



City of Downey

CALIFORNIA



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR FISCAL YEAR ENDED
JUNE 30, 2017



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CITY OF DOWNEY, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2017

Prepared by: Finance Department

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CITY OF DOWNEY
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE YEAR ENDED JUNE 30, 2017

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INTRODUCTORY SECTION



City of *Downey*

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City of Downey

December 15, 2017

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, 2017.

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 113,832.

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
1111 BROOKSHIRE AVE.
PO BOX 7016
DOWNEY, CALIFORNIA
90241-7016
562-869-7331
www.downeyca.org

LIBRARY
11121 BROOKSHIRE AVE.
DOWNEY, CALIFORNIA
90241-7016
562-904-7360
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; parks and recreation; planning and building safety; and 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. The medical industry in particular is a burgeoning sector in Downey. During the last couple of years, Downey has experienced 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. The mix of industries includes 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 continued 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 2018 expenses as outlined in the City Council adopted balanced budget.

In June 2017, the unemployment rate for the City was 4%, which is slightly lower than the County unemployment rate of 4.6%, the State unemployment rate of 4.9%, and the national unemployment rate of 4.4%. The City's retail sector is highly dependent on the financial health of consumers and their perception of the direction of the local and national economy. In the short term, the Los Angeles Economic Development Council (LAEDC) is suggesting continued gains in employment, which bodes well for discretionary spending and consumer perceptions of their financial well-being. On the whole, California is expected to continue leading the nation in GDP growth. The UCLA Anderson forecast concurs, suggesting that employment growth will experience slow but steady increases.

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. The strong local economy, coupled with prudent financial management practices, have resulted in the recently upgraded bond rating for the City, raising the City's rating from A to AA-, a superior investment quality rating.

MAJOR INITIATIVES

For FY 2016-17

The City's finances performed better than anticipated with actual year end revenues exceeding initial revenue projections. Local sales tax, already bolstered by strengthening sales at the Promenade, Downey Landing and Stonewood Center, has been further increased through the newly-expanded Downey Nissan dealership (which as of June 2017, was the #1 dealership in California and the #4 dealership in all of the U.S.). Property tax income continues to increase modestly while the UUT revenue is at its same stable level.

Downey voters approved at more than 62% majority, a twenty year half-cent sales tax called Measure S which will fund infrastructure improvements and enhanced public safety services.

With regard to developments, several new Downtown Downey restaurants and establishments have opened recently, and the City welcomed 130 new businesses this year. Included among those new businesses were Rock-N-Brews restaurant and several other eateries, new retailers, and new homes in the Downtown Downey area. The long-vacant Gallatin Medical Center is under construction with 117-unit market-rate residential units. The City's partnership with Habitat for Humanity culminated in the construction of seven new affordable homes. Another public-private partnership is poised to adaptively reuse of the long-vacant single-screen theater in the City's downtown. Escrow is underway for the former redevelopment agency owned land, which is slated for development as a 140 room hotel by Springhill Suites by Marriott. Also, Kaiser Permanente, one of the largest regional hospitals, located in Downey, has submitted plans for the expansion of their existing medical campus. Kaiser will invest \$52 million in the development with a new medical tower and parking structure. The new six story hospital tower will add 96 beds bringing the total to 400 beds in total. Finally, the City approved a new sports complex at the County's South Rancho property, opened the Civic Center Park and café at the north end of the Library, and launched a free, unlimited virtual Library WiFi service at the Library and several public parks.

FUTURE INITIATIVES

For FY 2017-18

This fiscal year, the City looks forward to fulfilling the promises of Measure S, the twenty-year, local half-cent sales tax measure approved by more than 62% of voters in 2016. Approximately one-half of the revenue is devoted to public safety enhancements, including new, strategically planned positions in police and fire. The other half of new revenues will fund infrastructure, roadway and parks improvements to be completed in the coming three years. Development-wise, the City looks forward to the opening of a new Hyundai dealership at the former Nissan site, a new Burlington store at the Promenade, and several other new retail and dining establishments that are currently in the planning and design phases. The Historic McDonald's on Lakewood at Florence is also introducing a drive-through lane to continue to expand service.

On the residential front, the strong Southern California mid-luxury multifamily housing construction trend continues. The 28-unit Olson Downtown development is nearing completion, a new 39-unit townhome development at Telegraph and Tweedy is underway, a residential development at Foster Road near the eastern city limits received approvals, a 117 unit market rate residential unit development in a long-vacant Gallatin Medical Center and a three-story, 24-unit condominium project near the intersection of Firestone and Stewart and Gray toward the eastern end of the City is also in the works.

