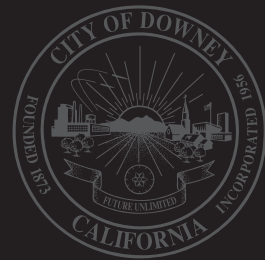




City of Downey  
CALIFORNIA



# COMPREHENSIVE ANNUAL FINANCIAL REPORT



FOR FISCAL YEAR ENDED  
JUNE 30, 2016

CITY OF DOWNEY, CALIFORNIA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
YEAR ENDED JUNE 30, 2016

Prepared by: Finance Department

**THIS PAGE INTENTIONALLY LEFT BLANK**

CITY OF DOWNEY  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

TABLE OF CONTENTS

	<u>Page Number</u>
<b>INTRODUCTORY SECTION</b>	
Letter of Transmittal .....	i
City Officials .....	viii
Organization Chart .....	ix
Certificate of Achievement for Excellence in Financial Reporting .....	xi
<b>FINANCIAL SECTION</b>	
INDEPENDENT AUDITORS' REPORT .....	1
MANAGEMENT'S DISCUSSION AND ANALYSIS .....	5
<b>BASIC FINANCIAL STATEMENTS</b>	
Government-Wide Financial Statements:	
Statement of Net Position .....	23
Statement of Activities.....	24
Fund Financial Statements:	
Balance Sheet - Governmental Funds.....	26
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position .....	29
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds .....	30
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	32
Statement of Net Position - Proprietary Funds .....	33
Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Funds.....	34
Statement of Cash Flows - Proprietary Funds.....	35
Statement of Fiduciary Net Position - Fiduciary Funds.....	36
Statement of Changes in Fiduciary Net Position - Fiduciary Funds .....	37
Notes to Financial Statements.....	39



CITY OF DOWNEY  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

TABLE OF CONTENTS

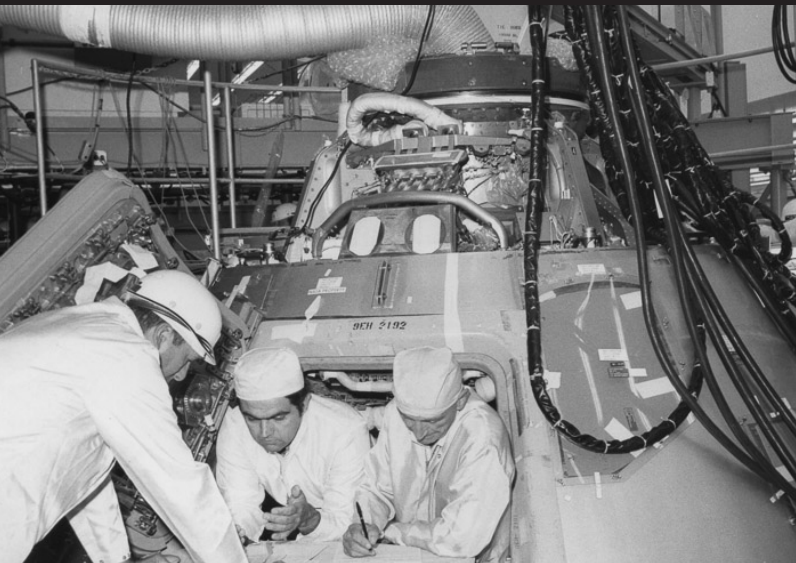
	<u>Page Number</u>
<b>REQUIRED SUPPLEMENTARY INFORMATION</b>	
Schedule of Funding Progress - OPEB.....	79
Schedule of Changes in the Net Pension Liability and Related Ratios.....	80
Schedule of Contributions .....	81
Budgetary Comparison Statement (Budgetary Basis) - General Fund.....	82
Budgetary Comparison Statement (Budgetary Basis) - Housing Authority Special Revenue Fund.....	83
Budgetary Comparison Statement (Budgetary Basis) - HOME Special Revenue Fund .....	84
Budgetary Comparison Statement (Budgetary Basis) - Gas Tax Special Revenue Fund.....	85
Notes to Required Supplementary Information .....	86
<b>COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES</b>	
Combining Balance Sheet - Governmental Funds.....	92
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.....	96
Budgetary Comparison Schedules (Budgetary Basis) - Special Revenue Funds:	
Waste Rduction Fund.....	100
Street Lighting Fund.....	101
Sewer and Storm Drain Fund .....	102
CATV Public Access Fund.....	103
Air Quality Fund .....	104
Grants Fund .....	105
CDBG Fund .....	106
Asset Forfeiture Fund.....	107
Transit Prop C Fund.....	108
Transit Prop A Fund.....	109
Measure R Transit Fund .....	110
Budgetary Comparison Schedules (Budgetary Basis) - Capital Project Funds:	
City Fund .....	111
Combining Statement of Net Position - Internal Service Funds.....	114
Combining Statement of Revenues, Expenses and Changes in Fund Net Position - Internal Service Funds.....	115
Combining Statement of Cash Flows - Internal Service Funds .....	116

CITY OF DOWNEY  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

TABLE OF CONTENTS

	<u>Page Number</u>
<b>COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES (Continued)</b>	
Combining Statement of Fiduciary Assets and Liabilities – All Agency Funds .....	118
Combining Statement of Changes in Assets and Liabilities – All Agency Funds.....	120
<b>STATISTICAL SECTION</b>	
Financial Trends:	
Net Position by Component – Last Ten Fiscal Years .....	126
Change in Net Position – Expenses and Program Revenues – Last Ten Fiscal Years ....	128
Change in Net Position – General Revenues – Last Ten Fiscal Years .....	130
Fund Balances of Governmental Funds – Last Ten Fiscal Years .....	132
Changes in Fund Balances of Governmental Funds – Last Ten Fiscal Years .....	134
Revenue Capacity:	
Assessed Valuation – Last Ten Fiscal Years .....	137
Assessed Value of Taxable Property – Last Ten Fiscal Years.....	138
Direct and Overlapping Property Tax Rates – Last Ten Fiscal Years .....	140
Principal Property Taxpayers – Current Year and Nine Years Ago.....	142
Property Tax Levies and Collections – Last Ten Fiscal Years .....	143
Debt Capacity:	
Ratios of Outstanding Debt by Type – Last Ten Fiscal Years .....	144
Ratios of General Bonded Debt to Assessed Value and Net Bonded Debt per Capita – Last Ten Fiscal Years.....	145
Direct and Overlapping Debt.....	147
Legal Debt Margin Information – Last Ten Fiscal Years.....	148
Pledged-Revenue Coverage – Last Ten Fiscal Years	
Golf Course Revenue Bond Coverage .....	150
Demographic and Economic Information:	
Demographic and Economic Statistics – Last Ten Calendar Years .....	151
Principal Employers – Current Year and Nine Years Ago .....	153
Operating Information:	
Full-Time and Part-Time City Employees by Function – Last Eight Fiscal Years .....	154
Operating Indicators by Function – Last Eight Fiscal Years .....	156
Capital Asset Statistics by Function – Last Eight Fiscal Years.....	158

**THIS PAGE INTENTIONALLY LEFT BLANK**



# INTRODUCTORY SECTION



City of Downey





# City of Downey

December 22, 2016

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, 2016.

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. The CAFR is prepared using the Financial Reporting requirements outlined by the Governmental Accounting Standards Board (GASB) statement.

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 113,363.

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.

---

### *Future Unlimited*

---

**CIVIC CENTER**  
11111 BROOKSHIRE AVE.  
PO BOX 7016  
DOWNEY, CALIFORNIA  
90241-7016  
562-869-7331  
[www.downeyca.org](http://www.downeyca.org)

**LIBRARY**  
11121 BROOKSHIRE AVE.  
DOWNEY, CALIFORNIA  
90241-7016  
562-904-7360  
[www.downeylibrary.org](http://www.downeylibrary.org)

**POLICE DEPARTMENT**  
10911 BROOKSHIRE AVE.  
PO BOX 7016  
DOWNEY, CALIFORNIA  
90241-7016  
562-861-0771

**PARKS & RECREATION**  
7850 QUILL DR.  
DOWNEY, CALIFORNIA  
90242  
562-904-7238

**UTILITIES DIVISION**  
9252 STEWART & GRAY RD.  
DOWNEY, CALIFORNIA  
90241-7016  
562-904-7202

**MAINTENANCE SERVICES**  
12324 BELLFLOWER BLVD.  
DOWNEY, CALIFORNIA  
90242  
562-904-7194

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**

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. Sensitive revenue sources such as sales tax remain strong while the local economy and job growth are also driving increases in other revenues such as permits and license fees. Looking forward, funding sources are sufficient to cover protected fiscal year 2017 expenses as outlined in the City Council adopted balanced budget.

In June 2016, the unemployment rate for the City was 4.6%, which is slightly lower than the national unemployment rate of 4.9% and lower than the County unemployment rate of 5.2%. 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 2016 and 2017.

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 barely keeping pace with the growth in expenditures, which will be challenging in coming years.

## **MAJOR INITIATIVES**

### **For FY 2015-16**

The City's finances performed as anticipated with revenue projections just slightly outpacing expenditures. Property and sales taxes are evening out to a normal growth trajectory after several years of slow recovery. The City celebrated the long-awaited opening of The Promenade at Downey, a 58-acre development on land vacated by the NASA and Boeing operations. Adding to the existing local tax base, there are multiple developments, either in the permitting and approval process or already under construction, which will contribute economically and culturally to the community. A notable example is the planning of a new hotel at a long vacant former redevelopment agency owned site. The new 140 suite hotel, with restaurant, lounge, pool and meeting space is planned for the site. The planned development of 160 new housing units will add to the supply of market-rate housing throughout the City, with an additional focus within the City's downtown. In addition, a percentage of those units will be "affordable", to assist with new low-income entrants into the housing market. There are two big improvements happening along the Imperial Highway corridor: the former Beaches Market property has reopened with a Vallarta market and a stand-alone Starbucks coffee house with a drive-thru and a second Starbucks will open as a drive-thru only at Bellflower and Imperial Highways. The Chrysler Dodge dealership is constructing a new showroom and Downey Nissan is expanding on the former All American Home Center site. The former Ford-Lincoln-Mercury dealership sites on two of the four corners at the intersection of Gallatin and Lakewood will see increased activity: "The Commons at Gallatin Road" will feature Golden Corral, a Coffee Bean and Tea Leaf with a drive through, a pizza restaurant and a farm-to-table restaurant along with public gathering space; "Downey Crossroads" will include a Planet Fitness, retail space and a chain eatery with drive through.

Culturally, the City is also thriving. This year, the City re-envisioned the annual food festival as a Food and Music Festival, put a new twist on the Veteran's Commemoration tradition with a Rock-and-Ride bicycle event, and celebrated Downey's first-ever Ciclavia-style event, funded partially through a Metro Open Streets grant. Downey received international commendations on our Special Olympic Host Town efforts with the Irish Special Olympics Team and began construction on the first phase of the civic park contemplated in the Civic Center Master Plan. In furthering the Efficiency and Adaptability priorities of the Council, we completed the installation of the new, citywide, Voice-over-Internet Protocol (VoIP) telephone system and established a 1-gigabyte CENIC internet connection for the Library.



## **FUTURE INITIATIVES**

### **For FY 2016-17**

This fiscal year, the City looks forward to continued economic growth as well as increasing infill residential development. The long-vacant Gallatin Medical Center is now under construction with a 117-unit market-rate residential development on track to open in the coming year. A new partnership with Habitat for Humanity will result in seven new affordable homes. The City also entered into a public-private partnership for a downtown development of 24 market-rate units, to assist in the revitalization of the City's downtown. Several new Downtown Downey restaurants and establishments have been proposed and are currently progressing through the development phases. Another public-private partnership will result in the adaptive reuse of the long vacant single-screen theater in the City's downtown, which will spur the creation of various restaurants. And a yet third public-private partnership will yield the start of construction of a new hotel on a former redevelopment agency owned land, as mentioned in the Major Initiatives FY 2015-16 section. Kaiser Permanente, one of the largest regional hospitals, located in Downey, has submitted plans for the expansion of their existing medical campus. The planned development will yield a new 6 story 400 bed hospital wing. New recreational opportunities are coming online, with the opening of the Civic Center Park and café at the north end of the Library, the adoption of the City's first-ever Parks Master Plan, and a new County-proposed sports complex at the South Rancho property.

The City is also intensifying efforts to preserve and upgrade facilities, with the issuance of a RFP for fire station master planning and a future issuance of a RFP for library master planning. Keeping up with costs of providing services will also be easier, as the City undertakes its first ever cost allocation plan (with an accompanying OMB-certified plan) and user fee study. Finally, the City's proposed sales tax measure, on the ballot for November 2016, was successful and revenues from the 20-year, ½ cent sales and use tax should begin remittance in early July 2017.

## **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, 2015 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.

## **LONG RANGE FINANCIAL PLANNING**

Annually, the City produces a five year general fund long term financial forecast as part of its budget process. The comprehensive projection analyzes current economic conditions at micro and macro levels. The forecast is designed to highlight financial issues which the City can address proactively. Moreover, it is a tool that allows policymakers an opportunity to prioritize funding needs over a period of time. The City has consistently applied effective fiscal management approaches to preserve revenues and reduce spending; as a result, the City maintains 20% of current year operating expenditures as a General Fund Reserve and 5% for fiscal emergency for a combined total of approximately 25%. The City maintains its commitment to fiscal responsibility and effective resource management. Fiscal policies and practices have been continuously reviewed and enhanced with the goal to improve the City's overall financial well-being and provide the highest level of service to our residents.

## **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 "Aa3" by Moody's Investors Service. 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:

<u>Principal Issue</u>	<u>Trustee</u>	<u>Outstanding</u>
Downey Public Facilities Financing Corporation: 2014 Capital Lease	Western Alliance Bank	\$ 5,480,000
California Statewide Communities Development Authority: 2005 Pension Obligation Bonds	Wells Fargo Trust Services	\$ 18,220,000

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

## OTHER INFORMATION

### Independent Audit

The City Charter requires an annual audit of the City's financial records and transactions of all administrative departments of the City by an independent Certified Public Accountant. Accordingly, this year's audit was completed by Lance, Soli and Lunghard, LLP. The auditor's report has been included in this report.

### 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, 2015. 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.

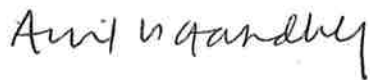
A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

### **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 cursive script that reads "Anil H. Gandhi".

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**

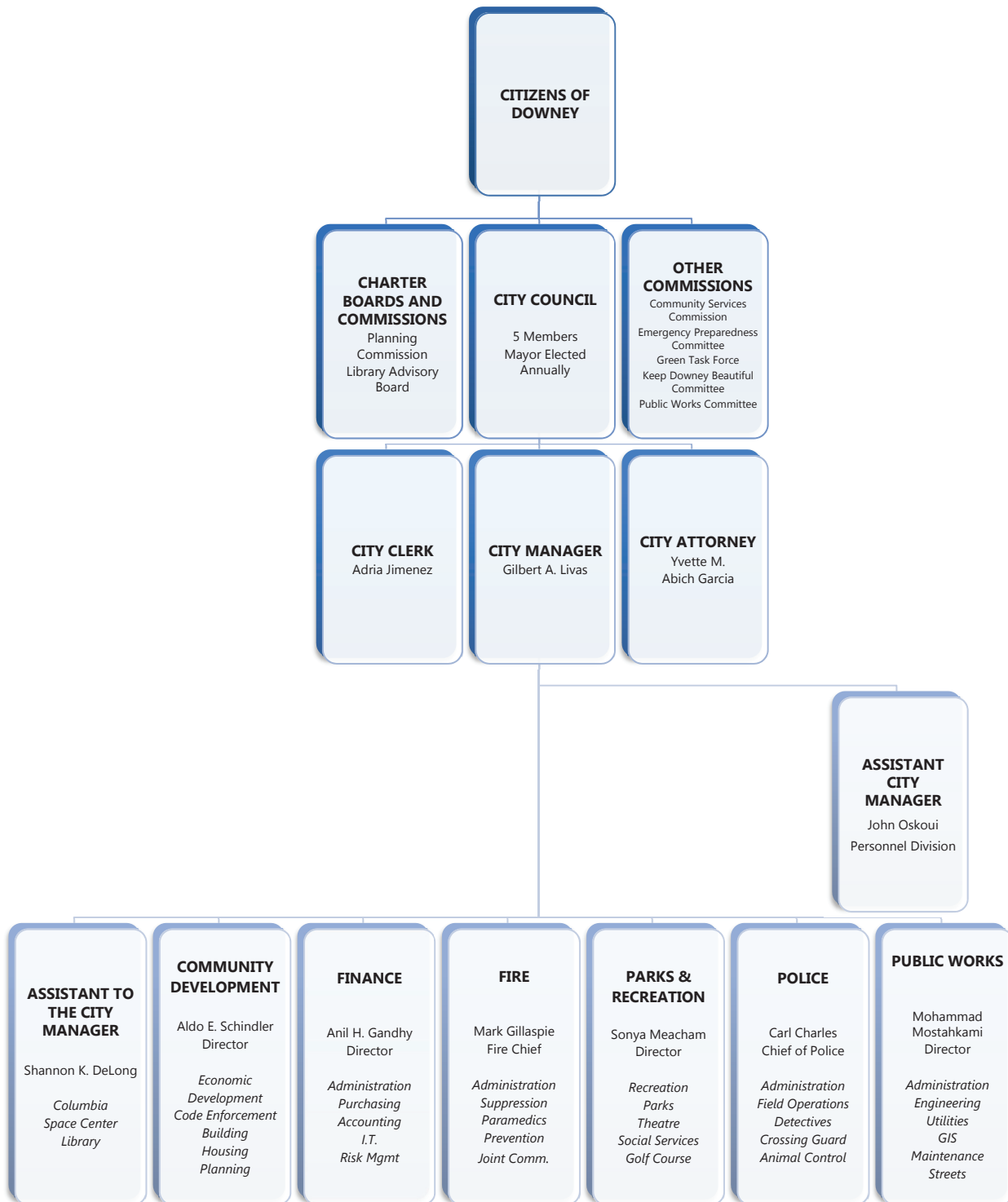
**Aldo E. Schindler  
Director of Community Development**

**Sonya Meacham  
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

<b>Title</b>	<b>Chairperson</b>
<b>Downey Public Facility Financing Corp</b>	<b>Vacant</b>
<b>Green Task Force</b>	<b>Janet Molinaro</b>
<b>Keep Downey Beautiful</b>	<b>Margarita Rogers</b>
<b>Library Advisory Board</b>	<b>Betty Monroy</b>
<b>Planning Commission</b>	<b>Mathias Flores</b>
<b>Public Works Committee</b>	<b>Joan Frey</b>
<b>Recreation and Community Services Commission</b>	<b>Michael Hemsath</b>
<b>Water Facilities Corporation</b>	<b>Martin Susnir</b>





Government Finance Officers Association

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

Presented to

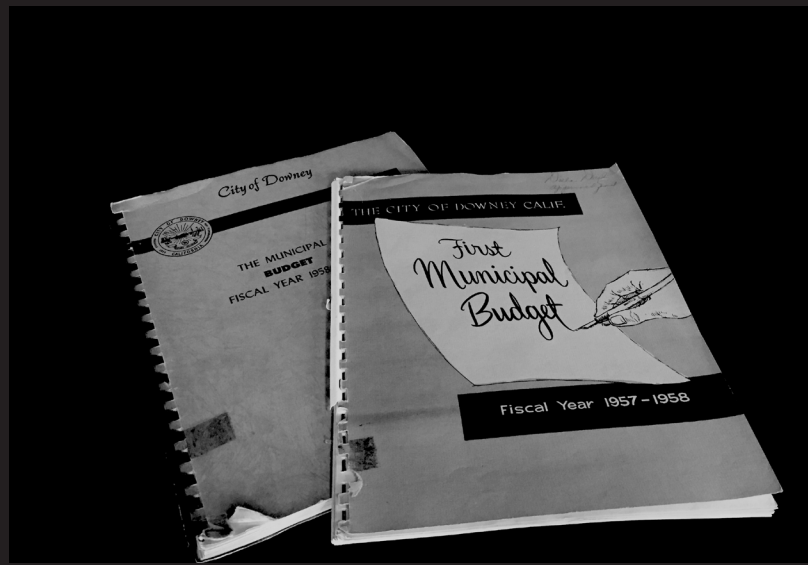
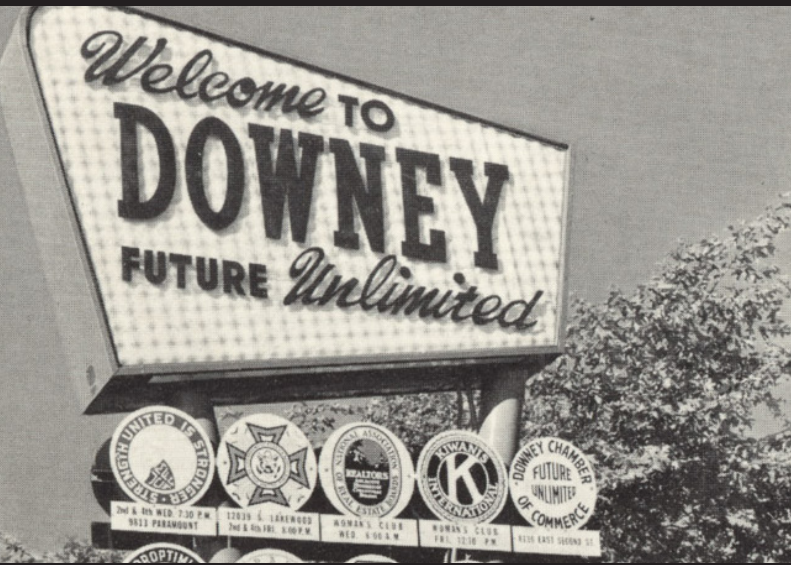
**City of Downey  
California**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

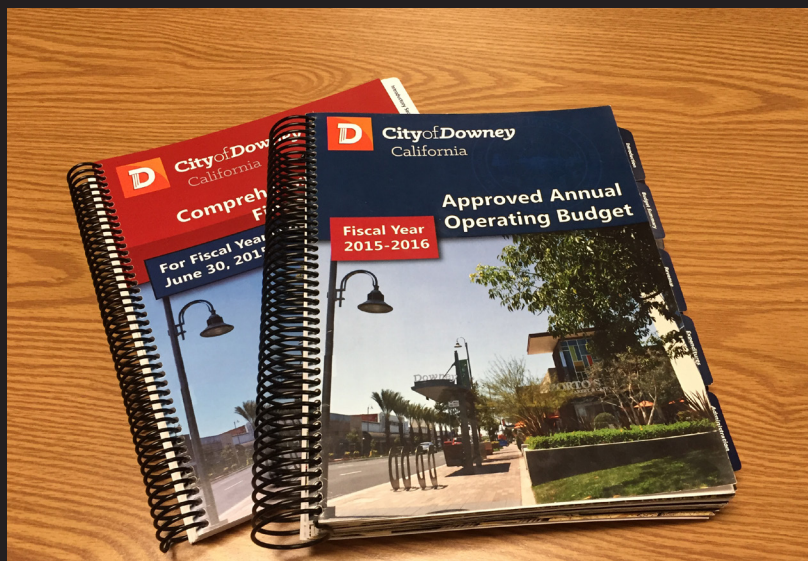
**June 30, 2015**

Executive Director/CEO

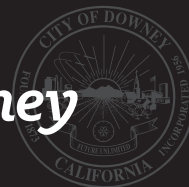
**THIS PAGE INTENTIONALLY LEFT BLANK**



# FINANCIAL SECTION



City of Downey





## 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, 2016, 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.





CPAs AND ADVISORS

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, 2016, 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.

### ***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 fund, 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, and 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, schedules and statistical section are presented for purposes of additional analysis and are 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, and other additional procedures in accordance with auditing standards 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.



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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2016 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 22, 2016

**THIS PAGE INTENTIONALLY LEFT BLANK**



## **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, 2016. 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 and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources, at June 30, 2016, by \$179 million (net position). Of this amount, \$19.9 million is designated for low and moderate income housing, \$7.7 million for public works projects, \$1.5 million for capital projects and \$938 thousand is designated for community development.
- At the fiscal year ended June 30, 2016, the government's total net position increased by \$11.2 million. The increase is due to an increase in investment in capital assets and increase in deferred outflows of resources due to pensions and decrease in deferred inflows of resources due to pensions.
- The City's total long-term liabilities increased by \$22.4 million during the current fiscal year. The increase is due to a \$10.5 increase in net pension liability, \$9.4 million increase in claims payable, \$1.5 million increase in capital leases payable and amounts due to other governments being recorded on June 30, 2016.
- As of June 30, 2016, the City's governmental funds reported combined ending fund balances of \$52.1 million, a decrease of \$0.4 million in comparison with the prior year. Approximately 58% of this total amount, \$30.5 million, is available for spending at the government's discretion (assigned and unassigned fund balance) within the guidelines of the funding sources.
- As of June 30, 2016, assigned and unassigned fund balance for the general fund was \$30.7 million or 38% of total general fund expenditures. This represents an increase of \$1.2 million or 4.1%, from the prior year. The unassigned fund balance which is unrestricted in use is 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 deferred outflows of resources, and liabilities and deferred inflows of resources, 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. 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, Gas Tax 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, Gas Tax 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 and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$137.2 million for governmental activities and \$42.1 million for business-type activities for a total of \$179.3 million at the close of the most recent fiscal year.

