Management Group. This coalition is currently comprised of 19 cities and government entities and is responsible for the regional water planning needs in the Gateway Cities Region. The Gateway Authority is governed by the member cities and agencies and financed with contributions from each city per a Joint Powers Agreement. Separate audited financial statements for the Authority may be obtained at City of Signal Hill, City Hall. The City of Signal Hill acts as lead agency.

Note 16: Mortgage Revenue Bonds

On October 1, 1983, the City of Downey issued, in conjunction with Kern County, Residential Mortgage Revenue Bonds, 1983, Series A, to provide funds in the amount of \$4,709,125 to purchase mortgage loans to be secured by single-family condominium units in the City. The bonds are special obligations of the County of Kern – City of Downey Housing Finance Agency.

On March 13, 1985, the City of Downey issued, in conjunction with the cities of Covina, Rancho Cucamonga, and Calexico, Residential Mortgage Revenue Bonds, 1985, Series A, to provide funds in the amount of \$1,937,040 to purchase loans to be secured by single-family condominium units in the City. The bonds are special obligations of the Covina-Rancho Cucamonga-Calexico-Downey Housing Finance Agency. Seattle First National Bank serves as trustee.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

Note 16: Mortgage Revenue Bonds (Continued)

On May 15, 1985, the City of Downey issued, in conjunction with the cities of El Monte and San Jacinto, Single-Family Residential Mortgage Revenue Bonds, Issue of 1985, to provide funds in the amount of \$1,950,000 to purchase loans to be secured by single-family condominium units in the City. The bonds are special obligations of the El Monte-Downey-San Jacinto Housing Finance Agency. Seattle First National Bank serves as trustee.

On August 8, 2001, the City of Downey issued, in conjunction with the California Statewide Communities Development Authority, Multi-Family Housing Revenue Bonds, Series S and S-T, to provide funds in the amount of \$3,300,000 to purchase loans to be secured by multifamily apartment complex in the City. The bonds are limited obligations of the California Statewide Communities Development Authority payable solely from the revenues from the multifamily apartment complex. U.S. Bank Trust National serves as trustee.

The above debt issues are special obligations of the respective Housing Finance Agencies and are payable solely from payments made on mortgage loans and are secured by a pledge of such mortgage loans. Neither the faith and credit nor the taxing power of the City of Downey have been pledged to the payment of the bonds. Accordingly, these debts are not reported as liabilities in the accompanying financial statements.

Note 17: Other DisclosuresDeficit Fund Balance

The following fund reported a deficit fund balance at June 30, 2015:

Major Special Revenue Funds:

| | |
|---|--------------|
| Gas Tax | \$ 1,273,963 |
| Other Governmental Funds - Other Special Revenue Funds: | |
| Grants | 30,983 |
| Transit Prop C | 66,493 |

The deficit will be eliminated through the receipt of future grant revenues.

Expenditures in Excess of Appropriations

The following departments/funds reported expenditures in excess of appropriations:

Other Governmental Funds - Other Special Revenue Funds:

| | |
|-----------------|-----------|
| Water Reduction | |
| Public Works | \$ 32,326 |
| Air Quality | |
| Public Works | 2,421 |
| Grants | |
| Public Safety | 114,620 |

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2015

Note 18: Successor Agency Trust for Assets of Former Redevelopment Agency

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 Downey 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. The City Council elected to become the Successor Agency for the former redevelopment agency. The assets and liabilities of the former redevelopment agency were transferred to the Successor Agency to the Community Development Commission of the City of Downey on February 1, 2012, as a result of the dissolution of the former redevelopment agency.

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).

In future fiscal years, successor agencies will only be allocated revenue 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.

Management believes, in consultation with legal counsel, that the obligations of the former redevelopment agency due to the City are valid enforceable obligations payable by the successor agency trust under the requirements of the Bill. The City’s position on this issue is not a position of settled law and there is considerable legal uncertainty regarding this issue. It is reasonably possible that a legal determination may be made at a later date by an appropriate judicial authority that would resolve this issue unfavorably to the City.

The City is acting in a fiduciary capacity for the assets and liabilities. Disclosures related to these transactions are as follows.

a. Cash and investments

Cash and investments reported in the accompanying financial statements consisted of the following:

| | |
|---|---------------------|
| Cash and investments pooled with the City | \$ 2,118,295 |
| Cash and investments with fiscal agent | <u>662,817</u> |
| | <u>\$ 2,781,112</u> |

b. Long-Term Debt

The following long-term debts were transferred from the Redevelopment Agency to the Successor Agency on February 1, 2012, as a result of the dissolution. A description of long-term debt outstanding (excluding defeased debt) of the Successor Agency as of June 30, 2015, follows:

CITY OF DOWNEY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2015

Note 18: Successor Agency Trust for Assets of Former Redevelopment Agency (Continued)

| | Balance June 30, 2014 | Addition | Deletion | Balance June 30, 2015 | Due Within One Year |
|-----------------------------|--------------------------|---------------------|-------------------|--------------------------|------------------------|
| Bonds payable | \$ 6,600,000 | \$ - | \$ 305,000 | \$ 6,295,000 | \$ 320,000 |
| Advances from City | 11,546,570 | 15,328 | 589,139 | 10,972,759 | - |
| Advances from County | 22,223,756 | 1,555,664 | - | 23,779,420 | - |
| Total long-term liabilities | <u>\$ 40,370,326</u> | <u>\$ 1,570,992</u> | <u>\$ 894,139</u> | <u>\$ 41,047,179</u> | <u>\$ 320,000</u> |

Bonds Payable

1997 Tax Allocation Bonds Payable

In 1997 the Community Development Commission issued \$9,925,000 in Tax Allocation Bonds, partially to advance refund the existing 1990 Tax Allocation bond issue, which had a balance outstanding of \$4,470,000, and to repay the City for advances of \$3,970,508 plus interest. The bonds have an average interest rate of 5.1%. U.S. Bank serves as trustee for payment of principal and interest. The balance outstanding at June 30, 2015, is \$6,295,000.

The future debt service requirements on these bonds are as follows:

| Year Ending June 30, | Principal | Interest | Total |
|----------------------|---------------------|---------------------|---------------------|
| 2016 | \$ 320,000 | \$ 314,419 | \$ 634,419 |
| 2017 | 335,000 | 297,634 | 632,634 |
| 2018 | 350,000 | 280,081 | 630,081 |
| 2019 | 370,000 | 261,631 | 631,631 |
| 2020 | 390,000 | 242,156 | 632,156 |
| 2021-2025 | 2,265,000 | 882,141 | 3,147,141 |
| 2026-2029 | 2,265,000 | 239,465 | 2,504,465 |
| Total | <u>\$ 6,295,000</u> | <u>\$ 2,517,527</u> | <u>\$ 8,812,527</u> |

Advances from City

The DOF issued a Finding of Completion on May 15, 2013, in which DOF concurred that the Successor Agency has made full payments of any payments required as a result of the due diligence reviews. The Finding of Completion allows the placement of loan agreements between the former redevelopment agency and the City on the ROPS, as an enforceable obligation, provided the oversight board makes a finding that the loan was for legitimate redevelopment purposes. Loan repayments could begin in the 2014-15, fiscal year as governed by the criteria in the health and code safety section. When the repayments begin, 20% of the repayments of the loan agreement amounts are to be allocated to the Housing Successor Agency. As of June 30, 2015, the long-term advances totaled \$10,972,759. As of June 30, 2015, \$7,575,408 is reported in the General Fund, \$1,523,225 is reported in Employee Benefit Internal Service Fund and \$1,874,126 is reported in the Housing Authority Special Revenue Fund.

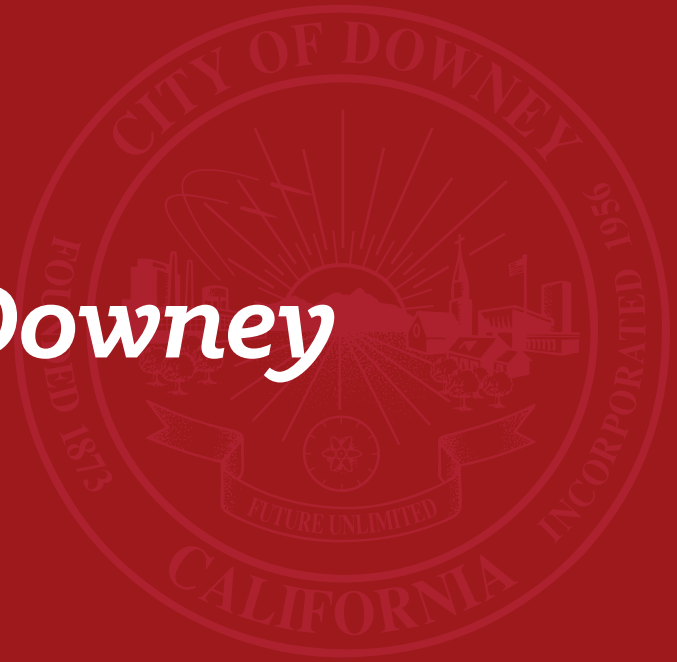
Note 18: Successor Agency Trust for Assets of Former Redevelopment Agency (Continued)

Advances from County

As part of the City's redevelopment program, the City and County of Los Angeles have entered into a tax increment pass-through deferral agreement. This agreement specifies that the City will defer the payment of all current tax increment pass-through due to the County, until some future date, when certain conditions are met. Until that time, the County will charge 7% interest on the outstanding deferral amount. During the year, there were no pass-through agreement amounts owed to the County that were deferred. Interest of \$1,555,664 was also accrued during the year on the outstanding deferral amount still owing. The amount owed the County, including accrued interest, at June 30, 2015, was \$23,779,420.



City of *Downey*



Required Supplemental Information (RSI)

REQUIRED SUPPLEMENTARY INFORMATION

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CITY OF DOWNEY

SCHEDULE OF FUNDING PROGRESS
 JUNE 30, 2015

POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

| Actuarial Valuation Date | Actuarial Asset Value (a) | Entry Age Actuarial Accrued Liability (b) | Unfunded Actuarial Accrued Liability (b) - (a) | Funded Ratio (a)/(b) | Covered Payroll (c) | Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll [(b)-(a)]/(c) |
|--------------------------------|---------------------------------|--|---|----------------------------|------------------------|--|
| 1/1/2013 | \$ 4,809,210 | \$ 7,029,281 | \$ 2,220,071 | 68.42% | \$ 23,932,021 | 9.28% |
| 7/1/2013 | 4,950,181 | 7,272,710 | 2,322,529 | 68.07% | 24,846,421 | 9.35% |
| 7/1/2013 | 5,322,085 | 7,658,473 | 2,336,388 | 69.49% | 25,653,930 | 9.11% |

CITY OF DOWNEY

**AGENT MULTIPLE-EMPLOYER MISCELLANEOUS PLAN
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)**

| | <u>2015</u> |
|--|------------------------------|
| Total Pension Liability | |
| Service Cost | \$ 2,312,390 |
| Interest on total pension liability | 12,026,911 |
| Benefit payments, including refunds of employee contributions | <u>(8,720,279)</u> |
| Net change in total pension liability | 5,619,022 |
| Total pension liability - beginning | 163,562,752 |
| Total pension liability - ending (a) | <u>\$ 169,181,774</u> |
| | |
| Plan fiduciary net position | |
| Contributions - employer | \$ 2,487,187 |
| Contributions - employee | 1,333,703 |
| Net investment income | 19,329,661 |
| Benefit payments | <u>(8,720,279)</u> |
| Net change in plan fiduciary net position | 14,430,272 |
| Plan fiduciary net position - beginning | 113,168,786 |
| Plan fiduciary net position - ending (b) | <u>\$ 127,599,058</u> |
| | |
| Net pension liability - ending (a)-(b) | <u>\$ 41,582,716</u> |
| | |
| Plan fiduciary net position as a percentage of the total pension liability | 75.42% |
| | |
| Covered-employee payroll | \$ 11,873,874 |
| | |
| Net pension liability as a percentage of covered-employee payroll | 350.20% |

Notes to Schedule:

Benefit Changes: None.

Changes of Assumptions: None.

(1) Fiscal Year 2015 was the first year of implementation, therefore only one year is shown.

CITY OF DOWNEY

**AGENT MULTIPLE-EMPLOYER MISCELLANEOUS PLAN
SCHEDULE OF PLAN CONTRIBUTIONS
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)**

| | <u>2015</u> |
|--|--------------------|
| SAFETY CLASSIC: | |
| Actuarially Determined Contribution | \$ 3,324,338 |
| Contribution in Relation to the Actuarially Determined Contributions | <u>(3,324,338)</u> |
| Contribution Deficiency (Excess) | <u>\$ -</u> |
| | |
| Covered-Employee Payroll | \$ 12,914,583 |
| | |
| Contributions as a Percentage of Covered-Employee Payroll | 25.74% |

(1) Historical information is required only for measurement for which GASB 68 is applicable. Fiscal Year 2015 was the first year of implementation, therefore only one year is shown.

Note to Schedule:

| | |
|---|--|
| Valuation Date: | June 30, 2012 |
| Methods and assumptions used to determine contribution rates: | |
| Single and Agent Employers | Entry age normal |
| Amortization method | Level Percent of Payroll |
| Remaining amortization period | Market value |
| Assets valuation method | 15 Year Smoothed Market |
| Inflation | 2.75% |
| Salary Increases | 3.00% |
| Investment rate of return | 7.50% Net of Pension Plan Investment and Administrative Expenses; includes Inflation. |
| Retirement age | The probabilities of Retirement are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. |
| Mortality | RP-2000 Heath Annuitant Mortality Table |

CITY OF DOWNEY

**AGENT MULTIPLE-EMPLOYER SAFETY PLANS
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)**

| | <u>2015</u> |
|--|------------------------------|
| Total Pension Liability | |
| Service Cost | \$ 5,427,672 |
| Interest on total pension liability | 23,998,427 |
| Benefit payments, including refunds of employee contributions | <u>(16,257,568)</u> |
| Net change in total pension liability | 13,168,531 |
| Total pension liability - beginning | <u>325,393,976</u> |
| Total pension liability - ending (a) | <u>\$ 338,562,507</u> |
| | |
| Plan fiduciary net position | |
| Contributions - employer | \$ 5,817,524 |
| Contributions - employee | 1,883,501 |
| Net investment income | 38,057,937 |
| Benefit payments | <u>(16,257,568)</u> |
| Net change in plan fiduciary net position | 29,501,394 |
| Plan fiduciary net position - beginning | <u>222,079,752</u> |
| Plan fiduciary net position - ending (b) | <u>\$ 251,581,146</u> |
| | |
| Net pension liability - ending (a)-(b) | <u>\$ 86,981,361</u> |
| | |
| Plan fiduciary net position as a percentage of the total pension liability | 74.31% |
| | |
| Covered-employee payroll | \$ 18,232,334 |
| | |
| Net pension liability as a percentage of covered-employee payroll | 477.07% |

Notes to Schedule:

Benefit Changes: None.

Changes of Assumptions: None.

(1) Fiscal Year 2015 was the first year of implementation, therefore only one year is shown.

Notes to Schedule:

Benefit Changes: None.

Changes of Assumptions: None.

(1) Historical information is required only for measurement for which GASB 68 is applicable. Fiscal Year 2015 was the first year of implementation, therefore only one year is shown.

CITY OF DOWNEY

**AGENT MULTIPLE-EMPLOYER SAFETY PLAN
SCHEDULE OF PLAN CONTRIBUTIONS
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)**

| | <u>2015</u> |
|--|--------------------|
| SAFETY CLASSIC: | |
| Actuarially Determined Contribution | \$ 6,745,873 |
| Contribution in Relation to the Actuarially Determined Contributions | <u>(6,745,873)</u> |
| Contribution Deficiency (Excess) | <u>\$ -</u> |
| | |
| Covered-Employee Payroll | \$ 19,164,342 |
| | |
| Contributions as a Percentage of Covered-Employee Payroll | 35.20% |

(1) Historical information is required only for measurement for which GASB 68 is applicable. Fiscal Year 2015 was the first year of implementation, therefore only one year is shown.

Note to Schedule:

| | |
|---|--|
| Valuation Date: | June 30, 2012 |
| Methods and assumptions used to determine contribution rates: | |
| Single and Agent Employers | Entry age normal |
| Amortization method | Level percentage of payroll |
| Remaining amortization period | 21 Years as of the Valuation Date |
| Assets valuation method | 15 Year Smoothed Market |
| Inflation | 2.75% |
| Salary Increases | 3.30% to 14.20% depending on Age, Service, and type of employment |
| Investment rate of return | 7.50% Net of Pension Plan Investment and Administrative Expenses; includes Inflation |
| Retirement age | 50 and 57 years |
| Mortality | RP-2000 Heath Annuitant Mortality Table |

CITY OF DOWNEY

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2015**

| | Budget Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|---|-----------------------|---------------------|---------------------------|---|
| | Original | Final | | |
| Budgetary Fund Balance, July 1, as restated | \$36,652,714 | \$36,652,714 | \$36,652,714 | \$ - |
| Resources (Inflows): | | | | |
| Taxes | 51,977,000 | 51,977,000 | 53,313,382 | 1,336,382 |
| Licenses and permits | 1,207,500 | 1,207,500 | 1,725,867 | 518,367 |
| Intergovernmental | 3,124,341 | 3,180,635 | 3,966,117 | 785,482 |
| Charges for services | 9,202,672 | 9,202,672 | 8,842,418 | (360,254) |
| Use of money and property | 1,282,080 | 1,282,080 | 1,619,434 | 337,354 |
| Fines and forfeitures | 1,338,000 | 1,338,000 | 1,511,670 | 173,670 |
| Contributions | - | - | 250,000 | 250,000 |
| Miscellaneous | 2,608,184 | 2,608,184 | 3,847,465 | 1,239,281 |
| Transfers in | 3,006,926 | 3,006,926 | 2,892,943 | (113,983) |
| Amounts Available for Appropriations | 110,399,417 | 110,455,711 | 114,622,010 | 4,166,299 |
| Charges to Appropriations (Outflow): | | | | |
| General government | 13,147,853 | 13,105,247 | 10,789,194 | 2,316,053 |
| Public safety | 45,023,962 | 45,121,515 | 44,984,912 | 136,603 |
| Community development | 2,524,103 | 2,524,103 | 2,739,575 | (215,472) |
| Community services | 5,083,877 | 5,554,745 | 5,834,363 | (279,618) |
| Public works | 6,927,926 | 6,941,126 | 6,749,465 | 191,661 |
| Capital outlay | - | - | 31,000 | (31,000) |
| Debt service: | | | | |
| Principal retirement | - | - | 395,000 | (395,000) |
| Interest and fiscal charges | - | - | 959,036 | (959,036) |
| Pass-through agreement payments | - | - | - | - |
| Payment to refunded bond escrow agent | - | - | - | - |
| Transfers out | 3,635,919 | 4,256,419 | 5,046,990 | (790,571) |
| Total Charges to Appropriations | 76,343,640 | 77,503,155 | 77,529,535 | (26,380) |
| Budgetary Fund Balance, June 30 | \$34,055,777 | \$32,952,556 | \$37,092,475 | \$ 4,139,919 |

CITY OF DOWNEY

**BUDGETARY COMPARISON SCHEDULE
HOUSING AUTHORITY
YEAR ENDED JUNE 30, 2015**

| | Budget Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|---|-----------------------|---------------------|---------------------------|---|
| | Original | Final | | |
| Budgetary Fund Balance, July 1, as restated | \$ 3,773,146 | \$ 3,773,146 | \$ 3,773,146 | \$ - |
| Resources (Inflows): | | | | |
| Use of money and property | 39,804 | 39,804 | 47,841 | 8,037 |
| Miscellaneous | - | - | 79,805 | 79,805 |
| Proceeds from sale of capital asset | - | - | 349,724 | 349,724 |
| Amounts Available for Appropriations | 3,812,950 | 3,812,950 | 4,250,516 | 437,566 |
| Charges to Appropriations (Outflow): | | | | |
| Community development | 40,250 | 40,250 | 20,907 | 19,343 |
| Total Charges to Appropriations | 40,250 | 40,250 | 20,907 | 19,343 |
| Budgetary Fund Balance, June 30 | \$ 3,772,700 | \$ 3,772,700 | \$ 4,229,609 | \$ 456,909 |