Finally, on the planning for the future front, the City is completing its Biomedical Hub Specific Plan this year. There is strong progress on the Imperial Highway development plan and revitalization plans for commercial corridors as well. Moreover, the city won a half-million planning grant to proceed with a specific plan to support the redevelopment of the Rancho South Campus and the establishment of a future Metro/EcoRapid light rail station. There is strong anticipation that a light rail station will benefit not only the Downey community as a whole, but further enhance the redevelopment of the South Campus and the continued redevelopment and expansion of facilities on the North Campus, home to the nationally-renowned Rancho Los Amigos National Rehabilitation Hospital. The total investment between the North and South Campus is valued at close to one billion dollars.

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 City Council budget subcommittee 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, 2016 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. As pension contribution rates continue to increase as PERS adjusts its discount rate from previously unrealistic 7.5% to an ultimately still too optimistic discount rate, resulting in continuous increases to PERS rates. 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. The City Council recently adopted a General Fund Reserves policy following best management practices as prescribed by the Government Finance Officers Association to ensure the current and future fiscal health of the City. The policy established two separate reserves, an Emergency Reserve and a Stability Reserve to maintain a targeted level of reserve at 35% of the average of the last three years of revenue.

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 recently adopted a Comprehensive Debt Policy to govern investments, ensure prudent fiscal management, and promote transparency. 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:

Principal Issue	Trustee	Outstanding
Downey Public Facilities Financing Corporation:		
2014 Capital Lease	Western Alliance Bank	\$ 5,070,000
California Statewide Communities Development Authority:		
2005 Pension Obligation Bonds	Wells Fargo Trust Services	\$ 17,690,000

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, 2016. 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,


Anil H. Gandhi, CPA
Director of Finance

CITY OF DOWNEY
PRINCIPAL OFFICIALS

CITY COUNCIL

Fernando Vasquez, Mayor

Sean Ashton, Mayor Pro Tem

**Alex Saab
Council Member**

**Blanca Pacheco
Council Member**

**Rick Rodriguez
Council Member**

APPOINTED OFFICIALS

Yvette M. Abich-Garcia – City Attorney

Alicia Duarte – 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**

**Pam Passow
Director of Park & Recreation**

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



Citizens of Downey

Charter Boards & Commissions

Planning Commission
Library Advisory Board
Personnel Advisory Board

City Council

5 Members
Mayor Elected Annually

Other Commissions

Community Services Commission
Green Task Force
Disability Appeals Board
Keep Downey Beautiful
Public Works Committee
Public Facilities Financing Corp
Water Facilities Corp
Youth Commission

Interim City Clerk

Maria Alicia Duarte, CMC

City Manager

Gilbert A. Livas

City Attorney

Yvette M. Abich Garcia

Assistant to the City Manager

Shannon K. DeLong

Assistant City Manager

John Oskoui

Columbia Memorial Space Center	Community Development	Finance & Information Technology	Fire	Human Resources	Parks & Recreation	Police	Public Works
Benjamin Dickow Executive Director & President	Aldo E. Schindler Director	Anil H. Gandhi Director	Mark Gillaspie Fire Chief	Irma Youssefieh Director	Pamela Passow Director	Carl Charles Chief of Police	Mohammad Mostahkami Director
Library	Building/ Safety Code Enforcement Economic Development Housing Planning	Administration Purchasing Accounting Information Technology Risk Management Revenue	Administration Suppression Paramedics Prevention Joint Communications		Recreation Parks Theatre Social Services Golf Course Transit Cemetery	Administration Field Operations Detectives Crossing Guard Animal Control	Administration Engineering Utilities GIS Maintenance Streets



Government Finance Officers Association

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

Presented to

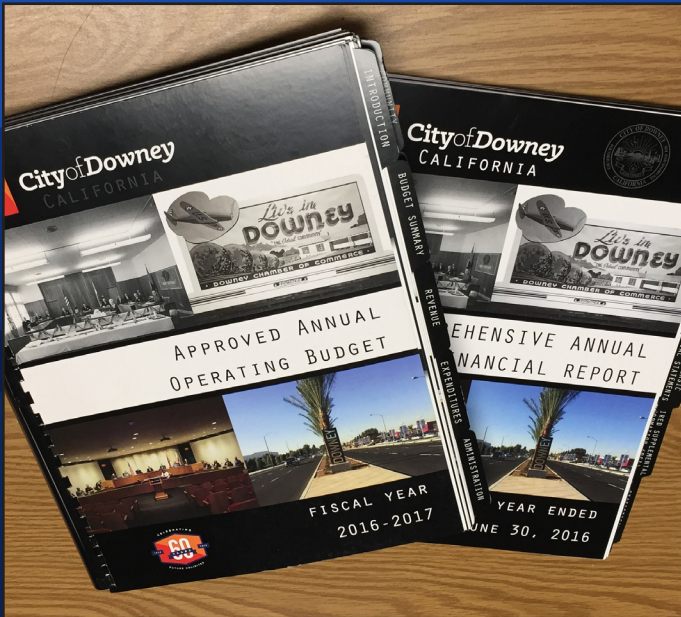
**City of Downey
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2016

Executive Director/CEO

FINANCIAL SECTION



City of *Downey*

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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, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.