The largest portion of the City's net position, \$246.6 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 are the loans from federal government and seven 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, \$30.5 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, 2016 and 2015**  
*(Amounts Expressed in Thousands)*

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
<b>ASSETS</b>						
Current and Other Assets	\$ 119,004	\$ 112,601	\$ 16,565	\$ 11,621	\$ 135,569	\$ 124,222
Capital Assets	<u>227,184</u>	<u>220,525</u>	<u>38,571</u>	<u>38,490</u>	<u>265,755</u>	<u>259,015</u>
<b>Total Assets</b>	<b>346,188</b>	<b>333,126</b>	<b>55,136</b>	<b>50,111</b>	<b>401,324</b>	<b>383,237</b>
<b>Deferred Outflows of Resources</b>	<b>11,399</b>	<b>9,645</b>	<b>335</b>	<b>425</b>	<b>11,734</b>	<b>10,070</b>
<b>LIABILITIES</b>						
Current Liabilities	15,058	14,705	2,761	2,559	17,819	17,264
Non-current Liabilities	<u>193,434</u>	<u>171,057</u>	<u>10,200</u>	<u>10,704</u>	<u>203,634</u>	<u>181,761</u>
<b>Total Liabilities</b>	<b>208,492</b>	<b>185,762</b>	<b>12,961</b>	<b>13,263</b>	<b>221,453</b>	<b>199,025</b>
<b>Deferred Inflows of Resources</b>	<b>11,918</b>	<b>25,244</b>	<b>432</b>	<b>977</b>	<b>12,350</b>	<b>26,221</b>
<b>NET POSITION</b>						
Net Investment Capital Assets	211,020	206,576	35,577	34,744	246,597	241,320
Restricted	30,009	23,592	469	469	30,478	24,061
Unrestricted	<u>(103,853)</u>	<u>(98,403)</u>	<u>6,032</u>	<u>1,084</u>	<u>(97,821)</u>	<u>(97,319)</u>
<b>Total Net Position</b>	<b><u>\$ 137,176</u></b>	<b><u>\$ 131,765</u></b>	<b><u>\$ 42,078</u></b>	<b><u>\$ 36,297</u></b>	<b><u>\$ 179,254</u></b>	<b><u>\$ 168,062</u></b>

## Governmental Activities

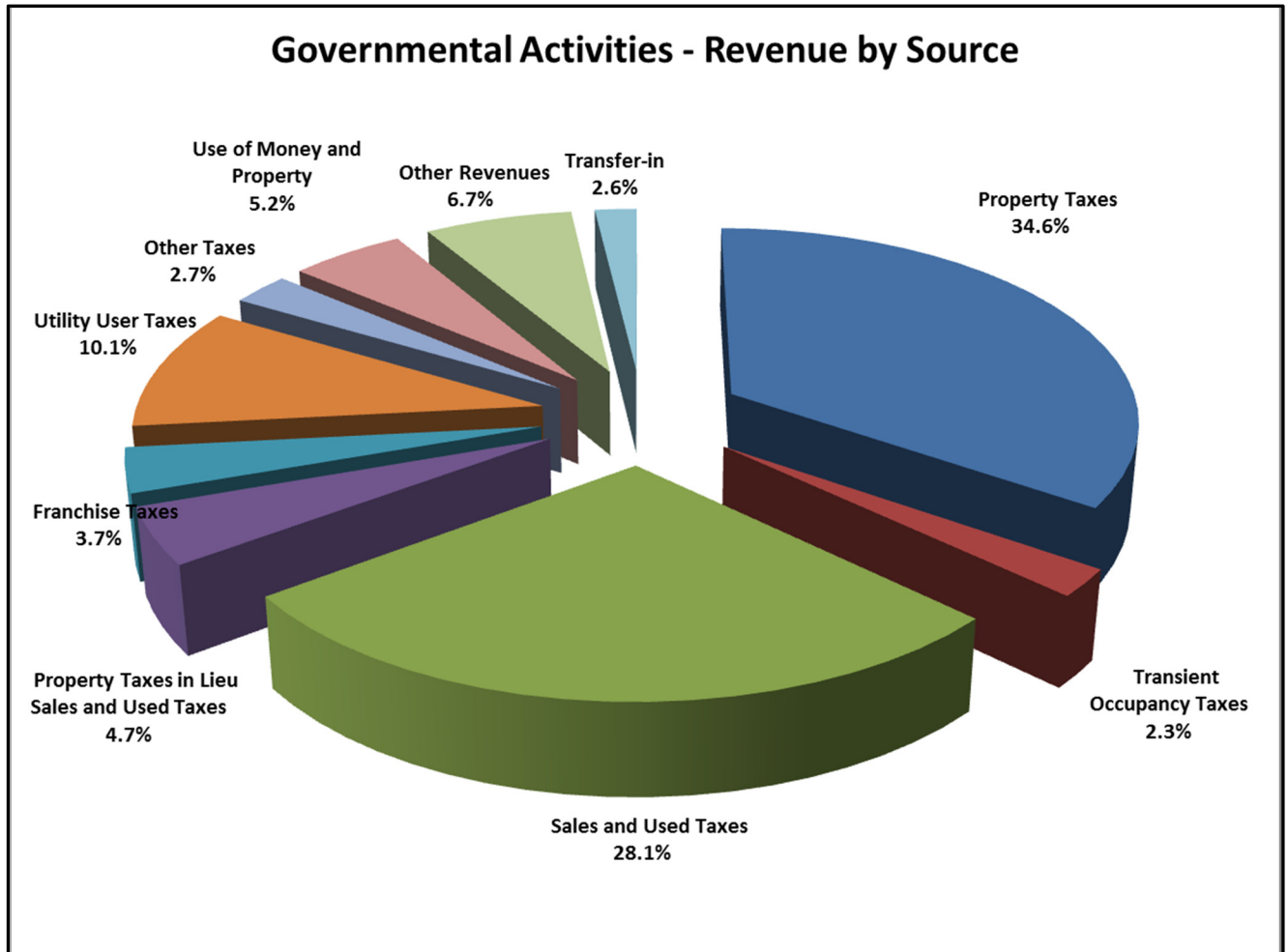
The City's net position in the Governmental activities increased \$5.4 million including restatement. The increase in net position is primarily due to an increase in investments in capital assets. As noted previously, the City is continuing to see growth in its revenue base and realized savings in the General Fund above the level anticipated in the FY 2015-2016 budget.

**City of Downey**  
**Summary of Net Position**  
**For Fiscal Year Ended June 30, 2016 and 2015**  
*(Amounts Expressed in Thousands)*

	Governmental Activities		Amount
	2016	2015	Increase (Decrease)
<b>REVENUES:</b>			
Program Revenues:			
Charges for Services	21,900	16,745	5,155
Operating Grants and Contributions	15,108	12,689	2,419
Capital Grants and Contributions	2,281	1,503	778
General Revenues:			
Taxes			
Property Taxes	24,709	23,152	1,557
Transient Occupancy Taxes	1,629	1,317	312
Sales and Used Taxes	20,039	17,062	2,977
Property Taxes in Lieu Sales and Used Taxes	3,349	4,231	(882)
Franchise Taxes	2,625	2,258	367
Utilities Users' Taxes	7,229	7,595	(366)
Other Taxes	1,903	1,661	242
Use of Money and Property	3,738	3,343	395
Other Revenues	4,805	7,201	(2,396)
<b>Total Revenues</b>	<b>109,315</b>	<b>98,757</b>	<b>10,558</b>
<b>EXPENSES:</b>			
Program Activities			
General Government	14,884	12,419	2,465
Public Safety	58,397	54,196	4,201
Public Works	15,479	13,599	1,880
Community Services	7,975	6,703	1,272
Community Development	7,257	4,893	2,364
Interest on Long-term Debts	1,662	1,617	45
<b>Total Expenses</b>	<b>105,654</b>	<b>93,427</b>	<b>12,227</b>
<b>Excess/(Shortage) of Revenues Over Expenses</b>	<b>3,661</b>	<b>5,330</b>	<b>(1,669)</b>
<b>TRANSFERS:</b>			
Transfer-in	1,359	1,777	(418)
<b>Changes in Net Position</b>	<b>5,020</b>	<b>7,107</b>	<b>(2,087)</b>

### *Top Governmental Activity Revenue Sources*

As shown below, our top five revenues accounted for approximately 71.1% of total revenues, with use of money and property accounted for 3.4% and miscellaneous revenues accounted for 4.3%. Generally, revenues for FY 2015-16 increased from those of the prior fiscal year.

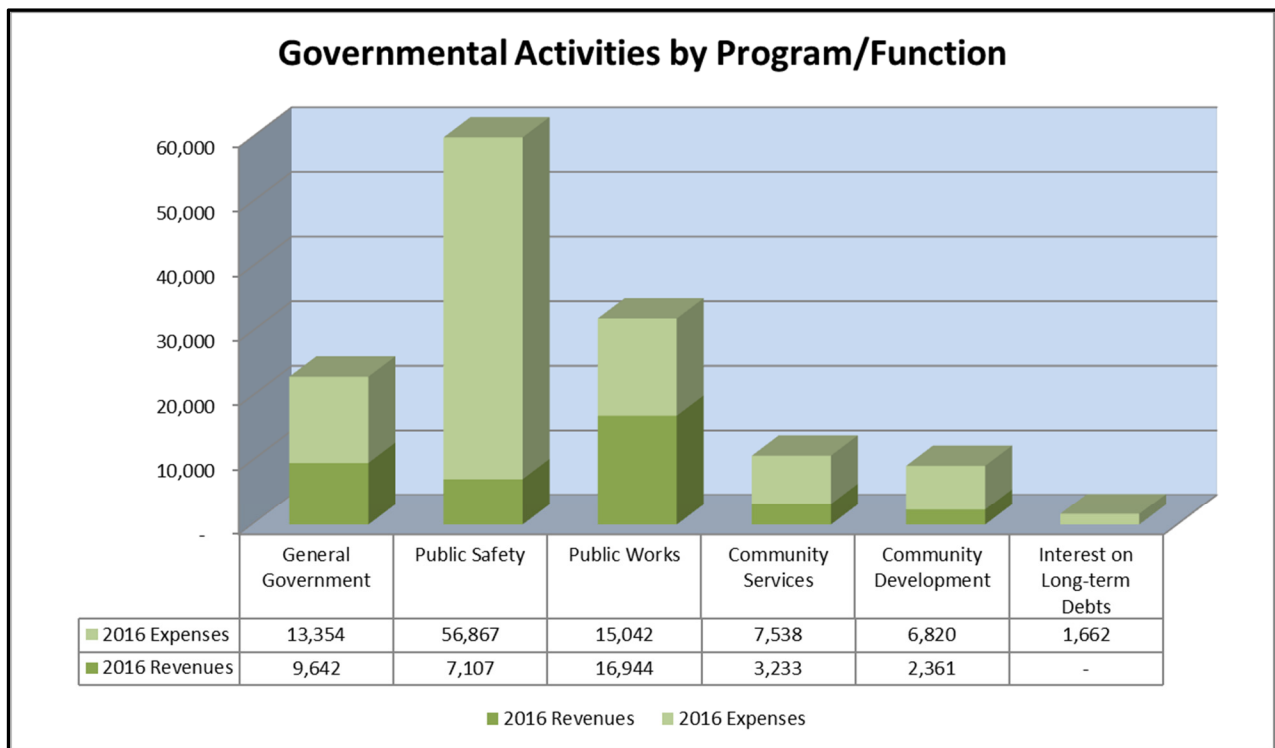


The following narrative addresses the significant variances in key revenues and expenses from the prior fiscal year:

1. *Sales Tax.* General sales tax receipts were \$3.0 million or 17.6% over prior year. Primary reason for the increase was the final accounting settlement of the State’s tax triple flip which resulted in a one-time payment of past sales taxes due to the City.
2. *Operating grants and contributions.* These revenues increased by \$2.4 million or 18.9% over prior as progress on City infrastructure projects resulted in an increased amount of grant reimbursements.
3. *Property taxes.* Property tax increased by \$1.6 million or 6.7% over the prior year. Property taxes continue to grow at a slow but steady pace.



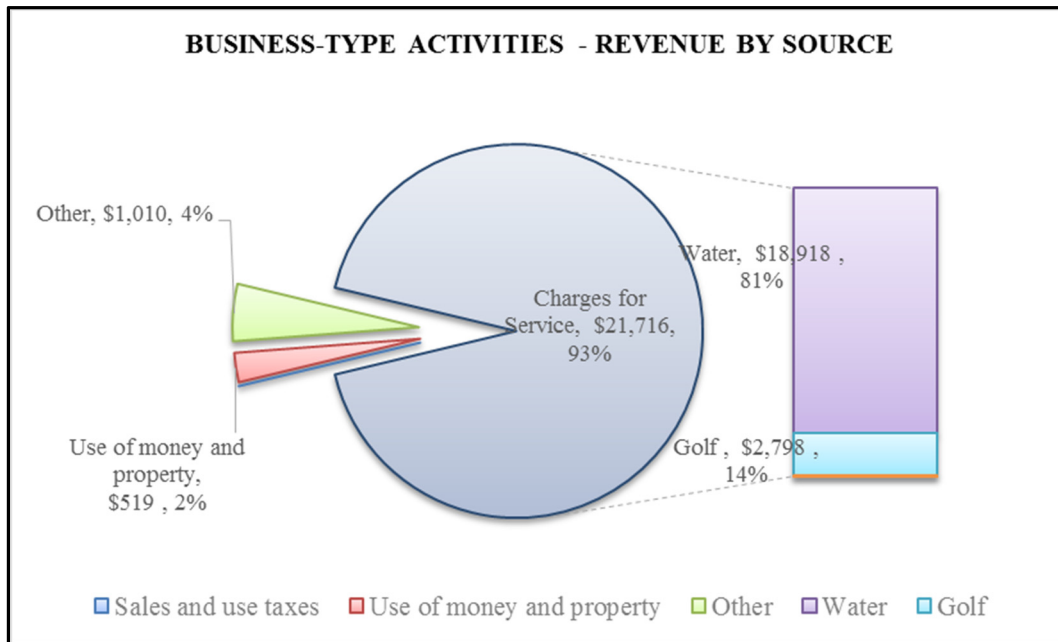
4. *Charges for Services.* These revenues increased by approximately \$5.1 million or 30.5% over prior year. In the General Fund, charges for services increased significantly over the prior year due to the plan check and various permit fees related to development projects, new housing units and private developments along the Imperial Highway Corridor.
5. *Other Revenues.* These revenues decreased by \$2.4 million or 31.9% from prior year.
6. *Use of Money and Property.* These revenues increased by \$0.4 million or 12.0% from prior year.
7. *Program Expenses.* Program activities experienced an increase of \$7.9 million or 8.5% 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 \$1.2 million or decrease of 6.2% from the prior fiscal year. This reflects decrease in water consumption from City’s water conservation policies. Significant variances are as follows:

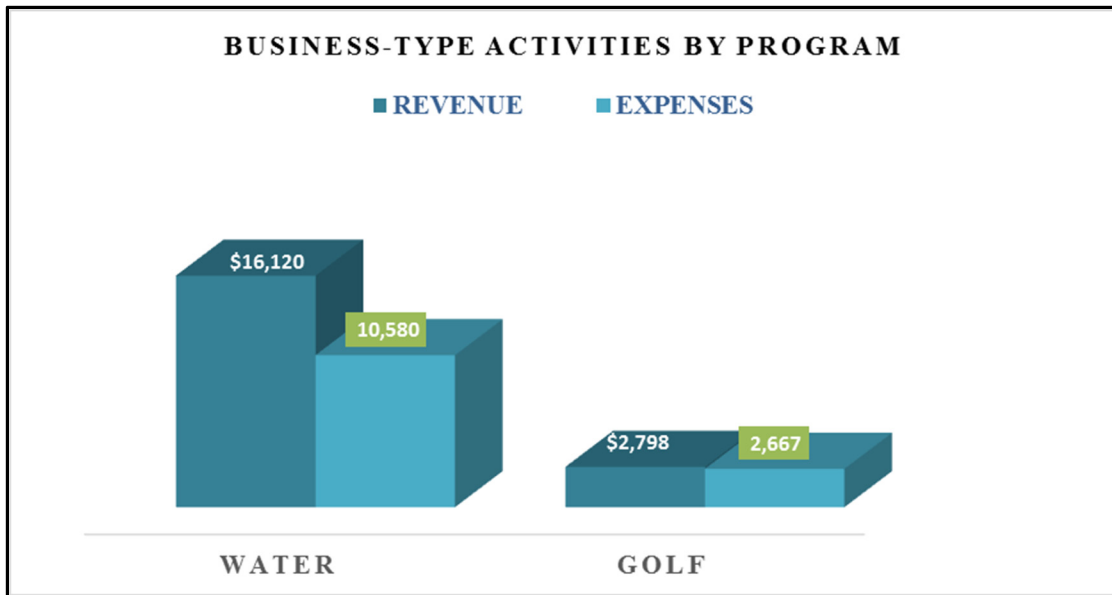
1. *Water revenues* - total operating revenues decreased \$1.3 million or 7.4% from the prior year. The decrease in revenue is from less water consumption from State-wide mandated water reduction efforts.
2. *Golf revenues* - the overall revenue increased by \$36 thousand over prior year. This is due to increased participation from residents and general community from signs of improvement in the local economy.



**City of Downey**  
**Summary of Net Position**  
**Business- Type Activities**  
**For Fiscal Year Ended June 30, 2016 and 2015**  
*(Amounts Expressed in Thousands)*

	<b>Business-Type Activities</b>		<b>Amount</b>
	<b>2016</b>	<b>2015</b>	<b>Increase</b>
<b>REVENUES:</b>	<hr/>		<b>(Decrease)</b>
Program Revenues:			
Charges for Services	\$ 18,918	\$ 20,162	\$ (1,244)
General Revenues:			
Use of Money and Property	519	458	61
Other Revenues	<u>1,010</u>	<u>2,292</u>	<u>(1,282)</u>
<b>Total Revenues</b>	<b><u>20,447</u></b>	<b><u>22,912</u></b>	<b><u>2,465</u></b>
<b>EXPENSES:</b>			
Program Activities			
Water	10,580	12,355	(1,775)
Golf	<u>2,667</u>	<u>3,188</u>	<u>(521)</u>
<b>Total Expenses</b>	<b><u>13,247</u></b>	<b><u>15,543</u></b>	<b><u>(2,296)</u></b>
<b>Excess/(Shortage) of Revenues Over Expenses</b>	<b>7,200</b>	<b>7,369</b>	<b>(170)</b>
<b>TRANSFERS:</b>			
Transfer-out	<u>(1,359)</u>	<u>(1,777)</u>	418
<b>Changes in Net Position</b>	<b><u><u>\$ 5,841</u></u></b>	<b><u><u>\$ 5,592</u></u></b>	<b><u><u>\$ 248</u></u></b>

*Program Expenses* – the program expenses for enterprises funds have a net decrease by almost \$2.3 million or a decrease of 6.2% over the prior year. From this amount, water activities ended with a decrease of \$1.3 million from reduced capital expenditures 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, 2016, the City's governmental funds reported combined ending fund balances of \$52.1 million, a net decrease of \$0.4 million or .7% over the prior year. Approximately 59% of the City's governmental fund ending fund balances, or \$30.5 million, consisted of 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, \$21.6 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 \$7.6 million is not available for use and are comprised of advances to Successor Agency and prepaid costs. Restricted fund balance of \$13.9 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 \$402 thousand for community development activity, \$7.7 million for public works, \$1 million for capital projects, and \$4.8 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, 2016, assigned and unassigned fund balance of the general fund was \$30.7 million, while total fund balance was \$38.3 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, 2016, the cash and investments balance in the general fund was \$17.1 million, an increase of \$600 thousand from the prior fiscal year.

**City of Downey**  
**General Fund Revenues and Other Financing Sources**  
**For Fiscal Year Ended June 30, 2016 and 2015**  
*(Amounts Expressed in Thousands)*

	<b>2016</b>	<b>Percent of</b>	<b>2015</b>	<b>Percent of</b>	<b>Increase</b>
	<b>Actuals</b>	<b>Total</b>	<b>Actuals</b>	<b>Total</b>	<b>(Decrease)</b>
Taxes	\$ 57,237	66.6%	\$ 53,313	68.4%	\$ 3,924
Licenses and Permits	2,173	2.5%	1,726	2.2%	447
Fines and Forfeitures	1,503	1.7%	1,512	1.9%	(9)
Use of Money and Property	1,855	2.2%	1,619	2.1%	236
Intergovernmental Revenues	3,635	4.2%	3,966	5.1%	(331)
Charges for Services	10,683	12.4%	8,842	11.3%	1,841
Other Revenues	4,060	4.7%	4,097	5.3%	(37)
Total Revenues	<u>81,146</u>	94.3%	<u>75,075</u>	96.3%	6,071
Other Financing Sources	<u>4,906</u>	5.7%	<u>2,893</u>	3.7%	2,013
Total Revenues & Other Financing Sources	<u>\$ 86,052</u>	<u>100.0%</u>	<u>\$ 77,968</u>	<u>100.0%</u>	<u>\$ 8,084</u>

Overall, General Fund revenues for the fiscal year ended June 30, 2016 increased by \$8.1 million, or 10.3%, over the prior year. The primary reason being increase in taxes and charges for services. The taxes increased due to the settlement of the State's sales tax triple flip which resulted in a one-time payment of past sales taxes due to the City. The increase in charges for services is due to increase in plan check and various permit fees related to development projects, new housing units and private developments along the Imperial Highway Corridor.

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, 2016 and 2015**  
*(Amounts Expressed in Thousands)*

	<b>2016</b>	<b>Percent of</b>	<b>2015</b>	<b>Percent of</b>	<b>Increase</b>
	<b>Actuals</b>	<b>Total</b>	<b>Actuals</b>	<b>Total</b>	<b>(Decrease)</b>
General Government	\$ 12,091	14.3%	\$ 10,789	13.9%	\$ 1,302
Public Safety	49,774	58.6%	44,985	58.2%	4,789
Public Works	6,671	7.9%	6,780	8.7%	(109)
Community Services	6,378	7.5%	5,834	7.5%	544
Community Development	3,027	3.6%	2,740	3.5%	287
Principal retirement	460	0.5%	395	0.5%	65
Debt Services	<u>1,611</u>	<u>1.9%</u>	<u>959</u>	<u>1.2%</u>	<u>652</u>
Total Expenditures	80,012	94.3%	72,482	93.5%	7,530
Other Financing Uses	<u>4,797</u>	<u>5.7%</u>	<u>5,047</u>	<u>6.5%</u>	<u>(250)</u>
Total Expenditures & Other Financing Sources	<u>\$ 84,809</u>	<u>100.0%</u>	<u>\$ 77,529</u>	<u>100.0%</u>	<u>\$ 7,280</u>

The General Fund's total expenditures, not including transfers, increased by \$7.5 million or 10.4%, 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, 2016:

- Public Safety expenditures increased by \$4.8 million, to \$49.8 million attributable to the increase in PERS safety rate, full staffing and Cost of Living Adjustments.
- Public Works expenditures decreased by \$109 thousand, to \$6.7 million, as a result of reduction in the cost of operational supplies and maintenance.
- Community Services expenditures increased by \$544 thousand, to \$6.4 million, as a result of additional staffing and contract services.
- Community Development expenditures increased by \$287 thousand, to \$3 million, as a result of additional staffing.

- General Government experienced an increase of \$1.3 million, to \$12.1 million, as a result of additional staffing, and increasing costs for operations, supplies and maintenance.

### **General Fund Budgetary Highlights**

Differences between the general fund original budget expenditures and the final amended budget were over \$3 million. The increases for activities can be briefly summarized as follows:

- \$910 thousand for public safety
- \$2.1 million for transfer-out

In the functional expenditure categories actual expenditures were more than final budgeted amount, totaling \$84.8 million, and \$82.5 million, respectively. In addition, actual revenue exceeded budgetary estimates, at \$7.8 million, bringing actual revenue at June 30, 2016 to \$123 million. The actual transfers out of the general fund were more than final budget amount by \$268 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 2015-16 was \$477.4 thousand. Of the fund balance of \$4.4 million, \$3.2 million is non-spendable and \$1.1 million is 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 2015-16 was \$9.1 million. The fund has a negative fund balance of \$1.2 million at the close of year.

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 2015-16 was \$1.37 million and \$1.34 million, respectively, leaving an ending fund balance of \$205 thousand. The ending fund balance is also restricted for low and moderate income housing.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### *Capital assets*

The City's investment in capital assets for its government and business-type activities at June 30, 2016 amounted to \$246 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 \$7.7 million, or a 3.0% increase.

**City of Downey**  
**Summary of Capital Assets (Net of Depreciation)**  
**For Fiscal Year Ended June 30, 2016 and 2015**  
*(Amounts Expressed in Thousands)*

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Land and Improvements	\$ 24,251	\$ 26,396	\$ 8,272	\$ 8,272	\$ 32,523	\$ 34,668
Projects in Progress	20,045	24,351	-	-	20,045	24,351
Buildings	20,737	21,542	4,911	5,216	25,648	26,758
Land Improvements	16,579	13,903	9,369	9,371	25,948	23,274
Machinery & Equipment	6,960	5,383	407	300	7,367	5,683
Furniture & Fixtures	-	-	-	75	-	75
Infrastructures	138,612	128,949	-	-	138,612	128,949
Water Supply and Distribution System	-	-	13,613	15,256	13,613	15,256
<b>Total Capital Assets</b>	<b>\$ 227,184</b>	<b>\$ 220,524</b>	<b>\$ 36,572</b>	<b>\$ 38,490</b>	<b>\$ 263,756</b>	<b>\$ 259,014</b>

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

- Infrastructure increased \$9.7 million, \$15.8 million in additions, net of \$6.2 million in depreciation for the year.
- Projects in progress decreased \$4.4 million.
- Building decreased \$805 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, 2016 is \$71.4 million, an increase of \$6.2 million from the prior fiscal year.

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

	<b>Balance</b>			<b>Balance</b>	
	<b>June 30,</b>	<b>Additions</b>	<b>Reduction</b>	<b>June 30,</b>	<b>Due Within</b>
	<b>2015</b>			<b>2016</b>	<b>One-Year</b>
Bonds	\$ 24,420	\$ -	\$ 848	\$ 23,572	\$ 940
Capital Lease Payable	992	2,073	525	2,540	531
Loans from Federal Government	12,957	668	-	13,625	81
Compensated Absences	13,276	4,067	4,297	13,046	4,179
Claims Payable	9,206	11,290	1,877	18,619	1,700
Total	<u>\$ 60,851</u>	<u>\$ 18,098</u>	<u>\$ 7,547</u>	<u>\$ 71,402</u>	<u>\$ 7,431</u>

Long-term debt-related events during the fiscal year ended June 30, 2016 included:

- Compensated absences liabilities decreased by \$230 thousand and payouts to employees amounted to approximately \$1.7 million.
- A net increase to claims payable of \$5.0 million to adjust for possible future general liability and workers' compensation claims.
- Capital lease obligations increased \$1.5 million as a result of the City acquiring public fire safety equipment and city-wide telephone lease 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 28, 2016, the City Council adopted and approved FY 2016-17 budget with total appropriations of \$156.8 million. Adequate resources are available to fund the proposed expenditures. For the General Fund, the FY 2016-17 budget reflects a margin of current expenses and other uses exceeding current revenue and other resources by \$1.3 million or 1.7% 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 2017, the City kept 727 fees unchanged, increased 27 fees, decreased 2 fees, removed 3 fees, and set up 13 new fees. The changes in fees mainly were for the Downey Theatre and Parks and Recreation department.

### ***Utility Rates***

Effective July 1, 2016, 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.