CITY OF DOWNEY

BUDGETARY COMPARISON SCHEDULE
HOME
YEAR ENDED JUNE 30, 2015

| | Budget Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|---|-------------------|-------------------|-------------------|---|
| | Original | Final | | |
| Budgetary Fund Balance, July 1 | \$ 211,543 | \$ 211,543 | \$ 211,543 | \$ - |
| Resources (Inflows): | | | | |
| Intergovernmental | 365,720 | 365,720 | 148,793 | (216,927) |
| Amounts Available for Appropriations | 577,263 | 577,263 | 360,336 | (216,927) |
| Charges to Appropriations (Outflow): | | | | |
| Community development | 408,225 | 408,225 | 185,356 | 222,869 |
| Total Charges to Appropriations | 408,225 | 408,225 | 185,356 | 222,869 |
| Budgetary Fund Balance, June 30 | \$ 169,038 | \$ 169,038 | \$ 174,980 | \$ 5,942 |

CITY OF DOWNEY

**BUDGETARY COMPARISON SCHEDULE
GAS TAX
YEAR ENDED JUNE 30, 2015**

| | Budget Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|---|-----------------------|-----------------------|---------------------------|---|
| | Original | Final | | |
| Budgetary Fund Balance, July 1 | \$ 654,273 | \$ 654,273 | \$ 654,273 | \$ - |
| Resources (Inflows): | | | | |
| Intergovernmental | 21,816,744 | 21,816,744 | 6,393,009 | (15,423,735) |
| Use of money and property | 5,000 | 5,000 | 18,674 | 13,674 |
| Miscellaneous | 1,064,311 | 1,064,311 | 138,383 | (925,928) |
| Amounts Available for Appropriations | 23,540,328 | 23,540,328 | 7,204,339 | (16,335,989) |
| Charges to Appropriations (Outflow): | | | | |
| Capital outlay | 22,838,464 | 22,888,464 | 6,399,267 | 16,489,197 |
| Transfers out | 2,079,035 | 2,079,035 | 2,079,035 | - |
| Total Charges to Appropriations | 24,917,499 | 24,967,499 | 8,478,302 | 16,489,197 |
| Budgetary Fund Balance, June 30 | \$ (1,377,171) | \$ (1,427,171) | \$(1,273,963) | \$ 153,208 |

CITY OF DOWNEY

**NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2015**

Note 1: Budgetary Data

General Budget Policies

The City is required by its charter to adopt an annual budget on or before June 30th for the ensuing fiscal year. From the effective date of the budget, the proposed expenditures become appropriations to the various City departments. This "appropriated budget" covers substantially all City expenditures, with the exception of debt service on bonds, which expenditures constitute legally authorized "non-appropriated budget." There are no significant non-budgeted activities. The City Council passes various amendments to the budget during the year. Supplementary appropriations for the year ended June 30, 2014, increased budgeted expenditures from \$101,381,264 as adopted in the original budget, to \$138,137,487

The City prepares its budgets on the basis of actual expenditures and, accordingly, the budget amounts included in the accompanying financial statements are presented on a basis substantially consistent with generally accepted accounting principles. The level of budgetary control is the department level, classified in accordance with Note 1D, within the fund. However, the City Manager is authorized to transfer amounts between divisions within a department without seeking City Council approval.

Expenditures in Excess of Appropriations

The following departments/funds reported expenditures in excess of appropriations:

Major Fund:

General Fund:

| | |
|-----------------------|------------|
| Community development | \$ 215,472 |
| Community services | 279,618 |

OTHER GOVERNMENTAL FUNDS

The combining statements for Other Governmental Funds represent a consolidation of the information for specific funds contained in the Supplementary Financial Statements. These statements summarize the financial information contained in Other Special Revenue Funds, an Other Capital Projects Fund, Internal Service Funds and Agency Funds.

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OTHER SPECIAL REVENUE FUNDS

Special Revenue Funds account for taxes and other revenues set aside in accordance with law or administrative regulations for a specified purpose.

Waste Reduction Fund is used to account for funds collected pursuant to AB 939 and used to pay for recycling and other waste reduction programs.

Street Lighting Fund is used to account for the property taxes and assessments levied on real property located within the City's Street Lighting District. The revenues in this fund are used to pay for the electric and other costs associated with the street lights, traffic signals and street trees.

Sewer and Storm Drain Fund is used to account for charges collected for the upkeep of sanitary sewers and federally required drainage upkeep programs.

CATV Public Access Fund is used to account for revenues received from the City's cable TV franchise company pursuant to the franchise agreements.

Air Quality Fund is used to account for all charges related to air quality, such as carpooling, etc.

Grants Fund is used to account for revenues received from various grants for park and other non-street capital improvements.

CDBG Fund is required by federal regulations to account for the use of grant funds received from the federal government. Other revenues in this fund are reimbursements of loans to beneficiaries of a particular housing program or the sale of real property in the furtherance of block grant programs. All such other revenue are "program income" and are considered to be federal revenues.

Asset Forfeiture Fund is used to account for all revenues and expenditures related to the federal asset forfeiture program.

Transit Prop C Fund accounts for special transit revenues the City receives pursuant to a County ballot measure, Proposition C. Funds are used for eligible street improvement projects.

Transit Prop A Fund accounts for special revenues the City receives pursuant to a County ballot measure. The City uses funds to support senior citizen and disabled bus operation run by the City, along with the Downey Link Fixed Route Service.

Measure R Transit Fund accounts for ballot Measure R funds approved by Los Angeles County. Funds are used to relieve traffic congestion by providing for mass transit systems, roadway repairs, traffic signal synchronization and pedestrian walkways and paths.

CITY OF DOWNEY

COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2015

| | <u>Special Revenue Funds</u> | | | |
|--|------------------------------|----------------------------|----------------------------------|-------------------------------|
| | <u>Waste Reduction</u> | <u>Street Lighting</u> | <u>Sewer and Storm Drain</u> | <u>CATV Public Access</u> |
| Assets: | | | | |
| Pooled cash and investments | \$ 536,721 | \$ 1,276,876 | \$ 4,983,217 | \$ 316,460 |
| Receivables: | | | | |
| Accounts | 23,434 | 8,998 | 288,826 | - |
| Notes and loans | - | - | - | - |
| Prepaid costs | - | - | - | - |
| Due from other governments | - | - | - | - |
| Due from other funds | - | - | - | - |
| Inventories | - | - | - | - |
| Total Assets | <u>\$ 560,155</u> | <u>\$ 1,285,874</u> | <u>\$ 5,272,043</u> | <u>\$ 316,460</u> |
| Liabilities, Deferred Inflows of Resources, and Fund Balances: | | | | |
| Liabilities: | | | | |
| Accounts payable | \$ 29,792 | \$ 244,313 | \$ 159,743 | \$ - |
| Accrued liabilities | 17,657 | 778 | 19,942 | - |
| Unearned revenues | - | - | - | - |
| Deposits payable | - | - | - | - |
| Due to other funds | - | - | - | - |
| Total Liabilities | <u>47,449</u> | <u>245,091</u> | <u>179,685</u> | <u>-</u> |
| Deferred Inflows of Resources: | | | | |
| Unavailable revenues | - | - | - | - |
| Total Deferred Inflows of Resources | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Fund Balances: | | | | |
| Nonspendable: | | | | |
| Inventory | - | - | - | - |
| Prepaid costs | - | - | - | - |
| Restricted for: | | | | |
| Community development | 512,706 | - | - | - |
| Public works | - | 1,040,783 | - | 316,460 |
| Capital Projects | - | - | - | - |
| Low and moderate income housing | - | - | - | - |
| Assigned to: | | | | |
| Public works | - | - | 5,092,358 | - |
| Unassigned | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total Fund Balances | <u>512,706</u> | <u>1,040,783</u> | <u>5,092,358</u> | <u>316,460</u> |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances | <u>\$ 560,155</u> | <u>\$ 1,285,874</u> | <u>\$ 5,272,043</u> | <u>\$ 316,460</u> |

CITY OF DOWNEY

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2015

(CONTINUED)

| | <u>Special Revenue Funds</u> | | | |
|--|------------------------------|--------------------------|--------------------------|-----------------------------|
| | <u>Air Quality</u> | <u>Grants</u> | <u>CDBG</u> | <u>Asset Forfeiture</u> |
| Assets: | | | | |
| Pooled cash and investments | \$ 650,865 | \$ 334,721 | \$ - | \$ 2,510,226 |
| Receivables: | | | | |
| Accounts | - | (8,915) | - | - |
| Notes and loans | - | - | 558,239 | - |
| Prepaid costs | - | - | - | - |
| Due from other governments | 36,907 | 70,865 | 415,689 | - |
| Due from other funds | 31,583 | - | - | - |
| Inventories | - | 9,707 | - | - |
| Total Assets | <u>\$ 719,355</u> | <u>\$ 406,378</u> | <u>\$ 973,928</u> | <u>\$ 2,510,226</u> |
| Liabilities, Deferred Inflows of Resources, and Fund Balances: | | | | |
| Liabilities: | | | | |
| Accounts payable | \$ - | \$ 58,466 | \$ 13,098 | \$ 98,970 |
| Accrued liabilities | 4,915 | 48,588 | 12,110 | 26,297 |
| Unearned revenues | - | - | - | 1,865,420 |
| Deposits payable | - | - | - | - |
| Due to other funds | - | 330,307 | 164,496 | - |
| Total Liabilities | <u>4,915</u> | <u>437,361</u> | <u>189,704</u> | <u>1,990,687</u> |
| Deferred Inflows of Resources: | | | | |
| Unavailable revenues | - | - | 558,239 | - |
| Total Deferred Inflows of Resources | <u>-</u> | <u>-</u> | <u>558,239</u> | <u>-</u> |
| Fund Balances: | | | | |
| Nonspendable: | | | | |
| Inventory | - | 9,707 | - | - |
| Prepaid costs | - | - | - | - |
| Restricted for: | | | | |
| Community development | - | - | - | - |
| Public works | 714,440 | (40,690) | - | - |
| Capital Projects | - | - | - | - |
| Low and moderate income housing | - | - | 225,985 | - |
| Assigned to: | | | | |
| Public works | - | - | - | - |
| Unassigned | <u>-</u> | <u>-</u> | <u>-</u> | <u>519,539</u> |
| Total Fund Balances | <u>714,440</u> | <u>(30,983)</u> | <u>225,985</u> | <u>519,539</u> |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances | <u>\$ 719,355</u> | <u>\$ 406,378</u> | <u>\$ 973,928</u> | <u>\$ 2,510,226</u> |

CITY OF DOWNEY

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2015

| | Special Revenue Funds | | | Capital Projects Funds |
|--|-----------------------|-------------------|----------------------|---------------------------|
| | Transit Prop C | Transit Prop A | Measure R Transit | City Capital Projects |
| Assets: | | | | |
| Pooled cash and investments | \$ 7,598 | \$ 384,409 | \$ 2,306,114 | \$ 2,552,097 |
| Receivables: | | | | |
| Accounts | - | - | - | - |
| Notes and loans | - | - | - | - |
| Prepaid costs | - | 1,163 | - | - |
| Due from other governments | 3,152 | - | - | 5,000 |
| Due from other funds | 101,304 | - | - | - |
| Inventories | - | - | - | - |
| Total Assets | \$ 112,054 | \$ 385,572 | \$ 2,306,114 | \$ 2,557,097 |
| Liabilities, Deferred Inflows of Resources, and Fund Balances: | | | | |
| Liabilities: | | | | |
| Accounts payable | \$ 176,792 | \$ 270,089 | \$ 45,041 | \$ 298,798 |
| Accrued liabilities | 1,755 | 35,264 | 9,571 | 1,476 |
| Unearned revenues | - | - | - | - |
| Deposits payable | - | - | - | - |
| Due to other funds | - | - | - | 676,296 |
| Total Liabilities | 178,547 | 305,353 | 54,612 | 976,570 |
| Deferred Inflows of Resources: | | | | |
| Unavailable revenues | - | - | - | - |
| Total Deferred Inflows of Resources | - | - | - | - |
| Fund Balances: | | | | |
| Nonspendable: | | | | |
| Inventory | - | - | - | - |
| Prepaid costs | - | 1,163 | - | - |
| Restricted for: | | | | |
| Community development | - | - | - | - |
| Public works | - | 79,056 | - | - |
| Capital Projects | - | - | 2,251,502 | - |
| Low and moderate income housing | - | - | - | - |
| Assigned to: | | | | |
| Public works | - | - | - | - |
| Unassigned | (66,493) | - | - | 1,580,527 |
| Total Fund Balances | (66,493) | 80,219 | 2,251,502 | 1,580,527 |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances | \$ 112,054 | \$ 385,572 | \$ 2,306,114 | \$ 2,557,097 |

CITY OF DOWNEY

COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2015

| | Total Nonmajor Governmental Funds |
|--|--|
| Assets: | |
| Pooled cash and investments | \$ 15,859,304 |
| Receivables: | |
| Accounts | 312,343 |
| Notes and loans | 558,239 |
| Prepaid costs | 1,163 |
| Due from other governments | 531,613 |
| Due from other funds | 132,887 |
| Inventories | 9,707 |
| | <hr/> |
| Total Assets | \$ 17,405,256 |
| | <hr/> |
| Liabilities, Deferred Inflows of Resources, and Fund Balances: | |
| Liabilities: | |
| Accounts payable | \$ 1,395,102 |
| Accrued liabilities | 178,353 |
| Unearned revenues | 1,865,420 |
| Deposits payable | - |
| Due to other funds | 1,171,099 |
| | <hr/> |
| Total Liabilities | 4,609,974 |
| | <hr/> |
| Deferred Inflows of Resources: | |
| Unavailable revenues | 558,239 |
| | <hr/> |
| Total Deferred Inflows of Resources | 558,239 |
| | <hr/> |
| Fund Balances: | |
| Nonspendable: | |
| Inventory | 9,707 |
| Prepaid costs | 1,163 |
| Restricted for: | |
| Community development | 512,706 |
| Public works | 2,110,049 |
| Capital Projects | 2,251,502 |
| Low and moderate income housing | 225,985 |
| Assigned to: | |
| Public works | 5,092,358 |
| Unassigned | 2,033,573 |
| | <hr/> |
| Total Fund Balances | 12,237,043 |
| | <hr/> |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances | \$ 17,405,256 |
| | <hr/> |

CITY OF DOWNEY

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2015

| | Special Revenue Funds | | | |
|--|-----------------------|---------------------|--------------------------|-----------------------|
| | Waste Reduction | Street Lighting | Sewer and Storm Drain | CATV Public Access |
| Revenues: | | | | |
| Taxes | \$ - | \$ 315,002 | \$ - | \$ 87,276 |
| Intergovernmental | 31,471 | - | - | - |
| Charges for services | 423,537 | 1,317,841 | 1,500,799 | - |
| Use of money and property | 4,758 | 8,687 | 36,857 | - |
| Contributions | - | - | - | - |
| Developer participation | - | - | - | - |
| Miscellaneous | 30,731 | 25,474 | 6,207 | - |
| Total Revenues | 490,497 | 1,667,004 | 1,543,863 | 87,276 |
| Expenditures: | | | | |
| Current: | | | | |
| Public safety | - | - | - | - |
| Community development | - | 417 | - | - |
| Community services | - | - | 10,142 | - |
| Public works | 613,762 | 1,689,995 | 1,528,046 | - |
| Capital outlay | - | - | 1,289 | - |
| Debt service: | | | | |
| Principal retirement | - | - | - | - |
| Interest and fiscal charges | - | - | - | - |
| Total Expenditures | 613,762 | 1,690,412 | 1,539,477 | - |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (123,265) | (23,408) | 4,386 | 87,276 |
| Other Financing Sources (Uses): | | | | |
| Transfers in | - | - | 1,180,506 | - |
| Transfers out | - | - | - | - |
| Total Other Financing Sources (Uses) | - | - | 1,180,506 | - |
| Net Change in Fund Balances | (123,265) | (23,408) | 1,184,892 | 87,276 |
| Fund Balances, Beginning of Year | 635,971 | 1,064,191 | 3,907,466 | 229,184 |
| Restatements | - | - | - | - |
| Fund Balances, Beginning of Year, as Restated | 635,971 | 1,064,191 | 3,907,466 | 229,184 |
| Fund Balances, End of Year | \$ 512,706 | \$ 1,040,783 | \$ 5,092,358 | \$ 316,460 |

CITY OF DOWNEY

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2015

(CONTINUED)

| | Special Revenue Funds | | | |
|--|-----------------------|--------------------|-------------------|---------------------|
| | Air Quality | Grants | CDBG | Asset Forfeiture |
| Revenues: | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - |
| Intergovernmental | 176,978 | 1,419,739 | 1,326,643 | 797,518 |
| Charges for services | - | 205,267 | - | - |
| Use of money and property | 5,245 | - | - | - |
| Contributions | - | - | - | - |
| Developer participation | - | - | - | - |
| Miscellaneous | - | 56,238 | - | - |
| Total Revenues | 182,223 | 1,681,244 | 1,326,643 | 797,518 |
| Expenditures: | | | | |
| Current: | | | | |
| Public safety | - | 1,218,150 | - | 480,167 |
| Community development | - | 837,340 | 628,029 | - |
| Community services | - | - | 17,867 | - |
| Public works | 120,147 | - | - | - |
| Capital outlay | - | 30,033 | - | - |
| Debt service: | | | | |
| Principal retirement | - | - | 250,000 | - |
| Interest and fiscal charges | - | - | 15,874 | - |
| Total Expenditures | 120,147 | 2,085,523 | 911,770 | 480,167 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 62,076 | (404,279) | 414,873 | 317,351 |
| Other Financing Sources (Uses): | | | | |
| Transfers in | - | 803,734 | - | - |
| Transfers out | - | (3,463) | (90,769) | - |
| Total Other Financing Sources (Uses) | - | 800,271 | (90,769) | - |
| Net Change in Fund Balances | 62,076 | 395,992 | 324,104 | 317,351 |
| Fund Balances, Beginning of Year | 652,364 | (426,975) | (98,119) | - |
| Restatements | - | - | - | 202,188 |
| Fund Balances, Beginning of Year, as Restated | 652,364 | (426,975) | (98,119) | 202,188 |
| Fund Balances, End of Year | \$ 714,440 | \$ (30,983) | \$ 225,985 | \$ 519,539 |

CITY OF DOWNEY

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2015

| | Special Revenue Funds | | | Capital Projects Funds |
|--|-----------------------|------------------|----------------------|---------------------------|
| | Transit Prop C | Transit Prop A | Measure R Transit | City Capital Projects |
| Revenues: | | | | |
| Taxes | \$ 1,653,401 | \$ 1,994,210 | \$ - | \$ - |
| Intergovernmental | 326,930 | - | - | 357,300 |
| Charges for services | - | (13,827) | - | 4,208 |
| Use of money and property | (1,804) | 26,350 | 16,928 | 1,917 |
| Contributions | - | - | - | 75,000 |
| Developer participation | - | - | 1,240,890 | - |
| Miscellaneous | 3,152 | 129,858 | - | - |
| Total Revenues | 1,981,679 | 2,136,591 | 1,257,818 | 438,425 |
| Expenditures: | | | | |
| Current: | | | | |
| Public safety | - | - | - | - |
| Community development | - | - | - | - |
| Community services | - | - | - | - |
| Public works | 79,669 | 1,570,097 | 631,603 | - |
| Capital outlay | 2,116,856 | 1,409,890 | 200,000 | 4,369,474 |
| Debt service: | | | | |
| Principal retirement | - | - | - | - |
| Interest and fiscal charges | - | - | - | - |
| Total Expenditures | 2,196,525 | 2,979,987 | 831,603 | 4,369,474 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (214,846) | (843,396) | 426,215 | (3,931,049) |
| Other Financing Sources (Uses): | | | | |
| Transfers in | - | 1,120,904 | - | 3,120,250 |
| Transfers out | (1,120,904) | - | - | - |
| Total Other Financing Sources (Uses) | (1,120,904) | 1,120,904 | - | 3,120,250 |
| Net Change in Fund Balances | (1,335,750) | 277,508 | 426,215 | (810,799) |
| Fund Balances, Beginning of Year | - | - | - | 2,391,326 |
| Restatements | 1,269,257 | (197,289) | 1,825,287 | - |
| Fund Balances, Beginning of Year, as Restated | 1,269,257 | (197,289) | 1,825,287 | 2,391,326 |
| Fund Balances, End of Year | \$ (66,493) | \$ 80,219 | \$ 2,251,502 | \$ 1,580,527 |