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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Downey, California, as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 fund, HOME fund, and Grant fund, the schedule of funding progress – OPEB, the schedule of changes in net pension liability and related ratios, and the schedule of plan 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.



CPAs AND ADVISORS

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 8, 2017 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Lance, Soll & Lughard, LLP

Brea, California
December 8, 2017

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MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Downey, we offer readers of the City of Downey's financial statements this narrative overview and analysis of the financial activities of the City of Downey for the fiscal year ended June 30, 2017. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i-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, 2017, by \$180 million (net position). Of this amount, \$20.1 million is restricted for low and moderate income housing, \$6.4 million for public works projects, \$2.2 million for capital projects and \$872 thousand is restricted for community development.
- At the fiscal year ended June 30, 2017, the government's total net position increased by \$897 thousand. 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 \$30.9 million during the current fiscal year. The increase is due to a \$29.8 increase in net pension liability, \$245 thousand increased in claims payable, \$465 thousand increase in capital leases payable and amounts due to other governments being recorded on June 30, 2017.
- As of June 30, 2017, the City's governmental funds reported combined ending fund balances of \$49.4 million, a decrease of \$2.7 million in comparison with the prior year. Approximately 56% of this total amount, \$27.4 million, is available for spending at the government's discretion (committed, assigned, and unassigned fund balance) within the guidelines of the funding sources.
- As of June 30, 2017, assigned and unassigned fund balance for the general fund was \$27.9 million or 35% of total general fund expenditures. This represents a decrease of \$2.9 million or 9.0%, 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, Grant 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 \$133.3 million for governmental activities and \$46.8 million for business-type activities for a total of \$180.1 million at the close of the most recent fiscal year.

The largest portion of the City's net position, \$247.5 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, \$31.1 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, 2017 and 2016 (Amounts Expressed in Thousands)						
	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
ASSETS						
Current and Other Assets	115,632	119,004	19,043	16,565	134,675	135,569
Capital Assets	228,873	227,184	40,335	38,571	269,208	265,755
Total Assets	344,505	346,188	59,378	55,136	403,883	401,324
Deferred Outflows of Resources	32,116	11,399	1,108	335	33,224	11,734
LIABILITIES						
Current Liabilities	15,361	15,058	2,826	2,761	18,187	17,819
Non-current Liabilities	223,398	193,434	10,761	10,200	234,159	203,634
Total Liabilities	238,759	208,492	13,587	12,961	252,346	221,453
Deferred Inflows of Resources	4,569	11,918	41	432	4,610	12,350
NET POSITION						
Net Investment Capital Assets	212,244	211,020	35,265	35,577	247,509	246,597
Restricted	30,653	30,009	469	469	31,122	30,478
Unrestricted	(109,604)	(103,852)	11,124	6,032	(98,480)	(97,820)
Total Net Position	133,293	137,177	46,858	42,078	180,151	179,255