**THIS PAGE INTENTIONALLY LEFT BLANK**

CITY OF DOWNEY

STATEMENT OF NET POSITION  
JUNE 30, 2016

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
<b>Assets:</b>			
Cash and investments	\$ 63,995,980	\$ 16,090,344	\$ 80,086,324
Receivables:			
Accounts	1,539,456	2,754,869	4,294,325
Taxes	7,337,504	-	7,337,504
Notes and loans	15,356,708	-	15,356,708
Accrued interest	398,803	-	398,803
Internal balances	6,035,821	(6,035,821)	-
Prepaid costs	29,936	27,445	57,381
Due from other governments	8,344,433	28,163	8,372,596
Inventories	105,931	157,720	263,651
Land held for resale	1,393,150	-	1,393,150
Restricted assets:			
Cash and investments	-	1,056,624	1,056,624
Cash with fiscal agent	3,486,043	1,485,254	4,971,297
Advances to Successor Agency	10,979,918	-	10,979,918
Capital assets not being depreciated	44,295,476	8,271,537	52,567,013
Capital assets, net of depreciation	182,888,387	31,299,893	214,188,280
<b>Total Assets</b>	<b>346,187,546</b>	<b>55,136,028</b>	<b>401,323,574</b>
<b>Deferred Outflows of Resources:</b>			
Deferred pension related items	11,399,185	335,072	11,734,257
<b>Total Deferred Outflows of Resources</b>	<b>11,399,185</b>	<b>335,072</b>	<b>11,734,257</b>
<b>Liabilities:</b>			
Accounts payable	5,293,790	1,690,747	6,984,537
Accrued liabilities	2,055,314	135,609	2,190,923
Accrued interest	120,814	84,483	205,297
Unearned revenue	814,832	-	814,832
Deposits payable	2,650	175,294	177,944
Due to other governments	16,078	-	16,078
Due within one year	6,754,808	674,567	7,429,375
Due in more than one year	58,647,808	5,324,693	63,972,501
OPEB liability	588,961	-	588,961
Net pension liability	134,197,414	4,875,333	139,072,747
<b>Total Liabilities</b>	<b>208,492,469</b>	<b>12,960,726</b>	<b>221,453,195</b>
<b>Deferred Inflows of Resources:</b>			
Deferred pension related items	11,918,387	432,327	12,350,714
<b>Total Deferred Inflows of Resources</b>	<b>11,918,387</b>	<b>432,327</b>	<b>12,350,714</b>
<b>Net Position:</b>			
Net investment in capital assets	211,019,533	35,576,684	246,596,217
Restricted for:			
Community development	937,547	-	937,547
Public works	7,683,276	-	7,683,276
Capital projects	1,525,385	-	1,525,385
Debt service	-	469,039	469,039
Low and moderate income housing	19,862,598	-	19,862,598
Unrestricted	(103,852,464)	6,032,324	(97,820,140)
<b>Total Net Position</b>	<b>\$ 137,175,875</b>	<b>\$ 42,078,047</b>	<b>\$ 179,253,922</b>

CITY OF DOWNEY

STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2016

	Expenses	Program Revenues		
		Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants
<b>Functions/Programs</b>				
<b>Primary Government:</b>				
Governmental Activities:				
General government	\$ 14,883,825	\$ 6,436,249	\$ 3,205,910	\$ -
Public safety	58,396,973	5,135,530	1,971,803	-
Community development	7,256,888	1,550,183	-	810,972
Community services	7,975,494	3,233,213	-	-
Public works	15,478,687	5,544,870	9,930,053	1,469,537
Interest on long-term debt	1,662,286	-	-	-
<b>Total Governmental Activities</b>	<b>105,654,153</b>	<b>21,900,045</b>	<b>15,107,766</b>	<b>2,280,509</b>
Business-Type Activities:				
Water Fund	10,580,146	16,119,891	-	-
Golf Fund	2,667,429	2,798,570	-	-
<b>Total Business-Type Activities</b>	<b>13,247,575</b>	<b>18,918,461</b>	<b>-</b>	<b>-</b>
<b>Total Primary Government</b>	<b>\$ 118,901,728</b>	<b>\$ 40,818,506</b>	<b>\$ 15,107,766</b>	<b>\$ 2,280,509</b>

**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

**Transfers**

**Total General Revenues 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**

<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
\$ (5,241,666)	\$ -	\$ (5,241,666)
(51,289,640)	-	(51,289,640)
(4,895,733)	-	(4,895,733)
(4,742,281)	-	(4,742,281)
1,465,773	-	1,465,773
(1,662,286)	-	(1,662,286)
<b>(66,365,833)</b>	<b>-</b>	<b>(66,365,833)</b>
-	5,539,745	5,539,745
-	131,141	131,141
-	<b>5,670,886</b>	<b>5,670,886</b>
<b>(66,365,833)</b>	<b>5,670,886</b>	<b>(60,694,947)</b>
24,709,427	-	24,709,427
1,628,932	-	1,628,932
20,039,188	-	20,039,188
3,349,198	-	3,349,198
2,624,932	-	2,624,932
7,229,176	-	7,229,176
1,903,221	-	1,903,221
3,737,648	518,513	4,256,161
4,759,458	969,951	5,729,409
45,219	39,611	84,830
1,359,000	(1,359,000)	-
<b>71,385,399</b>	<b>169,075</b>	<b>71,554,474</b>
5,019,566	5,839,961	10,859,527
131,764,898	36,296,546	168,061,444
391,411	(58,460)	332,951
<b>\$ 137,175,875</b>	<b>\$ 42,078,047</b>	<b>\$ 179,253,922</b>

CITY OF DOWNEY

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2016**

	Special Revenue Funds			
	General	Housing Authority	Gas Tax	HOME
<b>Assets:</b>				
Pooled cash and investments	\$ 17,088,320	\$ 1,105,631	\$ -	\$ 221,839
Receivables:				
Accounts	1,182,384	-	-	-
Taxes	7,008,661	-	183,809	-
Notes and loans	-	8,358,041	-	6,463,459
Accrued interest	141,416	257,387	-	-
Prepaid costs	29,936	-	-	-
Due from other governments	1,194,817	-	6,344,652	10,921
Due from other funds	4,578,658	-	-	-
Inventories	-	-	-	-
Land held for resale	-	1,393,150	-	-
Restricted assets:				
Cash and investments with fiscal agents	3,486,043	-	-	-
Advances to Successor Agency	7,578,900	1,873,171	-	-
<b>Total Assets</b>	<b>\$ 42,289,135</b>	<b>\$ 12,987,380</b>	<b>\$ 6,528,461</b>	<b>\$ 6,696,219</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 2,151,882	\$ 19,089	\$ 1,546,134	\$ 23,921
Accrued liabilities	1,809,705	-	14,947	1,262
Unearned revenues	-	-	-	-
Deposits payable	-	-	-	2,650
Due to other governments	-	-	-	-
Due to other funds	31,583	-	4,518,763	-
<b>Total Liabilities</b>	<b>3,993,170</b>	<b>19,089</b>	<b>6,079,844</b>	<b>27,833</b>
<b>Deferred Inflows of Resources:</b>				
Unavailable revenues	21,542	8,615,428	2,552,013	6,463,459
<b>Total Deferred Inflows of Resources</b>	<b>21,542</b>	<b>8,615,428</b>	<b>2,552,013</b>	<b>6,463,459</b>
<b>Fund Balances:</b>				
<b>Nonspendable:</b>				
Inventory	-	-	-	-
Prepaid costs	29,936	-	-	-
Advances to Successor Agency	7,578,900	-	-	-
<b>Restricted for:</b>				
Community development	-	-	-	-
Public works	-	-	-	-
Capital Projects	-	-	-	-
Low and moderate income housing	-	4,352,863	-	204,927
<b>Assigned to:</b>				
Capital projects	-	-	-	-
Fiscal emergency fund	20,003,196	-	-	-
<b>Unassigned</b>	10,662,391	-	(2,103,396)	-
<b>Total Fund Balances</b>	<b>38,274,423</b>	<b>4,352,863</b>	<b>(2,103,396)</b>	<b>204,927</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 42,289,135</b>	<b>\$ 12,987,380</b>	<b>\$ 6,528,461</b>	<b>\$ 6,696,219</b>

CITY OF DOWNEY

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2016**

	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Assets:</b>		
Pooled cash and investments	\$ 12,545,767	\$ 30,961,557
Receivables:		
Accounts	354,163	1,536,547
Taxes	145,034	7,337,504
Notes and loans	535,208	15,356,708
Accrued interest	-	398,803
Prepaid costs	-	29,936
Due from other governments	793,991	8,344,381
Due from other funds	31,583	4,610,241
Inventories	11,326	11,326
Land held for resale	-	1,393,150
Restricted assets:		
Cash and investments with fiscal agents	-	3,486,043
Advances to Successor Agency	-	9,452,071
<b>Total Assets</b>	<b>\$ 14,417,072</b>	<b>\$ 82,918,267</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>		
<b>Liabilities:</b>		
Accounts payable	\$ 1,417,814	\$ 5,158,840
Accrued liabilities	197,614	2,023,528
Unearned revenues	814,832	814,832
Deposits payable	-	2,650
Due to other governments	16,078	16,078
Due to other funds	59,895	4,610,241
<b>Total Liabilities</b>	<b>2,506,233</b>	<b>12,626,169</b>
<b>Deferred Inflows of Resources:</b>		
Unavailable revenues	535,208	18,187,650
<b>Total Deferred Inflows of Resources</b>	<b>535,208</b>	<b>18,187,650</b>
<b>Fund Balances:</b>		
<b>Nonspendable:</b>		
Inventory	11,326	11,326
Prepaid costs	-	29,936
Advances to Successor Agency	-	7,578,900
<b>Restricted for:</b>		
Community development	402,339	402,339
Public works	7,671,950	7,671,950
Capital Projects	1,076,768	1,076,768
Low and moderate income housing	225,921	4,783,711
<b>Assigned to:</b>		
Capital projects	2,072,619	2,072,619
Fiscal emergency fund	-	20,003,196
<b>Unassigned</b>	<b>(85,292)</b>	<b>8,473,703</b>
<b>Total Fund Balances</b>	<b>11,375,631</b>	<b>52,104,448</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 14,417,072</b>	<b>\$ 82,918,267</b>



**THIS PAGE INTENTIONALLY LEFT BLANK**

**CITY OF DOWNEY**

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2016**

Fund balances of governmental funds		\$ 52,104,448
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.		220,996,285
Deferred outflows related to pension items for:		
Miscellaneous contributions made subsequent to measurement date	\$ 3,241,456	
Safety contributions made subsequent to measurement date	<u>8,092,171</u>	11,333,627
Long-term debt and claims liabilities that have not been included in the governmental fund activity:		
Bonds payable	(31,588,888)	
Unamortized bond premiums/discounts	(127,957)	
Claims payable	<u>(11,244,012)</u>	(42,960,857)
Accrued interest payable for the current portion of interest due on Bonds has not been reported in the governmental funds.		(72,729)
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.		(588,961)
Pension liabilities are not included in the governmental fund statements, however they are reported in the governmental activities in the Statement of Net Position		
Miscellaneous net pension liability	(39,296,689)	
Safety net pension liability	<u>(93,852,720)</u>	(133,149,409)
Deferred inflows related to pension items due to:		
Miscellaneous changes of assumptions	(1,366,216)	
Safety changes of assumptions	(4,435,131)	
Miscellaneous differences between expected and actual experiences	(406,706)	
Safety differences between expected and actual experiences	(2,405,940)	
Miscellaneous net difference between projected and actual earnings on pension plan investments	(914,628)	
Safety net difference between projected and actual earnings on pension plan investments	<u>(2,285,724)</u>	(11,814,345)
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.		18,187,650
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>23,140,166</u>
<b>Net Position of governmental activities</b>		<b><u>\$ 137,175,875</u></b>

CITY OF DOWNEY

STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2016

	Special Revenue Funds			
	General	Housing Authority	Gas Tax	HOME
<b>Revenues:</b>				
Taxes	\$ 57,236,922	\$ -	\$ -	\$ -
Licenses and permits	2,172,728	-	-	-
Intergovernmental	3,634,510	-	9,380,521	1,367,581
Charges for services	10,683,301	-	-	-
Use of money and property	1,854,700	30,262	-	-
Fines and forfeitures	1,502,892	-	-	-
Contributions	9,500	-	-	-
Developer participation	-	-	-	-
Miscellaneous	4,050,989	159,997	99,155	-
<b>Total Revenues</b>	<b>81,145,542</b>	<b>190,259</b>	<b>9,479,676</b>	<b>1,367,581</b>
<b>Expenditures:</b>				
Current:				
General government	12,090,775	-	-	-
Public safety	49,774,362	-	-	-
Community development	3,026,724	67,005	-	1,337,634
Community services	6,378,466	-	-	-
Public works	6,660,969	-	2,473	-
Capital outlay	10,500	-	9,090,512	-
Debt service:				
Principal retirement	460,000	-	-	-
Interest and fiscal charges	1,610,987	-	-	-
<b>Total Expenditures</b>	<b>80,012,783</b>	<b>67,005</b>	<b>9,092,985</b>	<b>1,337,634</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,132,759	123,254	386,691	29,947
<b>Other Financing Sources (Uses):</b>				
Transfers in	2,074,813	-	438,243	-
Transfers out	(4,797,229)	-	(1,755,671)	-
Other debts issued	668,070	-	-	-
Proceeds from sale of capital assets	2,163,180	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>108,834</b>	<b>-</b>	<b>(1,317,428)</b>	<b>-</b>
Net Change in Fund Balances	1,241,593	123,254	(930,737)	29,947
Fund Balances, Beginning of Year, as previously reported	37,092,475	4,229,609	(1,273,963)	174,980
Restatements	(59,645)	-	101,304	-
Fund Balances, Beginning of Year, as restated	37,032,830	4,229,609	(1,172,659)	174,980
<b>Fund Balances, End of Year</b>	<b>\$ 38,274,423</b>	<b>\$ 4,352,863</b>	<b>\$ (2,103,396)</b>	<b>\$ 204,927</b>

CITY OF DOWNEY

STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2016

	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Revenues:</b>		
Taxes	\$ 4,284,154	\$ 61,521,076
Licenses and permits	-	2,172,728
Intergovernmental	2,921,163	17,303,775
Charges for services	3,410,372	14,093,673
Use of money and property	161,537	2,046,499
Fines and forfeitures	352,812	1,855,704
Contributions	75,000	84,500
Developer participation	1,273,741	1,273,741
Miscellaneous	450,817	4,760,958
<b>Total Revenues</b>	<b>12,929,596</b>	<b>105,112,654</b>
<b>Expenditures:</b>		
Current:		
General government	-	12,090,775
Public safety	1,328,991	51,103,353
Community development	1,665,565	6,096,928
Community services	34,619	6,413,085
Public works	7,767,632	14,431,074
Capital outlay	7,693,279	16,794,291
Debt service:		
Principal retirement	-	460,000
Interest and fiscal charges	18,768	1,629,755
<b>Total Expenditures</b>	<b>18,508,854</b>	<b>109,019,261</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(5,579,258)	(3,906,607)
<b>Other Financing Sources (Uses):</b>		
Transfers in	6,697,013	9,210,069
Transfers out	(1,270,301)	(7,823,201)
Other debts issued	-	668,070
Proceeds from sale of capital assets	-	2,163,180
<b>Total Other Financing Sources (Uses)</b>	<b>5,426,712</b>	<b>4,218,118</b>
Net Change in Fund Balances	(152,546)	311,511
Fund Balances, Beginning of Year, as previously reported	12,237,043	52,460,144
Restatements	(708,866)	(667,207)
Fund Balances, Beginning of Year, as restated	11,528,177	51,792,937
<b>Fund Balances, End of Year</b>	<b>\$ 11,375,631</b>	<b>\$ 52,104,448</b>

**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, 2016**

---

Net change in fund balances - total governmental funds \$ 311,511

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	\$ 14,828,617	
Depreciation	(8,676,573)	
Gain/(loss) on sale of capital assets	<u>262,262</u>	6,414,306

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	460,000	
Amortization of bond premiums/discounts	<u>(7,108)</u>	452,892

Other debts issued is a revenue in the governmental funds, but issuance the increases long-term liabilities in the statement of net position. (668,070)

Accrued interest for long-term liabilities. This is the net change in accrued interest for the current period. 1,781

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. (9,413,048)

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. (382,980)

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. 4,615,106

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. 4,049,481

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. (361,413)

**Change in net position of governmental activities \$ 5,019,566**

CITY OF DOWNEY

STATEMENT OF NET POSITION  
 PROPRIETARY FUNDS  
 JUNE 30, 2016

	Business-Type Activities - Enterprise Funds			Governmental Activities- Internal Service Funds
	Water Fund	Golf Fund	Totals	
<b>Assets and Deferred Outflows of Resources:</b>				
<b>Assets:</b>				
Current:				
Cash and investments	\$ 15,163,305	\$ 927,039	\$ 16,090,344	\$ 33,034,423
Receivables:				
Accounts	2,738,592	16,277	2,754,869	2,909
Prepaid costs	27,445	-	27,445	-
Due from other governments	28,163	-	28,163	52
Inventories	157,720	-	157,720	94,605
Advance to Successor Agency	-	-	-	1,527,847
Restricted:				
Cash and investments	1,056,624	-	1,056,624	-
Cash with fiscal agent	-	1,485,254	1,485,254	-
<b>Total Current Assets</b>	<b>19,171,849</b>	<b>2,428,570</b>	<b>21,600,419</b>	<b>34,659,836</b>
Noncurrent:				
Capital assets - net of accumulated depreciation	25,381,659	14,189,771	39,571,430	6,187,578
<b>Total Noncurrent Assets</b>	<b>25,381,659</b>	<b>14,189,771</b>	<b>39,571,430</b>	<b>6,187,578</b>
<b>Total Assets</b>	<b>44,553,508</b>	<b>16,618,341</b>	<b>61,171,849</b>	<b>40,847,414</b>
<b>Deferred Outflows of Resources:</b>				
Deferred pension related items	335,072	-	335,072	65,558
<b>Total Deferred Outflows of Resources</b>	<b>335,072</b>	<b>-</b>	<b>335,072</b>	<b>65,558</b>
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 44,888,580</b>	<b>\$ 16,618,341</b>	<b>\$ 61,506,921</b>	<b>\$ 40,912,972</b>
<b>Liabilities, Deferred Inflows of Resources, and Net Position:</b>				
<b>Liabilities:</b>				
Current:				
Accounts payable	\$ 1,506,558	\$ 184,189	\$ 1,690,747	\$ 134,950
Accrued liabilities	133,489	2,120	135,609	31,786
Accrued interest	-	84,483	84,483	48,085
Deposits payable	77,360	97,934	175,294	-
Accrued compensated absences	262,550	2,017	264,567	3,913,609
Accrued claims payable	-	-	-	1,123,077
Bonds, notes, and capital leases	-	410,000	410,000	530,697
<b>Total Current Liabilities</b>	<b>1,979,957</b>	<b>780,743</b>	<b>2,760,700</b>	<b>5,782,204</b>
Noncurrent:				
Accrued compensated absences	255,085	(392)	254,693	8,613,204
Accrued claims payable	-	-	-	6,252,341
Bonds, notes, and capital leases	-	5,070,000	5,070,000	2,008,831
Net pension liability	4,875,333	-	4,875,333	1,048,005
<b>Total Noncurrent Liabilities</b>	<b>5,130,418</b>	<b>5,069,608</b>	<b>10,200,026</b>	<b>17,922,381</b>
<b>Total Liabilities</b>	<b>7,110,375</b>	<b>5,850,351</b>	<b>12,960,726</b>	<b>23,704,585</b>
<b>Deferred Inflows of Resources:</b>				
Deferred pension related items	432,327	-	432,327	104,042
<b>Total Deferred Inflows of Resources</b>	<b>432,327</b>	<b>-</b>	<b>432,327</b>	<b>104,042</b>
<b>Net Position:</b>				
Net investment in capital assets	25,381,659	10,195,025	35,576,684	3,648,050
Restricted for debt service	-	469,039	469,039	-
Unrestricted	11,964,219	103,926	12,068,145	13,456,295
<b>Total Net Position</b>	<b>37,345,878</b>	<b>10,767,990</b>	<b>48,113,868</b>	<b>17,104,345</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Net Position</b>	<b>\$ 44,888,580</b>	<b>\$ 16,618,341</b>	<b>\$ 61,506,921</b>	<b>\$ 40,912,972</b>
<b>Reconciliation of Net Position to the Statement of Net Position</b>				
Net Position per Statement of Net Position - Proprietary Funds			\$ 48,113,868	
Prior years' accumulated adjustment to reflect the consolidation of internal service funds activities related to the enterprise funds			(6,037,974)	
Current years' adjustments to reflect the consolidation of internal service activities related to enterprise funds			2,153	
<b>Net Position per Statement of Net Position</b>			<b>\$ 42,078,047</b>	

CITY OF DOWNEY

STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2016

	Business-Type Activities - Enterprise Funds			Governmental
	Water Fund	Golf Fund	Totals	Activities- Internal Service Funds
<b>Operating Revenues:</b>				
Sales and service charges	\$ 16,119,891	\$ 2,798,570	\$ 18,918,461	\$ -
Interdepartmental charges	-	-	-	4,343,434
Miscellaneous	946,236	23,715	969,951	6,973
<b>Total Operating Revenues</b>	<b>17,066,127</b>	<b>2,822,285</b>	<b>19,888,412</b>	<b>4,350,407</b>
<b>Operating Expenses:</b>				
Purchased water	3,771,983	-	3,771,983	-
Maintenance and operations	2,937,827	2,042,582	4,980,409	1,756,038
General and administrative	3,099,733	-	3,099,733	33,178
Employee benefits	42,938	-	42,938	1,583,622
Depreciation expense	737,720	410,079	1,147,799	1,465,866
<b>Total Operating Expenses</b>	<b>10,590,201</b>	<b>2,452,661</b>	<b>13,042,862</b>	<b>4,838,704</b>
Operating Income (Loss)	6,475,926	369,624	6,845,550	(488,297)
<b>Nonoperating Revenues (Expenses):</b>				
Interest revenue	331,363	187,150	518,513	156,679
Interest expense	-	(206,866)	(206,866)	(27,204)
Gain (loss) on disposal of capital assets	-	39,611	39,611	27,430
<b>Total Nonoperating Revenues (Expenses)</b>	<b>331,363</b>	<b>19,895</b>	<b>351,258</b>	<b>156,905</b>
Income (Loss) Before Transfers	6,807,289	389,519	7,196,808	(331,392)
Transfers in	-	200,000	200,000	2,132
Transfers out	(1,559,000)	-	(1,559,000)	(30,000)
Changes in Net Position	5,248,289	589,519	5,837,808	(359,260)
<b>Net Position:</b>				
Beginning of Year, as previously reported	32,156,049	10,178,471	42,334,520	16,316,243
Restatements	(58,460)	-	(58,460)	1,147,362
Beginning of Fiscal Year, as restated	32,097,589	10,178,471	42,276,060	17,463,605
<b>End of Fiscal Year</b>	<b>\$ 37,345,878</b>	<b>\$ 10,767,990</b>	<b>\$ 48,113,868</b>	<b>\$ 17,104,345</b>
<b>Reconciliation of Changes in Net Position to the Statement of Activities:</b>				
Changes in Net Position, per the Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Funds			\$ 5,837,808	
Adjustment to reflect the consolidation of current fiscal year internal service funds activities related to enterprise funds			2,153	
<b>Changes in Net Position of Business-Type Activities per Statement of Activities</b>			<b>\$ 5,839,961</b>	

## CITY OF DOWNEY

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2016

	<u>Business-Type Activities - Enterprise Funds</u>			<u>Governmental</u>
	<u>Water Fund</u>	<u>Golf Fund</u>	<u>Totals</u>	<u>Activities- Internal Service Funds</u>
<b>Cash Flows from Operating Activities:</b>				
Cash received from customers and users	\$ 17,296,635	\$ 2,858,848	\$ 20,155,483	\$ 4,349,316
Cash paid to suppliers for goods and services	(6,505,660)	(2,208,075)	(8,713,735)	(1,911,561)
Cash paid to employees for services	(3,491,660)	(30,376)	(3,522,036)	(1,727,094)
Cash received from (payments to) others	-	-	-	(4,622)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>7,299,315</b>	<b>620,397</b>	<b>7,919,712</b>	<b>706,039</b>
<b>Cash Flows from Non-Capital Financing Activities:</b>				
Cash transfers out	-	200,000	200,000	(30,000)
Cash transfers in	(1,559,000)	-	(1,559,000)	2,132
Repayment made to other funds	-	(43,194)	(43,194)	(636,139)
<b>Net Cash Provided (Used) by Non-Capital Financing Activities</b>	<b>(1,559,000)</b>	<b>156,806</b>	<b>(1,402,194)</b>	<b>(664,007)</b>
<b>Cash Flows from Capital and Related Financing Activities:</b>				
Proceeds from capital debt	-	-	-	2,072,800
Acquisition and construction of capital assets	(2,177,151)	(139,439)	(2,316,590)	(1,900,914)
Principal paid on capital debt	-	(395,000)	(395,000)	(525,218)
Interest paid on capital debt	-	(211,196)	(211,196)	(8,118)
Proceeds from sales of capital assets	3,449	65,447	68,896	34,585
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<b>(2,173,702)</b>	<b>(680,188)</b>	<b>(2,853,890)</b>	<b>(326,865)</b>
<b>Cash Flows from Investing Activities:</b>				
Interest received	331,363	187,150	518,513	156,679
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>331,363</b>	<b>187,150</b>	<b>518,513</b>	<b>156,679</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>3,897,976</b>	<b>284,165</b>	<b>4,182,141</b>	<b>(128,154)</b>
Cash and Cash Equivalents at Beginning of Year	12,321,953	2,128,128	14,450,081	33,162,577
<b>Cash and Cash Equivalents at End of Year</b>	<b>\$ 16,219,929</b>	<b>\$ 2,412,293</b>	<b>\$ 18,632,222</b>	<b>\$ 33,034,423</b>
<b>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:</b>				
Operating income (loss)	\$ 6,475,926	\$ 369,624	\$ 6,845,550	\$ (488,297)
<b>Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:</b>				
Depreciation	737,720	410,079	1,147,799	1,465,866
(Increase) decrease in accounts receivable	271,816	61,479	333,295	(1,039)
(Increase) decrease in due from other governments	(27,163)	-	(27,163)	(52)
(Increase) decrease in inventories	5,200	-	5,200	(1,319)
(Increase) decrease in prepaid expense	(27,445)	-	(27,445)	-
(Increase) decrease in Advances to Successor Agency	-	-	-	(4,622)
(Increase) decrease in deferred pension related outflows	80,702	9,080	89,782	17,051
Increase (decrease) in accounts payable	226,395	(12,612)	213,783	(154,204)
Increase (decrease) in accrued liabilities	(8,102)	(869)	(8,971)	7,128
Increase (decrease) in deposits payable	(14,145)	(24,916)	(39,061)	-
Increase (decrease) in compensated absences	(130,086)	(23,384)	(153,470)	(76,178)
Increase (decrease) in net pension liability	224,698	(139,610)	85,088	42,701
Increase (decrease) in deferred pension related inflows	(516,201)	(28,474)	(544,675)	(100,996)
<b>Total Adjustments</b>	<b>823,389</b>	<b>250,773</b>	<b>1,074,162</b>	<b>1,194,336</b>
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ 7,299,315</b>	<b>\$ 620,397</b>	<b>\$ 7,919,712</b>	<b>\$ 706,039</b>
<b>Non-Cash Investing, Capital, and Financing Activities:</b>				
Amortization of bond premium	\$ -	\$ -	\$ -	\$ 7,109
Gain on sale of capital assets	-	39,611	39,611	27,430

See Notes to Financial Statements



CITY OF DOWNEY

STATEMENT OF FIDUCIARY NET POSITION  
 FIDUCIARY FUNDS  
 JUNE 30, 2016

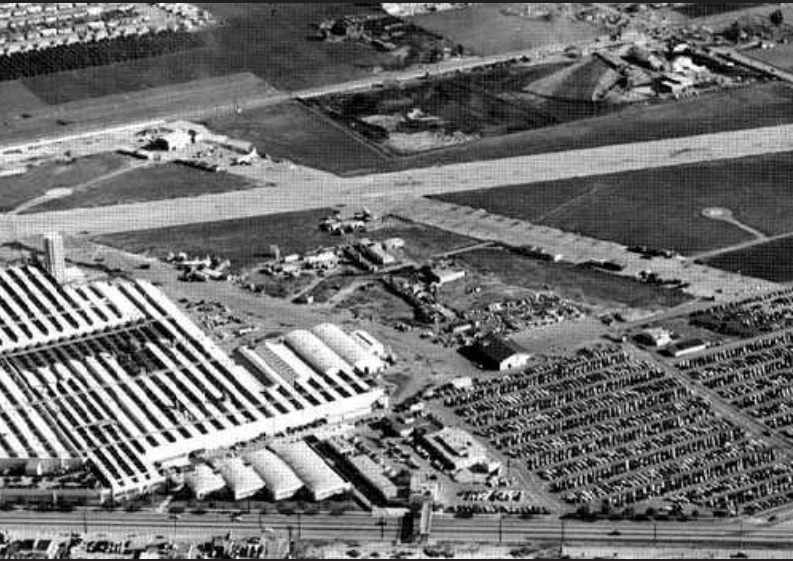
	Agency Funds	Private- Purpose Trust Fund
<b>Assets:</b>		
Pooled cash and investments	\$ 4,294,279	\$ 2,870,013
Receivables:		
Accounts	5,784	-
Taxes	2,316	-
Accrued interest	607	-
Due from other governments	37,562	-
Cash and investments with fiscal agents	-	662,816
Capital assets:		
Capital assets, not being depreciated	-	-
Capital assets, net of accumulated depreciation	-	-
<b>Total Assets</b>	<b>\$ 4,340,548</b>	<b>3,532,829</b>
<b>Liabilities:</b>		
Accounts payable	\$ 577,133	46,742
Accrued liabilities	342,702	-
Accrued interest	-	127,591
Unearned revenues	-	-
Deposits payable	3,415,713	2,500
Due to other governments	5,000	-
Long-term liabilities:		
Due in one year	-	409,579
Due in more than one year	-	31,083,979
Advances from the City	-	10,905,339
<b>Total Liabilities</b>	<b>\$ 4,340,548</b>	<b>42,575,730</b>
<b>Net Position:</b>		
Held in trust for other purposes		<b>(39,042,901)</b>
<b>Total Net Position</b>		<b>\$ (39,042,901)</b>

CITY OF DOWNEY

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
 FIDUCIARY FUNDS  
 YEAR ENDED JUNE 30, 2016

	<u>Private- Purpose Trust Fund</u>
<b>Additions:</b>	
Taxes	\$ 1,601,841
Interest and change in fair value of investments	23,774
Miscellaneous	<u>38,809</u>
<b>Total Additions</b>	<b><u>1,664,424</u></b>
<b>Deductions:</b>	
Administrative expenses	250,000
Contractual services	450
Interest expense	<u>2,041,178</u>
<b>Total Deductions</b>	<b><u>2,291,628</u></b>
<b>Changes in Net Position</b>	<b>(627,204)</b>
Net Position - Beginning of the Year	<u>(38,415,697)</u>
<b>Net Position - End of the Year</b>	<b><u><u>\$ (39,042,901)</u></u></b>

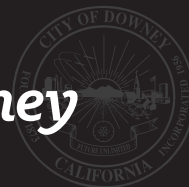
**THIS PAGE INTENTIONALLY LEFT BLANK**



# NOTES TO BASIC FINANCIAL STATEMENTS



City of Downey



## 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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2016

---

**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 restricted 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.



NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2016

---

**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, 2016

---

**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 and governmental balance sheet 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 liability 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 and Governmental Balance Sheet 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 liability 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. Fund Balance**

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 1: Organization and Summary of Significant Accounting Policies (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.

**I. 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.

**m. 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.

**n. 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, 2016

---

**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, 2014

Measurement Date (MD): June 30, 2015

Measurement Period (MP): July 1, 2014 to June 30, 2015

**o. 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.

**p. 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.

**q. New Accounting Pronouncements**

During the fiscal year ended June 30, 2016, the City implemented the following Governmental Accounting Standards Board (GASB) standards:

**GASB Statement No. 72 – Fair Value Measurement and Application.** This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The City has fully conformed and implemented to GASB Statement No. 72 as of June 30, 2016.

CITY OF DOWNEY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2016

---

**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, 2016, 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	\$ 80,086,324	\$ 7,164,292	\$ 87,250,616
Restricted cash and investments	1,056,624	-	1,056,624
Cash and investments with fiscal agents	4,971,297	662,816	5,634,113
Total Cash and Investments	<u>\$ 86,114,245</u>	<u>\$ 7,827,108</u>	<u>\$ 93,941,353</u>

CITY OF DOWNEY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2016

**Note 3: Cash and Investments (Continued)**

As of June 30, 2016, cash and investments consisted of the following:

Demand accounts	\$ 14,184,252
Petty cash	5,400
Investments	<u>79,751,701</u>
Total Cash and Investments	<u><u>\$ 93,941,353</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, 2016**

**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)			Total
	12 months or less	13 - 36 Months	36 - 60 Months	
Investments:				
Local Agency Investment Fund	\$ 15,275,640	\$ -	\$ -	\$ 15,275,640
Federal Farm Credit Bank	-	9,000,250	-	9,000,250
Federal Home Loan Bank	-	-	5,999,780	5,999,780
Federal Home Loan Mortgage Corp.	2,001,200	3,003,880	5,010,540	10,015,620
Federal National Mortgage Assoc.	-	3,001,750	2,001,860	5,003,610
Federal National Mortgage Assoc.	-	-	-	-
Medium-term Corporation Notes	1,235,830	12,171,751	5,701,094	19,108,675
Money Market Mutual Funds	9,322	-	-	9,322
Held by Bond Trustee				
Money Market Mutual Funds	15,338,804	-	-	15,338,804
	<u>\$ 33,860,796</u>	<u>\$ 27,177,631</u>	<u>\$ 18,713,274</u>	<u>\$ 79,751,701</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, 2016**

**Note 3: Cash and Investments (Continued)**

	Total as of June 30, 2016	Minimum Legal Rating	AAA	AA+	AA	Unrated
Investments:						
United States Government						
Sponsored Agency Securities						
FFCB	\$ 9,000,250	N/A	\$ -	\$ 9,000,250	\$ -	\$ -
FHLB	5,999,780	N/A	-	5,999,780	-	-
FHLMC	10,015,620	N/A	-	10,015,620	-	-
FNMA	5,003,610	N/A	-	5,003,610	-	-
Medium-Term Corporate Notes	19,108,675	A	-	-	19,108,675	-
Local Agency Investment Fund	15,275,640	N/A	-	-	-	15,275,640
Money Market Mutual Funds	9,322	A	9,322	-	-	-
Held by Bond Trustee						
Money Market Mutual Funds	15,338,804	A	15,338,804	-	-	-
	<u>\$ 79,751,701</u>		<u>\$ 15,348,126</u>	<u>\$ 30,019,260</u>	<u>\$ 19,108,675</u>	<u>\$ 15,275,640</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 Home Loan Mortgage Corp.	United States Government Sponsored Agency Securities	\$ 10,015,620	12.56%
Federal Farm Credit Bank	United States Government Sponsored Agency Securities	9,000,250	11.29%
Federal Home Loan Bank	United States Government Sponsored Agency Securities	5,999,780	7.52%
Federal National Mortgage Association	United States Government Sponsored Agency Securities	5,003,610	6.27%

**Fair Value Hierarchy**

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

**CITY OF DOWNEY**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2016**

**Note 3: Cash and Investments (Continued)**

The City has the following recurring fair value measurements as of June 30, 2016:

	June 30, 2016	Level		
		1	2	3
<b>Investments:</b>				
Federal Government Agency	\$ 30,019,260	\$ -	\$ 30,019,260	\$ -
Medium-Term Corporate Notes	19,108,675	-	19,108,675	-
Money Market Funds	9,322	9,322	-	-
Local Agency Investment Fund	15,275,640	-	15,275,640	-
Total Cash Investments	<u>64,412,897</u>	<u>9,322</u>	<u>64,403,575</u>	<u>-</u>
<b>Investments with Fiscal Agents:</b>				
Money Market Funds	15,338,804	15,338,804	-	-
Total Investments with Fiscal Agent	<u>15,338,804</u>	<u>15,338,804</u>	<u>-</u>	<u>-</u>
Total Investments	<u>\$ 79,751,701</u>	<u>\$ 15,348,126</u>	<u>\$ 64,403,575</u>	<u>\$ -</u>

Money market funds are classified in Level 1 of the fair value hierarchy and valued using prices quoted in active markets for those securities. Federal government agency investment, corporate note, and LAIF are classified in Level 2 of the fair value hierarchy and valued using institutional bond quotes or specified fair market value factors.

**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, 2016, 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.

CITY OF DOWNEY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2016

**Note 4: Interfund Receivables/Payables and Transfers**

As of June 30, 2016, 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	4,518,763	-	4,518,763
Other nonmajor governmental	59,895	-	59,895
Total	<u>\$ 4,578,658</u>	<u>\$ 31,583</u>	<u>\$ 4,610,241</u>

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, 2016, consisted of the following:

Transfers Out	Transfers In	Amount
General Fund	Other Governmental Funds	\$ 4,595,097
	Internal Service Funds	2,132
	Golf Enterprise Fund	200,000
Gas Tax Fund	General Fund	1,252,265
	Other Governmental Funds	503,406
Other Governmental Funds	General Fund	122,548
	Other Governmental Funds	1,109,510
	State Gas Tax	68,243
Water Enterprise Fund	General Fund	700,000
	Other Governmental Funds	489,000
	State Gas Tax	370,000
		<u>\$ 9,412,201</u>

The General Fund transferred \$4,595,097 to Other Governmental Funds to provide for capital expenditures and subsidize for various grant and project operations.

The Gas Tax Fund transferred \$1,252,265 and \$503,406 to the General fund and Other non-major Governmental Funds, respectively, for various street projects.

Other governmental funds transferred \$122,548 and \$1,177,753 to the General fund Other Governmental Funds for various street and related program expenditures.

The Water and Golf Enterprise Funds transferred \$700,000 and \$489,000 to the General Fund, respectively, to reimburse the General Fund for certain program, administrative and overhead expenditures. The Water Enterprise Fund transferred \$370,000 to Other Governmental Funds to provide funding for capital expenditures.

CITY OF DOWNEY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2016

---

**Note 5: Advances Receivable from Successor Agency**

As of June 30, 2016, amounts advanced to the Successor Agency were as follows:

Advances from General Fund	\$ 7,578,900
Advances from Housing Authority Special Revenue Fund	1,873,171
Advances from Employee Benefits	<u>1,527,847</u>
	<u>\$ 10,979,918</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, 2016, 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 \$15,356,708 at June 30, 2016.

**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, 2016

**Note 9: Capital Assets**

A summary of changes in the Governmental Activities capital assets as of June 30, 2016, is as follows:

	Balances June 30, 2015 Restated	Transfers of CIP	Additions	Deletions	Balances at June 30, 2016
<b>Governmental Activities:</b>					
Capital assets, not being depreciated:					
Land and improvements	\$ 26,395,992	\$ -	\$ -	\$ 2,145,391	\$ 24,250,601
Projects-in-progress	23,867,098	(19,890,295)	16,068,072	-	20,044,875
Total Capital Assets, Not Being Depreciated	<u>50,263,090</u>	<u>(19,890,295)</u>	<u>16,068,072</u>	<u>2,145,391</u>	<u>44,295,476</u>
Capital assets, being depreciated:					
Buildings	40,276,942	-	-	-	40,276,942
Land Improvements	23,240,435	4,044,004	-	-	27,284,439
Equipment	26,359,460	-	2,972,522	1,027,406	28,304,576
Furniture and fixtures	298,993	-	-	298,993	-
Infrastructure	293,729,974	15,846,291	-	-	309,576,265
Total Capital Assets, Being Depreciated	<u>383,905,804</u>	<u>19,890,295</u>	<u>2,972,522</u>	<u>1,326,399</u>	<u>405,442,222</u>
Less accumulated depreciation:					
Buildings	18,734,517	-	805,539	-	19,540,056
Land Improvements	9,336,999	-	1,368,222	-	10,705,221
Equipment	20,581,820	-	1,785,338	1,022,775	21,344,383
Furniture and fixtures	298,858	-	-	298,858	-
Infrastructure	164,780,835	-	6,183,340	-	170,964,175
Total Accumulated Depreciation	<u>213,733,029</u>	<u>-</u>	<u>10,142,439</u>	<u>1,321,633</u>	<u>222,553,835</u>
Total Capital Assets, Being Depreciated, Net	<u>170,172,775</u>	<u>19,890,295</u>	<u>(7,169,917)</u>	<u>4,766</u>	<u>182,888,387</u>
Governmental Activities Capital Assets, Net	<u>\$ 220,435,865</u>	<u>\$ -</u>	<u>\$ 8,898,155</u>	<u>\$ 2,150,157</u>	<u>\$ 227,183,863</u>

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

General Government	\$ 472,108
Public Safety	6,481,381
Community Development	444,033
Community Services	711,977
Public Works	567,074
Internal Service Funds	1,465,866
Total depreciation expense governmental activities	<u>\$ 10,142,439</u>

CITY OF DOWNEY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2016

**Note 9: Capital Assets (Continued)**

A summary of changes in the Business-type Activities capital assets at June 30, 2016, is as follows:

	WATER FUND						
	Balances at June 30,2015	Adjustments *	Beginning Balance	Transfers	Additions	Deletions	Balances at June 30,2016
<b>Business-type Activities:</b>							
Capital assets, not being depreciated:							
Land	\$ 8,271,537	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,271,537
Projects-in-process	-	-	-	(2,082,036)	2,082,036	-	-
Total Capital Assets, Not Being Depreciated	8,271,537			(2,082,036)	2,082,036	-	8,271,537
Capital assets, being depreciated:							
Buildings and improvements	376,867	-	376,867	-	-	-	376,867
Land Improvements	239,759	-	-	47,931	-	-	287,690
Furniture and fixtures	323,633	-	323,633	-	-	-	323,633
Machinery and equipment	374,171	-	374,171	-	95,115	207,062	262,224
Water supply and distribution system	33,180,344	-	-	2,034,105	-	-	35,214,449
Total Capital Assets, Being Depreciated	34,494,774	-	1,074,671	2,082,036	95,115	207,062	36,464,863
Less accumulated depreciation:							
Buildings and improvements	225,921	-	225,921	-	11,392	-	237,313
Land Improvements	30,486	-	-	-	28,769	-	59,255
Furniture and fixtures	248,284	58,460	306,744	-	16,889	-	323,633
Machinery and equipment	333,135	-	333,135	-	3,553	203,613	133,075
Water supply and distribution system	17,924,348	-	17,924,348	-	677,117	-	18,601,465
Total Accumulated Depreciation	18,762,174	58,460	18,790,148	-	737,720	203,613	19,354,741
Total Capital Assets, Being Depreciated, Net	15,732,600	(58,460)	(17,715,477)	2,082,036	(642,605)	3,449	17,110,122
Water Fund Capital Assets, Net	\$ 24,004,137	\$ (58,460)	\$ (17,715,477)	\$ -	\$ 1,439,431	\$ 3,449	\$ 25,381,659

CITY OF DOWNEY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2016

**Note 9: Capital Assets (Continued)**

A summary of changes in the Business-type Activities capital assets as of June 30, 2016, is as follows:

<b>GOLF FUND</b>				
	<b>Balances at June 30, 2015</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balances at June 30, 2016</b>
Capital assets, being depreciated:				
Land improvements	\$ 10,817,430	\$ -	\$ -	\$ 10,817,430
Buildings and improvements	8,217,041	-	-	8,217,041
Machinery and equipment	587,889	139,439	103,347	623,981
<b>Total Capital Assets, Being Depreciated</b>	<b>19,622,360</b>	<b>139,439</b>	<b>103,347</b>	<b>19,658,452</b>
Less accumulated depreciation:				
Land improvements	1,655,247	22,021	-	1,677,268
Buildings and improvements	3,151,520	293,596	-	3,445,116
Machinery and equipment	329,345	94,462	77,510	346,297
<b>Total Accumulated Depreciation</b>	<b>5,136,112</b>	<b>410,079</b>	<b>77,510</b>	<b>5,468,681</b>
<b>Golf Fund Capital Assets, Net</b>	<b>\$ 14,486,248</b>	<b>\$ (270,640)</b>	<b>\$ 25,837</b>	<b>\$ 14,189,771</b>

**Note 10: Long-Term Liabilities**

Noted below is a summary of changes in long-term liabilities for the year ended June 30, 2016:

	Balance June 30, 2015	Additions	Reductions	Balance June 30, 2016	Due Within One Year
Governmental Activities:					
Bonds payable	\$ 18,680,000	\$ -	\$ 460,000	\$ 18,220,000	\$ 530,000
Bond discount	(135,065)	-	(7,108)	(127,957)	-
<b>Total Bonds</b>	<b>18,544,935</b>	<b>-</b>	<b>452,892</b>	<b>18,092,043</b>	<b>530,000</b>
Capital lease payable	991,946	2,072,800	525,218	2,539,528	530,697
Loans from Federal Government	12,956,731	668,071	-	13,624,802	81,000
Compensated absences	12,602,991	3,861,230	3,937,408	12,526,813	3,913,609
Claims payable	9,206,383	11,290,172	1,877,125	18,619,430	1,699,502
<b>Total governmental activities long-term liabilities</b>	<b>\$ 54,302,986</b>	<b>\$ 17,892,273</b>	<b>\$ 6,792,643</b>	<b>\$ 65,402,616</b>	<b>\$ 6,754,808</b>
Business-type Activities:					
Compensated absences	\$ 672,730	\$ 206,107	\$ 359,577	\$ 519,260	\$ 264,567
Golf Course 2014 Certificates of Participation	5,875,000	-	395,000	5,480,000	410,000
<b>Total business-type activities long-term liabilities</b>	<b>\$ 6,547,730</b>	<b>\$ 206,107</b>	<b>\$ 754,577</b>	<b>\$ 5,999,260</b>	<b>\$ 674,567</b>

CITY OF DOWNEY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2016

---

**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>
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	855,000	792,168	1,647,168
2022-2026	4,700,000	3,245,234	7,945,234
2027-2031	5,455,000	2,062,681	7,517,681
2032-2034	4,640,000	485,172	5,125,172
Total	<u>\$ 18,220,000</u>	<u>\$ 10,086,596</u>	<u>\$ 28,306,596</u>



CITY OF DOWNEY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2016

**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>
2017	\$ 591,293
2018	558,589
2019	396,041
2020	396,041
2021	150,223
2022-2026	<u>751,115</u>
Total minimum lease payments	2,843,302
Less: amounts representing interest	<u>303,774</u>
Present value of minimum lease payments	<u><u>\$ 2,539,528</u></u>

Loans from Federal Government

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, 2016, is as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	81,000	12,446	93,446
2022-2026	<u>405,000</u>	<u>29,573</u>	<u>434,573</u>
Total	<u><u>\$ 810,000</u></u>	<u><u>\$ 107,532</u></u>	<u><u>\$ 917,532</u></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 \$12,814,802 as of June 30, 2016.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2016**

**Note 10: Long-Term Liabilities (Continued)**Compensated Absences

For the fiscal year ended June 30, 2016, compensated absences are as follows:

	Total
Amount reported in governmental activities	\$ 12,526,813
Amount reported in business-type activities	519,260
	<u>\$ 13,046,073</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:

	Self-Insured Retention	Limit of Insurance Coverage
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, 2016, were as follows:

	General Liability	Workers' Compensation	Employee Health Benefit	Total
Claims Payable Balance, June 30, 2014	\$ 2,821,585	\$ 6,700,711	\$ 85,000	\$ 9,607,296
Current Year Claims and Changes in estimates	1,995,414	1,142,213	-	3,137,627
Current Year Payments	(2,105,986)	(1,432,554)	-	(3,538,540)
Claims Payable Balance, June 30, 2015	<u>\$ 2,711,013</u>	<u>\$ 6,410,370</u>	<u>\$ 85,000</u>	<u>\$ 9,206,383</u>
Current Year Claims and Changes in estimates	2,812,162	8,478,010	-	11,290,172
Current Year Payments	(618,478)	(1,258,647)	-	(1,877,125)
Claims Payable Balance, June 30, 2016	<u>\$ 4,904,697</u>	<u>\$ 13,629,733</u>	<u>\$ 85,000</u>	<u>\$ 18,619,430</u>

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, 2016**


---

**Note 10: Long-Term Liabilities (Continued)****Business-type Activities**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>
2017	\$ 410,000	\$ 195,175	\$ 605,175
2018	425,000	179,728	604,728
2019	445,000	163,633	608,633
2020	460,000	146,890	606,890
2021	475,000	129,593	604,593
2022-2026	2,670,000	364,265	3,034,265
2027	595,000	11,008	606,008
Total	<u>\$ 5,480,000</u>	<u>\$ 1,190,292</u>	<u>\$ 6,670,292</u>

**Note 11: 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](http://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, 2016**

**Note 11: City Employee Retirement Plan (Continued)**

The Plans' provisions and benefits in effect at June 30, 2016, are summarized as follows:

	<b>Miscellaneous agent plans</b>		<b>Safety agent plans</b>		
	Miscellaneous Classic	PEPRA Miscellaneous	Safety Classic	PEPRA Safety Police	PEPRA Safety Fire
Hire date	Prior to January 1, 2013	January 1, 2013 and after	Prior to January 1, 2013	January 1, 2013 and after	January 1, 2013 and after
Benefit formula	2.75% @ 55	2% @ 62	3% @ 50	2.7% @ 57	2.7% @ 57
Benefit vesting schedule	5 years service	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	monthly for life
Retirement age	yrs	yrs	yrs	minimum 50 yrs	minimum 50 yrs
Monthly benefits, as a % of eligible compensation	15% - 90%, 50 yrs - 55+ yrs, respectively	50 yrs - 57+ yrs, respectively	15% - 90%, 50 yrs - 55+ yrs, respectively	10% - 108%, 50 yrs - 57+ yrs, respectively	10% - 108%, 50 yrs - 57+ yrs, respectively
Required employee contribution rates	7.986%	12.000%	9.000%	12.000%	12.000%
Required employer contribution rates	23.516%	26.516%	32.099%	38.099%	38.099%

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

**Employees Covered**

At June 30, 2016, the following employees were covered by the benefit terms for each Plan:

	Miscellaneous	Safety
Inactive employees or beneficiaries currently receiving benefits	393	305
Inactive employees entitled to but not yet receiving benefits	422	203
Active employees	213	173
	<u>1,028</u>	<u>681</u>

**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, 2015 (the measurement date), the average active employee.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2016**

---

**Note 11: 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, 2015, using an annual actuarial valuation as of June 30, 2014 rolled forward to June 30, 2015 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, 2015 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	7.65%
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.

**Change of Assumptions**

GASB 68, paragraph 68 states that the long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. The discount rate of 7.50 percent used for the June 30, 2014 measurement date was net of administrative expenses. The discount rate of 7.65 percent used for the June 30, 2015 measurement date is without reduction of pension plan administrative expense.

**Note 11: City Employee Retirement Plan (Continued)**

**Discount Rate**

The discount rate used to measure the total pension liability was 7.65 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 7.65 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long-term expected discount rate of 7.65 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 7.65 percent 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.

CITY OF DOWNEY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2016

---

**Note 11: City Employee Retirement Plan (Continued)**

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.

<b>Asset Class</b>	<b>New Strategic Allocation</b>	<b>Real Return Years 1 - 10 (1)</b>	<b>Real Return Years 11+ (2)</b>
Global Equity	51.00%	5.25%	5.71%
Global Fixed Income	19.00	0.99	2.43
Inflation Sensitive	6.00	0.45	3.36
Private Equity	10.00	6.83	6.95
Real Estate	10.00	4.50	5.13
Infrastructure and Forestland	2.00	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

CITY OF DOWNEY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2016

Note 11: 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)
<b>Miscellaneous Plans</b>			
Balance at: 6/30/2014 (Valuation Date) (1)	\$ 169,181,774	\$ 127,599,058	\$ 41,582,716
Changes Recognized for the Measurement Period:			
Service Cost	2,372,336	-	2,372,336
Interest on the Total Pension Liability	12,400,751	-	12,400,751
Changes of Benefit Terms	-	-	-
Difference between Expected and Actual Experience	(872,403)	-	(872,403)
Changes of Assumptions	(2,930,596)	-	(2,930,596)
Difference between Expected and Actual Earnings	-	(6,742,788)	(6,742,788)
Contribution from the Employer	-	3,324,338	(3,324,338)
Contributions from Employees	-	1,307,613	(1,307,613)
Net Investment Income (2)	-	9,576,038	(9,576,038)
Plan to Plan Resource Movement	-	9,214	(9,214)
Benefit Payments including Refunds of Employee Contributions	(8,927,251)	(8,927,251)	-
Administration Expenses	-	(141,638)	141,638
Net Changes During 2014-15	<u>2,042,837</u>	<u>(1,594,474)</u>	<u>3,637,311</u>
Balance at: 6/30/2015 (Measurement Date) (1)	<u>\$ 171,224,611</u>	<u>\$ 126,004,584</u>	<u>\$ 45,220,027</u>

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Assets) (c)=(a)-(b)
<b>Safety Plans</b>			
Balance at: 6/30/2013 (Valuation Date) (1)	\$ 338,562,507	\$ 251,581,146	\$ 86,981,361
Changes Recognized for the Measurement Period:			
Service Cost	5,458,319	-	5,458,319
Interest on the Total Pension Liability	24,744,572	-	24,744,572
Changes of Benefit Terms	-	-	-
Difference between Expected and Actual Experience	(3,331,302)	-	(3,331,302)
Changes of Assumptions	(6,140,951)	-	(6,140,951)
Difference between Expected and Actual Earnings	-	(13,442,866)	(13,442,866)
Contribution from the Employer	-	6,745,873	(6,745,873)
Contributions from Employees	-	1,919,372	(1,919,372)
Net Investment Income (2)	-	18,916,599	(18,916,599)
Plan to Plan Resource Movement	-	191	(191)
Benefit Payments including Refunds of Employee Contributions	(16,721,908)	(16,721,908)	-
Administration Expenses	-	(279,890)	279,890
Net Changes During 2014-15	<u>4,008,730</u>	<u>(2,862,629)</u>	<u>6,871,359</u>
Balance at: 6/30/2014 (Measurement Date) (1)	<u>\$ 342,571,237</u>	<u>\$ 248,718,517</u>	<u>\$ 93,852,720</u>



**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2016**

**Note 11: City Employee Retirement Plan (Continued)**

<b>Total Plans</b>	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Assets) (c)=(a)-(b)
Balance at: 6/30/2014 (Valuation Date) (1)	\$ 507,744,281	\$ 379,180,204	\$ 128,564,077
Changes Recognized for the Measurement Period:			
Service Cost	7,830,655	-	7,830,655
Interest on the Total Pension Liability	37,145,323	-	37,145,323
Changes of Benefit Terms	-	-	-
Difference between Expected and Actual Experience	(4,203,705)	-	(4,203,705)
Changes of Assumptions	(9,071,547)	-	(9,071,547)
Difference between Expected and Actual Earnings	-	(20,185,654)	
Contribution from the Employer	-	10,070,211	(10,070,211)
Contributions from Employees	-	3,226,985	(3,226,985)
Net Investment Income (2)	-	28,492,637	(28,492,637)
Plan to Plan Resource Movement	-	9,405	(9,405)
Benefit Payments including Refunds of Employee Contributions	(25,649,159)	(25,649,159)	-
Administration Expenses	-	(421,528)	421,528
Net Changes During 2014-15	<u>6,051,567</u>	<u>(4,457,103)</u>	<u>10,508,670</u>
Balance at: 6/30/2015 (Measurement Date) (1)	<u>\$ 513,795,848</u>	<u>\$ 374,723,101</u>	<u>\$ 139,072,747</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 7.65 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 (6.65 percent) or 1 percentage-point higher (8.65 percent) than the current rate:

Plans	Plan's Net Pension Liability		
	Discount Rate - 1% (6.5%)	Discount Rate (6.5%)	Discount Rate + 1% (6.5%)
Miscellaneous	\$ 67,217,212	\$ 45,220,027	\$ 27,027,840
Safety	140,400,361	93,852,720	55,725,441

**Recognition of Gains and Losses**

Under GASB 68, gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systemically over time.

The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2016

---

**Note 11: City Employee Retirement Plan (Continued)**

The amortization period differs depending on the source of the gain or loss:

Difference between projected and actual earnings	5 year straight-line amortization
All other amounts	Straight-line amortization over the average expected remaining service lives of all members that are provided with benefits (active, inactive, and retired) as of the beginning of the measurement period

The expected average remaining service lifetime (EARSL) is calculated by dividing the total future service years by the total number of plan participants (active, inactive, and retired).

The EARSL for the Plan for the 2014-15 measurement period is 3.6 years for safety cost-sharing and miscellaneous agent, which was obtained by dividing the total service years of 2,016 safety and 2,119 miscellaneous (the sum of remaining service lifetimes of the active employees) by 566 safety and 1,029 miscellaneous (the total number of participants: active, inactive, and retired). Note that inactive employees and retirees have remaining service lifetimes equal to 0. Also note that total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund.