CITY OF DOWNEY

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2015

| | Total Nonmajor Governmental Funds |
|--|--|
| Revenues: | |
| Taxes | \$ 4,049,889 |
| Intergovernmental | 4,436,579 |
| Charges for services | 3,437,825 |
| Use of money and property | 98,938 |
| Contributions | 75,000 |
| Developer participation | 1,240,890 |
| Miscellaneous | 251,660 |
| | <hr/> |
| Total Revenues | 13,590,781 |
| | <hr/> |
| Expenditures: | |
| Current: | |
| Public safety | 1,698,317 |
| Community development | 1,465,786 |
| Community services | 28,009 |
| Public works | 6,233,319 |
| Capital outlay | 8,127,542 |
| Debt service: | |
| Principal retirement | 250,000 |
| Interest and fiscal charges | 15,874 |
| | <hr/> |
| Total Expenditures | 17,818,847 |
| | <hr/> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (4,228,066) |
| | <hr/> |
| Other Financing Sources (Uses): | |
| Transfers in | 6,225,394 |
| Transfers out | (1,215,136) |
| | <hr/> |
| Total Other Financing Sources (Uses) | 5,010,258 |
| | <hr/> |
| Net Change in Fund Balances | 782,192 |
| | <hr/> |
| Fund Balances, Beginning of Year | 8,355,408 |
| Restatements | 3,099,443 |
| | <hr/> |
| Fund Balances, Beginning of Year, as Restated | 11,454,851 |
| | <hr/> |
| Fund Balances, End of Year | \$ 12,237,043 |
| | <hr/> <hr/> |

CITY OF DOWNEY

**BUDGETARY COMPARISON SCHEDULE
WASTE REDUCTION
YEAR ENDED JUNE 30, 2015**

| | Budget Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|---|-------------------|-------------------|-------------------|---|
| | Original | Final | | |
| Budgetary Fund Balance, July 1 | \$ 635,971 | \$ 635,971 | \$ 635,971 | \$ - |
| Resources (Inflows): | | | | |
| Intergovernmental | 25,000 | 25,000 | 31,471 | 6,471 |
| Charges for services | 410,000 | 410,000 | 423,537 | 13,537 |
| Use of money and property | 5,000 | 5,000 | 4,758 | (242) |
| Miscellaneous | 1,000 | 1,000 | 30,731 | 29,731 |
| Amounts Available for Appropriations | 1,076,971 | 1,076,971 | 1,126,468 | 49,497 |
| Charges to Appropriations (Outflow): | | | | |
| Public works | 581,436 | 581,436 | 613,762 | (32,326) |
| Total Charges to Appropriations | 581,436 | 581,436 | 613,762 | (32,326) |
| Budgetary Fund Balance, June 30 | \$ 495,535 | \$ 495,535 | \$ 512,706 | \$ 17,171 |

CITY OF DOWNEY

**BUDGETARY COMPARISON SCHEDULE
STREET LIGHTING
YEAR ENDED JUNE 30, 2015**

| | Budget Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|---|-----------------------|-------------------|---------------------------|---|
| | Original | Final | | |
| Budgetary Fund Balance, July 1 | \$ 1,064,191 | \$ 1,064,191 | \$ 1,064,191 | \$ - |
| Resources (Inflows): | | | | |
| Taxes | 364,000 | 364,000 | 315,002 | (48,998) |
| Charges for services | 1,177,500 | 1,177,500 | 1,317,841 | 140,341 |
| Use of money and property | 1,500 | 1,500 | 8,687 | 7,187 |
| Miscellaneous | - | - | 25,474 | 25,474 |
| Amounts Available for Appropriations | 2,607,191 | 2,607,191 | 2,731,195 | 124,004 |
| Charges to Appropriations (Outflow): | | | | |
| Community development | 417 | 417 | 417 | - |
| Public works | 1,818,470 | 1,818,470 | 1,689,995 | 128,475 |
| Total Charges to Appropriations | 1,818,887 | 1,818,887 | 1,690,412 | 128,475 |
| Budgetary Fund Balance, June 30 | \$ 788,304 | \$ 788,304 | \$ 1,040,783 | \$ 252,479 |

CITY OF DOWNEY

**BUDGETARY COMPARISON SCHEDULE
SEWER AND STROM DRAIN
YEAR ENDED JUNE 30, 2015**

| | Budget Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|---|---------------------|---------------------|---------------------|---|
| | Original | Final | | |
| Budgetary Fund Balance, July 1 | \$ 3,907,466 | \$ 3,907,466 | \$ 3,907,466 | \$ - |
| Resources (Inflows): | | | | |
| Charges for services | 1,550,000 | 1,550,000 | 1,500,799 | (49,201) |
| Use of money and property | 7,000 | 7,000 | 36,857 | 29,857 |
| Transfers in | 1,180,506 | 1,180,506 | 1,180,506 | - |
| Amounts Available for Appropriations | 6,644,972 | 6,644,972 | 6,631,835 | (13,137) |
| Charges to Appropriations (Outflow): | | | | |
| Community services | 1,410,000 | 1,410,000 | 10,142 | 1,399,858 |
| Public works | 2,855,802 | 2,855,802 | 1,528,046 | 1,327,756 |
| Capital outlay | 200,000 | 200,000 | 1,289 | 198,711 |
| Total Charges to Appropriations | 4,465,802 | 4,465,802 | 1,539,477 | 2,926,325 |
| Budgetary Fund Balance, June 30 | \$ 2,179,170 | \$ 2,179,170 | \$ 5,092,358 | \$ 2,913,188 |

CITY OF DOWNEY

BUDGETARY COMPARISON SCHEDULE
 CATV PUBLIC ACCESS
 YEAR ENDED JUNE 30, 2015

| | Budget Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|---|-------------------|-------------------|-------------------|---|
| | Original | Final | | |
| Budgetary Fund Balance, July 1 | \$ 229,184 | \$ 229,184 | \$ 229,184 | \$ - |
| Resources (Inflows): | | | | |
| Taxes | 110,000 | 110,000 | 87,276 | (22,724) |
| Amounts Available for Appropriations | 339,184 | 339,184 | 316,460 | (22,724) |
| Budgetary Fund Balance, June 30 | \$ 339,184 | \$ 339,184 | \$ 316,460 | \$ (22,724) |

CITY OF DOWNEY

BUDGETARY COMPARISON SCHEDULE
 AIR QUALITY
 YEAR ENDED JUNE 30, 2015

| | Budget Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|---|-------------------|-------------------|-------------------|---|
| | Original | Final | | |
| Budgetary Fund Balance, July 1 | \$ 652,364 | \$ 652,364 | \$ 652,364 | \$ - |
| Resources (Inflows): | | | | |
| Intergovernmental | 135,000 | 135,000 | 176,978 | 41,978 |
| Use of money and property | 2,000 | 2,000 | 5,245 | 3,245 |
| Amounts Available for Appropriations | 789,364 | 789,364 | 834,587 | 45,223 |
| Charges to Appropriations (Outflow): | | | | |
| Public works | 117,726 | 117,726 | 120,147 | (2,421) |
| Total Charges to Appropriations | 117,726 | 117,726 | 120,147 | (2,421) |
| Budgetary Fund Balance, June 30 | \$ 671,638 | \$ 671,638 | \$ 714,440 | \$ 42,802 |

CITY OF DOWNEY

**BUDGETARY COMPARISON SCHEDULE
GRANTS
YEAR ENDED JUNE 30, 2015**

| | Budget Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|---|-----------------------|---------------------|---------------------------|---|
| | Original | Final | | |
| Budgetary Fund Balance, July 1 | \$ (426,975) | \$ (426,975) | \$ (426,975) | \$ - |
| Resources (Inflows): | | | | |
| Intergovernmental | 894,101 | 894,101 | 1,419,739 | 525,638 |
| Charges for services | 100,000 | 100,000 | 205,267 | 105,267 |
| Miscellaneous | 129,315 | 129,315 | 56,238 | (73,077) |
| Transfers in | 1,013,163 | 1,013,163 | 803,734 | (209,429) |
| Amounts Available for Appropriations | 1,709,604 | 1,709,604 | 2,058,003 | 348,399 |
| Charges to Appropriations (Outflow): | | | | |
| Public safety | 1,103,530 | 1,103,530 | 1,218,150 | (114,620) |
| Community development | 918,334 | 918,334 | 837,340 | 80,994 |
| Capital outlay | 114,715 | 114,715 | 30,033 | 84,682 |
| Transfers out | - | - | 3,463 | (3,463) |
| Total Charges to Appropriations | 2,136,579 | 2,136,579 | 2,088,986 | 47,593 |
| Budgetary Fund Balance, June 30 | \$ (426,975) | \$ (426,975) | \$ (30,983) | \$ 395,992 |

CITY OF DOWNEY

BUDGETARY COMPARISON SCHEDULE
 CDBG
 YEAR ENDED JUNE 30, 2015

| | Budget Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|---|---------------------|---------------------|-------------------|---|
| | Original | Final | | |
| Budgetary Fund Balance, July 1 | \$ (98,119) | \$ (98,119) | \$ (98,119) | \$ - |
| Resources (Inflows): | | | | |
| Intergovernmental | 1,090,427 | 1,090,427 | 1,326,643 | 236,216 |
| Amounts Available for Appropriations | 992,308 | 992,308 | 1,228,524 | 236,216 |
| Charges to Appropriations (Outflow): | | | | |
| Community development | 832,719 | 832,719 | 628,029 | 204,690 |
| Community services | 18,058 | 18,058 | 17,867 | 191 |
| Debt service: | | | | |
| Principal retirement | 250,000 | 250,000 | 250,000 | - |
| Interest and fiscal charges | 25,256 | 25,256 | 15,874 | 9,382 |
| Transfers out | 208,215 | 208,215 | 90,769 | 117,446 |
| Total Charges to Appropriations | 1,334,248 | 1,334,248 | 1,002,539 | 331,709 |
| Budgetary Fund Balance, June 30 | \$ (341,940) | \$ (341,940) | \$ 225,985 | \$ 567,925 |

CITY OF DOWNEY

**BUDGETARY COMPARISON SCHEDULE
ASSET FORFEITURE
YEAR ENDED JUNE 30, 2015**

| | <u>Budget Amounts</u> | | <u>Actual Amounts</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|--|-----------------------|-----------------------|---------------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Budgetary Fund Balance, July 1 | \$ 202,188 | \$ 202,188 | \$ 202,188 | \$ - |
| Resources (Inflows): | | | | |
| Intergovernmental | - | - | 797,518 | 797,518 |
| Amounts Available for Appropriation | 202,188 | 202,188 | 999,706 | 797,518 |
| Charges to Appropriation (Outflow): | | | | |
| Public safety | 1,512,407 | 1,512,407 | 480,167 | 1,032,240 |
| Capital outlay | 810,000 | 810,000 | - | 810,000 |
| Total Charges to Appropriations | 2,322,407 | 2,322,407 | 480,167 | 1,842,240 |
| Budgetary Fund Balance, June 30 | \$ (2,120,219) | \$ (2,120,219) | \$ 519,539 | \$ 2,639,758 |

CITY OF DOWNEY

BUDGETARY COMPARISON SCHEDULE
 TRANSIT PROP C
 YEAR ENDED JUNE 30, 2015

| | Budget Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--|-----------------------|-----------------------|--------------------|---|
| | Original | Final | | |
| Budgetary Fund Balance, July 1 | \$ 1,269,257 | \$ 1,269,257 | \$ 1,269,257 | \$ - |
| Resources (Inflows): | | | | |
| Taxes | 1,637,810 | 1,637,810 | 1,653,401 | 15,591 |
| Intergovernmental | - | - | 326,930 | 326,930 |
| Use of money and property | 65,000 | 65,000 | (1,804) | (66,804) |
| Miscellaneous | - | - | 3,152 | 3,152 |
| Amounts Available for Appropriation | 2,972,067 | 2,972,067 | 3,250,936 | 278,869 |
| Charges to Appropriation (Outflow): | | | | |
| Public works | 112,508 | 112,508 | 79,669 | 32,839 |
| Capital outlay | 2,877,700 | 2,877,700 | 2,116,856 | 760,844 |
| Transfers out | 1,120,904 | 1,120,904 | 1,120,904 | - |
| Total Charges to Appropriations | 4,111,112 | 4,111,112 | 3,317,429 | 793,683 |
| Budgetary Fund Balance, June 30 | \$ (1,139,045) | \$ (1,139,045) | \$ (66,493) | \$ 1,072,552 |

CITY OF DOWNEY

BUDGETARY COMPARISON SCHEDULE
 TRANSIT PROP A
 YEAR ENDED JUNE 30, 2015

| | Budget Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--|---------------------|---------------------|-------------------|---|
| | Original | Final | | |
| Budgetary Fund Balance, July 1 | \$ (197,289) | \$ (197,289) | \$ (197,289) | \$ - |
| Resources (Inflows): | | | | |
| Taxes | 1,974,517 | 1,974,517 | 1,994,210 | 19,693 |
| Charges for services | (10,000) | (10,000) | (13,827) | (3,827) |
| Use of money and property | 1,000 | 1,000 | 26,350 | 25,350 |
| Miscellaneous | 133,458 | 133,458 | 129,858 | (3,600) |
| Transfers in | 1,120,904 | 1,120,904 | 1,120,904 | - |
| Amounts Available for Appropriation | 3,022,590 | 3,022,590 | 3,060,206 | 37,616 |
| Charges to Appropriation (Outflow): | | | | |
| Public works | 1,863,783 | 1,863,783 | 1,570,097 | 293,686 |
| Capital outlay | 1,336,696 | 1,336,696 | 1,409,890 | (73,194) |
| Total Charges to Appropriations | 3,200,479 | 3,200,479 | 2,979,987 | 220,492 |
| Budgetary Fund Balance, June 30 | \$ (177,889) | \$ (177,889) | \$ 80,219 | \$ 258,108 |

CITY OF DOWNEY

BUDGETARY COMPARISON SCHEDULE
 MEASURE R TRANSIT
 YEAR ENDED JUNE 30, 2015

| | Budget Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--|---------------------|---------------------|---------------------|---|
| | Original | Final | | |
| Budgetary Fund Balance, July 1 | \$ 1,825,287 | \$ 1,825,287 | \$ 1,825,287 | \$ - |
| Resources (Inflows): | | | | |
| Use of money and property | 5,000 | 5,000 | 16,928 | 11,928 |
| Developer participation | 1,228,372 | 1,228,372 | 1,240,890 | 12,518 |
| Amounts Available for Appropriation | 3,058,659 | 3,058,659 | 3,083,105 | 24,446 |
| Charges to Appropriation (Outflow): | | | | |
| Public works | 3,222,157 | 3,222,157 | 631,603 | 2,590,554 |
| Capital outlay | 200,000 | 200,000 | 200,000 | - |
| Total Charges to Appropriations | 3,422,157 | 3,422,157 | 831,603 | 2,590,554 |
| Budgetary Fund Balance, June 30 | \$ (363,498) | \$ (363,498) | \$ 2,251,502 | \$ 2,615,000 |

OTHER CAPITAL PROJECTS FUND

Capital Project Fund is used to account for City projects funded by various sources.

CITY OF DOWNEY

BUDGETARY COMPARISON SCHEDULE
 CITY CAPITAL PROJECT
 YEAR ENDED JUNE 30, 2015

| | Budget Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|---|-------------------|---------------------|---------------------|---|
| | Original | Final | | |
| Budgetary Fund Balance, July 1 | \$ 2,391,326 | \$ 2,391,326 | \$ 2,391,326 | \$ - |
| Resources (Inflows): | | | | |
| Intergovernmental | - | - | 357,300 | 357,300 |
| Charges for services | - | - | 4,208 | 4,208 |
| Use of money and property | - | - | 1,917 | 1,917 |
| Contributions | 180,000 | 180,000 | 75,000 | (105,000) |
| Transfers in | 2,499,750 | 3,120,250 | 3,120,250 | - |
| Amounts Available for Appropriations | 5,071,076 | 5,691,576 | 5,950,001 | 258,425 |
| Charges to Appropriations (Outflow): | | | | |
| Capital outlay | 4,909,949 | 6,335,388 | 4,369,474 | 1,965,914 |
| Total Charges to Appropriations | 4,909,949 | 6,335,388 | 4,369,474 | 1,965,914 |
| Budgetary Fund Balance, June 30 | \$ 161,127 | \$ (643,812) | \$ 1,580,527 | \$ 2,224,339 |

INTERNAL SERVICE FUNDS

Internal Service Funds are used to account for the financing of goods or services provided by one City department to other City departments on a cost reimbursement basis. The Internal Service Funds used by the City are as follows:

Employee Benefits Fund is used to charge various departments for leave time, medical benefits, retirement benefits and other employee fringe benefits on a cost reimbursement basis.

Equipment Fund is used to charge various departments of the City for the use of fleet, office and communications equipment on a cost reimbursement basis.