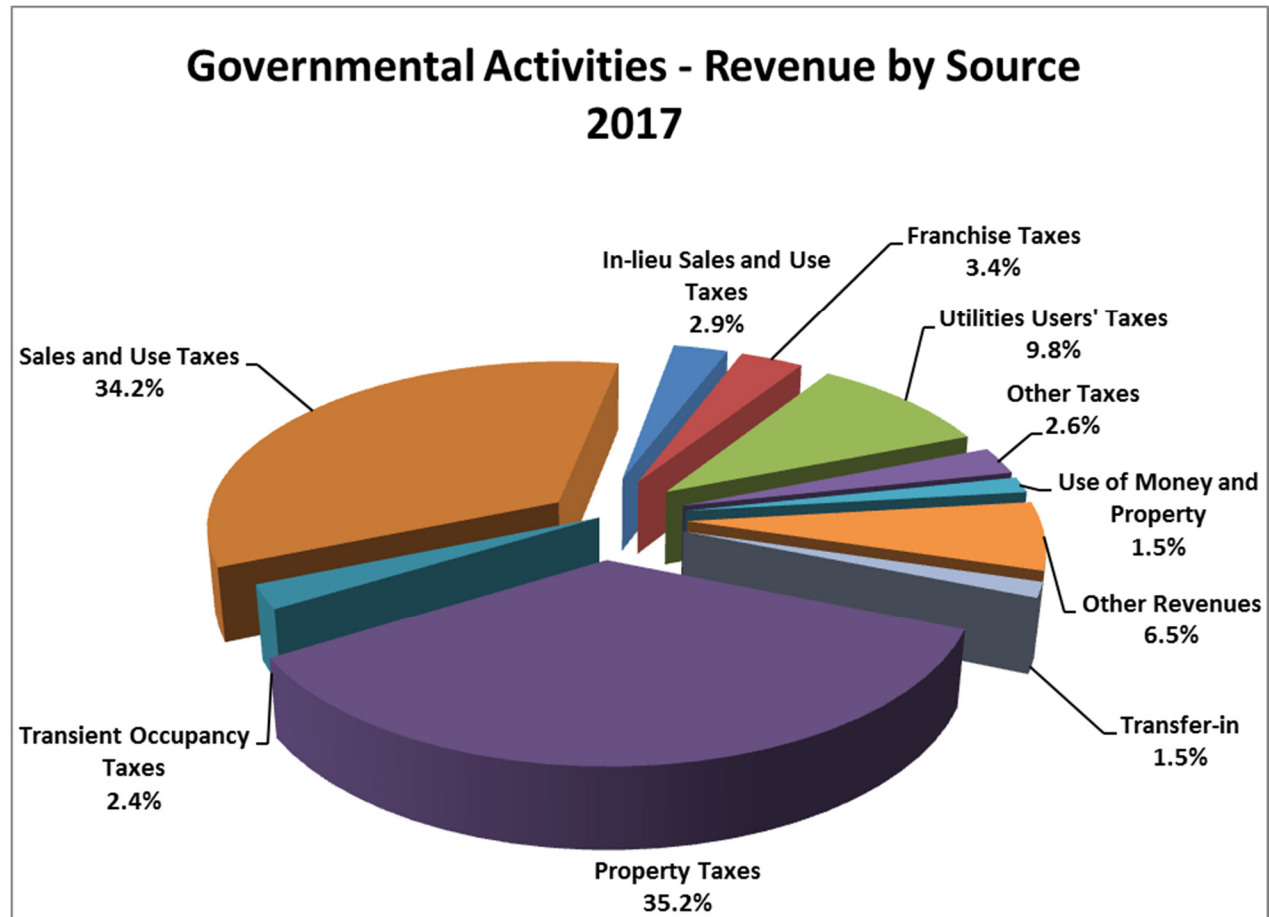
Governmental Activities

The City's net position in the Governmental activities decreased \$3.8 million. The decrease in net position is due to an increase in expenditures related to a lawsuit settlement, a leave balance conversion and a three year retro-active cost of living adjustment. The City, however, is continuing to see growth in its revenue base in the General Fund above the level anticipated in the FY 2016-2017 budget.

City of Downey			
Summary of Net Position			
For Fiscal Year Ended June 30, 2017 and 2016			
<i>(Amounts Expressed in Thousands)</i>			
	Governmental Activities		Amount
REVENUES:	2017	2016	Increase (Decrease)
Program Revenues:			
Charges for Services	21,652	21,900	(248)
Operating Grants and Contributions	13,548	15,108	(1,560)
Capital Grants and Contributions	1,805	2,281	(476)
General Revenues:			
Taxes			
Property Taxes	25,378	24,709	669
Transient Occupancy Taxes	1,701	1,629	72
Sales and Use Taxes	24,606	20,039	4,567
Property Taxes in Lieu Sales and Use Taxes	2,106	3,349	(1,243)
Franchise Taxes	2,433	2,625	(192)
Utilities Users' Taxes	7,065	7,229	(164)
Other Taxes	1,899	1,903	(4)
Use of Money and Property	1,089	3,738	(2,649)
Other Revenues	4,694	4,805	(111)
Total Revenues	107,976	109,315	(1,339)
EXPENSES:			
Program Activities			
General Government	14,735	14,884	(149)
Public Safety	65,666	58,397	7,269
Public Works	15,486	15,479	7
Community Services	9,404	7,975	1,429
Community Development	5,870	7,257	(1,387)
Interest on Long-term Debts	1,704	1,662	42
Total Expenses	112,865	105,654	7,211
Excess/(Shortage) of Revenues Over Expenses	(4,889)	3,661	(8,550)
TRANSFERS:			
Transfer-in	1,051	1,359	(308)
Transfer-out	-	-	-
Changes in Net Position	(3,838)	5,020	(8,858)
Net Position at Beginning of Year (Restated)	137,131	132,156	4,975
Net Position at Bend of Year	133,293	137,176	(3,883)