**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, 2016**

**Note 11: City Employee Retirement Plan (Continued)**

**d. Changes in Net Pension Liability**

For the year ending June 30, 2016, the City recognized a reduction of net pension liability of \$10,070,211. At June 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<b>Miscellaneous Plans</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Outflows of Resources</b>
Pension contributions subsequent to measurement date	\$ 3,642,086	\$ -
Changes of Assumptions	-	1,535,074
Differences between Expected and Actual Experiences	-	456,973
Net difference between projected and actual earnings on pension plan investments	-	1,231,872
	<u>\$ 3,642,086</u>	<u>\$ 3,223,919</u>
<b>Safety Plans</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Outflows of Resources</b>
Pension contributions subsequent to measurement date	\$ 8,092,171	\$ -
Changes of Assumptions	-	4,435,131
Differences between Expected and Actual Experiences	-	2,405,940
Net difference between projected and actual earnings on pension plan investments	-	2,285,724
	<u>\$ 8,092,171</u>	<u>\$ 9,126,795</u>
<b>Total Plans</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Outflows of Resources</b>
Pension contributions subsequent to measurement date	\$ 11,734,257	\$ -
Changes of Assumptions	-	5,970,205
Differences between Expected and Actual Experiences	-	2,862,913
Net difference between projected and actual earnings on pension plan investments	-	3,517,596
	<u>\$ 11,734,257</u>	<u>\$ 12,350,714</u>

\$11,734,257 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:

<b>Measurement Period ended June 30:</b>	<b>Deferred Outflows/(Inflows) of Resources</b>
2016	\$ (6,960,377)
2017	(5,330,520)
2018	(4,096,947)
2019	4,037,130

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2016**

---

**Note 12: Post-Employment Benefits Other than Pensions****Plan 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.

**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, 2016, 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 2015-16, was \$388,040.

**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 4.50%, (c) projected annual salary increase of 3.25%, and (d) medical plan premium cost will increase at a rate ranging from 4.64% to 6%. 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 \$382,980.

Fiscal Year	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Asset (Liability)
June 30,2014	\$ 340,091	101%	\$ 180,399
June 30,2015	386,380	0%	(205,981)
June 30,2016	382,980	0%	(588,961)

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2016**

**Note 12: Post-Employment Benefits Other than Pensions (Continued)**

**Funded Status and Funding Progress**

As of July 1, 2013, the most current actuarial valuation date, the actuarial accrued liability for benefits was \$7,272,710 and the actuarial value of assets was \$4,950,181, resulting in an unfunded actuarial accrued liability (UAAL) of \$2,322,529. The covered payroll (annual payroll of active employees covered by the plan) was \$24,846,421 and the ratio of the UAAL to the covered payroll was 9.35%.

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 13: Restatement of Beginning Net Position and Fund Balances**

<i>Governmental Funds</i>	General	Gas Tax	Sewer and Storm Drain	Asset Forfeiture	Capital Projects
Fund Balance as previously reported, June 30, 2015	\$ 37,092,475	\$ 5,092,358	\$ 5,092,358	\$ 519,539	\$ 1,580,527
Expenditures charged to different funds	(59,645)	-	(55,756)	(992,592)	(133,571)
To correct prior year's unavailable revenue	-	-	-	473,053	-
To remove double booking of expenditure in prior year	-	101,304	-	-	-
<b>Fund Balance, as restated, July 1, 2015</b>	<b>\$ 37,032,830</b>	<b>\$ 5,193,662</b>	<b>\$ 5,036,602</b>	<b>\$ -</b>	<b>\$ 1,446,956</b>

Restatements in governmental funds are due to capital expenses not charged to the appropriate fund funds and charged to the Equipment internal service fund. Asset forfeiture also includes a \$378,581 amount to capitalize costs that were previously expensed.

*Internal Service Funds*

	Equipment
Net position as previously reported, June 30, 2015	\$ 5,194,576
Restatement due to adjustment of Capital assets	1,147,362
<b>Net position, as restated, July 1, 2015</b>	<b>\$ 6,341,938</b>

*Proprietary Funds*

	Water
Net position as previously reported, June 30, 2015	\$ 32,156,049
Restatement due to adjustment of prior year's depreciation	(58,460)
<b>Net position, as restated, July 1, 2015</b>	<b>\$ 32,097,589</b>

<i>Government-Wide</i>	Governmental Activities	Business-type Activities
Net position as previously reported, June 30, 2015	\$ 131,764,898	\$ 36,296,546
Governmental fund restatements	(667,207)	-
Internal Service adjustments related to Capital Assets	1,147,362	-
Capital Assets restatements (Note 9)	(88,744)	(58,460)
Restatement of Net Position	391,411	(58,460)
<b>Net position, as restated, July 1, 2015</b>	<b>\$ 132,156,309</b>	<b>\$ 36,238,086</b>

**Note 14: 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 15: 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, 2016**

---

**Note 15: 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 16: Other Disclosures**Deficit Fund Balance

The following fund reported a deficit fund balance at June 30, 2016:

Major Special Revenue Funds:	
Gas Tax	\$ (2,103,396)
Other Governmental Funds - Other Special Revenue Funds:	
Asset Forfeiture	(4)
Transit Prop C	(85,288)

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:	
Street Lighting	
Public Works	\$ 32,615
Sewer and Storm Drain	
Capital Outlay	218,082
Air Quality	
Public Works	32,562
Grants	
Public Safety	46,904
Capital Outlay	14,663
Community Development Block Grant (CDBG)	
Community Services	68
Transit Prop C	
Public Works	84,463
Transfers	68,243
Transit Prop A	
Capital Outlay	68,781

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2016

---

**Note 17: 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	\$ 2,870,013
Cash and investments with fiscal agent	662,816
	<u>\$ 3,532,829</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, 2016, follows:



CITY OF DOWNEY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2016

**Note 17: Successor Agency Trust for Assets of Former Redevelopment Agency (Continued)**

	Balance June 30, 2015	Addition	Deletion	Balance June 30, 2016	Due Within One Year
Bonds payable	\$ 6,295,000	\$ -	\$ 320,000	\$ 5,975,000	\$ 335,000
Advances from City	10,972,759	81,737	74,578	10,979,918	74,579
Advances from County	23,779,420	1,664,559	-	25,443,979	-
Total long-term liabilities	<u>\$ 41,047,179</u>	<u>\$ 1,746,296</u>	<u>\$ 394,578</u>	<u>\$ 42,398,897</u>	<u>\$ 409,579</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, 2016, is \$5,975,000.

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

Year Ending June 30,	Principal	Interest	Total
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	410,000	221,656	631,656
2022-2026	2,380,000	763,113	3,143,113
2027-2029	1,740,000	136,838	1,876,838
Total	<u>\$ 5,975,000</u>	<u>\$ 2,203,109</u>	<u>\$ 8,178,109</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 2015-16, 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, 2016, the long-term advances totaled \$10,979,918. As of June 30, 2016, \$7,578,900 is reported in the General Fund, \$1,527,847 is reported in Employee Benefit Internal Service Fund and \$1,873,171 is reported in the Housing Authority Special Revenue Fund.

**Note 17: Successor Agency Trust for Assets of Former Redevelopment Agency (Continued)**

**Advances from County**

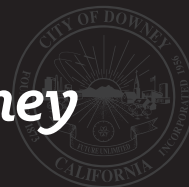
As part of the City's redevelopment program, the City and County of Los Angeles have entered into a tax increment pass-through deferral agreement. This agreement specifies that the City will defer the payment of all current tax increment pass-through due to the County, until some future date, when certain 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 \$1,664,559 was also accrued during the year on the outstanding deferral amount still owing. The amount owed the County, including accrued interest, at June 30, 2016, was \$25,443,979.



# REQUIRED SUPPLEMENTAL INFORMATION (RSI)



City of Downey



**REQUIRED SUPPLEMENTARY INFORMATION**

**THIS PAGE INTENTIONALLY LEFT BLANK**

CITY OF DOWNEY

SCHEDULE OF FUNDING PROGRESS  
 JUNE 30, 2016

---

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)
7/1/2013	\$ 4,950,181	\$ 7,272,710	\$ 2,322,529	68.07%	\$ 24,846,421	9.35%
7/1/2014	5,322,085	7,658,473	2,336,388	69.49%	25,653,930	9.11%
7/1/2015	5,746,292	8,051,139	2,304,847	71.37%	26,487,683	8.70%

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>2016</u>	<u>2015</u>
<b>Total Pension Liability</b>		
Service Cost	\$ 2,372,336	\$ 2,312,390
Interest on total pension liability	12,400,751	12,026,911
Differences between expected and actual experience	(872,403)	-
Changes in assumptions	(2,930,596)	-
Benefit payments, including refunds of employee contributions	<u>(8,927,251)</u>	<u>(8,720,279)</u>
<b>Net change in total pension liability</b>	<b>2,042,837</b>	<b>5,619,022</b>
<b>Total pension liability - beginning</b>	<b>169,181,774</b>	<b>163,562,752</b>
<b>Total pension liability - ending (a)</b>	<b>\$ 171,224,611</b>	<b>\$ 169,181,774</b>
<b>Plan fiduciary net position</b>		
Contributions - employer	\$ 3,324,338	\$ 2,487,187
Contributions - employee	1,307,613	1,333,703
Differences in projected and actual earnings	(6,742,788)	-
Net investment income	9,576,038	19,329,661
Plan to plan resource movement	9,214	-
Administration expense	(141,638)	-
Benefit payments	<u>(8,927,251)</u>	<u>(8,720,279)</u>
<b>Net change in plan fiduciary net position</b>	<b>(1,594,474)</b>	<b>14,430,272</b>
<b>Plan fiduciary net position - beginning</b>	<b>127,599,058</b>	<b>113,168,786</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 126,004,584</b>	<b>\$ 127,599,058</b>
Net pension liability - ending (a)-(b)	<b>\$ 45,220,027</b>	<b>\$ 41,582,716</b>
Plan fiduciary net position as a percentage of the total pension liability	73.59%	75.42%
Covered-employee payroll	\$ 11,295,425	\$ 11,873,874
Net pension liability as a percentage of covered-employee payroll	400.34%	350.20%

**Notes to Schedule:**

Benefit Changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2014 valuation date. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes of Assumptions: The discount rate was changes from 7.5 percent (net of administration expense) to 7.65 percent.

(1) Fiscal Year 2015 was the first year of implementation, therefore only two years are 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>2016</u>	<u>2015</u>
<b>MISCELLANEOUS CLASSIC:</b>		
Actuarially Determined Contribution	\$ 3,098,035	\$ 2,961,636
Contribution in Relation to the Actuarially Determined Contributions	<u>(3,098,035)</u>	<u>(2,961,636)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
 Covered-Employee Payroll	 \$ 10,428,052	 \$ 9,872,794
 Contributions as a Percentage of Covered-Employee Payroll	 29.71%	 30.00%
<b>MISCELLANEOUS PEPRA:</b>		
Actuarially Determined Contribution	\$ 544,051	\$ 362,702
Contribution in Relation to the Actuarially Determined Contributions	<u>(544,051)</u>	<u>(362,702)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
 Covered-Employee Payroll	 \$ 2,043,060	 \$ 1,422,631
 Contributions as a Percentage of Covered-Employee Payroll	 26.63%	 25.50%

(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 two years are shown.

**Note to Schedule:**

Valuation Date:	June 30, 2013
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.
	The probabilities of Retirement are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007.
Retirement age	RP-2000 Heath Annuitant Mortality Table
Mortality	



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>2016</u>	<u>2015</u>
<b>Total Pension Liability</b>		
Service Cost	\$ 5,458,319	\$ 5,427,672
Interest on total pension liability	24,744,572	23,998,427
Differences between expected and actual experience	(3,331,302)	-
Changes in assumptions	(6,140,951)	-
Benefit payments, including refunds of employee contributions	<u>(16,721,908)</u>	<u>(16,257,568)</u>
<b>Net change in total pension liability</b>	<b>4,008,730</b>	<b>13,168,531</b>
<b>Total pension liability - beginning</b>	<b>338,562,507</b>	<b>325,393,976</b>
<b>Total pension liability - ending (a)</b>	<b>\$ 342,571,237</b>	<b>\$ 338,562,507</b>
<b>Plan fiduciary net position</b>		
Contributions - employer	\$ 6,745,873	\$ 5,817,524
Contributions - employee	1,919,372	1,883,501
Differences in projected and actual earnings	(13,442,866)	-
Net investment income	18,916,599	38,057,937
Plan to plan resource movement	(191)	-
Administration expense	(279,890)	-
Benefit payments	<u>(16,721,908)</u>	<u>(16,257,568)</u>
<b>Net change in plan fiduciary net position</b>	<b>(2,863,011)</b>	<b>29,501,394</b>
<b>Plan fiduciary net position - beginning</b>	<b>251,581,146</b>	<b>222,079,752</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 248,718,135</b>	<b>\$ 251,581,146</b>
Net pension liability - ending (a)-(b)	<b>\$ 93,853,102</b>	<b>\$ 86,981,361</b>
Plan fiduciary net position as a percentage of the total pension liability	72.60%	74.31%
Covered-employee payroll	\$ 11,125,500	\$ 18,232,334
Net pension liability as a percentage of covered-employee payroll	843.59%	477.07%

**Notes to Schedule:**

Benefit Changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2014 valuation date. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes of Assumptions: The discount rate was changes from 7.5 percent (net of administration expense) to 7.65 percent.

(1) Fiscal Year 2015 was the first year of implementation, therefore only two years are 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>2016</u>	<u>2015</u>
<b>SAFETY CLASSIC:</b>		
Actuarially Determined Contribution	\$ 7,196,827	\$ 6,150,812
Contribution in Relation to the Actuarially Determined Contributions	<u>(7,196,827)</u>	<u>(6,150,812)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
Covered-Employee Payroll	\$ 12,513,728	\$ 9,465,318
Contributions as a Percentage of Covered-Employee Payroll	57.51%	64.98%
<b>SAFETY FIRE PEPR A:</b>		
Actuarially Determined Contribution	\$ 465,743	\$ 302,805
Contribution in Relation to the Actuarially Determined Contributions	<u>(465,743)</u>	<u>(302,805)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
Covered-Employee Payroll	\$ 1,225,964	\$ 801,217
Contributions as a Percentage of Covered-Employee Payroll	37.99%	37.79%
<b>SAFETY POLICE PEPR A:</b>		
Actuarially Determined Contribution	\$ 429,601	\$ 292,256
Contribution in Relation to the Actuarially Determined Contribution	<u>(429,601)</u>	<u>(292,256)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
Covered-Employee Payroll	\$ 1,141,507	\$ 858,965
Contributions as a Percentage of Covered-Employee Payroll	37.63%	34.02%

(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 two years are shown.

**Note to Schedule:**

Valuation Date:	June 30, 2013
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, 2016**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Budgetary Fund Balance, July 1, as restated	\$37,032,830	\$37,032,830	\$37,032,830	\$ -
<b>Resources (Inflows):</b>				
Taxes	55,229,994	55,229,994	57,236,922	2,006,928
Licenses and permits	1,356,500	1,356,500	2,172,728	816,228
Intergovernmental	2,442,938	2,442,938	3,634,510	1,191,572
Charges for services	9,379,342	9,379,342	10,683,301	1,303,959
Use of money and property	1,346,030	1,346,030	1,854,700	508,670
Fines and forfeitures	1,388,000	1,388,000	1,502,892	114,892
Contributions	-	-	9,500	9,500
Miscellaneous	3,586,919	3,586,919	4,050,989	464,070
Transfers in	2,398,185	2,428,185	2,074,813	(353,372)
Other debts issued	668,070	668,070	668,070	-
Proceeds from sale of capital asset	425,000	425,000	2,163,180	1,738,180
<b>Amounts Available for Appropriations</b>	<b>115,253,808</b>	<b>115,283,808</b>	<b>123,084,435</b>	<b>7,800,627</b>
<b>Charges to Appropriations (Outflow):</b>				
General government	12,343,393	12,342,793	12,090,775	252,018
Public safety	46,273,272	47,183,846	49,774,362	(2,590,516)
Community development	3,455,652	3,455,652	3,026,724	428,928
Community services	5,712,416	5,741,671	6,378,466	(636,795)
Public works	7,162,296	7,157,479	6,660,969	496,510
Capital outlay	-	-	10,500	(10,500)
Debt service:				
Principal retirement	1,403,684	1,403,684	460,000	943,684
Interest and fiscal charges	668,070	668,070	1,610,987	(942,917)
Transfers out	2,428,709	4,528,522	4,797,229	(268,707)
<b>Total Charges to Appropriations</b>	<b>79,447,492</b>	<b>82,481,717</b>	<b>84,810,012</b>	<b>(2,328,295)</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$35,806,316</b>	<b>\$32,802,091</b>	<b>\$38,274,423</b>	<b>\$ 5,472,332</b>

CITY OF DOWNEY

**BUDGETARY COMPARISON SCHEDULE  
HOUSING AUTHORITY  
YEAR ENDED JUNE 30, 2016**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Budgetary Fund Balance, July 1	\$ 4,229,609	\$ 4,229,609	\$ 4,229,609	\$ -
<b>Resources (Inflows):</b>				
Use of money and property	-	-	30,262	30,262
Miscellaneous	-	-	159,997	159,997
Transfers in	85,250	85,250	-	(85,250)
<b>Amounts Available for Appropriations</b>	<b>4,314,859</b>	<b>4,314,859</b>	<b>4,419,868</b>	<b>105,009</b>
<b>Charges to Appropriations (Outflow):</b>				
Community development	85,250	85,250	67,005	18,245
<b>Total Charges to Appropriations</b>	<b>85,250</b>	<b>85,250</b>	<b>67,005</b>	<b>18,245</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 4,229,609</b>	<b>\$ 4,229,609</b>	<b>\$ 4,352,863</b>	<b>\$ 123,254</b>

CITY OF DOWNEY

BUDGETARY COMPARISON SCHEDULE  
HOME  
YEAR ENDED JUNE 30, 2016

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 174,980	\$ 174,980	\$ 174,980	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	506,622	506,622	1,367,581	860,959
<b>Amounts Available for Appropriations</b>	<b>681,602</b>	<b>681,602</b>	<b>1,542,561</b>	<b>860,959</b>
<b>Charges to Appropriations (Outflow):</b>				
Community development	513,990	508,990	1,337,634	(828,644)
Capital outlay	-	5,000	-	5,000
<b>Total Charges to Appropriations</b>	<b>513,990</b>	<b>513,990</b>	<b>1,337,634</b>	<b>(823,644)</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 167,612</b>	<b>\$ 167,612</b>	<b>\$ 204,927</b>	<b>\$ 37,315</b>

CITY OF DOWNEY

**BUDGETARY COMPARISON SCHEDULE  
GAS TAX  
YEAR ENDED JUNE 30, 2016**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Budgetary Fund Balance, July 1	\$ (1,172,659)	\$ (1,172,659)	\$(1,172,659)	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	22,402,851	22,402,851	9,380,521	(13,022,330)
Use of money and property	1,000	1,000	-	(1,000)
Miscellaneous	-	-	99,155	99,155
Transfers in	-	-	438,243	438,243
<b>Amounts Available for Appropriations</b>	<b>21,231,192</b>	<b>21,231,192</b>	<b>8,745,260</b>	<b>(12,485,932)</b>
<b>Charges to Appropriations (Outflow):</b>				
Public works	-	-	2,473	(2,473)
Capital outlay	22,081,259	22,081,259	9,090,512	12,990,747
Transfers out	2,037,966	2,037,966	1,755,671	282,295
<b>Total Charges to Appropriations</b>	<b>24,119,225</b>	<b>24,119,225</b>	<b>10,848,656</b>	<b>13,270,569</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ (2,888,033)</b>	<b>\$ (2,888,033)</b>	<b>\$(2,103,396)</b>	<b>\$ 784,637</b>

CITY OF DOWNEY

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2016

---

**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.

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:

Public Safety	\$ 2,590,516
Community services	636,795
Capital Outlay	10,500
Debt Service - Interest and Fiscal Charges	942,917
Transfers out	268,707

HOME Fund:

Community development	828,644
-----------------------	---------

Gas Tax:

Public Works	2,473
--------------	-------

## **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.



## 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.

## **OTHER CAPITAL PROJECTS FUND**

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

CITY OF DOWNEY

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2016

	<u>Special Revenue Funds</u>			
	<u>Waste Reduction</u>	<u>Street Lighting</u>	<u>Sewer and Storm Drain</u>	<u>CATV Public Access</u>
<b>Assets:</b>				
Pooled cash and investments	\$ 430,170	\$ 900,582	\$ 5,129,136	\$ 439,597
Receivables:				
Accounts	28,047	10,748	274,824	-
Taxes	-	-	-	-
Notes and loans	-	-	-	-
Due from other governments	-	-	-	31,773
Due from other funds	-	-	-	-
Inventories	-	-	-	-
<b>Total Assets</b>	<b><u>\$ 458,217</u></b>	<b><u>\$ 911,330</u></b>	<b><u>\$ 5,403,960</u></b>	<b><u>\$ 471,370</u></b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 31,233	\$ 136,381	\$ 177,769	\$ -
Accrued liabilities	24,645	1,830	37,985	-
Unearned revenues	-	-	-	-
Due to other governments	-	-	-	-
Due to other funds	-	-	-	-
<b>Total Liabilities</b>	<b><u>55,878</u></b>	<b><u>138,211</u></b>	<b><u>215,754</u></b>	<b><u>-</u></b>
<b>Deferred Inflows of Resources:</b>				
Unavailable revenues	-	-	-	-
<b>Total Deferred Inflows of Resources</b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>
<b>Fund Balances:</b>				
<b>Nonspendable:</b>				
Inventory	-	-	-	-
<b>Restricted for:</b>				
Community development	402,339	-	-	-
Public works	-	773,119	5,188,206	471,370
Capital Projects	-	-	-	-
Low and moderate income housing	-	-	-	-
<b>Assigned to:</b>				
Capital Projects	-	-	-	-
<b>Unassigned</b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>
<b>Total Fund Balances</b>	<b><u>402,339</u></b>	<b><u>773,119</u></b>	<b><u>5,188,206</u></b>	<b><u>471,370</u></b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b><u>\$ 458,217</u></b>	<b><u>\$ 911,330</u></b>	<b><u>\$ 5,403,960</u></b>	<b><u>\$ 471,370</u></b>

## CITY OF DOWNEY

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2016

(CONTINUED)

	Special Revenue Funds			
	Air Quality	Grants	CDBG	Asset Forfeiture
<b>Assets:</b>				
Pooled cash and investments	\$ 519,985	\$ 344,325	\$ -	\$ 874,528
Receivables:				
Accounts	-	2,574	-	-
Taxes	-	82,778	-	-
Notes and loans	-	-	535,208	-
Due from other governments	38,970	24,871	316,887	7,600
Due from other funds	31,583	-	-	-
Inventories	-	11,326	-	-
<b>Total Assets</b>	<b>\$ 590,538</b>	<b>\$ 465,874</b>	<b>\$ 852,095</b>	<b>\$ 882,128</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 4,230	\$ 46,872	\$ 9,771	\$ 56,574
Accrued liabilities	8,673	24,693	21,300	10,726
Unearned revenues	-	-	-	814,832
Due to other governments	-	-	-	-
Due to other funds	-	-	59,895	-
<b>Total Liabilities</b>	<b>12,903</b>	<b>71,565</b>	<b>90,966</b>	<b>882,132</b>
<b>Deferred Inflows of Resources:</b>				
Unavailable revenues	-	-	535,208	-
<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>-</b>	<b>535,208</b>	<b>-</b>
<b>Fund Balances:</b>				
<b>Nonspendable:</b>				
Inventory	-	11,326	-	-
<b>Restricted for:</b>				
Community development	-	-	-	-
Public works	577,635	382,983	-	-
Capital Projects	-	-	-	-
Low and moderate income housing	-	-	225,921	-
<b>Assigned to:</b>				
Capital Projects	-	-	-	-
<b>Unassigned</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(4)</b>
<b>Total Fund Balances</b>	<b>577,635</b>	<b>394,309</b>	<b>225,921</b>	<b>(4)</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 590,538</b>	<b>\$ 465,874</b>	<b>\$ 852,095</b>	<b>\$ 882,128</b>

CITY OF DOWNEY

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2016

	Special Revenue Funds			Capital Projects Funds
	Transit Prop C	Transit Prop A	Measure R Transit	City Capital Projects
<b>Assets:</b>				
Pooled cash and investments	\$ 120,220	\$ 582,571	\$ 1,149,250	\$ 2,055,403
Receivables:				
Accounts	22,503	300	15,167	-
Taxes	-	62,256	-	-
Notes and loans	-	-	-	-
Due from other governments	-	-	16,078	357,812
Due from other funds	-	-	-	-
Inventories	-	-	-	-
<b>Total Assets</b>	<b>\$ 142,723</b>	<b>\$ 645,127</b>	<b>\$ 1,180,495</b>	<b>\$ 2,413,215</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 223,278	\$ 302,979	\$ 89,645	\$ 339,082
Accrued liabilities	4,733	47,433	14,082	1,514
Unearned revenues	-	-	-	-
Due to other governments	-	16,078	-	-
Due to other funds	-	-	-	-
<b>Total Liabilities</b>	<b>228,011</b>	<b>366,490</b>	<b>103,727</b>	<b>340,596</b>
<b>Deferred Inflows of Resources:</b>				
Unavailable revenues	-	-	-	-
<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances:</b>				
<b>Nonspendable:</b>				
Inventory	-	-	-	-
<b>Restricted for:</b>				
Community development	-	-	-	-
Public works	-	278,637	-	-
Capital Projects	-	-	1,076,768	-
Low and moderate income housing	-	-	-	-
<b>Assigned to:</b>				
Capital Projects	-	-	-	2,072,619
<b>Unassigned</b>	<b>(85,288)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Fund Balances</b>	<b>(85,288)</b>	<b>278,637</b>	<b>1,076,768</b>	<b>2,072,619</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 142,723</b>	<b>\$ 645,127</b>	<b>\$ 1,180,495</b>	<b>\$ 2,413,215</b>

CITY OF DOWNEY

COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2016

	<b>Total Nonmajor Governmental Funds</b>
<b>Assets:</b>	
Pooled cash and investments	\$ 12,545,767
Receivables:	
Accounts	354,163
Taxes	145,034
Notes and loans	535,208
Due from other governments	793,991
Due from other funds	31,583
Inventories	11,326
	<hr/>
<b>Total Assets</b>	<b>\$ 14,417,072</b>
	<hr/>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>	
<b>Liabilities:</b>	
Accounts payable	\$ 1,417,814
Accrued liabilities	197,614
Unearned revenues	814,832
Due to other governments	16,078
Due to other funds	59,895
	<hr/>
<b>Total Liabilities</b>	<b>2,506,233</b>
	<hr/>
<b>Deferred Inflows of Resources:</b>	
Unavailable revenues	535,208
	<hr/>
<b>Total Deferred Inflows of Resources</b>	<b>535,208</b>
	<hr/>
<b>Fund Balances:</b>	
<b>Nonspendable:</b>	
Inventory	11,326
<b>Restricted for:</b>	
Community development	402,339
Public works	7,671,950
Capital Projects	1,076,768
Low and moderate income housing	225,921
<b>Assigned to:</b>	
Capital Projects	2,072,619
<b>Unassigned</b>	(85,292)
	<hr/>
<b>Total Fund Balances</b>	<b>11,375,631</b>
	<hr/>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 14,417,072</b>
	<hr/>