CITY OF DOWNEY

**COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2015**

| | Governmental Activities - Internal Service Funds | | |
|---|---|---------------------|----------------------|
| | Employee Benefits | Equipment | Totals |
| Assets and Deferred Outflows of Resources: | | | |
| Assets: | | | |
| Current: | | | |
| Cash and investments | \$ 29,578,066 | \$ 1,413,689 | \$ 30,991,755 |
| Receivables: | | | |
| Accounts | - | 1,870 | 1,870 |
| Inventories | - | 93,286 | 93,286 |
| Advances to Successor Agency | 1,523,225 | - | 1,523,225 |
| Restricted: | | | |
| Cash with fiscal agent | - | 929,259 | 929,259 |
| Total Current Assets | 31,101,291 | 2,438,104 | 33,539,395 |
| Noncurrent: | | | |
| Capital assets - net of accumulated depreciation | - | 5,853,886 | 5,853,886 |
| Total Noncurrent Assets | - | 5,853,886 | 5,853,886 |
| Total Assets | \$ 31,101,291 | \$ 8,291,990 | \$ 39,393,281 |
| Deferred Outflows of Resources: | | | |
| Deferred pension related items | \$ - | \$ 82,609 | \$ 82,609 |
| Total Deferred Outflows of Resources | \$ - | \$ 82,609 | \$ 82,609 |
| Total Assets and Deferred Outflows of Resources | \$ 31,101,291 | \$ 8,374,599 | \$ 39,475,890 |
| Liabilities, Deferred Inflows of Resources, and Net Position: | | | |
| Liabilities: | | | |
| Current: | | | |
| Accounts payable | \$ - | \$ 289,154 | \$ 289,154 |
| Accrued liabilities | 1,215 | 23,443 | 24,658 |
| Accrued interest | - | 28,999 | 28,999 |
| Due to other funds | - | 636,139 | 636,139 |
| Accrued compensated absences | 4,458,651 | - | 4,458,651 |
| Accrued claims payable | 880,048 | - | 880,048 |
| Bonds, notes, and capital leases | - | 339,020 | 339,020 |
| Total Current Liabilities | 5,339,914 | 1,316,755 | 6,656,669 |
| Noncurrent: | | | |
| Accrued compensated absences | 8,144,340 | - | 8,144,340 |
| Accrued claims payable | 6,495,370 | - | 6,495,370 |
| Bonds, notes, and capital leases | - | 652,926 | 652,926 |
| Net pension liability | - | 1,005,304 | 1,005,304 |
| Total Noncurrent Liabilities | 14,639,710 | 1,658,230 | 16,297,940 |
| Total Liabilities | 19,979,624 | 2,974,985 | 22,954,609 |
| Deferred Inflows of Resources: | | | |
| Deferred pension related items | - | 205,038 | 205,038 |
| Total Deferred Inflows of Resources | - | 205,038 | 205,038 |
| Net Position: | | | |
| Net investment in capital assets | - | 4,861,940 | 4,861,940 |
| Restricted for debt service | 1,400,203 | - | 1,400,203 |
| Unrestricted | 9,721,464 | 332,636 | 10,054,100 |
| Total Net Position | 11,121,667 | 5,194,576 | 16,316,243 |
| Total Liabilities, Deferred Inflows of Resources, and Net Position | \$ 31,101,291 | \$ 8,374,599 | \$ 39,475,890 |

CITY OF DOWNEY

COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2015

| | Governmental Activities - Internal Service Funds | | |
|---|--|---------------------|----------------------|
| | Employee Benefits | Equipment | Totals |
| Operating Revenues: | | | |
| Interdepartmental charges | \$ 1,867,631 | \$ 1,352,608 | \$ 3,220,239 |
| Miscellaneous | 185 | 3,642 | 3,827 |
| Total Operating Revenues | 1,867,816 | 1,356,250 | 3,224,066 |
| Operating Expenses: | | | |
| Maintenance and operations | - | 2,404,030 | 2,404,030 |
| General and administrative | - | 104,405 | 104,405 |
| Employee benefits | 2,014,121 | - | 2,014,121 |
| Depreciation expense | - | 1,438,203 | 1,438,203 |
| Total Operating Expenses | 2,014,121 | 3,946,638 | 5,960,759 |
| Operating Income (Loss) | (146,305) | (2,590,388) | (2,736,693) |
| Nonoperating Revenues (Expenses): | | | |
| Interest revenue | 69,131 | 66,993 | 136,124 |
| Interest expense | - | (13,107) | (13,107) |
| Gain (loss) on disposal of capital assets | - | 25,289 | 25,289 |
| Total Nonoperating Revenues (Expenses) | 69,131 | 79,175 | 148,306 |
| Income (Loss) Before Transfers | (77,174) | (2,511,213) | (2,588,387) |
| Transfers in | - | 1,000,000 | 1,000,000 |
| Changes in Net Position | (77,174) | (1,511,213) | (1,588,387) |
| Net Position: | | | |
| Beginning of Year, as originally reported | 8,128,709 | 7,572,584 | 15,701,293 |
| Restatements | 3,070,132 | (866,795) | 2,203,337 |
| Beginning of Fiscal Year, as restated | 11,198,841 | 6,705,789 | 17,904,630 |
| End of Fiscal Year | \$ 11,121,667 | \$ 5,194,576 | \$ 16,316,243 |

CITY OF DOWNEY

**COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2015**

| | Governmental Activities - Internal Service Funds | | |
|---|---|-----------------------|-----------------------|
| | Employee Benefits | Equipment | Totals |
| Cash Flows from Operating Activities: | | | |
| Cash received from customers and users | \$ 1,867,973 | \$ 1,368,308 | \$ 3,236,281 |
| Cash paid to suppliers for goods and services | (342) | (2,479,668) | (2,480,010) |
| Cash paid to employees for services | (1,401,179) | (105,494) | (1,506,673) |
| Cash received from (payments to) others | (448,632) | - | (448,632) |
| Net Cash Provided (Used) by Operating Activities | 17,820 | (1,216,854) | (1,199,034) |
| Cash Flows from Non-Capital Financing Activities: | | | |
| Cash transfers in | - | 1,000,000 | 1,000,000 |
| Advance from other funds | - | 636,139 | 636,139 |
| Net Cash Provided (Used) by Non-Capital Financing Activities | - | 1,636,139 | 1,636,139 |
| Cash Flows from Capital and Related Financing Activities: | | | |
| Acquisition and construction of capital assets | - | (1,426,157) | (1,426,157) |
| Principal paid on capital debt | - | (226,435) | (226,435) |
| Interest paid on capital debt | - | (19,699) | (19,699) |
| Proceeds from sales of capital assets | - | 20,232 | 20,232 |
| Net Cash Provided (Used) by Capital and Related Financing Activities | - | (1,652,059) | (1,652,059) |
| Cash Flows from Investing Activities: | | | |
| Interest received | 69,130 | 66,993 | 136,123 |
| Net Cash Provided (Used) by Investing Activities | 69,130 | 66,993 | 136,123 |
| Net Increase (Decrease) in Cash and Cash Equivalents | 86,950 | (1,165,781) | (1,078,831) |
| Cash and Cash Equivalents at Beginning of Year | 29,491,116 | 3,508,729 | 32,999,845 |
| Cash and Cash Equivalents at End of Year | \$ 29,578,066 | \$ 2,342,948 | \$ 31,921,014 |
| Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities: | | | |
| Operating income (loss) | \$ (146,305) | \$ (2,590,388) | \$ (2,736,693) |
| Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities: | | | |
| Depreciation | - | 1,438,203 | 1,438,203 |
| Gain on sale of capital assets | - | 25,289 | 25,289 |
| (Increase) decrease in accounts receivable | 157 | 6,722 | 6,879 |
| (Increase) decrease in due from other governments | - | 5,336 | 5,336 |
| (Increase) decrease in inventories | - | 10,239 | 10,239 |
| (Increase) decrease in Advances to Successor Agency | 76,775 | - | 76,775 |
| (Increase) decrease in deferred pension related outflows | - | (82,609) | (82,609) |
| Increase (decrease) in accounts payable | (342) | (111,166) | (111,508) |
| Increase (decrease) in accrued liabilities | - | 8,157 | 8,157 |
| Increase (decrease) in claims payable | (525,407) | - | (525,407) |
| Increase (decrease) in compensated absences | 612,942 | - | 612,942 |
| Increase (decrease) in net pension liability | - | (131,675) | (131,675) |
| Increase (decrease) in deferred pension related inflows | - | 205,038 | 205,038 |
| Total Adjustments | 164,125 | 1,373,534 | 1,537,659 |
| Net Cash Provided (Used) by Operating Activities | \$ 17,820 | \$ (1,216,854) | \$ (1,199,034) |
| Non-Cash Investing, Capital, and Financing Activities: | | | |
| Amortization of bond premium | \$ 7,109 | \$ - | \$ 7,109 |
| Gain on disposal of capital assets | - | 25,289 | 25,289 |
| Prior period restatement related to net pension liability | - | 1,136,979 | 1,136,979 |

AGENCY FUNDS

Special Deposits Fund is used to account for refundable and performance bond deposits and other deposit funds.

Cemetery District Fund is used to account for the financial operations of an independent governmental entity which the City provides accounting services to.

1913 Act Bond Fund is used to account for the revenues associated with the City's 1913 Act projects.

Elm Vista Fund is used to account for funds provided by private property owners to construct certain public right-of-way improvements in their neighborhood.

Columbia Memorial Space Learning Center Foundation Fund is used to account for the construction and implementation of educational programs for the Columbia Memorial Space Learning Center.

Southeast Area Animal Control Authority (SEACA) Fund is used to account for the financial operations of an independent governmental entity which the City provides accounting services to.

CITY OF DOWNEY

COMBINING STATEMENT OF NET POSITION
 ALL AGENCY FUNDS
 JUNE 30, 2015

| | <u>Special Deposits</u> | <u>Cemetery District</u> | <u>1913 Act Bond</u> | <u>Elm Vista</u> |
|-----------------------------|-----------------------------|------------------------------|--------------------------|------------------------|
| Assets: | | | | |
| Pooled cash and investments | \$ 1,780,968 | \$ 238,960 | \$ 122,271 | \$ 1,765 |
| Receivables: | | | | |
| Accounts | - | - | - | 3,256 |
| Taxes | - | 2,326 | - | - |
| Accrued interest | - | 305 | - | - |
| Due from other governments | 2,342 | 942 | - | - |
| Total Assets | <u>\$ 1,783,310</u> | <u>\$ 242,533</u> | <u>\$ 122,271</u> | <u>\$ 5,021</u> |
| Liabilities: | | | | |
| Accounts payable | \$ 57,388 | \$ 4,572 | \$ - | \$ - |
| Accrued liabilities | - | - | - | - |
| Deposits payable | 1,725,922 | 196,484 | 122,271 | 21 |
| Due to other governments | - | 41,477 | - | 5,000 |
| Total Liabilities | <u>\$ 1,783,310</u> | <u>\$ 242,533</u> | <u>\$ 122,271</u> | <u>\$ 5,021</u> |

CITY OF DOWNEY

COMBINING STATEMENT OF NET POSITION
 ALL AGENCY FUNDS
 JUNE 30, 2015

| | <u>Columbia Memorial Space</u> | <u>SEAACA</u> | <u>Totals</u> |
|-----------------------------|--|----------------------------|----------------------------|
| Assets: | | | |
| Pooled cash and investments | \$ 15,493 | \$ 1,298,266 | \$ 3,457,723 |
| Receivables: | | | |
| Accounts | - | 1,692,948 | 1,696,204 |
| Taxes | - | - | 2,326 |
| Accrued interest | - | - | 305 |
| Due from other governments | - | 340,130 | 343,414 |
| Total Assets | <u>\$ 15,493</u> | <u>\$ 3,331,344</u> | <u>\$ 5,499,972</u> |
| Liabilities: | | | |
| Accounts payable | \$ - | \$ 756,128 | \$ 818,088 |
| Accrued liabilities | - | 342,284 | 342,284 |
| Deposits payable | 15,493 | 1,934,668 | 3,994,859 |
| Due to other governments | - | 298,264 | 344,741 |
| Total Liabilities | <u>\$ 15,493</u> | <u>\$ 3,331,344</u> | <u>\$ 5,499,972</u> |

CITY OF DOWNEY

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 YEAR ENDED JUNE 30, 2015

| | Balance 7/1/2014 | Additions | Deductions | Balance 6/30/2015 |
|--|---------------------|---------------------|---------------------|----------------------|
| <u>Special Deposits</u> | | | | |
| Assets: | | | | |
| Pooled cash and investments | \$ 1,724,209 | \$ 1,050,944 | \$ 994,185 | \$ 1,780,968 |
| Due from other governments | 48 | 2,342 | 48 | 2,342 |
| Total Assets | \$ 1,724,257 | \$ 1,053,286 | \$ 994,233 | \$ 1,783,310 |
| Liabilities: | | | | |
| Accounts payable | \$ 96,457 | \$ 910,590 | \$ 949,659 | \$ 57,388 |
| Deposits payable | 1,627,800 | 1,041,377 | 943,255 | 1,725,922 |
| Total Liabilities | \$ 1,724,257 | \$ 1,951,967 | \$ 1,892,914 | \$ 1,783,310 |
| <u>Cemetery District</u> | | | | |
| Assets: | | | | |
| Pooled cash and investments | \$ 189,523 | \$ 124,076 | \$ 74,639 | \$ 238,960 |
| Taxes | 2,293 | 33 | - | 2,326 |
| Accrued interest | 160 | 145 | - | 305 |
| Due from other governments | 632 | 310 | - | 942 |
| Total Assets | \$ 192,608 | \$ 124,564 | \$ 74,639 | \$ 242,533 |
| Liabilities: | | | | |
| Accounts payable | \$ 2,758 | \$ 35,190 | \$ 33,376 | \$ 4,572 |
| Deposits payable | 189,850 | 61,769 | 55,135 | 196,484 |
| Due to other governments | - | 41,477 | - | 41,477 |
| Total Liabilities | \$ 192,608 | \$ 138,436 | \$ 88,511 | \$ 242,533 |
| <u>1913 Act Bond</u> | | | | |
| Assets: | | | | |
| Pooled cash and investments | \$ 122,271 | \$ - | \$ - | \$ 122,271 |
| Total Assets | \$ 122,271 | \$ - | \$ - | \$ 122,271 |
| Liabilities: | | | | |
| Deposits payable | \$ 122,271 | \$ - | \$ - | \$ 122,271 |
| Total Liabilities | \$ 122,271 | \$ - | \$ - | \$ 122,271 |
| <u>Elm Vista</u> | | | | |
| Assets: | | | | |
| Pooled cash and investments | \$ 1,765 | \$ - | \$ - | \$ 1,765 |
| Receivables: | | | | |
| Accounts | 3,256 | - | - | 3,256 |
| Total Assets | \$ 5,021 | \$ - | \$ - | \$ 5,021 |
| Liabilities: | | | | |
| Deposits payable | \$ 5,021 | \$ - | \$ 5,000 | \$ 21 |
| Due to other governments | - | 5,000 | - | 5,000 |
| Total Liabilities | \$ 5,021 | \$ 5,000 | \$ 5,000 | \$ 5,021 |
| <u>Columbia Memorial Space Learning Center Foundation</u> | | | | |
| Assets: | | | | |
| Pooled cash and investments | \$ 16,494 | \$ 15,078 | \$ 16,079 | \$ 15,493 |
| Total Assets | \$ 16,494 | \$ 15,078 | \$ 16,079 | \$ 15,493 |
| Liabilities: | | | | |
| Accounts payable | \$ 899 | \$ 15,145 | \$ 16,044 | \$ - |
| Deposits payable | 15,595 | 15,000 | 15,102 | 15,493 |
| Total Liabilities | \$ 16,494 | \$ 30,145 | \$ 31,146 | \$ 15,493 |

CITY OF DOWNEY

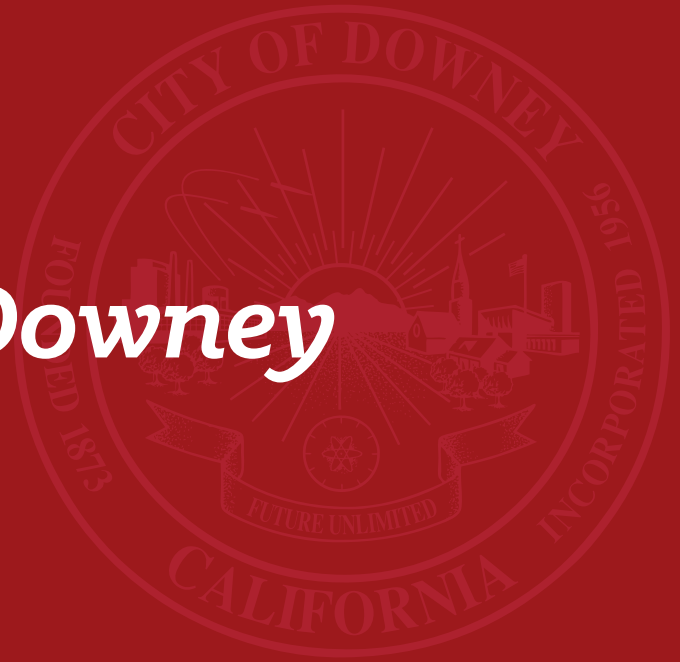
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 YEAR ENDED JUNE 30, 2015**

| | Balance 7/1/2014 | Additions | Deductions | Balance 6/30/2015 |
|---|----------------------------|-----------------------------|-----------------------------|----------------------------|
| <u>SEAACA</u> | | | | |
| Assets: | | | | |
| Pooled cash and investments | \$ 1,111,395 | \$ 7,290,882 | \$ 7,104,011 | \$ 1,298,266 |
| Receivables: | | | | |
| Accounts | 1,680,788 | 3,671,837 | 3,659,677 | 1,692,948 |
| Due from other governments | - | 340,130 | | 340,130 |
| Total Assets | <u>\$ 2,792,183</u> | <u>\$ 11,302,849</u> | <u>\$ 10,763,688</u> | <u>\$ 3,331,344</u> |
| Liabilities: | | | | |
| Accounts payable | \$ 386,513 | \$ 5,888,293 | \$ 5,518,678 | \$ 756,128 |
| Accrued liabilities | 251,336 | 3,391,116 | 3,300,168 | 342,284 |
| Deposits payable | 2,154,334 | 12,527,676 | 12,747,342 | 1,934,668 |
| Due to other governments | - | 298,264 | - | 298,264 |
| Total Liabilities | <u>\$ 2,792,183</u> | <u>\$ 22,105,349</u> | <u>\$ 21,566,188</u> | <u>\$ 3,331,344</u> |
| <u>Totals - All Agency Funds</u> | | | | |
| Assets: | | | | |
| Pooled cash and investments | \$ 3,165,657 | \$ 8,480,980 | \$ 8,188,914 | \$ 3,457,723 |
| Receivables: | | | | |
| Accounts | 1,684,044 | 3,671,837 | 3,659,677 | 1,696,204 |
| Taxes | 2,293 | 33 | - | 2,326 |
| Accrued interest | 160 | 145 | - | 305 |
| Due from other governments | 680 | 342,782 | 48 | 343,414 |
| Total Assets | <u>\$ 4,852,834</u> | <u>\$ 12,495,777</u> | <u>\$ 11,848,639</u> | <u>\$ 5,499,972</u> |
| Liabilities: | | | | |
| Accounts payable | \$ 486,627 | \$ 6,849,218 | \$ 6,517,757 | \$ 818,088 |
| Accrued liabilities | 251,336 | 3,391,116 | 3,300,168 | 342,284 |
| Deposits payable | 4,114,871 | 13,645,822 | 13,765,834 | 3,994,859 |
| Due to other governments | - | 344,741 | - | 344,741 |
| Total Liabilities | <u>\$ 4,852,834</u> | <u>\$ 24,230,897</u> | <u>\$ 23,583,759</u> | <u>\$ 5,499,972</u> |

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City of *Downey*



Statistical Section

STATISTICAL SECTION

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DESCRIPTION OF STATISTICAL SECTION CONTENTS

June 30, 2015

This part of the City of Downey'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 say about the government's overall financial health.

| Contents: | <u>Pages</u> |
|--|--------------|
| <u>Financial Trends</u> - These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time. | 122-131 |
| <u>Revenue Capacity</u> - These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax..... | 133-139 |
| <u>Debt Capacity</u> - 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. | 140-147 |
| <u>Demographic and Economic Information</u> - These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place. | 148-149 |
| <u>Operating Information</u> - 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. | 150-155 |

CITY OF DOWNEY

NET POSITION BY COMPONENT
(amounts expressed in thousands)

Last Ten Fiscal Years
(modified accrual basis of accounting)

| | <u>2005-06</u> | <u>2006-07</u> | <u>2007-08</u> | <u>2008-09</u> | <u>2009-10</u> |
|----------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Governmental Activities: | | | | | |
| Net investment in capital assets | \$ 150,882 | \$ 154,423 | \$ 172,185 | \$ 176,041 | \$ 177,580 |
| Restricted | 28,039 | 31,468 | 28,201 | 32,221 | 39,029 |
| Unreserved | 44,867 | 46,856 | 38,679 | 34,848 | 25,557 |
| Total governmental activities | <u>223,788</u> | <u>232,747</u> | <u>239,065</u> | <u>243,110</u> | <u>242,166</u> |
| Business-type Activities: | | | | | |
| Net investment in capital assets | 33,550 | 35,976 | 35,586 | 35,423 | 35,211 |
| Restricted | | | | | 3,706 |
| Unrestricted | 24,438 | 21,345 | 21,693 | 20,494 | 10,215 |
| Total business-type activities | <u>57,988</u> | <u>57,321</u> | <u>57,279</u> | <u>55,917</u> | <u>49,132</u> |
| Primary Government: | | | | | |
| Net investment in capital assets | 184,432 | 190,399 | 207,771 | 211,464 | 212,791 |
| Restricted | 28,039 | 31,468 | 28,201 | 32,221 | 42,735 |
| Unassigned | 69,305 | 68,201 | 60,372 | 55,342 | 35,772 |
| Total primary government | <u>\$ 281,776</u> | <u>\$ 290,068</u> | <u>\$ 296,344</u> | <u>\$ 299,027</u> | <u>\$ 291,298</u> |

Note: Transit was transferred to governmental activities during fiscal year 2014-15. Transit revenues are grouped under operating grants and contributions.