Top Governmental Activity Revenue Sources

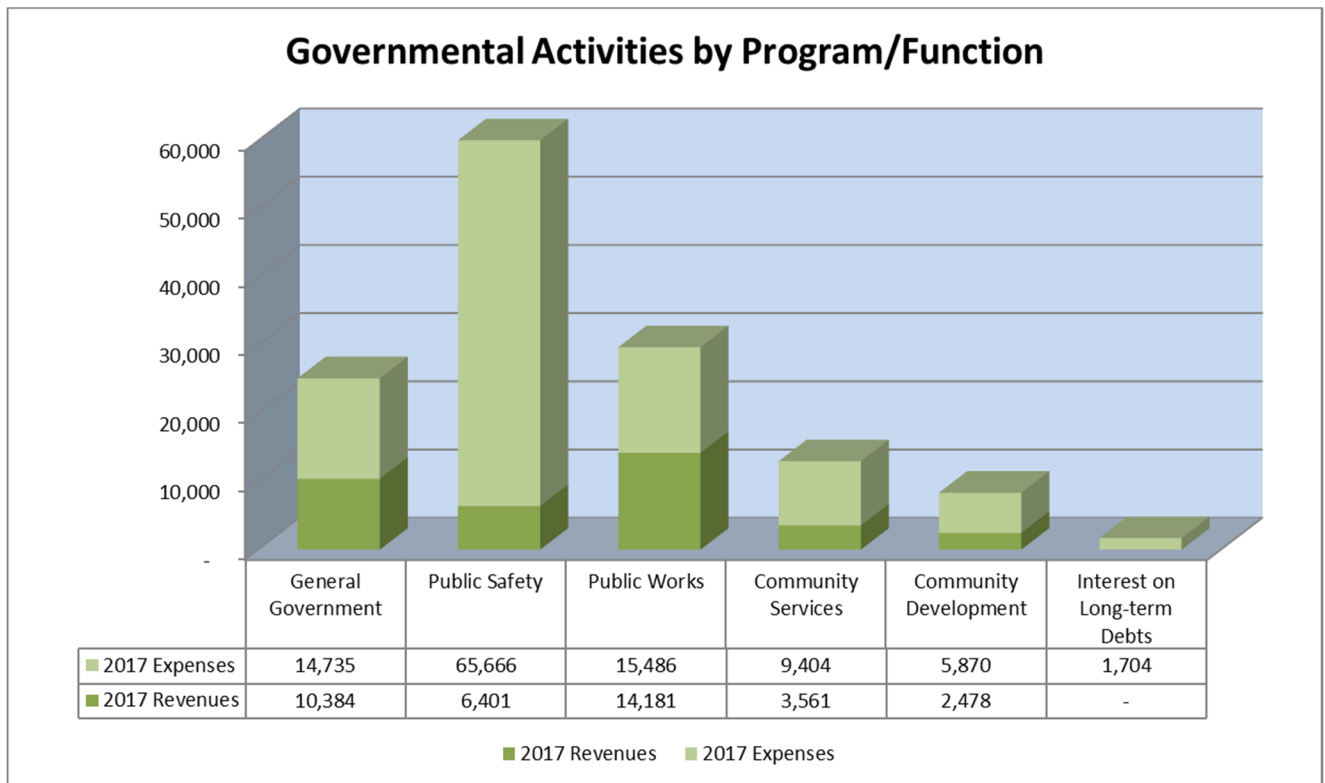
As shown below, our top five revenues accounted for approximately 89.4% of total revenues, with use of money and property accounted for 1.5% and miscellaneous revenues accounted for 2.6%. Generally, revenues for FY 2016-17 increased from those of the prior fiscal year.



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 \$4.57 million or 22.8% over prior year.
2. *Operating contributions and grants.* These revenues decreased by \$1.6 million or 11.0% over prior year as City infrastructure projects were completed resulting in a decreased amount of grant reimbursements.
3. *Property taxes.* Property tax increased by \$669 thousand or 2.7% over the prior year. Property taxes continue to grow at a slow but steady pace.