CITY OF DOWNEY

COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2016

	Special Revenue Funds			
	Waste Reduction	Street Lighting	Sewer and Storm Drain	CATV Public Access
<b>Revenues:</b>				
Taxes	\$ -	\$ 387,272	\$ -	\$ 154,910
Intergovernmental	61,370	-	-	-
Charges for services	418,387	1,339,349	1,417,410	-
Use of money and property	5,033	10,403	59,469	-
Fines and forfeitures	-	-	-	-
Contributions	-	-	-	-
Developer participation	-	-	-	-
Miscellaneous	251	10,469	-	-
<b>Total Revenues</b>	<b>485,041</b>	<b>1,747,493</b>	<b>1,476,879</b>	<b>154,910</b>
<b>Expenditures:</b>				
Current:				
Public safety	-	-	-	-
Community development	-	-	-	-
Community services	-	-	17,035	-
Public works	595,408	1,908,425	1,951,675	-
Capital outlay	-	106,732	478,982	-
Debt service:				
Interest and fiscal charges	-	-	-	-
<b>Total Expenditures</b>	<b>595,408</b>	<b>2,015,157</b>	<b>2,447,692</b>	<b>-</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(110,367)	(267,664)	(970,813)	154,910
<b>Other Financing Sources (Uses):</b>				
Transfers in	-	-	1,122,417	-
Transfers out	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>1,122,417</b>	<b>-</b>
Net Change in Fund Balances	(110,367)	(267,664)	151,604	154,910
Fund Balances, Beginning of Year	512,706	1,040,783	5,092,358	316,460
Restatements	-	-	(55,756)	-
Fund Balances, Beginning of Year, as Restated	512,706	1,040,783	5,036,602	316,460
<b>Fund Balances, End of Year</b>	<b>\$ 402,339</b>	<b>\$ 773,119</b>	<b>\$ 5,188,206</b>	<b>\$ 471,370</b>

## CITY OF DOWNEY

COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2016

(CONTINUED)

	Special Revenue Funds			
	Air Quality	Grants	CDBG	Asset Forfeiture
<b>Revenues:</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	145,121	75,495	810,972	1,726,249
Charges for services	-	218,215	-	-
Use of money and property	6,361	-	-	19,575
Fines and forfeitures	-	-	-	-
Contributions	-	-	-	-
Developer participation	-	-	-	-
Miscellaneous	-	119,592	-	-
<b>Total Revenues</b>	<b>151,482</b>	<b>413,302</b>	<b>810,972</b>	<b>1,745,824</b>
<b>Expenditures:</b>				
Current:				
Public safety	-	46,904	-	1,282,087
Community development	-	983,429	682,136	-
Community services	-	-	17,584	-
Public works	151,946	-	-	-
Capital outlay	136,341	84,663	-	463,741
Debt service:				
Interest and fiscal charges	-	-	18,768	-
<b>Total Expenditures</b>	<b>288,287</b>	<b>1,114,996</b>	<b>718,488</b>	<b>1,745,828</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(136,805)	(701,694)	92,484	(4)
<b>Other Financing Sources (Uses):</b>				
Transfers in	-	1,126,986	-	-
Transfers out	-	-	(92,548)	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>1,126,986</b>	<b>(92,548)</b>	<b>-</b>
Net Change in Fund Balances	(136,805)	425,292	(64)	(4)
Fund Balances, Beginning of Year	714,440	(30,983)	225,985	519,539
Restatements	-	-	-	(519,539)
Fund Balances, Beginning of Year, as Restated	714,440	(30,983)	225,985	-
<b>Fund Balances, End of Year</b>	<b>\$ 577,635</b>	<b>\$ 394,309</b>	<b>\$ 225,921</b>	<b>\$ (4)</b>



CITY OF DOWNEY

COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2016

	Special Revenue Funds			Capital Projects Funds
	Transit Prop C	Transit Prop A	Measure R Transit	City Capital Projects
<b>Revenues:</b>				
Taxes	\$ 1,695,742	\$ 2,046,230	\$ -	\$ -
Intergovernmental	-	62,256	-	39,700
Charges for services	-	10,694	-	6,317
Use of money and property	4,073	35,617	18,327	2,679
Fines and forfeitures	-	-	-	352,812
Contributions	-	-	-	75,000
Developer participation	-	-	1,273,741	-
Miscellaneous	97,497	49,871	15,167	157,970
<b>Total Revenues</b>	<b>1,797,312</b>	<b>2,204,668</b>	<b>1,307,235</b>	<b>634,478</b>
<b>Expenditures:</b>				
Current:				
Public safety	-	-	-	-
Community development	-	-	-	-
Community services	-	-	-	-
Public works	123,071	1,671,919	1,365,188	-
Capital outlay	1,289,793	1,443,841	342,271	3,346,915
Debt service:				
Interest and fiscal charges	-	-	-	-
<b>Total Expenditures</b>	<b>1,412,864</b>	<b>3,115,760</b>	<b>1,707,459</b>	<b>3,346,915</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	384,448	(911,092)	(400,224)	(2,712,437)
<b>Other Financing Sources (Uses):</b>				
Transfers in	-	1,109,510	-	3,338,100
Transfers out	(403,243)	-	(774,510)	-
<b>Total Other Financing Sources (Uses)</b>	<b>(403,243)</b>	<b>1,109,510</b>	<b>(774,510)</b>	<b>3,338,100</b>
Net Change in Fund Balances	(18,795)	198,418	(1,174,734)	625,663
Fund Balances, Beginning of Year	(66,493)	80,219	2,251,502	1,580,527
Restatements	-	-	-	(133,571)
Fund Balances, Beginning of Year, as Restated	(66,493)	80,219	2,251,502	1,446,956
<b>Fund Balances, End of Year</b>	<b>\$ (85,288)</b>	<b>\$ 278,637</b>	<b>\$ 1,076,768</b>	<b>\$ 2,072,619</b>

CITY OF DOWNEY

COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2016

	<b>Total Nonmajor Governmental Funds</b>
<b>Revenues:</b>	
Taxes	\$ 4,284,154
Intergovernmental	2,921,163
Charges for services	3,410,372
Use of money and property	161,537
Fines and forfeitures	352,812
Contributions	75,000
Developer participation	1,273,741
Miscellaneous	450,817
	<hr/>
<b>Total Revenues</b>	<b>12,929,596</b>
	<hr/>
<b>Expenditures:</b>	
Current:	
Public safety	1,328,991
Community development	1,665,565
Community services	34,619
Public works	7,767,632
Capital outlay	7,693,279
Debt service:	
Interest and fiscal charges	18,768
	<hr/>
<b>Total Expenditures</b>	<b>18,508,854</b>
	<hr/>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(5,579,258)
	<hr/>
<b>Other Financing Sources (Uses):</b>	
Transfers in	6,697,013
Transfers out	(1,270,301)
	<hr/>
<b>Total Other Financing Sources (Uses)</b>	<b>5,426,712</b>
	<hr/>
Net Change in Fund Balances	(152,546)
	<hr/>
Fund Balances, Beginning of Year	12,237,043
Restatements	(708,866)
	<hr/>
Fund Balances, Beginning of Year, as Restated	11,528,177
	<hr/>
<b>Fund Balances, End of Year</b>	<b>\$ 11,375,631</b>
	<hr/> <hr/>

CITY OF DOWNEY

**BUDGETARY COMPARISON SCHEDULE  
WASTE REDUCTION  
YEAR ENDED JUNE 30, 2016**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Budgetary Fund Balance, July 1	\$ 512,706	\$ 512,706	\$ 512,706	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	25,000	25,000	61,370	36,370
Charges for services	410,000	410,000	418,387	8,387
Use of money and property	5,000	5,000	5,033	33
Miscellaneous	-	-	251	251
<b>Amounts Available for Appropriations</b>	<b>952,706</b>	<b>952,706</b>	<b>997,747</b>	<b>45,041</b>
<b>Charges to Appropriations (Outflow):</b>				
Public works	640,094	640,094	595,408	44,686
<b>Total Charges to Appropriations</b>	<b>640,094</b>	<b>640,094</b>	<b>595,408</b>	<b>44,686</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 312,612</b>	<b>\$ 312,612</b>	<b>\$ 402,339</b>	<b>\$ 89,727</b>

CITY OF DOWNEY

**BUDGETARY COMPARISON SCHEDULE  
STREET LIGHTING  
YEAR ENDED JUNE 30, 2016**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Budgetary Fund Balance, July 1	\$ 1,040,783	\$ 1,040,783	\$ 1,040,783	\$ -
<b>Resources (Inflows):</b>				
Taxes	114,000	114,000	387,272	273,272
Charges for services	1,237,500	1,237,500	1,339,349	101,849
Use of money and property	1,500	1,500	10,403	8,903
Miscellaneous	-	-	10,469	10,469
<b>Amounts Available for Appropriations</b>	<b>2,393,783</b>	<b>2,393,783</b>	<b>2,788,276</b>	<b>394,493</b>
<b>Charges to Appropriations (Outflow):</b>				
Public works	1,875,810	1,875,810	1,908,425	(32,615)
Capital outlay	200,000	200,000	106,732	93,268
<b>Total Charges to Appropriations</b>	<b>2,075,810</b>	<b>2,075,810</b>	<b>2,015,157</b>	<b>60,653</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 317,973</b>	<b>\$ 317,973</b>	<b>\$ 773,119</b>	<b>\$ 455,146</b>

CITY OF DOWNEY

**BUDGETARY COMPARISON SCHEDULE  
SEWER AND STORM DRAIN  
YEAR ENDED JUNE 30, 2016**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Budgetary Fund Balance, July 1, as restated	\$ 5,036,602	\$ 5,036,602	\$ 5,036,602	\$ -
<b>Resources (Inflows):</b>				
Charges for services	1,550,000	1,550,000	1,417,410	(132,590)
Use of money and property	7,500	7,500	59,469	51,969
Transfers in	1,165,261	1,165,261	1,122,417	(42,844)
<b>Amounts Available for Appropriations</b>	<b>7,759,363</b>	<b>7,759,363</b>	<b>7,635,898</b>	<b>(123,465)</b>
<b>Charges to Appropriations (Outflow):</b>				
Community services	1,410,000	1,410,000	17,035	1,392,965
Public works	2,774,897	2,774,897	1,951,675	823,222
Capital outlay	260,900	260,900	478,982	(218,082)
<b>Total Charges to Appropriations</b>	<b>4,445,797</b>	<b>4,445,797</b>	<b>2,447,692</b>	<b>1,998,105</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 3,313,566</b>	<b>\$ 3,313,566</b>	<b>\$ 5,188,206</b>	<b>\$ 1,874,640</b>

CITY OF DOWNEY

BUDGETARY COMPARISON SCHEDULE  
 CATV PUBLIC ACCESS  
 YEAR ENDED JUNE 30, 2016

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 316,460	\$ 316,460	\$ 316,460	\$ -
<b>Resources (Inflows):</b>				
Taxes	110,000	110,000	154,910	44,910
<b>Amounts Available for Appropriations</b>	<b>426,460</b>	<b>426,460</b>	<b>471,370</b>	<b>44,910</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 426,460</b>	<b>\$ 426,460</b>	<b>\$ 471,370</b>	<b>\$ 44,910</b>

CITY OF DOWNEY

**BUDGETARY COMPARISON SCHEDULE  
AIR QUALITY  
YEAR ENDED JUNE 30, 2016**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Budgetary Fund Balance, July 1	\$ 714,440	\$ 714,440	\$ 714,440	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	135,000	135,000	145,121	10,121
Use of money and property	2,000	2,000	6,361	4,361
<b>Amounts Available for Appropriations</b>	<b>851,440</b>	<b>851,440</b>	<b>865,922</b>	<b>14,482</b>
<b>Charges to Appropriations (Outflow):</b>				
Public works	119,384	119,384	151,946	(32,562)
Capital outlay	40,000	165,900	136,341	29,559
<b>Total Charges to Appropriations</b>	<b>159,384</b>	<b>285,284</b>	<b>288,287</b>	<b>(3,003)</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 692,056</b>	<b>\$ 566,156</b>	<b>\$ 577,635</b>	<b>\$ 11,479</b>

CITY OF DOWNEY

**BUDGETARY COMPARISON SCHEDULE  
GRANTS  
YEAR ENDED JUNE 30, 2016**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Budgetary Fund Balance, July 1	\$ (30,983)	\$ (30,983)	\$ (30,983)	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	-	-	75,495	75,495
Charges for services	120,000	120,000	218,215	98,215
Miscellaneous	148,100	148,100	119,592	(28,508)
Transfers in	2,098,698	858,279	1,126,986	268,707
<b>Amounts Available for Appropriations</b>	<b>2,335,815</b>	<b>1,095,396</b>	<b>1,509,305</b>	<b>413,909</b>
<b>Charges to Appropriations (Outflow):</b>				
Public safety	-	-	46,904	(46,904)
Community development	1,010,032	1,010,032	983,429	26,603
Capital outlay	70,000	70,000	84,663	(14,663)
<b>Total Charges to Appropriations</b>	<b>1,080,032</b>	<b>1,080,032</b>	<b>1,114,996</b>	<b>(34,964)</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 1,255,783</b>	<b>\$ 15,364</b>	<b>\$ 394,309</b>	<b>\$ 378,945</b>



CITY OF DOWNEY

**BUDGETARY COMPARISON SCHEDULE  
CDBG  
YEAR ENDED JUNE 30, 2016**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Budgetary Fund Balance, July 1	\$ 225,985	\$ 225,985	\$ 225,985	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	952,152	952,152	810,972	(141,180)
<b>Amounts Available for Appropriations</b>	<b>1,178,137</b>	<b>1,178,137</b>	<b>1,036,957</b>	<b>(141,180)</b>
<b>Charges to Appropriations (Outflow):</b>				
Community development	913,861	913,861	682,136	231,725
Community services	-	17,516	17,584	(68)
Debt service:				
Interest and fiscal charges	178,768	178,768	18,768	160,000
Transfers out	206,469	206,469	92,548	113,921
<b>Total Charges to Appropriations</b>	<b>1,299,098</b>	<b>1,316,614</b>	<b>811,036</b>	<b>505,578</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ (120,961)</b>	<b>\$ (138,477)</b>	<b>\$ 225,921</b>	<b>\$ 364,398</b>

CITY OF DOWNEY

**BUDGETARY COMPARISON SCHEDULE  
ASSET FORFEITURE  
YEAR ENDED JUNE 30, 2016**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Budgetary Fund Balance, July 1, as restated	\$ -	\$ -	\$ -	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	750,000	750,000	1,726,249	976,249
Use of money and property	-	-	19,575	19,575
<b>Amounts Available for Appropriations</b>	<b>750,000</b>	<b>750,000</b>	<b>1,745,824</b>	<b>995,824</b>
<b>Charges to Appropriation (Outflow):</b>				
Public safety	1,444,274	1,444,274	1,282,087	162,187
Capital outlay	-	512,815	463,741	49,074
<b>Total Charges to Appropriations</b>	<b>1,444,274</b>	<b>1,957,089</b>	<b>1,745,828</b>	<b>211,261</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ (694,274)</b>	<b>\$ (1,207,089)</b>	<b>\$ (4)</b>	<b>\$ 1,207,085</b>

CITY OF DOWNEY

**BUDGETARY COMPARISON SCHEDULE  
TRANSIT PROP C  
YEAR ENDED JUNE 30, 2016**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Budgetary Fund Balance, July 1, as restated	\$ (66,493)	\$ (66,493)	\$ (66,493)	\$ -
<b>Resources (Inflows):</b>				
Taxes	1,703,219	1,703,219	1,695,742	(7,477)
Use of money and property	1,000	1,000	4,073	3,073
Miscellaneous	1,600,000	1,600,000	97,497	(1,502,503)
<b>Amounts Available for Appropriations</b>	<b>3,237,726</b>	<b>3,237,726</b>	<b>1,730,819</b>	<b>(1,506,907)</b>
<b>Charges to Appropriation (Outflow):</b>				
Public works	38,608	38,608	123,071	(84,463)
Capital outlay	3,461,400	3,461,400	1,289,793	2,171,607
Transfers out	335,000	335,000	403,243	(68,243)
<b>Total Charges to Appropriations</b>	<b>3,835,008</b>	<b>3,835,008</b>	<b>1,816,107</b>	<b>2,018,901</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ (597,282)</b>	<b>\$ (597,282)</b>	<b>\$ (85,288)</b>	<b>\$ 511,994</b>

CITY OF DOWNEY

**BUDGETARY COMPARISON SCHEDULE  
TRANSIT PROP A  
YEAR ENDED JUNE 30, 2016**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Budgetary Fund Balance, July 1, as restated	\$ 80,219	\$ 80,219	\$ 80,219	\$ -
<b>Resources (Inflows):</b>				
Taxes	2,053,373	2,053,373	2,046,230	(7,143)
Intergovernmental	-	-	62,256	62,256
Charges for services	8,300	8,300	10,694	2,394
Use of money and property	1,000	1,000	35,617	34,617
Miscellaneous	133,458	133,458	49,871	(83,587)
Transfers in	1,109,500	1,109,500	1,109,510	10
<b>Amounts Available for Appropriations</b>	<b>3,385,850</b>	<b>3,385,850</b>	<b>3,394,397</b>	<b>8,547</b>
<b>Charges to Appropriation (Outflow):</b>				
Public works	1,856,643	1,856,643	1,671,919	184,724
Capital outlay	1,375,060	1,375,060	1,443,841	(68,781)
<b>Total Charges to Appropriations</b>	<b>3,231,703</b>	<b>3,231,703</b>	<b>3,115,760</b>	<b>115,943</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 154,147</b>	<b>\$ 154,147</b>	<b>\$ 278,637</b>	<b>\$ 124,490</b>

CITY OF DOWNEY

**BUDGETARY COMPARISON SCHEDULE  
MEASURE R TRANSIT  
YEAR ENDED JUNE 30, 2016**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Budgetary Fund Balance, July 1, as restated	\$ 2,251,502	\$ 2,251,502	\$ 2,251,502	\$ -
<b>Resources (Inflows):</b>				
Use of money and property	5,000	5,000	18,327	13,327
Developer participation	1,277,430	1,277,430	1,273,741	(3,689)
Miscellaneous	-	-	15,167	15,167
<b>Amounts Available for Appropriations</b>	<b>3,533,932</b>	<b>3,533,932</b>	<b>3,558,737</b>	<b>24,805</b>
<b>Charges to Appropriation (Outflow):</b>				
Public works	2,431,006	2,431,006	1,365,188	1,065,818
Capital outlay	698,000	698,000	342,271	355,729
Transfers out	774,510	774,510	774,510	-
<b>Total Charges to Appropriations</b>	<b>3,903,516</b>	<b>3,903,516</b>	<b>2,481,969</b>	<b>1,421,547</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ (369,584)</b>	<b>\$ (369,584)</b>	<b>\$ 1,076,768</b>	<b>\$ 1,446,352</b>

CITY OF DOWNEY

**BUDGETARY COMPARISON SCHEDULE  
CITY CAPITAL PROJECT  
YEAR ENDED JUNE 30, 2016**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Budgetary Fund Balance, July 1, as restated	\$ 1,446,956	\$ 1,446,956	\$ 1,446,956	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	-	-	39,700	39,700
Charges for services	-	-	6,317	6,317
Use of money and property	-	-	2,679	2,679
Fines and forfeitures	-	-	352,812	352,812
Contributions	-	-	75,000	75,000
Miscellaneous	-	-	157,970	157,970
Transfers in	-	3,338,100	3,338,100	-
<b>Amounts Available for Appropriations</b>	<b>1,446,956</b>	<b>4,785,056</b>	<b>5,419,534</b>	<b>634,478</b>
<b>Charges to Appropriations (Outflow):</b>				
Capital outlay	4,260,900	5,134,165	3,346,915	1,787,250
<b>Total Charges to Appropriations</b>	<b>4,260,900</b>	<b>5,134,165</b>	<b>3,346,915</b>	<b>1,787,250</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ (2,813,944)</b>	<b>\$ (349,109)</b>	<b>\$ 2,072,619</b>	<b>\$ 2,421,728</b>

**THIS PAGE INTENTIONALLY LEFT BLANK**

## **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, 2016**

	<b>Governmental Activities - Internal Service Funds</b>		
	<b>Employee Benefits</b>	<b>Equipment</b>	<b>Totals</b>
<b>Assets and Deferred Outflows of Resources:</b>			
<b>Assets:</b>			
Current:			
Cash and investments	\$ 29,886,923	\$ 3,147,500	\$ 33,034,423
Receivables:			
Accounts	-	2,909	2,909
Due from other governments	-	52	52
Inventories	-	94,605	94,605
Advances to Successor Agency	1,527,847	-	1,527,847
<b>Total Current Assets</b>	<b>31,414,770</b>	<b>3,245,066</b>	<b>34,659,836</b>
Noncurrent:			
Capital assets - net of accumulated depreciation	-	6,187,578	6,187,578
<b>Total Noncurrent Assets</b>	<b>-</b>	<b>6,187,578</b>	<b>6,187,578</b>
<b>Total Assets</b>	<b>31,414,770</b>	<b>9,432,644</b>	<b>40,847,414</b>
<b>Deferred Outflows of Resources:</b>			
Deferred pension related items	-	65,558	65,558
<b>Total Deferred Outflows of Resources</b>	<b>-</b>	<b>65,558</b>	<b>65,558</b>
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 31,414,770</b>	<b>\$ 9,498,202</b>	<b>\$ 40,912,972</b>
<b>Liabilities, Deferred Inflows of Resources, and Net Position:</b>			
<b>Liabilities:</b>			
Current:			
Accounts payable	\$ -	\$ 134,950	\$ 134,950
Accrued liabilities	1,215	30,571	31,786
Accrued interest	-	48,085	48,085
Accrued compensated absences	3,913,609	-	3,913,609
Accrued claims payable	1,123,077	-	1,123,077
Bonds, notes, and capital leases	-	530,697	530,697
<b>Total Current Liabilities</b>	<b>5,037,901</b>	<b>744,303</b>	<b>5,782,204</b>
Noncurrent:			
Accrued compensated absences	8,613,204	-	8,613,204
Accrued claims payable	6,252,341	-	6,252,341
Bonds, notes, and capital leases	-	2,008,831	2,008,831
Net pension liability	-	1,048,005	1,048,005
<b>Total Noncurrent Liabilities</b>	<b>14,865,545</b>	<b>3,056,836</b>	<b>17,922,381</b>
<b>Total Liabilities</b>	<b>19,903,446</b>	<b>3,801,139</b>	<b>23,704,585</b>
<b>Deferred Inflows of Resources:</b>			
Deferred pension related items	-	104,042	104,042
<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>104,042</b>	<b>104,042</b>
<b>Net Position:</b>			
Net investment in capital assets	-	3,648,050	3,648,050
Unrestricted	11,511,324	1,944,971	13,456,295
<b>Total Net Position</b>	<b>11,511,324</b>	<b>5,593,021</b>	<b>17,104,345</b>
<b>Total Liabilities, Deferred Inflows of Resources,             and Net Position</b>	<b>\$ 31,414,770</b>	<b>\$ 9,498,202</b>	<b>\$ 40,912,972</b>

CITY OF DOWNEY

COMBINING STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN FUND NET POSITION  
INTERNAL SERVICE FUNDS  
YEAR ENDED JUNE 30, 2016

	<b>Governmental Activities - Internal Service Funds</b>		
	<b>Employee Benefits</b>	<b>Equipment</b>	<b>Totals</b>
<b>Operating Revenues:</b>			
Interdepartmental charges	\$ 1,885,206	\$ 2,458,228	\$ 4,343,434
Miscellaneous	4,775	2,198	6,973
<b>Total Operating Revenues</b>	<b>1,889,981</b>	<b>2,460,426</b>	<b>4,350,407</b>
<b>Operating Expenses:</b>			
Maintenance and operations	-	1,756,038	1,756,038
General and administrative	-	33,178	33,178
Employee benefits	1,583,622	-	1,583,622
Depreciation expense	-	1,465,866	1,465,866
<b>Total Operating Expenses</b>	<b>1,583,622</b>	<b>3,255,082</b>	<b>4,838,704</b>
Operating Income (Loss)	306,359	(794,656)	(488,297)
<b>Nonoperating Revenues (Expenses):</b>			
Interest revenue	83,298	73,381	156,679
Interest expense	-	(27,204)	(27,204)
Gain (loss) on disposal of capital assets	-	27,430	27,430
<b>Total Nonoperating Revenues (Expenses)</b>	<b>83,298</b>	<b>73,607</b>	<b>156,905</b>
Income (Loss) Before Transfers	389,657	(721,049)	(331,392)
Transfers in	-	2,132	2,132
Transfers out	-	(30,000)	(30,000)
Changes in Net Position	389,657	(748,917)	(359,260)
<b>Net Position:</b>			
Beginning of Year, as originally reported	11,121,667	5,194,576	16,316,243
Restatements	-	1,147,362	1,147,362
Beginning of Fiscal Year, as restated	11,121,667	6,341,938	17,463,605
<b>End of Fiscal Year</b>	<b>\$ 11,511,324</b>	<b>\$ 5,593,021</b>	<b>\$ 17,104,345</b>

## CITY OF DOWNEY

**COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
YEAR ENDED JUNE 30, 2016**

	<b>Governmental Activities - Internal Service Funds</b>		
	<b>Employee Benefits</b>	<b>Equipment</b>	<b>Totals</b>
<b>Cash Flows from Operating Activities:</b>			
Cash received from customers and users	\$ 1,889,981	\$ 2,459,335	\$ 4,349,316
Cash paid to suppliers for goods and services	-	(1,911,561)	(1,911,561)
Cash paid to employees for services	(1,659,800)	(67,294)	(1,727,094)
Cash received from (payments to) others	(4,622)	-	(4,622)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>225,559</b>	<b>480,480</b>	<b>706,039</b>
<b>Cash Flows from Non-Capital Financing Activities:</b>			
Cash transfers out	-	(30,000)	(30,000)
Cash transfers in	-	2,132	2,132
Repayment made to other funds	-	(636,139)	(636,139)
<b>Net Cash Provided (Used) by Non-Capital Financing Activities</b>	<b>-</b>	<b>(664,007)</b>	<b>(664,007)</b>
<b>Cash Flows from Capital and Related Financing Activities:</b>			
Proceeds from capital debt	-	2,072,800	2,072,800
Acquisition and construction of capital assets	-	(1,900,914)	(1,900,914)
Principal paid on capital debt	-	(525,218)	(525,218)
Interest paid on capital debt	-	(8,118)	(8,118)
Proceeds from sales of capital assets	-	34,585	34,585
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<b>-</b>	<b>(326,865)</b>	<b>(326,865)</b>
<b>Cash Flows from Investing Activities:</b>			
Interest received	83,298	73,381	156,679
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>83,298</b>	<b>73,381</b>	<b>156,679</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>308,857</b>	<b>(437,011)</b>	<b>(128,154)</b>
Cash and Cash Equivalents at Beginning of Year	29,578,066	3,584,511	33,162,577
<b>Cash and Cash Equivalents at End of Year</b>	<b>\$ 29,886,923</b>	<b>\$ 3,147,500</b>	<b>\$ 33,034,423</b>
<b>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:</b>			
Operating income (loss)	\$ 306,359	\$ (794,656)	\$ (488,297)
<b>Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:</b>			
Depreciation	-	1,465,866	1,465,866
(Increase) decrease in accounts receivable	-	(1,039)	(1,039)
(Increase) decrease in due from other governments	-	(52)	(52)
(Increase) decrease in inventories	-	(1,319)	(1,319)
(Increase) decrease in Advances to Successor Agency	(4,622)	-	(4,622)
(Increase) decrease in deferred pension related outflows	-	17,051	17,051
Increase (decrease) in accounts payable	-	(154,204)	(154,204)
Increase (decrease) in accrued liabilities	-	7,128	7,128
Increase (decrease) in compensated absences	(76,178)	-	(76,178)
Increase (decrease) in net pension liability	-	42,701	42,701
Increase (decrease) in deferred pension related inflows	-	(100,996)	(100,996)
<b>Total Adjustments</b>	<b>(80,800)</b>	<b>1,275,136</b>	<b>1,194,336</b>
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ 225,559</b>	<b>\$ 480,480</b>	<b>\$ 706,039</b>
<b>Non-Cash Investing, Capital, and Financing Activities:</b>			
Amortization of bond premium	\$ 7,109	\$ -	\$ 7,109
Gain on disposal of capital assets	-	27,430	27,430