CITY OF DOWNEY

NET POSITION BY COMPONENT
(amounts expressed in thousands)

Last Ten Fiscal Years
(modified accrual basis of accounting)

| | 2010-11 | 2011-12 | 2012-13 | 2013-14 | 2014-15 |
|---------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Governmental Activities: | | | | | |
| Net investment in capital assets | \$ 188,044 | \$ 193,698 | \$ 189,490 | \$ 193,071 | \$ 206,576 |
| Restricted | 35,023 | 26,298 | 29,332 | 26,203 | 23,592 |
| Unreserved | 11,490 | 33,582 | 31,965 | 48,162 | (98,403) |
| Total governmental activities | 234,557 | 253,578 | 250,787 | 267,436 | 131,765 |
| Business-type Activities: | | | | | |
| Net investment in capital assets | 35,675 | 34,378 | 34,116 | 41,719 | 34,744 |
| Restricted | 3,816 | 4,259 | 4,224 | 1,478 | 469 |
| Unrestricted | 2,336 | (769) | 3,602 | 5,941 | 1,084 |
| Total business-type activities | 41,827 | 37,868 | 41,942 | 49,138 | 36,297 |
| Primary Government: | | | | | |
| Net investment in capital assets | 223,719 | 228,076 | 223,606 | 234,790 | 241,320 |
| Restricted | 38,839 | 30,557 | 33,556 | 27,681 | 24,061 |
| Unassigned | 13,826 | 32,813 | 35,567 | 54,103 | (97,319) |
| Total primary government | \$ 276,384 | \$ 291,446 | \$ 292,729 | \$ 316,574 | \$ 168,062 |

Note: Transit was transferred to governmental activities during fiscal year 2014-15. Transit revenues are grouped under operating grants and contributions.

CITY OF DOWNEY

CHANGES IN NET POSITION - EXPENSES AND PROGRAM REVENUES
(amounts expressed in thousands)

Last Ten Fiscal Years
(modified accrual basis of accounting)

| | 2005-06 | 2006-07 | 2007-08 | 2008-09 | 2009-10 |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|
| Expenses | | | | | |
| Governmental Activities: | | | | | |
| General government | \$ 4,510 | \$ 6,100 | \$ 5,891 | \$ 4,881 | \$ 7,588 |
| Public safety | 40,767 | 42,379 | 43,510 | 45,314 | 46,420 |
| Public works | 8,079 | 8,466 | 7,460 | 7,450 | 8,013 |
| Community services | 8,927 | 7,903 | 9,390 | 9,220 | 8,420 |
| Community development | 6,269 | 6,556 | 8,898 | 8,732 | 10,543 |
| Transit | 2,577 | 2,634 | 2,939 | 3,486 | 3,469 |
| Unallocated infrastructure depreciation | 4,614 | 4,772 | 4,806 | 4,965 | 5,064 |
| Interest on long term debt | 1,767 | 1,801 | 1,823 | 1,859 | 1,933 |
| Total expenses for governmental activities | <u>77,510</u> | <u>80,611</u> | <u>84,717</u> | <u>85,907</u> | <u>91,450</u> |
| Business-type Activities: | | | | | |
| Water | 7,977 | 8,852 | 10,121 | 9,739 | 11,829 |
| Golf | 2,516 | 2,745 | 2,765 | 2,699 | 2,847 |
| Total expenses for business-type activities | <u>10,493</u> | <u>11,597</u> | <u>12,886</u> | <u>12,438</u> | <u>14,676</u> |
| Total expenses for primary government | <u>\$ 88,003</u> | <u>\$ 92,208</u> | <u>\$ 97,603</u> | <u>\$ 98,345</u> | <u>\$ 106,126</u> |
| Program Revenues | | | | | |
| Governmental Activities: | | | | | |
| Charges for services: | | | | | |
| General government | \$ 153 | \$ 150 | \$ 134 | \$ 154 | \$ 162 |
| Public safety | 3,996 | 4,156 | 4,202 | 4,161 | 4,951 |
| Public works | 2,092 | 2,236 | 2,247 | 2,273 | 2,410 |
| Community services | 2,648 | 2,904 | 2,516 | 2,536 | 2,078 |
| Community development | 3,030 | 2,701 | 3,795 | 2,277 | 1,580 |
| Operating grants and contributions | 9,835 | 7,416 | 8,086 | 7,629 | 7,190 |
| Capital grants and contributions | 4,548 | 3,676 | 3,623 | 7,634 | 7,528 |
| Total revenues for governmental activities | <u>26,302</u> | <u>23,239</u> | <u>24,603</u> | <u>26,664</u> | <u>25,899</u> |
| Business-type Activities: | | | | | |
| Charges for services: | | | | | |
| Water | 9,095 | 9,543 | 9,078 | 8,782 | 8,408 |
| Golf | 2,864 | 2,944 | 2,938 | 2,780 | 2,625 |
| Operating grants and contributions | - | - | - | 762 | - |
| Total revenues for business-type activities | <u>11,959</u> | <u>12,487</u> | <u>12,016</u> | <u>12,324</u> | <u>11,033</u> |
| Total revenues for primary government | <u>\$ 38,261</u> | <u>\$ 35,726</u> | <u>\$ 36,619</u> | <u>\$ 38,988</u> | <u>\$ 36,932</u> |
| Net Position: | | | | | |
| Governmental activities | \$ (51,208) | \$ (57,372) | \$ (60,114) | \$ (59,243) | \$ (65,551) |
| Business-type activities | <u>1,466</u> | <u>890</u> | <u>(870)</u> | <u>(114)</u> | <u>(3,643)</u> |
| Total net position for primary government | <u>\$ (49,742)</u> | <u>\$ (56,482)</u> | <u>\$ (60,984)</u> | <u>\$ (59,357)</u> | <u>\$ (69,194)</u> |

Note: Transit was transferred to governmental activities during fiscal year 2014-15. Transit revenues are grouped under operating grants and contributions.

CITY OF DOWNEY

CHANGES IN NET POSITION - EXPENSES AND PROGRAM REVENUES
(amounts expressed in thousands)

Last Ten Fiscal Years
(modified accrual basis of accounting)

| | 2010-11 | 2011-12 | 2012-13 | 2013-14 | 2014-15 |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|
| Expenses | | | | | |
| Governmental Activities: | | | | | |
| General government | \$ 7,594 | \$ 7,768 | 7,242 | 12,856 | 12,419 |
| Public safety | 50,482 | 51,958 | 46,414 | 52,127 | 54,196 |
| Public works | 5,849 | 6,767 | 7,349 | 10,209 | 13,598 |
| Community services | 9,041 | 9,314 | 8,959 | 5,821 | 6,703 |
| Community development | 13,825 | 8,481 | 5,821 | 5,115 | 4,893 |
| Transit | 5,954 | 4,927 | 3,992 | 3,317 | - |
| Unallocated infrastructure depreciation | 5,481 | 5,640 | 5,717 | - | - |
| Interest on long term debt | 2,130 | 1,541 | 46 | 1,052 | 1,617 |
| Total expenses for governmental activities | <u>100,356</u> | <u>96,396</u> | <u>85,540</u> | <u>90,497</u> | <u>93,426</u> |
| Business-type Activities: | | | | | |
| Water | 10,432 | 12,207 | 10,117 | 12,102 | 12,355 |
| Golf | 2,693 | 2,842 | 2,772 | 3,054 | 3,188 |
| Total expenses for business-type activities | <u>13,125</u> | <u>15,049</u> | <u>12,889</u> | <u>15,156</u> | <u>15,543</u> |
| Total expenses for primary government | <u>\$ 113,481</u> | <u>\$ 111,445</u> | <u>\$ 98,429</u> | <u>\$ 105,653</u> | <u>\$ 108,969</u> |
| Program Revenues | | | | | |
| Governmental Activities: | | | | | |
| Charges for services: | | | | | |
| General government | \$ 190 | \$ 179 | \$ 104 | \$ 5,109 | \$ 5,530 |
| Public safety | 4,014 | 5,234 | 5,996 | 4,550 | 3,980 |
| Public works | 2,134 | 1,173 | 3,111 | 2,045 | 2,950 |
| Community services | 2,187 | 2,414 | 2,452 | 2,766 | 2,977 |
| Community development | 3,806 | 1,443 | 1,301 | 1,080 | 1,307 |
| Operating grants and contributions | 8,818 | 9,131 | 8,468 | 9,981 | 12,690 |
| Capital grants and contributions | 6,500 | 6,330 | 4,279 | 981 | 1,503 |
| Total revenues for governmental activities | <u>27,649</u> | <u>25,904</u> | <u>25,711</u> | <u>26,512</u> | <u>30,937</u> |
| Business-type Activities: | | | | | |
| Charges for services: | | | | | |
| Water | 8,366 | 11,104 | 15,194 | 18,104 | 17,399 |
| Golf | 2,547 | 2,706 | 2,639 | 2,765 | 2,763 |
| Operating grants and contributions | 2,004 | - | - | - | - |
| Total revenues for business-type activities | <u>12,917</u> | <u>13,810</u> | <u>17,833</u> | <u>20,869</u> | <u>20,162</u> |
| Total revenues for primary government | <u>\$ 40,566</u> | <u>\$ 39,714</u> | <u>\$ 43,544</u> | <u>\$ 47,381</u> | <u>\$ 51,099</u> |
| Net Position: | | | | | |
| Governmental activities | \$ (72,707) | \$ (70,492) | \$ (59,829) | \$ (63,985) | \$ (62,489) |
| Business-type activities | <u>(208)</u> | <u>(1,239)</u> | <u>4,944</u> | <u>5,713</u> | <u>4,619</u> |
| Total net position for primary government | <u>\$ (72,915)</u> | <u>\$ (71,731)</u> | <u>\$ (54,885)</u> | <u>\$ (58,272)</u> | <u>\$ (57,870)</u> |

Note: Transit was transferred to governmental activities during fiscal year 2014-15. Transit revenues are grouped under operating grants and contributions.

CITY OF DOWNEY

CHANGES IN NET POSITION - GENERAL REVENUES

(amounts expressed in thousands)

Last Ten Fiscal Years

(modified accrual basis of accounting)

| | 2005-06 | 2006-07 | 2007-08 | 2008-09 | 2009-10 |
|--|------------------|------------------|------------------|------------------|-------------------|
| General Revenues and Other Changes in Net Position: | | | | | |
| Governmental Activities: | | | | | |
| Property taxes, levied for general purposes | \$ 19,813 | \$ 22,726 | \$ 23,974 | \$ 25,561 | \$ 25,938 |
| Transient occupancy taxes | 1,022 | 1,085 | 1,050 | 934 | 936 |
| Sales and use taxes | 11,372 | 12,996 | 11,706 | 9,675 | 8,942 |
| Property tax in lieu of sales and use taxes | 3,819 | 3,989 | 3,856 | 3,444 | 3,180 |
| Franchise taxes | 2,076 | 2,168 | 2,142 | 2,276 | 2,201 |
| Utility taxes | - | - | 8,002 | 7,677 | 7,471 |
| Other taxes | 8,574 | 9,489 | 1,819 | 1,632 | 1,536 |
| Earning on investments | 2,070 | 5,405 | 5,973 | 4,889 | 3,671 |
| Gain/(loss) on sales of capital assets | - | - | 24 | 49 | 38 |
| Miscellaneous | 7,459 | 4,126 | 1,443 | 1,491 | 1,938 |
| Transfer-in | 3,530 | 1,720 | 4,761 | 2,304 | 4,961 |
| Extraordinary gain | - | - | - | - | - |
| Total governmental activities | <u>59,735</u> | <u>63,704</u> | <u>64,750</u> | <u>59,932</u> | <u>60,812</u> |
| Business-type Activities: | | | | | |
| Sales taxes | 3,383 | 3,330 | 3,310 | 3,004 | 4,074 |
| Earning on investments | 562 | 1,371 | 1,580 | 1,436 | 1,022 |
| Gain/(loss) on sales of capital assets | 20 | - | 28 | (28) | 2 |
| Miscellaneous | - | - | 2,012 | - | 60 |
| Transfer-in | (3,530) | (1,720) | (4,761) | (2,304) | (4,961) |
| Total business-type activities | <u>435</u> | <u>2,981</u> | <u>2,169</u> | <u>2,108</u> | <u>197</u> |
| Total primary government | <u>\$ 60,170</u> | <u>\$ 66,685</u> | <u>\$ 66,919</u> | <u>\$ 62,040</u> | <u>\$ 61,009</u> |
| Changes in Net Position | | | | | |
| Governmental activities | 8,527 | 6,332 | 4,636 | 689 | (4,739) |
| Business-type activities | <u>1,901</u> | <u>3,871</u> | <u>1,299</u> | <u>1,994</u> | <u>(3,446)</u> |
| Total net position for primary government | <u>\$ 10,428</u> | <u>\$ 10,203</u> | <u>\$ 5,935</u> | <u>\$ 2,683</u> | <u>\$ (8,185)</u> |

Note: Transit was transferred to governmental activities during fiscal year 2014-15. Transit revenues are grouped under operating grants and contributions.

CITY OF DOWNEY

CHANGES IN NET POSITION - GENERAL REVENUES
(amounts expressed in thousands)

Last Ten Fiscal Years
(modified accrual basis of accounting)

| | 2010-11 | 2011-12 | 2012-13 | 2013-14 | 2014-15 |
|--|--------------------|------------------|------------------|------------------|------------------|
| General Revenues and Other Changes in Net Position: | | | | | |
| Governmental Activities: | | | | | |
| Property taxes, levied for general purposes | \$ 24,347 | \$ 20,847 | \$ 21,116 | \$ 21,842 | \$ 23,152 |
| Transient occupancy taxes | 991 | 1,123 | 1,219 | 1,315 | 1,317 |
| Sales and use taxes | 9,845 | 10,479 | 11,925 | 11,395 | 17,062 |
| Property tax in lieu of sales and use taxes | 3,144 | 3,959 | 3,732 | 4,385 | 4,231 |
| Franchise taxes | 2,340 | 2,324 | 2,303 | 2,282 | 2,257 |
| Utility taxes | 7,094 | 6,778 | 7,170 | 7,562 | 7,595 |
| Other taxes | 1,742 | 1,351 | 1,426 | 1,633 | 1,661 |
| Earning on investments | 1,817 | 2,281 | 267 | 5,189 | 3,343 |
| Gain/(loss) on sales of capital assets | 25 | 24 | - | - | - |
| Miscellaneous | 2,171 | 2,529 | 2,782 | 16,321 | 7,201 |
| Transfer-in | 5,757 | 2,619 | 1,629 | 1,311 | 1,777 |
| Extraordinary gain | - | 30,042 | - | - | - |
| Total governmental activities | <u>59,273</u> | <u>84,356</u> | <u>53,569</u> | <u>73,235</u> | <u>69,596</u> |
| Business-type Activities: | | | | | |
| Sales taxes | 3,761 | 4,070 | 4,310 | 4,685 | |
| Earning on investments | 451 | 768 | 164 | 489 | 458 |
| Gain/(loss) on sales of capital assets | 2 | - | 2 | - | - |
| Miscellaneous | 271 | 824 | 135 | 648 | 2,291 |
| Transfer-in | (5,757) | (2,619) | (1,629) | (1,311) | (1,777) |
| Total business-type activities | <u>(1,272)</u> | <u>3,043</u> | <u>2,982</u> | <u>4,511</u> | <u>972</u> |
| Total primary government | <u>\$ 58,001</u> | <u>\$ 87,399</u> | <u>\$ 56,551</u> | <u>\$ 77,746</u> | <u>\$ 70,568</u> |
| Changes in Net Position | | | | | |
| Governmental activities | (13,434) | 13,864 | (6,260) | 9,250 | 7,107 |
| Business-type activities | <u>(1,480)</u> | <u>1,804</u> | <u>7,926</u> | <u>10,224</u> | <u>5,591</u> |
| Total net position for primary government | <u>\$ (14,914)</u> | <u>\$ 15,668</u> | <u>\$ 1,666</u> | <u>\$ 19,474</u> | <u>\$ 12,698</u> |

Note: Transit was transferred to governmental activities during fiscal year 2014-15. Transit revenues are grouped under operating grants and contributions.

CITY OF DOWNEY

FUND BALANCES OF GOVERNMENTAL FUNDS
(amounts expressed in thousands)

Last Ten Fiscal Years
(modified accrual basis of accounting)

| | 2005-06 | 2006-07 | 2007-08 | 2008-09 | 2009-10 |
|------------------------------------|------------------|------------------|------------------|------------------|------------------|
| General Fund: | | | | | |
| Reserved | \$ 7,850 | \$ 8,014 | \$ 8,832 | \$ 11,350 | \$ 10,764 |
| Unreserved | 15,194 | 15,448 | 15,188 | 13,390 | 12,355 |
| Total general fund | <u>\$ 23,044</u> | <u>\$ 23,462</u> | <u>\$ 24,020</u> | <u>\$ 24,740</u> | <u>\$ 23,119</u> |
| All Other Governmental Funds: | | | | | |
| Reserved | \$ 16,986 | \$ 27,267 | \$ 22,833 | \$ 16,828 | \$ 16,270 |
| Unreserved, reported in: | | | | | |
| Special Revenue Funds | 12,535 | 3,832 | 6,288 | 8,279 | 8,345 |
| Debt Service Funds | (7,059) | (6,655) | (7,317) | (7,590) | (9,214) |
| Capital Project Funds | 4,169 | 4,403 | (19) | 1,162 | 2,925 |
| Total all other governmental funds | <u>\$ 26,631</u> | <u>\$ 28,847</u> | <u>\$ 21,785</u> | <u>\$ 18,679</u> | <u>\$ 18,326</u> |
| General Fund: | | | | | |
| Nonspendable | \$ - | \$ - | \$ - | \$ - | \$ - |
| Restricted | - | - | - | - | - |
| Assigned | - | - | - | - | - |
| Unassigned | - | - | - | - | - |
| Total general fund | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| All Other Governmental Funds: | | | | | |
| Nonspendable | \$ - | \$ - | \$ - | \$ - | \$ - |
| Restricted | - | - | - | - | - |
| Assigned | - | - | - | - | - |
| Unassigned | - | - | - | - | - |
| Total all other governmental funds | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

Notes:

1. GASB Statement #54 was implemented in 2011; prior years have no comparable data.

2. Transit was transferred to governmental activities during fiscal year 2014-15. Transit revenues are grouped under operating grants and contribution

CITY OF DOWNEY

FUND BALANCES OF GOVERNMENTAL FUNDS
(amounts expressed in thousands)

Last Ten Fiscal Years
(modified accrual basis of accounting)

| | 2010-11 | 2011-12 | 2012-13 | 2013-14 | 2014-15 |
|------------------------------------|------------------|------------------|------------------|------------------|------------------|
| General Fund: | | | | | |
| Reserved | \$ - | \$ - | \$ - | \$ - | \$ - |
| Unreserved | - | - | - | - | - |
| Total general fund | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| All Other Governmental Funds: | | | | | |
| Reserved | \$ - | \$ - | \$ - | \$ - | \$ - |
| Unreserved, reported in: | | | | | |
| Special Revenue Funds | - | - | - | - | - |
| Debt Service Funds | - | - | - | - | - |
| Capital Project Funds | - | - | - | - | - |
| Total all other governmental funds | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| General Fund: | | | | | |
| Nonspendable | \$ 6,497 | \$ 8,897 | \$ 7,118 | \$ 7,146 | \$ 7,592 |
| Restricted | 4,260 | 4,867 | 4,793 | 4,877 | - |
| Assigned | - | - | - | 15,689 | 17,578 |
| Unassigned | 10,070 | 6,123 | 6,438 | 7,401 | 11,922 |
| Total general fund | <u>\$ 20,827</u> | <u>\$ 19,887</u> | <u>\$ 18,349</u> | <u>\$ 35,113</u> | <u>\$ 37,092</u> |
| All Other Governmental Funds: | | | | | |
| Nonspendable | \$ 3,601 | \$ 4,570 | \$ 6,845 | \$ - | \$ 3,278 |
| Restricted | 12,837 | 4,379 | 5,086 | 9,683 | 6,238 |
| Assigned | 5,620 | 6,226 | 6,671 | 6,298 | 5,092 |
| Unassigned | (7,766) | (45) | (142) | (525) | 760 |
| Total all other governmental funds | <u>\$ 14,292</u> | <u>\$ 15,130</u> | <u>\$ 18,460</u> | <u>\$ 15,456</u> | <u>\$ 15,368</u> |

Notes:

1. GASB Statement #54 was implemented in 2011; prior years have no comparable data.

2. Transit was transferred to governmental activities during fiscal year 2014-15. Transit revenues are grouped under operating grants and contribution

CITY OF DOWNEY

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
(amounts expressed in thousands)