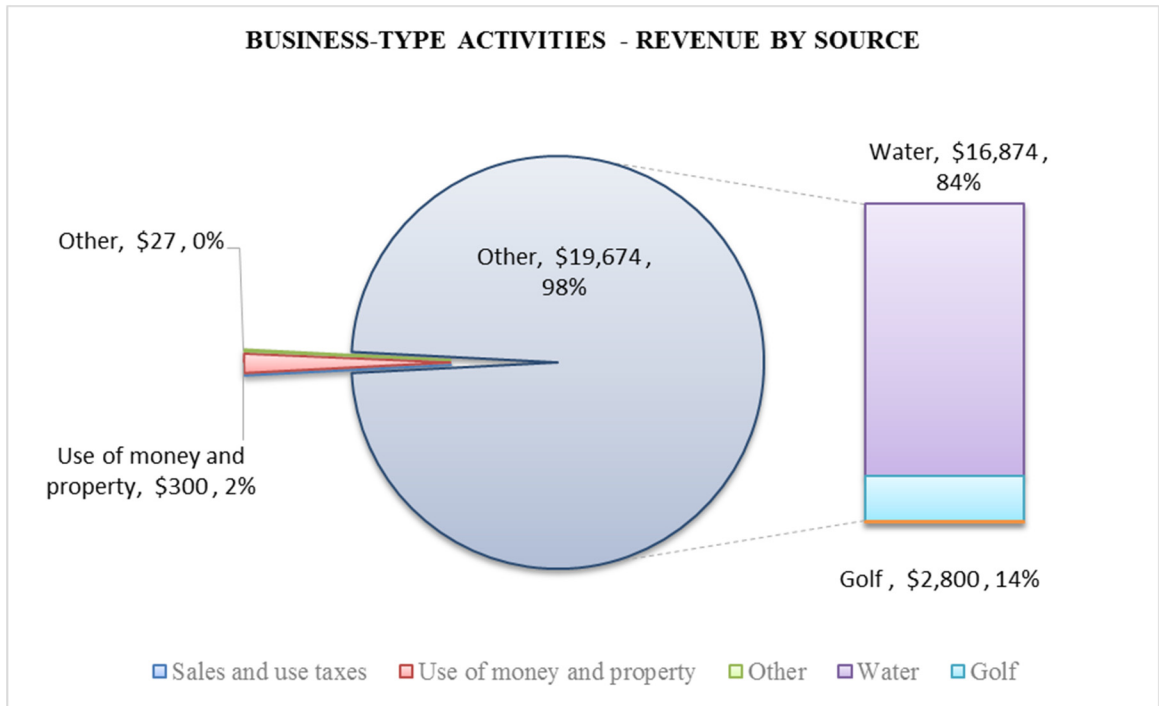
4. *Charges for Services.* These revenues decreased by approximately \$248 thousand or 1.1% over prior year. In the General Fund, charges for services had a negligible decrease over the prior year. However, the City's has continued development projects, new housing units and private developments along the Imperial Highway, Lakewood and Firestone Boulevard Corridors.
5. *Other Revenues.* These revenues decreased by \$111 thousand or 2.3% from prior year.
6. *Use of Money and Property.* These revenues decreased by \$2.6 million or 71% from prior year.
7. *Program Expenses.* Program activities experienced an increase of \$7.2 million or 6.6% from prior year. The increase is due to increase in PERS rates, 3 year retro-active cost of living adjustments and a legal settlement.



Summary of Business-Type Activities

Revenue Sources – charges for services reflect an increase of \$756 thousand or 4% from the prior fiscal year. This reflects an increase in water consumption from City’s water customers. Significant variances are as follows:

1. *Water revenues* - total operating revenues increased \$754 thousand or 4.7% from the prior year. The increase in revenue is from more water consumption from easing State-wide mandated water reduction efforts.
2. *Golf revenues* - the overall revenue increased by \$2 thousand over prior year. This is due to a slight increase in participation from residents and general community from signs of stabilization in the local economy.