## **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 ASSETS AND LIABILITIES  
 ALL AGENCY FUNDS  
 JUNE 30, 2016

	<u>Special Deposits</u>	<u>Cemetery District</u>	<u>1913 Act Bond</u>	<u>Elm Vista</u>
<b>Assets:</b>				
Pooled cash and investments	\$ 2,413,779	\$ 239,661	\$ 122,271	\$ 1,765
Receivables:				
Accounts	-	-	-	3,256
Taxes	-	2,316	-	-
Accrued interest	-	607	-	-
Due from other governments	10,629	1,175	-	-
<b>Total Assets</b>	<b><u>\$ 2,424,408</u></b>	<b><u>\$ 243,759</u></b>	<b><u>\$ 122,271</u></b>	<b><u>\$ 5,021</u></b>
<b>Liabilities:</b>				
Accounts payable	\$ 56,058	\$ 1,142	\$ -	\$ -
Accrued liabilities	-	-	-	-
Deposits payable	2,368,350	242,617	122,271	21
Due to other governments	-	-	-	5,000
<b>Total Liabilities</b>	<b><u>\$ 2,424,408</u></b>	<b><u>\$ 243,759</u></b>	<b><u>\$ 122,271</u></b>	<b><u>\$ 5,021</u></b>

CITY OF DOWNEY

COMBINING STATEMENT OF ASSETS AND LIABILITIES  
 ALL AGENCY FUNDS  
 JUNE 30, 2016

	Columbia Memorial Space	SEAACA	Totals
<b>Assets:</b>			
Pooled cash and investments	\$ 39,042	\$ 1,477,761	\$ 4,294,279
Receivables:			
Accounts	-	2,528	5,784
Taxes	-	-	2,316
Accrued interest	-	-	607
Due from other governments	-	25,758	37,562
<b>Total Assets</b>	<b>\$ 39,042</b>	<b>\$ 1,506,047</b>	<b>\$ 4,340,548</b>
<b>Liabilities:</b>			
Accounts payable	\$ -	\$ 519,933	\$ 577,133
Accrued liabilities	-	342,702	342,702
Deposits payable	39,042	643,412	3,415,713
Due to other governments	-	-	5,000
<b>Total Liabilities</b>	<b>\$ 39,042</b>	<b>\$ 1,506,047</b>	<b>\$ 4,340,548</b>

CITY OF DOWNEY

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 ALL AGENCY FUNDS  
 YEAR ENDED JUNE 30, 2016

	Balance 7/1/2015	Additions	Deductions	Balance 6/30/2016
<b><u>Special Deposits</u></b>				
<b>Assets:</b>				
Pooled cash and investments	\$ 1,780,968	\$ 1,736,506	\$ 1,103,695	\$ 2,413,779
Due from other governments	2,342	12,189	3,902	10,629
<b>Total Assets</b>	<b>\$ 1,783,310</b>	<b>\$ 1,748,695</b>	<b>\$ 1,107,597</b>	<b>\$ 2,424,408</b>
<b>Liabilities:</b>				
Accounts payable	\$ 57,388	\$ 1,024,390	\$ 1,025,720	\$ 56,058
Deposits payable	1,725,922	1,658,339	1,015,911	2,368,350
<b>Total Liabilities</b>	<b>\$ 1,783,310</b>	<b>\$ 2,682,729</b>	<b>\$ 2,041,631</b>	<b>\$ 2,424,408</b>
<b><u>Cemetery District</u></b>				
<b>Assets:</b>				
Pooled cash and investments	\$ 238,960	\$ 111,956	\$ 111,255	\$ 239,661
Taxes	2,326		10	2,316
Accrued interest	305	302	-	607
Due from other governments	(40,535)	41,710	-	1,175
<b>Total Assets</b>	<b>\$ 201,056</b>	<b>\$ 153,968</b>	<b>\$ 111,265</b>	<b>\$ 243,759</b>
<b>Liabilities:</b>				
Accounts payable	\$ 4,572	\$ 34,655	\$ 38,085	\$ 1,142
Deposits payable	196,484	672,764	626,631	242,617
<b>Total Liabilities</b>	<b>\$ 201,056</b>	<b>\$ 707,419</b>	<b>\$ 664,716</b>	<b>\$ 243,759</b>
<b><u>1913 Act Bond</u></b>				
<b>Assets:</b>				
Pooled cash and investments	\$ 122,271	\$ -	\$ -	\$ 122,271
<b>Total Assets</b>	<b>\$ 122,271</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 122,271</b>
<b>Liabilities:</b>				
Deposits payable	\$ 122,271	\$ -	\$ -	\$ 122,271
<b>Total Liabilities</b>	<b>\$ 122,271</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 122,271</b>
<b><u>Elm Vista</u></b>				
<b>Assets:</b>				
Pooled cash and investments	\$ 1,765	\$ -	\$ -	\$ 1,765
Receivables:				
Accounts	3,256	-	-	3,256
<b>Total Assets</b>	<b>\$ 5,021</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 5,021</b>
<b>Liabilities:</b>				
Deposits payable	\$ 21	\$ -	\$ -	\$ 21
Due to other governments	5,000	-	-	5,000
<b>Total Liabilities</b>	<b>\$ 5,021</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 5,021</b>
<b><u>Columbia Memorial Space Learning Center Foundation</u></b>				
<b>Assets:</b>				
Pooled cash and investments	\$ 15,493	\$ 45,994	\$ 22,445	\$ 39,042
<b>Total Assets</b>	<b>\$ 15,493</b>	<b>\$ 45,994</b>	<b>\$ 22,445</b>	<b>\$ 39,042</b>
<b>Liabilities:</b>				
Deposits payable	\$ 15,493	\$ 45,556	\$ 22,007	\$ 39,042
<b>Total Liabilities</b>	<b>\$ 15,493</b>	<b>\$ 45,556</b>	<b>\$ 22,007</b>	<b>\$ 39,042</b>

CITY OF DOWNEY

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 ALL AGENCY FUNDS  
 YEAR ENDED JUNE 30, 2016

	Balance 7/1/2015	Additions	Deductions	Balance 6/30/2016
<b><u>SEAACA</u></b>				
<b>Assets:</b>				
Pooled cash and investments	\$ 1,298,266	\$ 7,812,986	\$ 7,633,491	\$ 1,477,761
Receivables:				
Accounts	1,692,948	1,977,413	3,667,833	2,528
Due from other governments	340,130	41,766	356,138	25,758
<b>Total Assets</b>	<b>\$ 3,331,344</b>	<b>\$ 9,832,165</b>	<b>\$ 11,657,462</b>	<b>\$ 1,506,047</b>
<b>Liabilities:</b>				
Accounts payable	\$ 756,128	\$ 5,535,877	\$ 5,772,072	\$ 519,933
Accrued liabilities	342,284	3,322,018	3,321,600	342,702
Deposits payable	1,934,668	13,166,366	14,457,622	643,412
Due to other governments	298,264	-	298,264	-
<b>Total Liabilities</b>	<b>\$ 3,331,344</b>	<b>\$ 22,024,261</b>	<b>\$ 23,849,558</b>	<b>\$ 1,506,047</b>
<b><u>Totals - All Agency Funds</u></b>				
<b>Assets:</b>				
Pooled cash and investments	\$ 3,457,723	\$ 9,707,442	\$ 8,870,886	\$ 4,294,279
Receivables:				
Accounts	1,696,204	1,977,413	3,667,833	5,784
Taxes	2,326	-	10	2,316
Accrued interest	305	302	-	607
Due from other governments	301,937	95,665	360,040	37,562
<b>Total Assets</b>	<b>\$ 5,458,495</b>	<b>\$ 11,780,822</b>	<b>\$ 12,898,769</b>	<b>\$ 4,340,548</b>
<b>Liabilities:</b>				
Accounts payable	\$ 818,088	\$ 6,594,922	\$ 6,835,877	\$ 577,133
Accrued liabilities	342,284	3,322,018	3,321,600	342,702
Deposits payable	3,994,859	15,543,025	16,122,171	3,415,713
Due to other governments	303,264	-	298,264	5,000
<b>Total Liabilities</b>	<b>\$ 5,458,495</b>	<b>\$ 25,459,965</b>	<b>\$ 26,577,912</b>	<b>\$ 4,340,548</b>



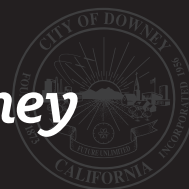
**THIS PAGE INTENTIONALLY LEFT BLANK**



# STATISTICAL SECTION



City of Downey



**STATISTICAL SECTION**

**THIS PAGE INTENTIONALLY LEFT BLANK**

## DESCRIPTION OF STATISTICAL SECTION CONTENTS

June 30, 2016

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. ....	126-134
<u>Revenue Capacity</u> - These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.....	137-143
<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. ....	144-150
<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. ....	151-153
<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. ....	154-158

CITY OF DOWNEY

NET POSITION BY COMPONENT  
(amounts expressed in thousands)

Last Ten Fiscal Years  
(modified accrual basis of accounting)

	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>
<b>Governmental Activities:</b>					
Net investment in capital assets	\$ 154,423	\$ 172,185	\$ 176,041	\$ 177,580	\$ 188,044
Restricted	31,468	28,201	32,221	39,029	35,023
Unreserved	46,856	38,679	34,848	25,557	11,490
<b>Total governmental activities</b>	<u>232,747</u>	<u>239,065</u>	<u>243,110</u>	<u>242,166</u>	<u>234,557</u>
<b>Business-type Activities:</b>					
Net investment in capital assets	35,976	35,586	35,423	35,211	35,675
Restricted				3,706	3,816
Unrestricted	21,345	21,693	20,494	10,215	2,336
<b>Total business-type activities</b>	<u>57,321</u>	<u>57,279</u>	<u>55,917</u>	<u>49,132</u>	<u>41,827</u>
<b>Primary Government:</b>					
Net investment in capital assets	190,399	207,771	211,464	212,791	223,719
Restricted	31,468	28,201	32,221	42,735	38,839
Unassigned	68,201	60,372	55,342	35,772	13,826
<b>Total primary government</b>	<u>\$ 290,068</u>	<u>\$ 296,344</u>	<u>\$ 299,027</u>	<u>\$ 291,298</u>	<u>\$ 276,384</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)

	2011-12	2012-13	2013-14	2014-15	2015-16
<b>Governmental Activities:</b>					
Net investment in capital assets	\$ 193,698	\$ 189,490	\$ 193,071	\$ 206,576	211,020
Restricted	26,298	29,332	26,203	23,592	30,009
Unreserved	33,582	31,965	48,162	(98,403)	(103,853)
<b>Total governmental activities</b>	<b>253,578</b>	<b>250,787</b>	<b>267,436</b>	<b>131,765</b>	<b>137,176</b>
<b>Business-type Activities:</b>					
Net investment in capital assets	34,378	34,116	41,719	34,744	35,577
Restricted	4,259	4,224	1,478	469	469
Unrestricted	(769)	3,602	5,941	1,084	6,032
<b>Total business-type activities</b>	<b>37,868</b>	<b>41,942</b>	<b>49,138</b>	<b>36,297</b>	<b>42,078</b>
<b>Primary Government:</b>					
Net investment in capital assets	228,076	223,606	234,790	241,320	246,597
Restricted	30,557	33,556	27,681	24,061	30,478
Unassigned	32,813	35,567	54,103	(97,319)	(97,821)
<b>Total primary government</b>	<b>\$ 291,446</b>	<b>\$ 292,729</b>	<b>\$ 316,574</b>	<b>\$ 168,062</b>	<b>\$ 179,254</b>

*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)

	2006-07	2007-08	2008-09	2009-10	2010-11
<b>Expenses</b>					
<b>Governmental Activities:</b>					
General government	\$ 6,100	\$ 5,891	\$ 4,881	\$ 7,588	\$ 7,594
Public safety	42,379	43,510	45,314	46,420	50,482
Public works	8,466	7,460	7,450	8,013	5,849
Community services	7,903	9,390	9,220	8,420	9,041
Community development	6,556	8,898	8,732	10,543	13,825
Transit	2,634	2,939	3,486	3,469	5,954
Unallocated infrastructure depreciation	4,772	4,806	4,965	5,064	5,481
Interest on long term debt	1,801	1,823	1,859	1,933	2,130
Total expenses for governmental activities	<u>80,611</u>	<u>84,717</u>	<u>85,907</u>	<u>91,450</u>	<u>100,356</u>
<b>Business-type Activities:</b>					
Water	8,852	10,121	9,739	11,829	10,432
Golf	2,745	2,765	2,699	2,847	2,693
Total expenses for business-type activities	<u>11,597</u>	<u>12,886</u>	<u>12,438</u>	<u>14,676</u>	<u>13,125</u>
Total expenses for primary government	<u>\$ 92,208</u>	<u>\$ 97,603</u>	<u>\$ 98,345</u>	<u>\$ 106,126</u>	<u>\$ 113,481</u>
<b>Program Revenues</b>					
<b>Governmental Activities:</b>					
<b>Charges for services:</b>					
General government	\$ 150	\$ 134	\$ 154	\$ 162	\$ 190
Public safety	4,156	4,202	4,161	4,951	4,014
Public works	2,236	2,247	2,273	2,410	2,134
Community services	2,904	2,516	2,536	2,078	2,187
Community development	2,701	3,795	2,277	1,580	3,806
Operating grants and contributions	7,416	8,086	7,629	7,190	8,818
Capital grants and contributions	3,676	3,623	7,634	7,528	6,500
Total revenues for governmental activities	<u>23,239</u>	<u>24,603</u>	<u>26,664</u>	<u>25,899</u>	<u>27,649</u>
<b>Business-type Activities:</b>					
<b>Charges for services:</b>					
Water	9,543	9,078	8,782	8,408	8,366
Golf	2,944	2,938	2,780	2,625	2,547
Operating grants and contributions	-	-	762	-	2,004
Total revenues for business-type activities	<u>12,487</u>	<u>12,016</u>	<u>12,324</u>	<u>11,033</u>	<u>12,917</u>
Total revenues for primary government	<u>\$ 35,726</u>	<u>\$ 36,619</u>	<u>\$ 38,988</u>	<u>\$ 36,932</u>	<u>\$ 40,566</u>
<b>Net Position:</b>					
Governmental activities	\$ (57,372)	\$ (60,114)	\$ (59,243)	\$ (65,551)	\$ (72,707)
Business-type activities	<u>890</u>	<u>(870)</u>	<u>(114)</u>	<u>(3,643)</u>	<u>(208)</u>
Total net position for primary government	<u>\$ (56,482)</u>	<u>\$ (60,984)</u>	<u>\$ (59,357)</u>	<u>\$ (69,194)</u>	<u>\$ (72,915)</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)

	2011-12	2012-13	2013-14	2014-15	2015-16
<b>Expenses</b>					
<b>Governmental Activities:</b>					
General government	\$ 7,768	\$ 7,242	\$ 12,856	\$ 12,419	\$ 14,884
Public safety	51,958	46,414	52,127	54,196	58,397
Public works	6,767	7,349	10,209	13,598	15,479
Community services	9,314	8,959	5,821	6,703	7,975
Community development	8,481	5,821	5,115	4,893	7,257
Transit	4,927	3,992	3,317	-	-
Unallocated infrastructure depreciation	5,640	5,717	-	-	-
Interest on long term debt	1,541	46	1,052	1,617	1,662
Total expenses for governmental activities	<u>96,396</u>	<u>85,540</u>	<u>90,497</u>	<u>93,426</u>	<u>105,654</u>
<b>Business-type Activities:</b>					
Water	12,207	10,117	12,102	12,355	10,580
Golf	2,842	2,772	3,054	3,188	2,667
Total expenses for business-type activities	<u>15,049</u>	<u>12,889</u>	<u>15,156</u>	<u>15,543</u>	<u>13,247</u>
Total expenses for primary government	<u>\$ 111,445</u>	<u>\$ 98,429</u>	<u>\$ 105,653</u>	<u>\$ 108,969</u>	<u>\$ 118,901</u>
<b>Program Revenues</b>					
<b>Governmental Activities:</b>					
<b>Charges for services:</b>					
General government	\$ 179	\$ 104	\$ 5,109	\$ 5,530	\$ 6,436
Public safety	5,234	5,996	4,550	3,980	5,136
Public works	1,173	3,111	2,045	2,950	5,545
Community services	2,414	2,452	2,766	2,977	3,233
Community development	1,443	1,301	1,080	1,307	1,550
Operating grants and contributions	9,131	8,468	9,981	12,690	15,108
Capital grants and contributions	6,330	4,279	981	1,503	2,281
Total revenues for governmental activities	<u>25,904</u>	<u>25,711</u>	<u>26,512</u>	<u>30,937</u>	<u>39,289</u>
<b>Business-type Activities:</b>					
<b>Charges for services:</b>					
Water	11,104	15,194	18,104	17,399	16,120
Golf	2,706	2,639	2,765	2,763	2,798
Operating grants and contributions	-	-	-	-	-
Total revenues for business-type activities	<u>13,810</u>	<u>17,833</u>	<u>20,869</u>	<u>20,162</u>	<u>18,918</u>
Total revenues for primary government	<u>\$ 39,714</u>	<u>\$ 43,544</u>	<u>\$ 47,381</u>	<u>\$ 51,099</u>	<u>\$ 58,207</u>
<b>Net Position:</b>					
Governmental activities	\$ (70,492)	\$ (59,829)	\$ (63,985)	\$ (62,489)	\$ (66,365)
Business-type activities	<u>(1,239)</u>	<u>4,944</u>	<u>5,713</u>	<u>4,619</u>	<u>5,671</u>
Total net position for primary government	<u>\$ (71,731)</u>	<u>\$ (54,885)</u>	<u>\$ (58,272)</u>	<u>\$ (57,870)</u>	<u>\$ (60,694)</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)

	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>
<b>General Revenues and Other Changes in Net Position:</b>					
Governmental Activities:					
Property taxes, levied for general purposes	\$ 22,726	\$ 23,974	\$ 25,561	\$ 25,938	\$ 24,347
Transient occupancy taxes	1,085	1,050	934	936	991
Sales and use taxes	12,996	11,706	9,675	8,942	9,845
Property tax in lieu of sales and use taxes	3,989	3,856	3,444	3,180	3,144
Franchise taxes	2,168	2,142	2,276	2,201	2,340
Utility taxes	-	8,002	7,677	7,471	7,094
Other taxes	9,489	1,819	1,632	1,536	1,742
Earning on investments	5,405	5,973	4,889	3,671	1,817
Gain/(loss) on sales of capital assets	-	24	49	38	25
Miscellaneous	4,126	1,443	1,491	1,938	2,171
Transfer-in	1,720	4,761	2,304	4,961	5,757
Extraordinary gain	-	-	-	-	-
Total governmental activities	<u>63,704</u>	<u>64,750</u>	<u>59,932</u>	<u>60,812</u>	<u>59,273</u>
Business-type Activities:					
Sales taxes	3,330	3,310	3,004	4,074	3,761
Earning on investments	1,371	1,580	1,436	1,022	451
Gain/(loss) on sales of capital assets	-	28	(28)	2	2
Miscellaneous	-	2,012	-	60	271
Transfer-in	(1,720)	(4,761)	(2,304)	(4,961)	(5,757)
Total business-type activities	<u>2,981</u>	<u>2,169</u>	<u>2,108</u>	<u>197</u>	<u>(1,272)</u>
Total primary government	<u>\$ 66,685</u>	<u>\$ 66,919</u>	<u>\$ 62,040</u>	<u>\$ 61,009</u>	<u>\$ 58,001</u>
<b>Changes in Net Position</b>					
Governmental activities	\$ 6,332	\$ 4,636	\$ 689	\$ (4,739)	\$ (13,434)
Business-type activities	<u>3,871</u>	<u>1,299</u>	<u>1,994</u>	<u>(3,446)</u>	<u>(1,480)</u>
Total net position for primary government	<u>\$ 10,203</u>	<u>\$ 5,935</u>	<u>\$ 2,683</u>	<u>\$ (8,185)</u>	<u>\$ (14,914)</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)

	2011-12	2012-13	2013-14	2014-15	2015-16
<b>General Revenues and Other Changes in Net Position:</b>					
Governmental Activities:					
Property taxes, levied for general purposes	\$ 20,847	\$ 21,116	\$ 21,842	\$ 23,152	\$ 24,709
Transient occupancy taxes	1,123	1,219	1,315	1,317	1,629
Sales and use taxes	10,479	11,925	11,395	17,062	20,039
Property tax in lieu of sales and use taxes	3,959	3,732	4,385	4,231	3,349
Franchise taxes	2,324	2,303	2,282	2,257	2,625
Utility taxes	6,778	7,170	7,562	7,595	7,229
Other taxes	1,351	1,426	1,633	1,661	1,903
Earning on investments	2,281	267	5,189	3,343	3,738
Gain/(loss) on sales of capital assets	24	-	-	-	45
Miscellaneous	2,529	2,782	16,321	7,201	4,760
Contribution from Successor Agency	-	-	-	-	-
Transfer-in	2,619	1,629	1,311	1,777	1,359
Extraordinary gain	30,042	-	-	-	-
Total governmental activities	<u>84,356</u>	<u>53,569</u>	<u>73,235</u>	<u>69,596</u>	<u>71,385</u>
Business-type Activities:					
Sales taxes	4,070	4,310	4,685		-
Earning on investments	768	164	489	458	519
Gain/(loss) on sales of capital assets	-	2	-	-	39
Miscellaneous	824	135	648	2,291	970
Transfer-in	(2,619)	(1,629)	(1,311)	(1,777)	(1,359)
Total business-type activities	<u>3,043</u>	<u>2,982</u>	<u>4,511</u>	<u>972</u>	<u>169</u>
Total primary government	<u>\$ 87,399</u>	<u>\$ 56,551</u>	<u>\$ 77,746</u>	<u>\$ 70,568</u>	<u>\$ 71,554</u>
<b>Changes in Net Position</b>					
Governmental activities	\$ 13,864	\$ (6,260)	\$ 9,250	\$ 7,107	\$ 5,020
Business-type activities	<u>1,804</u>	<u>7,926</u>	<u>10,224</u>	<u>5,591</u>	<u>5,840</u>
Total net position for primary government	<u>\$ 15,668</u>	<u>\$ 1,666</u>	<u>\$ 19,474</u>	<u>\$ 12,698</u>	<u>\$ 10,860</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)

	2006-07	2007-08	2008-09	2009-10	2010-11
General Fund:					
Reserved	\$ 8,014	\$ 8,832	\$ 11,350	\$ 10,764	\$ -
Unreserved	15,448	15,188	13,390	12,355	-
Total general fund	<u>\$ 23,462</u>	<u>\$ 24,020</u>	<u>\$ 24,740</u>	<u>\$ 23,119</u>	<u>\$ -</u>
All Other Governmental Funds:					
Reserved	\$ 27,267	\$ 22,833	\$ 16,828	\$ 16,270	\$ -
Unreserved, reported in:					
Special Revenue Funds	3,832	6,288	8,279	8,345	-
Debt Service Funds	(6,655)	(7,317)	(7,590)	(9,214)	-
Capital Project Funds	4,403	(19)	1,162	2,925	-
Total all other governmental funds	<u>\$ 28,847</u>	<u>\$ 21,785</u>	<u>\$ 18,679</u>	<u>\$ 18,326</u>	<u>\$ -</u>
General Fund:					
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ 6,497
Restricted	-	-	-	-	4,260
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	10,070
Total general fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,827</u>
All Other Governmental Funds:					
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ 3,601
Restricted	-	-	-	-	12,837
Assigned	-	-	-	-	5,620
Unassigned	-	-	-	-	(7,766)
Total all other governmental funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,292</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)

	2011-12	2012-13	2013-14	2014-15	2015-16
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	\$ 8,897	\$ 7,118	\$ 7,146	\$ 7,592	\$ 7,609
Restricted	4,867	4,793	4,877	-	-
Assigned	-	-	15,689	17,578	20,003
Unassigned	6,123	6,438	7,401	11,922	10,662
Total general fund	<u>\$ 19,887</u>	<u>\$ 18,349</u>	<u>\$ 35,113</u>	<u>\$ 37,092</u>	<u>\$ 38,274</u>
All Other Governmental Funds:					
Nonspendable	\$ 4,570	\$ 6,845	\$ -	\$ 3,279	\$ 11
Restricted	4,379	5,086	9,683	6,237	13,935
Assigned	6,226	6,671	6,298	5,092	2,073
Unassigned	(45)	(142)	(525)	760	(2,189)
Total all other governmental funds	<u>\$ 15,130</u>	<u>\$ 18,460</u>	<u>\$ 15,456</u>	<u>\$ 15,368</u>	<u>\$ 13,830</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)

	2006-07	2007-08	2008-09	2009-10	2010-11
<b>Revenues:</b>					
Taxes	\$ 52,682	\$ 53,432	\$ 52,020	\$ 50,106	\$ 49,804
License and permits	2,147	2,487	1,372	1,269	1,107
Fines and forfeitures	1,911	1,900	1,625	1,803	1,552
Investment and rental	7,002	7,154	6,425	5,011	3,360
Intergovernmental revenue	9,370	7,234	12,266	12,205	11,892
Charges for services	7,804	10,161	7,960	7,883	8,740
Other revenue	3,416	3,025	2,933	3,200	5,505
Total revenues	<u>84,332</u>	<u>85,393</u>	<u>84,601</u>	<u>81,477</u>	<u>81,960</u>
<b>Expenditures:</b>					
Current:					
General government	4,905	5,457	5,244	6,296	6,565
Public safety	39,555	42,361	45,429	44,786	45,231
Public works	7,902	7,004	7,634	7,064	7,296
Community services	6,769	8,775	8,781	7,748	7,793
Community development	7,589	9,820	10,432	11,471	14,411
ERAF payment	-	-	-	-	-
Capital outlay	9,105	16,186	10,223	9,582	12,476
Debt service:					
Principal	1,800	1,890	1,840	485	500
Interest and fiscal charges	2,370	2,277	2,252	2,267	2,270
Total expenditures	<u>79,995</u>	<u>93,770</u>	<u>91,835</u>	<u>89,699</u>	<u>96,542</u>
Excess of revenues over (under) expenditures	<u>4,337</u>	<u>(8,377)</u>	<u>(7,234)</u>	<u>(8,222)</u>	<u>(14,582)</u>
<b>Other Financing Sources (Uses):</b>					
Transfers in	10,653	12,049	7,844	12,750	16,487
Transfers out	(13,742)	(10,440)	(5,540)	(7,798)	(9,656)
Proceeds from long-term debt	-	-	-	-	-
Sale of property	-	-	-	-	-
Issuance of debt	1,386	1,400	1,408	1,296	1,425
Sale of capital assets	-	-	-	-	-
Total other financing sources (uses)	<u>(1,703)</u>	<u>3,009</u>	<u>3,712</u>	<u>6,248</u>	<u>8,256</u>
<b>Extraordinary Gain</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	2,634	(5,368)	(3,522)	(1,974)	(6,326)
Fund balances - July 1	<u>49,675</u>	<u>51,173</u>	<u>46,941</u>	<u>43,419</u>	<u>41,445</u>
Fund balances - June 30	<u>\$ 52,309</u>	<u>\$ 45,805</u>	<u>\$ 43,419</u>	<u>\$ 41,445</u>	<u>\$ 35,119</u>
Debt service as a percentage of noncapital expenditures	5.88%	5.37%	5.01%	10.72%	21.84%