Last Ten Fiscal Years
(modified accrual basis of accounting)

| | 2005-06 | 2006-07 | 2007-08 | 2008-09 | 2009-10 |
|--|------------------|------------------|------------------|------------------|------------------|
| Revenues: | | | | | |
| Taxes | \$ 47,113 | \$ 52,682 | \$ 53,432 | \$ 52,020 | \$ 50,106 |
| License and permits | 1,852 | 2,147 | 2,487 | 1,372 | 1,269 |
| Fines and forfeitures | 1,751 | 1,911 | 1,900 | 1,625 | 1,803 |
| Investment and rental | 3,719 | 7,002 | 7,154 | 6,425 | 5,011 |
| Intergovernmental revenue | 10,103 | 9,370 | 7,234 | 12,266 | 12,205 |
| Charges for services | 7,788 | 7,804 | 10,161 | 7,960 | 7,883 |
| Other revenue | 10,962 | 3,416 | 3,025 | 2,933 | 3,200 |
| Total revenues | <u>83,288</u> | <u>84,332</u> | <u>85,393</u> | <u>84,601</u> | <u>81,477</u> |
| Expenditures: | | | | | |
| Current: | | | | | |
| General government | 3,953 | 4,905 | 5,457 | 5,244 | 6,296 |
| Public safety | 37,613 | 39,555 | 42,361 | 45,429 | 44,786 |
| Public works | 7,343 | 7,902 | 7,004 | 7,634 | 7,064 |
| Community services | 7,929 | 6,769 | 8,775 | 8,781 | 7,748 |
| Community development | 7,148 | 7,589 | 9,820 | 10,432 | 11,471 |
| ERAF payment | 271 | - | - | - | - |
| Capital outlay | 8,935 | 9,105 | 16,186 | 10,223 | 9,582 |
| Debt service: | | | | | |
| Principal | 1,730 | 1,800 | 1,890 | 1,840 | 485 |
| Interest and fiscal charges | 2,383 | 2,370 | 2,277 | 2,252 | 2,267 |
| Total expenditures | <u>77,305</u> | <u>79,995</u> | <u>93,770</u> | <u>91,835</u> | <u>89,699</u> |
| Excess of revenues over (under) expenditures | <u>5,983</u> | <u>4,337</u> | <u>(8,377)</u> | <u>(7,234)</u> | <u>(8,222)</u> |
| Other Financing Sources (Uses): | | | | | |
| Transfers in | 8,446 | 10,653 | 12,049 | 7,844 | 12,750 |
| Transfers out | (15,200) | (13,742) | (10,440) | (5,540) | (7,798) |
| Proceeds from long-term debt | - | - | - | - | - |
| Sale of property | - | - | - | - | - |
| Issuance of debt | 1,120 | 1,386 | 1,400 | 1,408 | 1,296 |
| Sale of capital assets | - | - | - | - | - |
| Total other financing sources (uses) | <u>(5,634)</u> | <u>(1,703)</u> | <u>3,009</u> | <u>3,712</u> | <u>6,248</u> |
| Extraordinary Gain | | | | | |
| | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net change in fund balances | 349 | 2,634 | (5,368) | (3,522) | (1,974) |
| Fund balances - July 1 | <u>49,326</u> | <u>49,675</u> | <u>51,173</u> | <u>46,941</u> | <u>43,419</u> |
| Fund balances - June 30 | <u>\$ 49,675</u> | <u>\$ 52,309</u> | <u>\$ 45,805</u> | <u>\$ 43,419</u> | <u>\$ 41,445</u> |
| Debt service as a percentage of noncapital expenditures | 6.02% | 5.88% | 5.37% | 5.01% | 3.43% |

Note: Transit was transferred to governmental activities during fiscal year 2014-15. Transit revenues are grouped under operating grants and contributions.

CITY OF DOWNEY

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
(amounts expressed in thousands)Last Ten Fiscal Years
(modified accrual basis of accounting)

| | 2010-11 | 2011-12 | 2012-13 | 2013-14 | 2014-15 |
|--|------------------|------------------|------------------|------------------|------------------|
| Revenues: | | | | | |
| Taxes | \$ 49,804 | \$ 47,785 | \$ 50,163 | \$ 52,054 | \$ 53,313 |
| License and permits | 1,107 | 1,094 | 1,171 | 1,390 | 1,726 |
| Fines and forfeitures | 1,552 | 1,507 | 1,362 | 1,435 | 1,512 |
| Investment and rental | 3,360 | 2,639 | 750 | 4,785 | 1,619 |
| Intergovernmental revenue | 11,892 | 11,404 | 8,469 | 9,846 | 3,966 |
| Charges for services | 8,740 | 9,795 | 11,209 | 12,379 | 8,843 |
| Other revenue | 5,505 | 3,211 | 3,901 | 16,401 | 4,097 |
| Total revenues | <u>81,960</u> | <u>77,435</u> | <u>77,025</u> | <u>98,290</u> | <u>75,076</u> |
| Expenditures: | | | | | |
| Current: | | | | | |
| General government | 6,565 | 6,293 | 6,533 | 12,660 | 10,789 |
| Public safety | 45,231 | 46,585 | 43,917 | 44,837 | 44,985 |
| Public works | 7,296 | 7,482 | 5,535 | 10,040 | 6,750 |
| Community services | 7,793 | 8,065 | 8,012 | 4,990 | 5,834 |
| Community development | 14,411 | 9,304 | 5,816 | 4,013 | 2,740 |
| ERAF payment | - | - | - | - | - |
| Capital outlay | 12,476 | 8,200 | 5,381 | 6,593 | 31 |
| Debt service: | | | | | |
| Principal | 500 | 510 | 250 | 250 | 395 |
| Interest and fiscal charges | 2,270 | 1,581 | 51 | 38 | 959 |
| Total expenditures | <u>96,542</u> | <u>88,020</u> | <u>75,495</u> | <u>83,421</u> | <u>72,483</u> |
| Excess of revenues over (under) expenditures | <u>(14,582)</u> | <u>(10,585)</u> | <u>1,530</u> | <u>14,869</u> | <u>2,593</u> |
| Other Financing Sources (Uses): | | | | | |
| Transfers in | 16,487 | 6,094 | 4,219 | 3,926 | 2,893 |
| Transfers out | (9,656) | (4,175) | (4,735) | (5,709) | (5,047) |
| Proceeds from long-term debt | - | - | - | - | - |
| Sale of property | - | 124 | 248 | - | - |
| Issuance of debt | 1,425 | 1,349 | - | 600 | - |
| Sale of capital assets | - | - | - | - | - |
| Total other financing sources (uses) | <u>8,256</u> | <u>3,392</u> | <u>(268)</u> | <u>(1,183)</u> | <u>(2,154)</u> |
| Extraordinary Gain | - | 4,233 | 530 | - | - |
| Net change in fund balances | (6,326) | (7,193) | 1,262 | 13,686 | 439 |
| Fund balances - July 1 | <u>41,445</u> | <u>37,977</u> | <u>35,017</u> | <u>36,883</u> | <u>36,653</u> |
| Fund balances - June 30 | <u>\$ 35,119</u> | <u>\$ 30,784</u> | <u>\$ 36,279</u> | <u>\$ 50,569</u> | <u>\$ 37,092</u> |
| Debt service as a percentage of noncapital expenditures | 3.30% | 2.62% | 0.43% | 0.37% | 1.87% |

Note: Transit was transferred to governmental activities during fiscal year 2014-15. Transit revenues are grouped under operating grants and contributions.

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CITY OF DOWNEY

ASSESSED VALUATION
(amounts expressed in thousands)

Last Ten Fiscal Years

| Fiscal Year | Secured | Public Utilities | Less Exemptions | Net Total Secured | Unsecured | Less Exemptions | Net Total Unsecured | Net Total Unsecured and Secured | Percent Increase (Decrease) |
|-------------|--------------|------------------|-----------------|-------------------|------------|-----------------|---------------------|---------------------------------|-----------------------------|
| 2005-06 | \$ 6,880,678 | \$ 1,036 | \$ 83,406 | \$ 6,798,308 | \$ 261,287 | \$ 57,661 | \$ 203,626 | \$ 7,001,934 | 11.73% |
| 2006-07 | 7,679,717 | 984 | 120,776 | 7,559,925 | 324,711 | 110,373 | 214,338 | 7,774,263 | 11.03% |
| 2007-08 | 8,513,613 | 830 | 267,374 | 8,247,069 | 334,761 | 103,999 | 230,762 | 8,477,831 | 9.05% |
| 2008-09 | 9,159,784 | 1,172 | 459,270 | 8,701,686 | 333,002 | 88,819 | 244,183 | 8,945,869 | 5.52% |
| 2009-10 | 8,841,370 | 830 | 490,116 | 8,352,084 | 394,365 | 151,075 | 243,290 | 8,595,374 | -3.92% |
| 2010-11 | 8,759,484 | 830 | 494,685 | 8,265,629 | 330,020 | 98,691 | 231,329 | 8,496,958 | -1.14% |
| 2011-12 | 8,919,763 | 560 | 502,197 | 8,418,126 | 333,631 | 104,910 | 228,721 | 8,646,847 | 1.76% |
| 2012-13 | 9,054,262 | 560 | 525,164 | 8,529,658 | 440,018 | 148,762 | 291,256 | 8,820,914 | 2.01% |
| 2013-14 | 9,558,959 | 560 | 722,297 | 8,837,222 | 415,315 | 154,317 | 260,998 | 9,098,220 | 3.14% |
| 2014-15 | 9,898,550 | 560 | 694,759 | 9,204,351 | 438,298 | 117,035 | 321,263 | 9,525,614 | 4.70% |

Note: Homeowner Exemptions are not included in Total Exemptions.

CITY OF DOWNEY

ASSESSED VALUE OF TAXABLE PROPERTY
(amounts expressed in thousands)

Last Ten Fiscal Years

| Category | 2005-06 | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 |
|-------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Residential | \$ 5,533,446 | \$ 6,186,672 | \$ 6,816,124 | \$ 7,147,505 | \$ 6,695,739 | \$ 6,603,986 |
| Commercial | 774,652 | 873,724 | 919,334 | 1,004,451 | 1,048,645 | 1,048,624 |
| Industrial | 288,420 | 303,635 | 308,835 | 336,253 | 369,515 | 372,651 |
| Government owned | | 109 | | | | |
| Institutional | 39,116 | 37,176 | 41,827 | 42,987 | 47,219 | 46,807 |
| Miscellaneous | 12 | 12 | 12 | 12 | 13 | 13 |
| Recreational | 23,017 | 26,408 | 24,413 | 25,322 | 25,189 | 25,080 |
| Unknown | | | | 24,802 | 25,298 | 25,238 |
| Vacant Land | 37,473 | 31,804 | 56,814 | 39,879 | 22,582 | 26,544 |
| SBE Nonunitary | 1,036 | 984 | 830 | 1,172 | 830 | 830 |
| Possessory Int. | 101,136 | 99,401 | 78,879 | 79,303 | 117,054 | 115,856 |
| Unsecured | 203,626 | 214,338 | 230,763 | 244,182 | 243,290 | 231,329 |
| Exempt | - | - | - | - | - | - |
| TOTALS | \$ 7,001,934 | \$ 7,774,263 | \$ 8,477,831 | \$ 8,945,868 | \$ 8,595,374 | \$ 8,496,958 |
| Total Direct Rate | 0.1772% | 0.1786% | 0.1779% | 0.1805% | 0.1952% | 0.1812% |

Note: Exempt values are not included in Total.

CITY OF DOWNEY

ASSESSED VALUE OF TAXABLE PROPERTY
(amounts expressed in thousands)

Last Ten Fiscal Years

| | 2010-11 | 2011-12 | 2012-13 | 2013-14 | 2014-15 |
|-------------------|------------------|------------------|------------------|------------------|------------------|
| Residential | \$ 6,603,986 | \$ 6,712,488 | \$ 6,813,822 | \$ 7,042,493 | \$ 7,393,326 |
| Commercial | 1,048,624 | 1,062,528 | 1,102,810 | 1,131,294 | 1,144,938 |
| Industrial | 372,651 | 376,634 | 365,085 | 396,484 | 378,085 |
| Government owned | | | | | |
| Institutional | 46,807 | 45,773 | 55,963 | 62,578 | 65,961 |
| Miscellaneous | 13 | 13 | 13 | 13 | 2,458 |
| Recreational | 25,080 | 25,184 | 25,643 | 25,780 | 25,860 |
| Unknown | 25,238 | 25,428 | 487 | 3,384 | 499 |
| Vacant Land | 26,544 | 52,680 | 46,386 | 44,154 | 59,703 |
| SBE Nonunitary | 830 | 560 | 560 | 560 | 560 |
| Possessory Int. | 115,856 | 116,837 | 118,890 | 130,482 | 132,961 |
| Unsecured | 231,329 | 228,721 | 291,256 | 260,999 | 321,263 |
| Exempt | - | - | - | - | - |
| TOTALS | 8,496,958 | 8,646,846 | 8,820,915 | 9,098,221 | 9,525,614 |
| Total Direct Rate | 0.1812% | 0.1810% | 0.1815% | 0.1387% | 0.1399% |

Note: Exempt values are not included in Total.

CITY OF DOWNEY

DIRECT AND OVERLAPPING PROPERTY TAX RATES
(Rate per \$100 of Taxable Value)

Last Ten Fiscal Years

| | 2005-06 | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 |
|--|---------|---------|---------|---------|---------|---------|
| Basic Levy 1 | | | | | | |
| City of Downey Tax District 1 | 0.14125 | 0.14125 | 0.14125 | 0.13970 | 0.13970 | 0.13970 |
| Cerritos Community College District | 0.02625 | 0.02625 | 0.02625 | 0.02625 | 0.02625 | 0.02620 |
| Childrens Institutional Tuition Fund | 0.00291 | 0.00291 | 0.00291 | 0.00291 | 0.00291 | 0.00291 |
| County Sanitation District No. 2 Operating | 0.01395 | 0.01395 | 0.01395 | 0.01395 | 0.01395 | 0.01394 |
| County School Service Fund-Downey | 0.00743 | 0.00743 | 0.00743 | 0.00743 | 0.00743 | 0.00743 |
| County School Service | 0.00146 | 0.00146 | 0.00146 | 0.00146 | 0.00146 | 0.00146 |
| Development Ctr For Handicapped Minors | 0.00052 | 0.00052 | 0.00052 | 0.00052 | 0.00052 | 0.00052 |
| Downey Cemetery District | 0.00089 | 0.00089 | 0.00089 | 0.00089 | 0.00089 | 0.00089 |
| Downey Unified School District | 0.21536 | 0.21536 | 0.21536 | 0.21536 | 0.21536 | 0.21540 |
| Educational Augmentation Fund Impound | 0.16308 | 0.16308 | 0.16308 | 0.16308 | 0.16308 | 0.16310 |
| Educational Revenue Augmentation | 0.07154 | 0.07154 | 0.07154 | 0.07340 | 0.07340 | 0.07340 |
| Great L.A. County Vector Control Dist | 0.00039 | 0.00039 | 0.00039 | 0.00039 | 0.00039 | 0.00039 |
| L. A. County Accum Cap Outlay | 0.00012 | 0.00012 | 0.00012 | 0.00012 | 0.00012 | 0.00012 |
| L. A. County Fire | 0.00768 | 0.00768 | 0.00768 | 0.00768 | 0.00768 | 0.00768 |
| L. A. County Flood Ctrl Drain Imp Dist Maint | 0.00183 | 0.00183 | 0.00183 | 0.00183 | 0.00183 | 0.00183 |
| L. A. County Flood Ctrl Maintenance | 0.01035 | 0.01035 | 0.01035 | 0.01035 | 0.01035 | 0.01035 |
| L. A. County General | 0.33481 | 0.33481 | 0.33481 | 0.33450 | 0.33450 | 0.33450 |
| Water Replenishment District of Southern Calif | 0.00018 | 0.00018 | 0.00018 | 0.00018 | 0.00018 | 0.00018 |
| Total Basic Levy Rate | 1.00000 | 1.00000 | 1.00000 | 1.00000 | 1.00000 | 1.00000 |
| Cerritos Community College Dist | 0.02424 | 0.02392 | 0.01071 | 0.00994 | 0.01854 | 0.02677 |
| Compton Community College Dist | 0.02051 | 0.01975 | 0.01763 | 0.01262 | 0.01296 | 0.01487 |
| County Detention Facilities 1987 Debt | 0.00080 | 0.00066 | 0.00000 | 0.00000 | 0.00000 | 0.00000 |
| Downey Unified School District | 0.07719 | 0.06148 | 0.07569 | 0.05790 | 0.06507 | 0.07018 |
| LA Community College District | 0.01429 | 0.02146 | 0.00879 | 0.02212 | 0.02311 | 0.04031 |
| LA County Flood Control | 0.00005 | 0.00005 | 0.00000 | 0.00000 | 0.00000 | 0.00000 |
| Little Lake City School District | 0.03994 | 0.03483 | 0.07499 | 0.07360 | 0.07233 | 0.07647 |
| Los Angeles Unified School District | 0.08435 | 0.10681 | 0.12334 | 0.12478 | 0.15181 | 0.18695 |
| Metropolitan Water District | 0.00520 | 0.00470 | 0.00450 | 0.00430 | 0.00430 | 0.00370 |
| Montebello Unified School District | 0.07054 | 0.06731 | 0.06681 | 0.08063 | 0.09673 | 0.09792 |
| Norwalk-La Mirada Unified | 0.05368 | 0.05036 | 0.05226 | 0.06271 | 0.06110 | 0.06197 |
| Rio Hondo Community College Dist | 0.01802 | 0.01469 | 0.01369 | 0.02320 | 0.02714 | 0.03439 |
| Whittier Union High School Dist | 0.04489 | 0.08918 | 0.04359 | 0.03728 | 0.04224 | 0.04239 |
| Total Voter Approved Rate | 0.45370 | 0.49520 | 0.49200 | 0.50908 | 0.57533 | 0.65592 |
| TOTAL DIRECT & OVERLAPPING2 TAX RATE | 1.45370 | 1.49520 | 1.49200 | 1.50908 | 1.57533 | 1.65592 |
| Rate producing Revenue for City and Redevelopment Agency (RDA) | | | | | | |
| City General Fund Direct Rate 3 | 0.14125 | 0.14125 | 0.14125 | 0.13973 | 0.13973 | 0.13973 |
| RDA Incremental Rate 4 | 1.00604 | 1.00541 | 1.00450 | 1.00430 | 1.00430 | 1.00370 |
| Total Direct Rate | 0.17722 | 0.17864 | 0.17786 | 0.18053 | 0.19517 | 0.18514 |

Notes:

1. In 1978, California voters passed Proposition 13 which set the property tax rate at a 1% fixed amount. This 1% is shared by all taxing agencies for which the subject property resides within. In addition to the 1% fixed amount, property owners are charged tax as a percentage of assessed property values for the payment of any voter approved bonds.

2. Overlapping rates are those of local and county governments that apply to property owners within the City. Not all overlapping rates apply to all city property owners.

3. City's share of 1% Levy is based on the City's share of the general fund tax rate area with the largest net taxable value within the city. ERAF general fund tax shifts may not be included in tax ratio figures.

4. Redevelopment Rate is based on the largest RDA tax rate area (RA) and includes only rate(s) from indebtedness adopted prior to 1989 per California State statute. RDA direct and overlapping rate are applied only to the incremental property values. The approved of ABX1 26 eliminated Redevelopment from the State of California for the fiscal year 2012/13 and years thereafter.

5. Because basic and debt and rates vary by tax rate area individual rates cannot be summed. The Total Direct Rate is the weighted average of all individual direct rates applied by the government preparing the statistical section information.