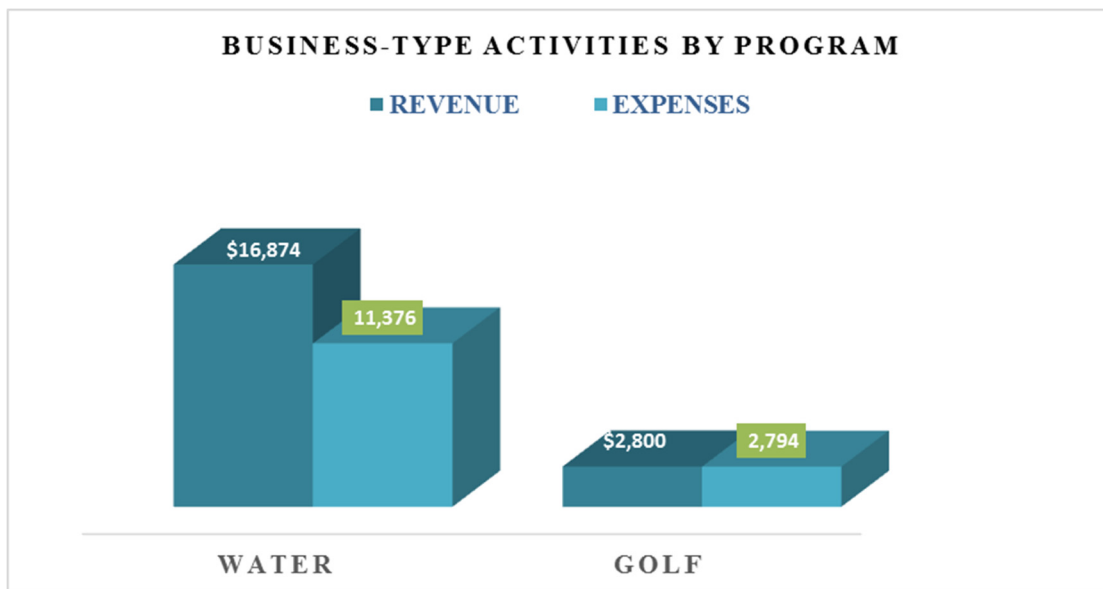


Program Expenses – the program expenses for enterprises funds have a net increase of \$923 thousand or an increase of 6.97% over the prior year. From this amount, water activities ended with an increase of \$796 thousand from increased capital expenditures during the year. Golf course experienced an increase of \$127 thousand or increase of 4.7%.

City of Downey Summary of Net Position Business- Type Activities For Fiscal Year Ended June 30, 2017 and 2016 <i>(Amounts Expressed in Thousands)</i>			
	Business-Type Activities		Amount
	2017	2016	Increase (Decrease)
REVENUES:			
Program Revenues:			
Charges for Services	19,674	18,918	756
General Revenues:			
Use of Money and Property	300	519	(219)
Other Revenues	27	1,009	(982)
Total Revenues	20,001	20,446	(445)
EXPENSES:			
Program Activities			
Water	11,376	10,580	796
Golf	2,794	2,667	127
Total Expenses	14,170	13,247	923
Excess/(Shortage) of Revenues Over Expenses	5,831	7,199	(1,368)
TRANSFERS:			
Transfer-in		-	-
Transfer-out	(1,051)	(1,359)	308
Changes in Net Position	4,780	5,840	(1,060)
Net Position at Beginning of year (Restated)	42,078	36,238	-
Net Position at End of year	46,858	42,078	(1,060)

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, 2017, the City's governmental funds reported combined ending fund balances of \$49.4 million, a net decrease of \$2.7 million or 5.2% over the prior year. Approximately 56% of the City's governmental fund ending fund balances, or \$27.4 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, \$22.0 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 \$7.4 million is not available for use and are comprised of advances to Successor Agency and prepaid costs. Restricted fund balance of almost \$14.6 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 \$337 thousand for community development activity, \$6.4 million for public works, \$1.8 million for Capital Projects, \$1 million for public safety and almost \$5.1 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, 2017, assigned and unassigned fund balance of the general fund was \$27.9 million, while total fund balance was \$35.3 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 32.0% 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, 2017, the cash and investments balance in the general fund was \$12.2 million, a decrease of \$4.4 million from the prior fiscal year.

City of Downey					
General Fund Revenues and Other Financing Sources					
For Fiscal Year Ended June 30, 2017 and 2016					
<i>(Amounts Expressed in Thousands)</i>					
	2017	Percent of	2016	Percent of	Increase
	Actuals	Total	Actuals	Total	(Decrease)
Taxes	59,760	69.7%	57,237	66.5%	2,523
Licenses and Permits	1,999	2.3%	2,173	2.5%	(174)
Fines and Forfeitures	1,457	1.7%	1,503	1.7%	(46)
Use of Money and Property	1,415	1.7%	1,855	2.2%	(440)
Intergovernmental Revenues	2,831	3.3%	3,635	4.2%	(804)
Charges for Services	10,703	12.5%	10,683	12.4%	20
Other Revenues	<u>4,124</u>	<u>4.8%</u>	<u>4,060</u>	<u>4.7%</u>	<u>64</u>
Total Revenues	82,289	96.0%	81,146	94.3%	1,143
Other Financing Sources	<u>3,431</u>	<u>4.0%</u>	<u>4,906</u>	<u>5.7%</u>	<u>(1,475)</u>
Total Revenues & Other Financing Sources	<u><u>85,720</u></u>	<u><u>100.0%</u></u>	<u><u>86,052</u></u>	<u><u>100.0%</u></u>	<u><u>(332)</u></u>

Overall, General Fund revenues for the fiscal year ended June 30, 2017 increased by \$1.1 million, or 1.4%, over the prior year. The majority of this increase is attributed to an increase in tax revenues.