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)

	2011-12	2012-13	2013-14	2014-15	2015-16
<b>Revenues:</b>					
Taxes	\$ 47,785	\$ 50,163	\$ 52,054	\$ 57,363	\$ 61,521
License and permits	1,094	1,171	1,390	1,726	2,173
Fines and forfeitures	1,507	1,362	1,435	1,512	1,856
Investment and rental	2,639	750	4,785	1,784	2,046
Intergovernmental revenue	11,404	8,469	9,846	14,945	17,304
Charges for services	9,795	11,209	12,379	12,280	14,093
Other revenue	3,211	3,901	16,401	5,883	6,119
Total revenues	<u>77,435</u>	<u>77,025</u>	<u>98,290</u>	<u>95,493</u>	<u>105,112</u>
<b>Expenditures:</b>					
Current:					
General government	6,293	6,533	12,660	10,789	12,091
Public safety	46,585	43,917	44,837	46,683	51,103
Public works	7,482	5,535	10,040	12,983	14,431
Community services	8,065	8,012	4,990	5,862	6,413
Community development	9,304	5,816	4,013	4,412	6,097
ERAF payment	-	-	-	-	-
Capital outlay	8,200	5,381	6,593	14,558	16,794
Debt service:					
Principal	510	250	250	645	460
Interest and fiscal charges	1,581	51	38	975	1,630
Total expenditures	<u>88,020</u>	<u>75,495</u>	<u>83,421</u>	<u>96,907</u>	<u>109,019</u>
Excess of revenues over (under) expenditures	<u>(10,585)</u>	<u>1,530</u>	<u>14,869</u>	<u>(1,414)</u>	<u>(3,907)</u>
<b>Other Financing Sources (Uses):</b>					
Transfers in	6,094	4,219	3,926	9,118	9,210
Transfers out	(4,175)	(4,735)	(5,709)	(8,341)	(7,823)
Proceeds from long-term debt	-	-	-	-	-
Sale of property	124	248	-	-	-
Issuance of debt	1,349	-	600	-	668
Sale of capital assets	-	-	-	350	2,163
Total other financing sources (uses)	<u>3,392</u>	<u>(268)</u>	<u>(1,183)</u>	<u>1,127</u>	<u>4,218</u>
<b>Extraordinary Gain</b>	<u>4,233</u>	<u>530</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(2,960)	1,792	13,686	(287)	311
Fund balances - July 1	<u>37,977</u>	<u>35,017</u>	<u>36,883</u>	<u>52,747</u>	<u>51,793</u>
Fund balances - June 30	<u>\$ 35,017</u>	<u>\$ 36,809</u>	<u>\$ 50,569</u>	<u>\$ 52,460</u>	<u>\$ 52,104</u>
Debt service as a percentage of noncapital expenditures	2.62%	5.21%	8.79%	15.86%	15.74%

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

**THIS PAGE INTENTIONALLY LEFT BLANK**



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)
2006-07	7,679,717	984	120,776	7,559,925	324,711	110,373	214,338	7,774,263	24.06%
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%
2015-16	10,318,316	560	715,185	9,603,691	546,557	151,877	394,680	9,998,371	4.96%

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

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

	2011-12	2012-13	2013-14	2014-15	2015-16
Residential	\$ 6,712,488	\$ 6,813,822	\$ 7,042,493	\$ 7,393,326	\$ 7,803,812
Commercial	1,062,528	1,102,810	1,131,294	1,144,938	1,191,137
Industrial	376,634	365,085	396,484	378,085	312,043
Government owned					
Institutional	45,773	55,963	62,578	65,961	66,176
Miscellaneous	13	13	13	2,458	1,012
Recreational	25,184	25,643	25,780	25,860	26,516
Unknown	25,428	487	3,384	499	509,000
Vacant Land	52,680	46,386	44,154	59,703	67,132
SBE Nonunitary	560	560	560	560	560
Possessory Int.	116,837	118,890	130,482	132,961	0
Unsecured	228,721	291,256	260,999	321,263	394,680
Exempt	-	-	-	-	(83,552.00)
<b>TOTALS</b>	<b>8,646,846</b>	<b>8,820,915</b>	<b>9,098,221</b>	<b>9,525,614</b>	<b>10,372,068</b>
Total Direct Rate	0.1810%	0.1815%	0.1387%	0.1399%	0.1400%

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

	2006-07	2007-08	2008-09	2009-10	2010-11
Basic Levy 1					
City of Downey Tax District 1	0.14125	0.14125	0.13970	0.13970	0.13970
Cerritos Community College District	0.02625	0.02625	0.02625	0.02625	0.02620
Childrens Institutional Tuition Fund	0.00291	0.00291	0.00291	0.00291	0.00291
County Sanitation District No. 2 Operating	0.01395	0.01395	0.01395	0.01395	0.01394
County School Service Fund-Downey	0.00743	0.00743	0.00743	0.00743	0.00743
County School Service	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
Downey Cemetery District	0.00089	0.00089	0.00089	0.00089	0.00089
Downey Unified School District	0.21536	0.21536	0.21536	0.21536	0.21540
Educational Augmentation Fund Impound	0.16308	0.16308	0.16308	0.16308	0.16310
Educational Revenue Augmentation	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
L. A. County Accum Cap Outlay	0.00012	0.00012	0.00012	0.00012	0.00012
L. A. County Fire	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
L. A. County Flood Ctrl Maintenance	0.01035	0.01035	0.01035	0.01035	0.01035
L. A. County General	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
Total Basic Levy Rate	1.00000	1.00000	1.00000	1.00000	1.00000
Cerritos Community College Dist	0.02392	0.01071	0.00994	0.01854	0.02677
Compton Community College Dist	0.01975	0.01763	0.01262	0.01296	0.01487
County Detention Facilities 1987 Debt	0.00066	0.00000	0.00000	0.00000	0.00000
Downey Unified School District	0.06148	0.07569	0.05790	0.06507	0.07018
LA Community College District	0.02146	0.00879	0.02212	0.02311	0.04031
LA County Flood Control	0.00005	0.00000	0.00000	0.00000	0.00000
Little Lake City School District	0.03483	0.07499	0.07360	0.07233	0.07647
Los Angeles Unified School District	0.10681	0.12334	0.12478	0.15181	0.18695
Metropolitan Water District	0.00470	0.00450	0.00430	0.00430	0.00370
Montebello Unified School District	0.06731	0.06681	0.08063	0.09673	0.09792
Norwalk-La Mirada Unified	0.05036	0.05226	0.06271	0.06110	0.06197
Rio Hondo Community College Dist	0.01469	0.01369	0.02320	0.02714	0.03439
Whittier Union High School Dist	0.08918	0.04359	0.03728	0.04224	0.04239
Total Voter Approved Rate	0.49520	0.49200	0.50908	0.57533	0.65592
TOTAL DIRECT & OVERLAPPING2 TAX RATE	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	0.13973	0.13973	0.13973
RDA Incremental Rate 4	1.00541	1.00450	1.00430	1.00430	1.00370
Total Direct Rate	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

	2011-12	2012-13	2013-14	2014-15	2015-16
Basic Levy 1					
City of Downey Tax District 1	0.14125	0.13970	0.13970	0.13970	0.13970
Cerritos Community College District	0.02625	0.02620	0.02620	0.02620	0.02620
Childrens Institutional Tuition Fund	0.00291	0.00291	0.00291	0.00291	0.00291
County Sanitation District No. 2 Operating	0.01395	0.01394	0.01394	0.01394	0.01394
County School Service Fund-Downey	0.00743	0.00743	0.00743	0.00743	0.00743
County School Service	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
Downey Cemetery District	0.00089	0.00089	0.00089	0.00089	0.00089
Downey Unified School District	0.21536	0.21540	0.21540	0.21540	0.21540
Educational Augmentation Fund Impound	0.16308	0.16310	0.16310	0.16310	0.16310
Educational Revenue Augmentation	0.07154	0.07340	0.07340	0.07340	0.07340
Great L.A. County Vector Control Dist	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
L. A. County Fire	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
L. A. County Flood Ctrl Maintenance	0.01035	0.01035	0.01035	0.01035	0.01035
L. A. County General	0.33481	0.33450	0.33450	0.33450	0.33450
Water Replenishment District of Southern Calif	0.00018	0.00018	0.00018	0.00018	0.00018
Total Basic Levy Rate	1.00000	1.00000	1.00000	1.00000	1.00000
Cerritos Community College Dist	0.01782	0.02594	0.02502	0.04809	0.04829
Compton Community College Dist	0.01481	0.01531	0.00963	0.00987	0.00926
County Detention Facilities 1987 Debt	0.00000	0.00000	0.00000	0.00000	0.00000
Downey Unified School District	0.06725	0.07132	0.06603	0.06549	0.11466
LA Community College District	0.03530	0.03756	0.04454	0.04017	0.03575
LA County Flood Control	0.00000	0.00000	0.00000	0.00000	0.00000
Little Lake City School District	0.05286	0.06942	0.08537	0.07964	0.06522
Los Angeles Unified School District	0.16819	0.17560	0.14644	0.14688	0.12971
Metropolitan Water District	0.00370	0.00350	0.00350	0.00350	0.00350
Montebello Unified School District	0.10001	0.09630	0.09457	0.08750	0.08715
Norwalk-La Mirada Unified	0.06496	0.06997	0.07238	0.07063	0.14114
Rio Hondo Community College Dist	0.03418	0.02812	0.02892	0.02821	0.02712
Whittier Union High School Dist	0.04317	0.04556	0.04473	0.05270	0.05063
Total Voter Approved Rate	0.60225	0.63860	0.62113	0.63268	0.71243
TOTAL DIRECT & OVERLAPPING2 TAX RATE	1.60225	1.63860	1.62113	1.63268	1.71243
Rate producing Revenue for City and Redevelopment Agency (RDA)					
City General Fund Direct Rate 3	0.13973	0.013973	0.013973	0.013973	0.013973
RDA Incremental Rate 4	1.00370	-	-	-	-
Total Direct Rate	0.18102	0.18154	0.13874	0.13987	0.14008

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 Ten Years Ago

Taxpayer	2015-16		2006-07	
	Taxable Assessed Value	% of Total City Taxable Assessed Value	Taxable Assessed Value	% of Total City Taxable Assessed Value
Kaiser Foundation Health Plan, Inc.	\$ 128,520	1.29%	69,621	0.90%
Coca Cola Bottling Company of Los Angeles	121,918	1.22%	97,266	1.25%
Gary L. Ball Trust	107,327	1.07%	96,119	1.24%
Downey Landing LLC	94,102	0.94%		
Macerich Stonewood, LLC	57,612	0.58%	50,379	0.65%
Fremont Rancho Limited	45,466	0.45%	39,986	0.51%
RLJ II-EM Downey	40,226	0.40%		
PRC Multi-Family LLC	33,072	0.33%		
Majestic Enterprises LP	28,556	0.29%		
Downey Land Limited	28,438	0.28%	22,731	0.29%
Top Ten Total	<u>685,237</u>	<u>7%</u>	<u>376,102</u>	<u>5%</u>

*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
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%	688	13,830	103.93%
2015-16	13,587	13,164	96.89%	21	13,185	97.04%

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	Capital Lease Agreement*	Other				Total Business-type Activities
2006-07	28,618	2,650	46,213	77,481	9,070	323	9,393	86,874	16.1%	771
2007-08	28,315	1,365	48,486	78,166	8,775	383	9,158	87,324	15.8%	776
2008-09	27,987	-	46,595	74,582	8,470	497	8,967	83,549	3367.3%	742
2009-10	27,614	-	48,236	75,850	8,155	531	8,686	84,536	3469.9%	748
2010-11	27,186	-	52,743	79,929	7,830	597	8,427	88,356	3635.2%	777
2011-12	19,535	-	37,582	57,117	7,830	597	8,427	65,544	2599.6%	584
2012-13	19,260	-	35,253	54,513	7,149	694	7,843	62,356	2410.0%	553
2013-14	18,933	-	35,433	54,366	6,783	696	7,479	61,845	2430.3%	546
2014-15	18,545	-	13,949	32,494	5,875	-	5,875	38,369	1481.5%	338
2015-16	18,092	-	16,164	34,256	5,480	-	5,480	39,736	1513.6%	348

\* Capital lease agreement was issued to prepay the 2002 Certificates of Participation



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
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%
2015-16	114,181	9,998	-	-	-	0.0%	0.0%

**THIS PAGE INTENTIONALLY LEFT BLANK**

CITY OF DOWNEY

SCHEDULE OF DIRECT AND OVERLAPPING DEBT

June 30, 2016

City Assessed Valuation	\$ 9,998,371,098
Incremental Valuation	(546,637,394)
Total Assessed Valuation	<u>\$ 9,451,733,704</u>

Debt to Assessed Valuation Ratios:	Direct Debt	0.66%
	Overlapping Debt	1.78%
	Total Debt	2.44%

	Gross Bonded Debt Balance 6/30/2016	Percent Applicable to City of Downey	Net Bonded Debt
Metropolitan Water District*	\$ 44,916,916	0.919	\$ 412,747
Little Lake City SD DS 2006	265,000	3.381	8,960
Little Lake City SD DS 00SR D-1QSCBS	7,220,000	3.381	244,126
Little Lake City SD DS 2011 Ref. Bond	999,901	3.381	33,809
Little Lake City SD DS 2012 Series A	4,390,000	3.381	148,437
Little Lake City SD DS 2014 Ref Bonds Series A	4,995,000	3.381	168,893
Little Lake City SD DS 2014 Ref Bonds Series B	11,755,000	3.381	397,466
Little Lake City SD DS 2015	12,000,000	3.381	405,750
Whittier Union HSD DS 2005 Refunding Bonds	37,923,592	0.567	215,010
Whittier UN High DS 2008 Ser 2014B	99,015,000	0.567	561,372
Cerritos CCD DS 2004 Series 2009C	4,520,000	23.812	1,076,309
Cerritos CCD DS 2004 Series 2012D	82,152,224	23.812	19,562,207
Cerritos CCD DS 2012 Series 2014A	91,545,000	23.812	21,798,829
Cerritos CCD DS 2014 Refunding Bonds Series A	78,830,000	23.812	18,771,114
Cerritos CCD DS 2014 Refunding Bonds Series B	17,400,000	23.812	4,143,313
Compton CCD DS 2002 Series 2008A	1,075,000	0.705	7,580
Compton CCD DS 2002 Series 2012C	14,705,055	0.705	103,689
Compton CCD DS 2012 Ref Bonds	13,235,000	0.705	93,323
Compton CCD DS 2002 Series 2013D	16,484,972	0.705	116,240
Compton CCD DS 2014 Ref	29,760,000	0.705	209,845
L.A. CCD DS 2001, 2006 Series B	53,535,000	0.003	1,389
L.A. CCD DS 2001, 2008 Series E-1	20,620,000	0.003	535
L.A. CCD DS 2003, 2008 Series F-1	20,270,000	0.003	526
LA CCD DS 2008, 2009 Taxable Series B	75,000,000	0.003	1,946
LA CCD DS 2008, 2010 Taxable Series D	175,000,000	0.003	4,542
LA CCD Debt 2008, 2010 Tax Ser E (BABS)	900,000,000	0.003	23,357
LA CCD DS 2008, 2010 Taxable Series C	125,000,000	0.003	3,244
LA CCD DS 2013 Ref Bonds	261,585,000	0.003	6,789
LA CCD DS 2015 Ref Series A	230,000,000	0.003	5,969
LA CCD DS 2015 Ref Series B	1,462,085,000	0.003	37,944
LA CCD DS 2015 Ref Series C	42,000,000	0.003	1,090
LA CCD DS 2015	305,905,000	0.003	7,939
Rio Hondo CCD DS 2005 Refunding Bonds	38,880,000	363.000	141,231
Rio Hondo CCD DS 2004 Series 2009	120,082,824	0.363	436,200
Downey Unified SD Refunding 1999 Series A	4,845,256	91.546	4,435,631
Downey USD DS 2006 Refunding Bonds	415,000	91.546	379,915
Downey Unif DS 2007 Ref Bonds	18,280,000	91.546	16,734,581
Downey USD DS 2011 Refunding Bonds	9,050,000	91.546	8,284,899
Downey USD DS 2012 Refunding Bonds	15,635,000	91.546	14,313,193
Downey USD DS 2014 Series A	60,350,000	91.546	55,247,918
Montebello USD DS 1998 Series 1998	6,007,949	0.125	7,502
Montebello USD DS 1998 Series 1999	8,110,352	0.125	10,127
Montebello USD DS 1998 Series 2002	14,283,040	0.125	17,835
Montebello USD DS 2004 Ser 2008	2,135,000	0.125	2,666
Montebello USD DS 2004 Series 2009-1	3,220,000	0.125	4,021
Montebello USD DS 2004 Series 2009A-2 BABS	12,640,000	0.125	15,783
Montebello USD DS 2010 Refunding Bonds	7,495,000	0.125	9,359
Montebello USD DS Ref 2004 Series 2013A	20,285,000	0.125	25,329
Montebello USD DS Ref Bond Series 2015	43,260,000	0.125	54,017
<b>Total Overlapping Debt</b>			<b>168,694,496</b>
<b>Total Direct Debt</b>			<b>62,120,395</b>
<b>Total Direct and Overlapping Debt</b>			<b>230,814,891</b>

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	7,774,262	\$ 8,477,831	\$ 8,945,867	\$ 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	1,166,139	1,271,675	1,341,880	1,289,306	1,274,544
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	2015-16
Assessed Valuation	\$ 8,496,958	\$ 8,646,847	\$ 8,820,915	\$ 9,525,614	\$ 9,998,371
Charter Debt Limited (15% of Assessed Valuation)	1,274,544	1,297,027	1,323,137	1,428,842	1,499,756
Amount of debt applicable to debt limit	-	-	-	-	-
Legal Debt Margin	1,274,544	1,297,027	1,323,137	1,428,842	1,499,756
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

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	
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
2015-16	3,249	2,453	796	395	210	605	1.32

*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	Personal Income (in thousands)	Per Capita Personal Income	Unemployment Rate
2006	112,637	2,388,380	21,204	3.8%
2007	112,504	2,462,306	21,886	4.0%
2008	112,556	2,481,192	22,044	6.0%
2009	113,053	2,436,265	21,550	9.3%
2010	113,715	2,430,544	21,374	10.2%
2011	112,201	2,521,269	22,471	96.9%
2012	112,761	2,587,414	22,946	704.0%
2013	113,363	2,544,773	22,448	601.0%
2014	113,417	2,589,877	22,835	7.3%
2015	114,181	2,625,354	22,992	6.0%

Sources: HdL Coren Cone

**THIS PAGE INTENTIONALLY LEFT BLANK**



CITY OF DOWNEY

PRINCIPAL EMPLOYERS

Current Year and Ten Years Ago

Employer	2015-16		2006-07	
	Number of Employees	Percent of Total Employment	Number of Employees	Percent of Total Employment
Kaiser Permanente	4,500	8.2%		
Downey Unified School District	2,450	4.5%	1,500	
Stonewood Shopping Center	1,765	3.2%	1,608	N O T
Office of Education, County of Los Angeles	1,685	3.1%	800	A V A
Rancho Los Amigos Medical Center	1410	2.6%		I L
PIH Health (frmly Downey Regional Medical Center)	1,100	2.0%	1,300	A B L E
City of Downey	833	1.5%		
Coca-Cola Bottling Company	800	1.5%	795	
County of Los Angeles, Internal Service Department	712	1.3%		
Lakewood Health Center	314	0.6%		

CITY OF DOWNEY

FULL-TIME AND PART-TIME CITY EMPLOYEES BY FUNCTION

Last Ten Fiscal Years

Function	2006-07	2007-08	2008-09	2009-10	2010-11
General Government	33	37	38	36	36
Police	169	179	201	193 <sup>1</sup>	190
Fire	85	86	92	91	90
Community Services	338	368	383	370 <sup>2</sup>	383
Public Works	81	82	87	82	83
Community Development	34	32	30	33	28
<b>Total</b>	<b>740</b>	<b>784</b>	<b>831</b>	<b>805</b>	<b>810</b>

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

Function	2011-12	2012-13	2013-14	2014-15	2015-16
General Government	33	27	31	32	36
Police	166	162	167	161	166
Fire	86	82	94 <sup>3</sup>	98 <sup>4</sup>	89
Community Services	337	370	379	469 <sup>5</sup>	477
Public Works	83	67	74	76	81
Community Development	30	20	21	21	21
<b>Total</b>	<b>735</b>	<b>728</b>	<b>766</b>	<b>857</b>	<b>870</b>

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

	2006-07	2007-08	2008-09	2009-10	2010-11
<b>Police:</b>					
Number of arrests	4,984	4,519	4,437	4,663	4,663
Number of collision reports issued	1,473	1,402	1,311	1,143	1,143
Number of traffic citations issued	47,508	43,188	42,078	40,871	40,871
Number of reported crimes & incidents	15,016	13,543	13,294	13,230	13,230
<b>Fire:</b>					
Number of emergency incidents	5,451	5,983	6,021	6,126	6,126
Number of fire & other incidents	2,567	1,881	1,136	1,384	1,384
Number of special service & other incidents	n/a	n/a	535	297	297
Number of traffic accidents	752	735	715	747	747
<b>Parks and Recreation:</b>					
Number of general park attendance	676,731	520,340	929,974	935,457	935,457
Number of participants in theatre	40,738	54,114	38,891	42,882	42,882
Number of library attendance	359,502	397,002	413,510	416,605	416,605
<b>Public works:</b>					
<b>Engineering (CIP related improvement)</b>					
Street striping (linear feet)	39,005	45,148	27,600	27,000	27,000
Asphalt replacement (tons)	21,506	3,944	7,981	34,000	34,000
Trees planted (each)	444	434	372	127	127
Trees removed (each)	20	5	13	62	62
<b>Maintenance</b>					
Pavement markings (square feet)	59,201	80,365	102,651	42,638	42,638
Street striping (linear feet)	375,471	191,707	501,357	272,266	272,266
Asphalt repair (tons)	587	466	508	428	428
Graffiti removed (square feet)	627,970	755,485	719,661	685,482	685,482
Trees trimmed (each)	8,870	9,870	6,288	7,100	7,100
Trees planted (each)	200	239	155	241	241
Trees removed (each)	234	320	199	494	494
Vehicles serviced - preventative maintenance (each)	441	469	575	694	694
Vehicles serviced - repairs (each)	597	612	498	911	911
<b>Water:</b>					
Number of customers	22,356	22,806	22,421	22,249	22,249
Annual supply (acre feet)	19,313	18,402	17,973	16,953	16,953
Maximum daily capacity (thousands of gallons)	45,000	45,000	45,000	45,000	45,000
<b>Sanitary Sewer:</b>					
Sewer main cleaned (no. of miles)	18	18	25	12	12
Vector coating applied to sewer manholes	1,818	1,920	2,000	1,000	1,000
<b>Golf course:</b>					
Golf rounds played	68,980	67,050	64,105	62,154	62,154

## CITY OF DOWNEY

## OPERATING INDICATORS

Last Ten Fiscal Years

	2011-12	2012-13	2013-14	2014-15	2015-16
<b>Police:</b>					
Number of arrests	4,667	3,376	3,368	3,942	3,947
Number of collision reports issued	901	1,135	1,170	1,199	1,280
Number of traffic citations issued	40,741	32,031	35,643	16,008	14,696
Number of reported crimes & incidents	13,891	9,759	8,198	9,331	9,729
<b>Fire:</b>					
Number of emergency incidents	5,086	6,979	6,996	7,346	8,081
Number of fire & other incidents	2,892	1,268	1,363	1,339	1,635
Number of special service & other incidents	n/a	171	312	410	374
Number of traffic accidents	312	812	853	1,026	1,121
<b>Parks and Recreation:</b>					
Number of general park attendance	844,896	954,696	1,404,361	1,652,469	2,004,311
Number of participants in theatre	40,000	47,943	42,219	45,869	51,762
Number of library attendance	387,656	356,586	363,640	360,211	371,625
<b>Public works:</b>					
<b>Engineering (CIP related improvement)</b>					
Street striping (linear feet)	n/a	5,798	39,750	39,218	55,392
Asphalt replacement (tons)	n/a	5,201	21,484	19,998	30,728
Trees planted (each)	n/a	n/a	n/a	437	105
Trees removed (each)	n/a	151	220	100	332
<b>Maintenance</b>					
Pavement markings (square feet)	n/a	35,038	57,229	38,485	24,985
Street striping (linear feet)	n/a	260,463	29,751	8,721	2,084
Asphalt repair (tons)	400	403	375	403	422
Graffiti removed (square feet)	200,000	633,950	645,000	676,623	752,655
Trees trimmed (each)	10,208	5,820	8,169	3,677	8,034
Trees planted (each)	240	123	204	81	95
Trees removed (each)	290	618	228	205	185
Vehicles serviced - preventative maintenance (each)	152	1,332	455	1,604	1,494
Vehicles serviced - repairs (each)	545	849	660	656	547
<b>Water:</b>					
Number of customers	22,339	23,486	22,961	23,039	23,341
Annual supply (acre feet)	18,347	17,215	17,279	15,768	13,911
Maximum daily capacity (thousands of gallons)	45,000	45,000	45,000	45,000	45,000
<b>Sanitary Sewer:</b>					
Sewer main cleaned (no. of miles)	25	57	45	35	70
Vector coating applied to sewer manholes	n/a	1,650	1,350	1,650	25
<b>Golf course:</b>					
Golf rounds played	61,938	66,276	60,152	52,828	58,576

CITY OF DOWNEY

CAPITAL ASSET STATISTICS BY FUNCTION

Last Ten Fiscal Years

Function	2006-07	2007-08	2008-09	2009-10	2010-11
<b>Public Safety</b>					
Number of Police stations	1	1	1	1	1
Number of Fire stations	4	4	4	4	4
<b>Highways and streets</b>					
Miles of streets	210	210	210	210	210
Traffic signals	115	115	115	115	115
No. of street lights	5,430	5,430	5,430	5,430	5,430
<b>Water</b>					
Number of active water wells	20	20	20	20	20
Number of reservoirs	1	1	1	1	1
Miles of lines & mains	263	263	263	263	263
<b>Sewer</b>					
Miles of sanitary sewer	187	187	187	187	187
Sewer lift station	2	2	2	2	2
<b>Culture and Recreation</b>					
Number of parks	11	11	12	12	12
Number of community centers	1	1	1	1	1
Number of golf course	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	2015-16
<b>Public Safety</b>					
Number of Police stations	1	1	1	1	1
Number of Fire stations	4	4	4	4	4
<b>Highways and streets</b>					
Miles of streets	210	210	210	210	210
Traffic signals	115	116	116	116	116
No. of street lights	5,430	5,430	5,430	5,430	5,430
<b>Water</b>					
Number of active water wells	20	20	20	20	20
Number of reservoirs	1	1	1	1	1
Miles of lines & mains	263	276	276	276	276
<b>Sewer</b>					
Miles of sanitary sewer	187	187	187	193	193
Sewer lift station	2	2	2	2	2
<b>Culture and Recreation</b>					
Number of parks	12	12	12	12	12
Number of community centers	1	1	1	1	1
Number of golf course	1-18-hole	1-18-hole	1-18-hole	1-18-hole	1-18-hole

**THIS PAGE INTENTIONALLY LEFT BLANK**





CITY OF DOWNEY  
11111 BROOKSHIRE AVENUE  
DOWNEY, CALIFORNIA 90241  
WWW.DOWNEYCA.ORG



discoverDowney