CITY OF DOWNEY

DIRECT AND OVERLAPPING PROPERTY TAX RATES

(Rate per \$100 of Taxable Value)

Last Ten Fiscal Years

| | 2009-10 | 2010-11 | 2011-12 | 2012-13 | 2013-14 | 2014-15 |
|--|---------|---------|---------|----------|----------|----------|
| Basic Levy 1 | | | | | | |
| City of Downey Tax District 1 | 0.13970 | 0.13970 | 0.14125 | 0.13970 | 0.13970 | 0.13970 |
| Cerritos Community College District | 0.02625 | 0.02620 | 0.02625 | 0.02620 | 0.02620 | 0.02620 |
| Childrens Institutional Tuition Fund | 0.00291 | 0.00291 | 0.00291 | 0.00291 | 0.00291 | 0.00291 |
| County Sanitation District No. 2 Operating | 0.01395 | 0.01394 | 0.01395 | 0.01394 | 0.01394 | 0.01394 |
| County School Service Fund-Downey | 0.00743 | 0.00743 | 0.00743 | 0.00743 | 0.00743 | 0.00743 |
| County School Service | 0.00146 | 0.00146 | 0.00146 | 0.00146 | 0.00146 | 0.00146 |
| Development Ctr For Handicapped Minors | 0.00052 | 0.00052 | 0.00052 | 0.00052 | 0.00052 | 0.00052 |
| Downey Cemetery District | 0.00089 | 0.00089 | 0.00089 | 0.00089 | 0.00089 | 0.00089 |
| Downey Unified School District | 0.21536 | 0.21540 | 0.21536 | 0.21540 | 0.21540 | 0.21540 |
| Educational Augmentation Fund Impound | 0.16308 | 0.16310 | 0.16308 | 0.16310 | 0.16310 | 0.16310 |
| Educational Revenue Augmentation | 0.07340 | 0.07340 | 0.07154 | 0.07340 | 0.07340 | 0.07340 |
| Great L.A. County Vector Control Dist | 0.00039 | 0.00039 | 0.00039 | 0.00039 | 0.00039 | 0.00039 |
| L. A. County Accum Cap Outlay | 0.00012 | 0.00012 | 0.00012 | 0.00012 | 0.00012 | 0.00012 |
| L. A. County Fire | 0.00768 | 0.00768 | 0.00768 | 0.00768 | 0.00768 | 0.00768 |
| L. A. County Flood Ctrl Drain Imp Dist Maint | 0.00183 | 0.00183 | 0.00183 | 0.00183 | 0.00183 | 0.00183 |
| L. A. County Flood Ctrl Maintenance | 0.01035 | 0.01035 | 0.01035 | 0.01035 | 0.01035 | 0.01035 |
| L. A. County General | 0.33450 | 0.33450 | 0.33481 | 0.33450 | 0.33450 | 0.33450 |
| Water Replenishment District of Southern Calif | 0.00018 | 0.00018 | 0.00018 | 0.00018 | 0.00018 | 0.00018 |
| Total Basic Levy Rate | 1.00000 | 1.00000 | 1.00000 | 1.00000 | 1.00000 | 1.00000 |
| Cerritos Community College Dist | 0.01854 | 0.02677 | 0.01782 | 0.02594 | 0.02502 | 0.04809 |
| Compton Community College Dist | 0.01296 | 0.01487 | 0.01481 | 0.01531 | 0.00963 | 0.00987 |
| County Detention Facilities 1987 Debt | 0.00000 | 0.00000 | 0.00000 | 0.00000 | 0.00000 | 0.00000 |
| Downey Unified School District | 0.06507 | 0.07018 | 0.06725 | 0.07132 | 0.06603 | 0.06549 |
| LA Community College District | 0.02311 | 0.04031 | 0.03530 | 0.03756 | 0.04454 | 0.04017 |
| LA County Flood Control | 0.00000 | 0.00000 | 0.00000 | 0.00000 | 0.00000 | 0.00000 |
| Little Lake City School District | 0.07233 | 0.07647 | 0.05286 | 0.06942 | 0.08537 | 0.07964 |
| Los Angeles Unified School District | 0.15181 | 0.18695 | 0.16819 | 0.17560 | 0.14644 | 0.14688 |
| Metropolitan Water District | 0.00430 | 0.00370 | 0.00370 | 0.00350 | 0.00350 | 0.00350 |
| Montebello Unified School District | 0.09673 | 0.09792 | 0.10001 | 0.09630 | 0.09457 | 0.08750 |
| Norwalk-La Mirada Unified | 0.06110 | 0.06197 | 0.06496 | 0.06997 | 0.07238 | 0.07063 |
| Rio Hondo Community College Dist | 0.02714 | 0.03439 | 0.03418 | 0.02812 | 0.02892 | 0.02821 |
| Whittier Union High School Dist | 0.04224 | 0.04239 | 0.04317 | 0.04556 | 0.04473 | 0.05270 |
| Total Voter Approved Rate | 0.57533 | 0.65592 | 0.60225 | 0.63860 | 0.62113 | 0.63268 |
| TOTAL DIRECT & OVERLAPPING2 TAX RATE | 1.57533 | 1.65592 | 1.60225 | 1.63860 | 1.62113 | 1.63268 |
| Rate producing Revenue for City and Redevelopment Agency (RDA) | | | | | | |
| City General Fund Direct Rate 3 | 0.13973 | 0.13973 | 0.13973 | 0.013973 | 0.013973 | 0.013973 |
| RDA Incremental Rate 4 | 1.00430 | 1.00370 | 1.00370 | - | - | - |
| Total Direct Rate | 0.19517 | 0.18514 | 0.18102 | 0.18154 | 0.13874 | 0.13987 |

Notes:

1. In 1978, California voters passed Proposition 13 which set the property tax rate at a 1% fixed amount. This 1% is shared by all taxing agencies for which the subject property resides within. In addition to the 1% fixed amount, property owners are charged tax as a percentage of assessed property values for the payment of any voter approved bonds.
2. Overlapping rates are those of local and county governments that apply to property owners within the City. Not all overlapping rates apply to all city property owners.
3. City's share of 1% Levy is based on the City's share of the general fund tax rate area with the largest net taxable value within the city. ERAF general fund tax shifts may not be included in tax ratio figures.
4. Redevelopment Rate is based on the largest RDA tax rate area (RA) and includes only rate(s) from indebtedness adopted prior to 1989 per California State statute. RDA direct and overlapping rate are applied only to the incremental property values. The approved of ABX1 26 eliminated Redevelopment from the State of California for the fiscal year 2012/13 and years thereafter.
5. Because basic and debt and rates vary by tax rate area individual rates cannot be summed. The Total Direct Rate is the weighted average of all individual direct rates applied by the government preparing the statistical section information.

CITY OF DOWNEY

PRINCIPAL PROPERTY TAX PAYERS
(amounts expressed in thousands)

Current Year and Nine Years Ago

| Taxpayer | 2014-15 | | 2005-06 | |
|---|------------------------|--|------------------------|--|
| | Taxable Assessed Value | % of Total City Taxable Assessed Value | Taxable Assessed Value | % of Total City Taxable Assessed Value |
| Kaiser Foundation Health Plan, Inc. | \$ 132,959 | 1.40% | \$ - | 0.00% |
| Coca Cola Bottling Company of Los Angeles | 121,343 | 1.27% | 87,943 | 1.26% |
| Gary L. Ball Trust | 105,225 | 1.10% | 78,588 | 1.12% |
| Downey Landing LLC | 70,230 | 0.74% | - | 0.00% |
| Macerich Stonewood, LLC | 56,599 | 0.59% | 49,378 | 0.71% |
| Fremont Rancho Limited | 44,576 | 0.47% | 39,201 | 0.56% |
| RLJ II-EM Downey | 36,003 | 0.38% | - | 0.00% |
| PRC Multi-Family LLC | 32,427 | 0.34% | - | 0.00% |
| Majestic Enterprises LP | 27,998 | 0.29% | - | 0.00% |
| Downey Land Limited | 27,913 | 0.29% | 22,060 | 0.32% |
| Kaiser Foundation Hospitals | - | 0.00% | 51,406 | 0.73% |
| Sanwa Jutaku Company Limited | - | 0.00% | 34,048 | 0.49% |
| Norbert Gehr Trust | - | 0.00% | 28,455 | 0.41% |
| Downey Community Hospital Foundation | - | 0.00% | 24,534 | 0.35% |
| Andrews Rancho Del Norte | - | 0.00% | 22,433 | 0.32% |
| Brookshire Partners | - | 0.00% | - | 0.00% |
| Top Ten Total | \$ 655,273 | 6.87% | \$ 438,046 | 6.27% |

Note: The amounts shown above include assessed value data for both the City and the Redevelopment Agency.

CITY OF DOWNEY

PROPERTY TAX LEVIES AND COLLECTIONS
(amounts expressed in thousands)

Last Ten Fiscal Years

| Fiscal Year Ended June 30 | Taxes Levied for the Fiscal Year | Current Tax Collected Amount | Percent of Levy Collected | Collections in Subsequent Fiscal Year | Total Collections to Date | |
|---------------------------------|--|------------------------------------|---------------------------------|---|----------------------------|--|
| | | | | | Tax Collected Amount | Percent of Total Tax Collections |
| 2004-05 | \$ 8,079 | \$ 8,079 | 100.00% | \$ - | \$ 8,079 | 100.00% |
| 2005-06 | 8,707 | 8,707 | 100.00% | - | 8,707 | 100.00% |
| 2006-07 | 9,762 | 9,762 | 100.00% | - | 9,762 | 100.00% |
| 2007-08 | 11,844 | 11,394 | 96.20% | 450 | 11,844 | 100.00% |
| 2008-09 | 12,497 | 11,501 | 92.03% | 996 | 12,497 | 100.00% |
| 2009-10 | 12,008 | 11,842 | 98.62% | 166 | 12,008 | 100.00% |
| 2010-11 | 11,029 | 10,934 | 99.14% | 95 | 11,029 | 100.00% |
| 2011-12 | 12,080 | 10,823 | 89.59% | 10 | 10,833 | 89.68% |
| 2012-13 | 12,407 | 12,407 | 100.00% | (13) | 12,394 | 99.90% |
| 2013-14 | 12,710 | 12,313 | 96.88% | (22) | 12,291 | 96.70% |
| 2014-15 | 13,307 | 13,142 | 98.76% | ¹ | 13,142 | 98.76% |

Note: Information not available

CITY OF DOWNEY

RATIOS OF OUTSTANDING DEBT BY TYPE
(amounts expressed in thousands)

Last Ten Fiscal Years

| Fiscal Year | Governmental Activities | | | Business-type Activities | | | Total Primary Government | Percentage of Personal Income | Debt Per Capita | |
|-------------|-------------------------|-------------------------------|-----------|-------------------------------|-------------------------------|--------|--------------------------|-------------------------------|-----------------|--------------------------------|
| | Bonds | Certificates of Participation | Other | Total Governmental Activities | Certificates of Participation | Other | | | | Total Business-type Activities |
| 2004-05 | \$ 29,189 | \$ 4,990 | \$ 41,526 | \$ 75,705 | \$ 9,640 | \$ 214 | \$ 9,854 | \$ 85,559 | 17.8% | 758 |
| 2005-06 | 28,906 | 3,850 | 44,676 | 77,432 | 9,360 | 257 | 9,617 | 87,049 | 17.0% | 770 |
| 2006-07 | 28,618 | 2,650 | 46,213 | 77,481 | 9,070 | 323 | 9,393 | 86,874 | 16.1% | 765 |
| 2007-08 | 28,315 | 1,365 | 48,486 | 78,166 | 8,775 | 383 | 9,158 | 87,324 | 15.8% | 769 |
| 2008-09 | 27,987 | - | 46,595 | 74,582 | 8,470 | 497 | 8,967 | 83,549 | 15.2% | 739 |
| 2009-10 | 27,614 | - | 48,236 | 75,850 | 8,155 | 531 | 8,686 | 84,536 | 15.0% | 743 |
| 2010-11 | 27,186 | - | 52,743 | 79,929 | 7,830 | 597 | 8,427 | 88,356 | 15.4% | 789 |
| 2011-12 | 19,535 | - | 37,582 | 57,117 | 7,830 | 597 | 8,427 | 65,544 | 10.8% | 584 |
| 2012-13 | 19,260 | - | 35,253 | 54,513 | 7,149 | 694 | 7,843 | 62,356 | 9.8% | 553 |
| 2013-14 | 18,933 | - | 35,433 | 54,366 | 6,783 | 696 | 7,479 | 61,845 | 9.5% | 546 |
| 2014-15 | 18,545 | - | 35,758 | 54,303 | 5,875 | 673 | 6,548 | 60,851 | 9.0% | 534 |

CITY OF DOWNEY

RATIO OF GENERAL BONDED DEBT TO ASSESSED VALUE
AND NET BONDED DEBT PER CAPITA
(amounts expressed in thousands)

Last Ten Fiscal Years

| Calendar Year | Population | Assessed Value (in thousands) | Gross Bonded Debt | Debt Service Monies Available | Net Bonded Debt | Ratio of Net Bonded Debt to Assessed Value | Net Bonded Debt Per Capita |
|---------------|------------|----------------------------------|-------------------|-------------------------------|-----------------|--|----------------------------|
| 2004-05 | 112,938 | 6,267 | \$ - | \$ - | \$ - | 0.0% | 0.0% |
| 2005-06 | 112,808 | 7,002 | - | - | - | 0.0% | 0.0% |
| 2006-07 | 112,637 | 7,774 | - | - | - | 0.0% | 0.0% |
| 2007-08 | 112,504 | 8,478 | - | - | - | 0.0% | 0.0% |
| 2008-09 | 112,556 | 8,946 | - | - | - | 0.0% | 0.0% |
| 2009-10 | 113,053 | 8,595 | - | - | - | 0.0% | 0.0% |
| 2010-11 | 113,715 | 8,497 | - | - | - | 0.0% | 0.0% |
| 2011-12 | 112,201 | 8,647 | - | - | - | 0.0% | 0.0% |
| 2012-13 | 112,761 | 8,821 | - | - | - | 0.0% | 0.0% |
| 2013-14 | 113,363 | 9,098 | - | - | - | 0.0% | 0.0% |
| 2014-15 | 111,807 | 9,526 | - | - | - | 0.0% | 0.0% |

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CITY OF DOWNEY

SCHEDULE OF DIRECT AND OVERLAPPING DEBT

June 30, 2015

| | |
|---------------------------------|--------------------------------|
| City Assessed Valuation | \$ 9,002,120,061 |
| Incremental Valuation | (523,493,908) |
| Total Assessed Valuation | <u>\$ 8,478,626,153</u> |

| | | |
|------------------------------------|-------------------|--------------|
| Debt to Assessed Valuation Ratios: | Direct Debt | 0.94% |
| | Overlapping Debt | 1.43% |
| | Total Debt | 2.36% |

| | Gross Bonded Debt Balance 6/30/2015 | Percent Applicable to City of Downey | Net Bonded Debt |
|--|---|--|------------------------------|
| Metropolitan Water District* | \$ 53,296,395 | 0.926 | \$ 493,366 |
| Little Lake City SD DS 2005 Ref. Bond | 430,000 | 3.380 | 14,535 |
| Little Lake City SD DS 2000 Series C | 520,000 | 3.380 | 17,578 |
| Little Lake City School 2000 Series D 1QSCBS | 7,520,000 | 3.380 | 254,201 |
| Little Lake City SD DS 2011 Ref. Bond | 999,901 | 3.380 | 33,800 |
| Little Lake City SD DS 2012 Series A | 4,675,000 | 3.380 | 158,031 |
| Little Lake City SD DS 2014 Ref Bonds Series A | 5,470,000 | 3.380 | 184,904 |
| Little Lake City SD DS 2014 Ref Bonds Series B | 11,890,000 | 3.380 | 401,922 |
| Whittier Union HSD DS 2005 Refunding Bonds | 111,930,795 | 0.570 | 638,455 |
| Whittier UN High DS 2008 Ser 2014B | 18,000,000 | 0.570 | 102,672 |
| Cerritos CC DS 2004 Series 2004A | 50,000 | 23.647 | 11,824 |
| Cerritos CC DS 2005 Refunding Bonds | 488,591 | 23.647 | 115,538 |
| Cerritos CC DS 2004 Series 2009C | 5,115,000 | 23.647 | 1,209,551 |
| Cerritos CC DS 2004 Series 2012D | 82,591,432 | 23.647 | 19,530,505 |
| Cerritos CC DS 2012 Series 2014A | 198,370,000 | 23.647 | 46,908,815 |
| Compton CCD DS 2002 Series 2008A | 13,270,000 | 0.707 | 93,808 |
| Compton CCD DS 2002 Series 2012C | 14,855,063 | 0.707 | 105,013 |
| Compton CCD DS 2012 Ref Bonds | 14,200,000 | 0.707 | 100,382 |
| Compton CCD DS 2002 Series 2013D | 16,554,972 | 0.707 | 117,030 |
| Compton CCD DS 2014 Ref | 16,745,000 | 0.707 | 118,373 |
| L.A. CCD DS 2003 Taxable Series 2004B | 2,115,000 | 0.003 | 57 |
| L.A. CCD DS 2001 Taxable Series 2004A | 31,555,000 | 0.003 | 843 |
| LA CCD DS Refunding 2001 Series 2005A | 18,140,000 | 0.003 | 485 |
| LA CCD DS 2001, 2006 Series B | 20,360,000 | 0.003 | 544 |
| LA CCD DS 2003, 2006 Series C | 10,265,000 | 0.003 | 274 |
| LACC DS 2001, 2008 Ser E-1 | 26,160,000 | 0.003 | 699 |
| LACC DS 2003, 2008 Series F-1 | 25,525,000 | 0.003 | 682 |
| LACC DS 2008, 2009 Taxable Series A | 75,000,000 | 0.003 | 2,004 |
| LACC DS 2008, 2009 Taxable Series B | 175,000,000 | 0.003 | 4,677 |
| LACC Debt 2008, 2010 Tax Series D | 125,000,000 | 0.003 | 3,341 |
| LACC Debt 2008, 2010 Tax Ser E (BABS) | 900,000,000 | 0.003 | 24,054 |
| LACC DS 2013 Ref Bonds | 268,075,000 | 0.003 | 7,165 |
| LACC DS 2008 Series G | 2,205,070,000 | 0.003 | 58,933 |
| Rio Hondo CCD DS 2005 Refunding Bonds | 40,012,336 | 0.366 | 146,345 |
| Rio Hondo CCD DS 2004 Series 2008 | 120,977,824 | 0.366 | 442,475 |
| Downey Unified SD Refunding 1999 Series A | 8,165,256 | 91.522 | 7,472,991 |
| Downey USD DS 2006 Refunding Bonds | 7,945,000 | 91.522 | 7,271,409 |
| Downey Unif DS 2007 Ref Bds | 19,000,000 | 91.522 | 17,389,146 |
| Downey USD DS 2011 Refunding Bonds | 10,000,000 | 91.522 | 9,152,182 |
| Downey USD DS 2012 Refunding Bonds | 17,110,000 | 91.522 | 15,659,384 |
| Montebello USD DS 1998 Series 1998 | 6,882,989 | 0.125 | 8,600 |
| Montebello USD DS 1998 Series 1999 | 8,825,915 | 0.125 | 11,028 |
| Montebello USD DS 1998 Series 2002 | 15,035,551 | 0.125 | 18,786 |
| Montebello USD DS 2004 Ser 2008 | 2,665,000 | 0.125 | 3,330 |
| Montebello USD DS 2004 Series 2009-1 | 18,585,000 | 0.125 | 23,221 |
| Montebello USD DS 2004 Series 2009A-2 BABS | 12,640,000 | 0.125 | 15,793 |
| Montebello USD DS 2010 Refunding Bonds | 9,380,000 | 0.125 | 11,720 |
| Montebello USD DS Ref 2004 Series 2013A | 50,130,000 | 0.125 | 62,635 |
| Total Overlapping Debt | | | <u>\$ 128,403,106</u> |
| Total Direct Debt | | | 84,471,621 |
| Total Direct and Overlapping Debt | | | <u>\$ 212,874,727</u> |

Notes:

*This fund is a portion of a larger agency, and is responsible for debt in areas outside the city.

1. This report reflects debt which is being repaid through voter-approved property tax indebtedness. It excludes mortgage revenue, tax allocation bonds, interim financing obligations, non-bonded capital lease obligations, and certificates of participation, unless provided by the city.

2. Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the city. The percentage of overlapping debt applicable is estimated by using taxable assessed values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the city's boundaries and dividing it by each unit's total taxable assessed value.

CITY OF DOWNEY

SCHEDULE OF LEGAL DEBT MARGIN
(amounts expressed in thousands)

Last Ten Fiscal Years

| | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|
| Assessed Valuation | \$ 7,774,263 | \$ 8,477,831 | \$ 8,945,869 | \$ 8,595,374 | \$ 8,496,958 |
| Charter Debt Limited (15% of Assessed Valuation) | 1,166,139 | 1,271,675 | 1,341,880 | 1,289,306 | 1,274,544 |
| Amount of debt applicable to debt limit | - | - | - | - | - |
| Legal Debt Margin | <u>\$ 1,166,139</u> | <u>\$ 1,271,675</u> | <u>\$ 1,341,880</u> | <u>\$ 1,289,306</u> | <u>\$ 1,274,544</u> |
| Total Debt applicable to the limit as a percentage of debt limit | 0% | 0% | 0% | 0% | 0% |

Note: The Government Code of the State of California provides for a legal debt limit of 15% of gross assessed valuation.

CITY OF DOWNEY

SCHEDULE OF LEGAL DEBT MARGIN
(amounts expressed in thousands)

Last Ten Fiscal Years

| | 2011-12 | 2012-13 | 2013-14 | 2014-15 |
|---|------------------|------------------|------------------|------------------|
| Assessed Valuation | \$ 8,646,847 | \$ 8,820,914 | \$ 9,098,220 | \$ 9,525,614 |
| Charter Debt Limited (15% of Assessed Valuation) | 1,297,027 | 1,323,137 | 1,364,733 | 1,428,842 |
| Amount of debt applicable to debt limit | - | - | - | - |
| Legal Debt Margin | <u>1,297,027</u> | <u>1,323,137</u> | <u>1,364,733</u> | <u>1,428,842</u> |
| Total Debt applicable to the limit as a percentage of debt limit | 0% | 0% | 0% | 0% |

Note: The Government Code of the State of California provides for a legal debt limit of 15% of gross assessed valuation.

CITY OF DOWNEY

WATER LEASEHOLD MORTGAGE BOND COVERAGE

(amounts expressed in thousands)

Last Ten Fiscal Years

| Fiscal Year | Gross Revenue | Direct Operating Expenses | Net Available for Debt Service | Debt Service Requirement | | | Coverage |
|-------------|---------------|---------------------------|--------------------------------|--------------------------|----------|-------|----------|
| | | | | Principal | Interest | Total | |
| 2004-05 | \$ 9,329 | \$ 7,177 | \$ 2,152 | \$ - | \$ - | \$ - | \$ - |
| 2005-06 | 9,340 | 7,754 | 1,586 | - | - | - | - |
| 2006-07 | 10,167 | 8,676 | 1,491 | - | - | - | - |
| 2007-08 | 11,786 | 10,054 | 1,732 | - | - | - | - |
| 2008-09 | 9,318 | 9,731 | (413) | - | - | - | - |
| 2009-10 | 8,798 | 10,344 | (1,546) | - | - | - | - |
| 2010-11 | 8,745 | 9,853 | (1,108) | - | - | - | - |
| 2011-12 | 9,395 | 7,495 | 1,900 | - | - | - | - |
| 2012-13 | 15,194 | 10,977 | 4,217 | - | - | - | - |
| 2013-14 | 18,408 | 11,827 | 6,581 | - | - | - | - |
| 2014-15 | 19,893 | 12,308 | 7,585 | - | - | - | - |

Note: Direct operating expenses does not include inter-fund transfers and debt services.

CITY OF DOWNEY

GOLF COURSE REVENUE COVERAGE

(amounts expressed in thousands)

Last Ten Fiscal Years

| Fiscal Year | Gross Revenue | Direct Operating Expenses | Net Available for Debt Service | Debt Service Requirement | | | Coverage |
|----------------|------------------|---------------------------------|---|--------------------------|----------|--------|----------|
| | | | | Principal | Interest | Total | |
| 2004-05 | \$ 3,091 | \$ 2,044 | \$ 1,047 | \$ 270 | \$ 482 | \$ 752 | 1.39 |
| 2005-06 | 2,993 | 2,085 | 908 | 280 | 429 | 709 | 1.28 |
| 2006-07 | 3,361 | 2,319 | 1,042 | 290 | 422 | 712 | 1.46 |
| 2007-08 | 3,459 | 2,350 | 1,109 | 295 | 406 | 701 | 1.58 |
| 2008-09 | 3,977 | 2,296 | 1,681 | 305 | 397 | 702 | 2.39 |
| 2009-10 | 2,654 | 2,432 | 222 | 315 | 386 | 701 | 0.32 |
| 2010-11 | 2,547 | 2,288 | 259 | 325 | 375 | 700 | 0.37 |
| 2011-12 | 3,509 | 2,283 | 1,226 | 370 | 312 | 682 | 1.80 |
| 2012-13 | 2,639 | 2,414 | 225 | 350 | 349 | 699 | 0.32 |
| 2013-14 | 3,325 | 2,696 | 629 | 365 | 335 | 700 | 0.90 |
| 2014-15 | 3,019 | 2,966 | 53 | 475 | 132 | 607 | 0.09 |

Note: Direct operating expenses does not include inter-fund transfers and debt services.

CITY OF DOWNEY

DEMOGRAPHIC AND ECONOMIC STATISTICS

Last Ten Calendar Years

| Calendar Year | Population ¹ | Calif. Metropolitan Personal Income (in thousands) ² | Calif. Metropolitan Per Capita Personal Income ² | Unemployment Rate ³ |
|---------------|-------------------------|---|---|--------------------------------|
| 2005 | 112,938 | 496,595,325 | 38,915 | 4.3% |
| 2006 | 113,063 | 536,322,566 | 42,185 | 3.8% |
| 2007 | 113,587 | 553,812,984 | 43,633 | 4.0% |
| 2008 | 113,607 | 567,707,034 | 44,462 | 5.8% |
| 2009 | 113,053 | 550,831,747 | 42,784 | 9.1% |
| 2010 | 113,715 | 565,365,000 | 44,070 | 9.9% |
| 2011 | 111,985 | 575,044,998 | 44,423 | 9.9% |
| 2012 | 112,201 | 604,832,000 | 46,337 | 8.2% |
| 2013 | 112,761 | 635,891,798 | 48,425 | 7.6% |
| 2014 | 113,363 | 649,881,418 * | 49,490 * | 6.3% |
| 2015 | 113,900 | 673,073,539 | 50,751 | 6.1% |

Note: Based on Quarterly personal income for 2012Q2 and 2013Q2 from Bureau of Economic Analysis, we estimate an increase of 2.2% in 2014.

Sources:

¹ State Department of Finance, city population as of January 1

² <http://bea.gov/itable/>

³ <http://bea.gov/itable/>

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

CITY OF DOWNEY

PRINCIPAL EMPLOYERS

Current Year and Nine Years Ago

| Employer | 2014-15 | | 2005-06 | |
|---|---------------------|-----------------------------|---------------------|-----------------------------|
| | Number of Employees | Percent of Total Employment | Number of Employees | Percent of Total Employment |
| Office of Education, County of Los Angeles | 4,160 | 7.6 | 4,400 | |
| Kaiser Permanente | 3,000 | 5.5 | - | N |
| Downey Unified School District | 2,000 | 3.7 | 2,500 | O |
| Stonewood Shopping Center | 1,765 | 3.2 | 1,535 | T |
| PIH Health (frmly Downey Regional Medical Center) | 1,400 | 2.6 | 1,200 | A |
| City of Downey | 850 | 1.6 | | V |
| Coca-Cola Bottling Company | 480 | 0.9 | 795 | A |
| Kirk xpeds | 250 | 0.5 | - | B |
| United Medical Imaging | 247 | 0.5 | - | L |
| United California Corporation | 150 | 0.3 | - | E |

CITY OF DOWNEY

FULL-TIME AND PART-TIME CITY EMPLOYEES BY FUNCTION

Last Ten Fiscal Years

| Function | 2005-06 | 2006-07 | 2007-08 | 2008-09 | 2009-10 |
|-----------------------|------------|------------|------------|------------------|------------|
| General Government | 33 | 33 | 37 | 38 | 36 |
| Police | 169 | 169 | 179 | 201 ¹ | 193 |
| Fire | 85 | 85 | 86 | 92 | 91 |
| Community Services | 338 | 338 | 368 | 383 ² | 370 |
| Public Works | 81 | 81 | 82 | 87 | 82 |
| Community Development | 34 | 34 | 32 | 30 | 33 |
| Total | <u>740</u> | <u>740</u> | <u>784</u> | <u>831</u> | <u>805</u> |

Notes:

1. The increase in number of part-time employees in Community Services in FY 2008 and 2009 was due to the expanded ASPIRE program funded by the State.
2. The City implemented new part-time cadet program in FY 2009.
3. Fire department was authorized to hire 12 paramedic operators upon receipt of Federal grant.
4. Increase to Fire Dept during FY14 & FY15 is due to having Ambulance Operators hired in as employees rather than using an Ambulance Contract Service
5. The part time employees hours were reduced to keep them below the requirements for offering insurance benefits. Staffing had to increase to cover the reduction in current staff hours.

CITY OF DOWNEY

FULL-TIME AND PART-TIME CITY EMPLOYEES BY FUNCTION

Last Ten Fiscal Years

| <u>Function</u> | <u>2010-11</u> | <u>2011-12</u> | <u>2012-13</u> | <u>2013-14</u> | <u>2014-15</u> |
|-----------------------|----------------|----------------|----------------|-----------------|------------------|
| General Government | 36 | 33 | 27 | 31 | 32 |
| Police | 190 | 166 | 162 | 167 | 161 |
| Fire | 90 | 86 | 82 | 94 ³ | 98 ⁴ |
| Community Services | 383 | 337 | 370 | 379 | 469 ⁵ |
| Public Works | 83 | 83 | 67 | 74 | 76 |
| Community Development | 28 | 30 | 20 | 21 | 21 |
| Total | <u>810</u> | <u>735</u> | <u>728</u> | <u>766</u> | <u>857</u> |

Notes:

1. The increase in number of part-time employees in Community Services in FY 2008 and 2009 was due to the expanded ASPIRE program funded by the State.
2. The City implemented new part-time cadet program in FY 2009.
3. Fire department was authorized to hire 12 paramedic operators upon receipt of Federal grant.
4. Increase to Fire Dept during FY14 & FY15 is due to having Ambulance Operators hired in as employees rather than using an Ambulance Contract Service
5. The part time employees hours were reduced to keep them below the requirements for offering insurance benefits. Staffing had to increase to cover the reduction in current staff hours.

CITY OF DOWNEY

OPERATING INDICATORS

Last Ten Fiscal Years

| | 2005-06 | 2006-07 | 2007-08 | 2008-09 | 2009-10 |
|---|---------|---------|---------|---------|---------|
| Police: | | | | | |
| Number of arrests | 4,402 | 4,984 | 4,519 | 4,437 | 4,663 |
| Number of collision reports issued | 1,601 | 1,473 | 1,402 | 1,311 | 1,143 |
| Number of traffic citations issued | 41,499 | 47,508 | 43,188 | 42,078 | 40,871 |
| Number of reported crimes & incidents | 14,139 | 15,016 | 13,543 | 13,294 | 13,230 |
| Fire: | | | | | |
| Number of emergency incidents | 5,474 | 5,451 | 5,983 | 6,021 | 6,126 |
| Number of fire & other incidents | 2,530 | 2,567 | 1,881 | 1,136 | 1,384 |
| Number of special service & other incidents | n/a | n/a | n/a | 535 | 297 |
| Number of traffic accidents | 540 | 752 | 735 | 715 | 747 |
| Parks and Recreation: | | | | | |
| Number of general park attendance | 513,059 | 676,731 | 520,340 | 929,974 | 935,457 |
| Number of participants in theatre | 41,000 | 40,738 | 54,114 | 38,891 | 42,882 |
| Number of library attendance | 371,445 | 359,502 | 397,002 | 413,510 | 416,605 |
| Public works: | | | | | |
| Engineering (CIP related improvement) | | | | | |
| Street striping (lineal feet) | 29,866 | 39,005 | 45,148 | 27,600 | 27,000 |
| Asphalt replacement (tons) | 15,947 | 21,506 | 3,944 | 7,981 | 34,000 |
| Trees planted (each) | 108 | 444 | 434 | 372 | 127 |
| Trees removed (each) | 10 | 20 | 5 | 13 | 62 |
| Maintenance | | | | | |
| Pavement markings (square feet) | 84,170 | 59,201 | 80,365 | 102,651 | 42,638 |
| Street striping (linear feet) | 368,109 | 375,471 | 191,707 | 501,357 | 272,266 |
| Asphalt repair (tons) | 575 | 587 | 466 | 508 | 428 |
| Graffiti removed (square feet) | 503,704 | 627,970 | 755,485 | 719,661 | 685,482 |
| Trees trimmed (each) | 7,697 | 8,870 | 9,870 | 6,288 | 7,100 |
| Trees planted (each) | 434 | 200 | 239 | 155 | 241 |
| Trees removed (each) | 350 | 234 | 320 | 199 | 494 |
| Vehicles serviced - preventative maintenance (each) | 326 | 441 | 469 | 575 | 694 |
| Vehicles serviced - repairs (each) | 397 | 597 | 612 | 498 | 911 |
| Water: | | | | | |
| Number of customers | 22,734 | 22,356 | 22,806 | 22,421 | 22,249 |
| Annual supply (acre feet) | 18,043 | 19,313 | 18,402 | 17,973 | 16,953 |
| Maximum daily capacity (thousands of gallons) | 45,000 | 45,000 | 45,000 | 45,000 | 45,000 |
| Sanitary Sewer: | | | | | |
| Sewer main cleaned (no. of miles) | 187 | 18 | 18 | 25 | 12 |
| Vector coating applied to sewer manholes | 1,750 | 1,818 | 1,920 | 2,000 | 1,000 |
| Golf course: | | | | | |
| Golf rounds played | 70,071 | 68,980 | 67,050 | 64,105 | 62,154 |

CITY OF DOWNEY

OPERATING INDICATORS

Last Ten Fiscal Years

| | 2010-11 | 2011-12 | 2012-13 | 2013-14 | 2014-15 |
|---|---------|---------|---------|-----------|-----------|
| Police: | | | | | |
| Number of arrests | 4,194 | 4,667 | 3,376 | 3,368 | 3,942 |
| Number of collision reports issued | 1,080 | 901 | 1,135 | 1,170 | 1,199 |
| Number of traffic citations issued | 36,595 | 40,741 | 32,031 | 35,643 | 16,008 |
| Number of reported crimes & incidents | 12,814 | 13,891 | 9,759 | 8,198 | 9,331 |
| Fire: | | | | | |
| Number of emergency incidents | 6,554 | 5,086 | 6,979 | 6,996 | 7,346 |
| Number of fire & other incidents | 1,160 | 2,892 | 1,268 | 1,363 | 1,339 |
| Number of special service & other incidents | 422 | n/a | 171 | 312 | 410 |
| Number of traffic accidents | 784 | 312 | 812 | 853 | 1,026 |
| Parks and Recreation: | | | | | |
| Number of general park attendance | 982,229 | 844,896 | 954,696 | 1,404,361 | 1,652,469 |
| Number of participants in theatre | 40,385 | 40,000 | 47,943 | 42,219 | 45,869 |
| Number of library attendance | 446,970 | 387,656 | 356,586 | 363,640 | 360,211 |
| Public works: | | | | | |
| Engineering (CIP related improvement) | | | | | |
| Street striping (lineal feet) | 108,187 | n/a | 5,798 | 39,750 | 39,218 |
| Asphalt replacement (tons) | 47,017 | n/a | 5,201 | 21,484 | 19,998 |
| Trees planted (each) | 291 | n/a | n/a | n/a | 437 |
| Trees removed (each) | 75 | n/a | 151 | 220 | 100 |
| Maintenance | | | | | |
| Pavement markings (square feet) | 57,844 | n/a | 35,038 | 57,229 | 38,485 |
| Street striping (linear feet) | 67,706 | n/a | 260,463 | 29,751 | 8,721 |
| Asphalt repair (tons) | 505 | 400 | 403 | 375 | 403 |
| Graffiti removed (square feet) | 728,954 | 200,000 | 633,950 | 645,000 | 676,623 |
| Trees trimmed (each) | 8,122 | 10,208 | 5,820 | 8,169 | 3,677 |
| Trees planted (each) | 177 | 240 | 123 | 204 | 81 |
| Trees removed (each) | 470 | 290 | 618 | 228 | 205 |
| Vehicles serviced - preventative maintenance (each) | 830 | 152 | 1,332 | 455 | 1,604 |
| Vehicles serviced - repairs (each) | 617 | 545 | 849 | 660 | 656 |
| Water: | | | | | |
| Number of customers | 22,788 | 22,339 | 23,486 | 22,961 | 23,039 |
| Annual supply (acre feet) | 16,402 | 18,347 | 17,215 | 17,279 | 15,768 |
| Maximum daily capacity (thousands of gallons) | 45,000 | 45,000 | 45,000 | 45,000 | 45,000 |
| Sanitary Sewer: | | | | | |
| Sewer main cleaned (no. of miles) | 95 | 25 | 57 | 45 | 35 |
| Vector coating applied to sewer manholes | 1,000 | n/a | 1,650 | 1,350 | 1,650 |
| Golf course: | | | | | |
| Golf rounds played | 60,703 | 61,938 | 66,276 | 60,152 | 52,828 |

CITY OF DOWNEY

CAPITAL ASSET STATISTICS BY FUNCTION

Last Ten Fiscal Years

| Function | 2005-06 | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 |
|-------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|
| Public Safety | | | | | | |
| Number of Police stations | 1 | 1 | 1 | 1 | 1 | 1 |
| Number of Fire stations | 4 | 4 | 4 | 4 | 4 | 4 |
| Highways and streets | | | | | | |
| Miles of streets | 210 | 210 | 210 | 210 | 210 | 210 |
| Traffic signals | 115 | 115 | 115 | 115 | 115 | 115 |
| No. of street lights | 5,430 | 5,430 | 5,430 | 5,430 | 5,430 | 5,430 |
| Water | | | | | | |
| Number of active water wells | 20 | 20 | 20 | 20 | 20 | 20 |
| Number of reservoirs | 1 | 1 | 1 | 1 | 1 | 1 |
| Miles of lines & mains | 263 | 263 | 263 | 263 | 263 | 263 |
| Sewer | | | | | | |
| Miles of sanitary sewer | 187 | 187 | 187 | 187 | 187 | 187 |
| Sewer lift station | 2 | 2 | 2 | 2 | 2 | 2 |
| Culture and Recreation | | | | | | |
| Number of parks | 11 | 11 | 11 | 12 | 12 | 12 |
| Number of community centers | 1 | 1 | 1 | 1 | 1 | 1 |
| Number of golf course | 1-18-hole | 1-18-hole | 1-18-hole | 1-18-hole | 1-18-hole | 1-18-hole |

CITY OF DOWNEY

CAPITAL ASSET STATISTICS BY FUNCTION

Last Ten Fiscal Years

| Function | 2011-12 | 2012-13 | 2013-14 | 2014-15 |
|-------------------------------|-----------|-----------|-----------|-----------|
| Public Safety | | | | |
| Number of Police stations | 1 | 1 | 1 | 1 |
| Number of Fire stations | 4 | 4 | 4 | 4 |
| Highways and streets | | | | |
| Miles of streets | 210 | 210 | 210 | 210 |
| Traffic signals | 115 | 116 | 116 | 116 |
| No. of street lights | 5,430 | 5,430 | 5,430 | 5,430 |
| Water | | | | |
| Number of active water wells | 20 | 20 | 20 | 20 |
| Number of reservoirs | 1 | 1 | 1 | 1 |
| Miles of lines & mains | 263 | 276 | 276 | 276 |
| Sewer | | | | |
| Miles of sanitary sewer | 187 | 187 | 187 | 193 |
| Sewer lift station | 2 | 2 | 2 | 2 |
| Culture and Recreation | | | | |
| Number of parks | 12 | 12 | 12 | 12 |
| Number of community centers | 1 | 1 | 1 | 1 |
| Number of golf course | 1-18-hole | 1-18-hole | 1-18-hole | 1-18-hole |



discover**Downey**



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