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, 2017 and 2016					
<i>(Amounts Expressed in Thousands)</i>					
	2017	Percent of	2016	Percent of	Increase
	Actuals	Total	Actuals	Total	(Decrease)
General Government	11,295	12.7%	10,340	12.2%	955
Public Safety	54,909	61.9%	49,774	58.7%	5,135
Public Works	6,951	7.8%	6,671	7.9%	280
Community Services	8,518	9.6%	8,129	9.6%	389
Community Development	3,262	3.7%	3,027	3.6%	235
Principal retirement	530	0.6%	460	0.5%	70
Debt Services	<u>1,625</u>	<u>1.8%</u>	<u>1,611</u>	<u>1.9%</u>	<u>14</u>
Total Expenditures	87,090	98.1%	80,012	94.4%	7,078
Other Financing Uses	1,595	1.9%	4,797	5.6%	(3,202)
Extraordinary Items	<u>-</u>	<u>0.0%</u>	<u>-</u>	<u>0.0%</u>	<u>-</u>
Total Expenditures & Other Financing Sources	<u>88,685</u>	<u>100.0%</u>	<u>84,809</u>	<u>100.0%</u>	<u>3,876</u>

The General Fund's total expenditures, not including transfers, increased by \$7.07 million or 8.84%, 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, 2017:

- General Government increased by \$955 thousand, to \$11.3 million, as a result of an increase in general liability payouts.
- Public Safety expenditures increased by \$5.1 million, to \$54.9 million attributable to the increase in PERS safety rate, a legal settlement and 3 year retro-active cost of living increases.
- Public Works expenditures increased by \$280 thousand, to \$6.95 million, as a result of increased maintenance in land and buildings as well as upgrade of two positions in the department.

- Community Services expenditures increased by \$389 thousand, to \$8.5 million, as a result of an increase in contract services related to its Theatre operations.
- Community Development expenditures decreased by \$235 thousand, to \$3.3 million, as a result of increasing PERS costs.

General Fund Budgetary Highlights

Differences between the general fund original budget expenditures and the final amended budget were over \$1.2 million. The increases were primarily from transfers out of the general fund to fund capital projects such as the Downey Theatre and Rio Hondo Events Center improvement, and the community development upgrade of the Accella software.

In the functional expenditure categories actual expenditures were more than final budgeted amount, totaling \$88.7 million, and \$84.7 million, respectively. In addition, actual revenue exceeded budgetary estimates, by \$3.2 million, bringing actual revenue at June 30, 2017 to \$124 million. The actual transfers out of the general fund were less than final budget amount by \$801 thousand, as a result of a reduction in actual transfers to the Capital Project and Golf Funds.

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 2016-17 was \$96.8 thousand. The fund balance of \$4.4 million is non-spendable and restricted for low and moderate income housing.

The HOME special Revenue Fund is used to account for the operations of HOME Investment Partnership Program. The total revenues and expenditures in fiscal year 2016-17 was \$468 thousand and \$263 thousand, respectively, leaving an ending fund balance of \$410 thousand. The ending fund balance is also restricted for low and moderate income housing.

The Grant fund is use to account for the majority of City capital improvement projects funded from various federal, state and local sources such as Caltrans, Metropolitan Transit Authority and joint ventures with the Downey Unified School District and surrounding Cities.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets

The City's investment in capital assets for its government and business-type activities at June 30, 2017 amounted to \$269 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 \$2.5 million, or a 0.92% increase.

City of Downey						
Summary of Capital Assets (Net of Depreciation)						
For Fiscal Year Ended June 30, 2017 and 2016						
<i>(Amounts Expressed in Thousands)</i>						
	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Land and Improvements	23,499	24,251	8,272	8,272	31,771	32,522
Projects in Progress	24,590	20,045	-	-	24,590	20,045
Buildings	18,992	20,737	4,606	4,911	23,598	25,648
Land Improvements	16,529	16,579	9,318	9,369	25,847	25,948
Machinery & Equipment	6,283	6,960	356	407	6,639	7,367
Furniture & Fixtures	-	-	-	-	-	-
Infrastructures	138,981	138,612	-	-	138,981	138,612
Water Supply and Distribution System	-	-	17,783	16,613	17,783	16,613
Total Capital Assets	<u>228,873</u>	<u>227,184</u>	<u>40,335</u>	<u>39,571</u>	<u>269,208</u>	<u>266,755</u>

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

- Land decreased by \$752 from the sale of two properties.
- Infrastructure increased \$369 thousand with \$6.9 million in additions, net of \$6.5 million in depreciation for the year.
- Projects in progress increased \$4.5 million from on-going capital projects.
- Building, Machinery and Equipment decreased 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					
<i>(Amounts Expressed in Thousands)</i>					
	Balance			Balance	
	June 30,	Additions	Reduction	June 30,	Due Within
	2016			2017	One-Year
Bond	23,572	-	933	22,639	1,025
Capital Lease Payable	2,540	348	507	2,381	566
Loans from Federal Government	13,625	705	81	14,249	81
Compensated Absences	13,046	4,431	2,306	15,171	2,682
Claims Payable	18,620	5,173	4,928	18,865	4,131
Total	<u>71,403</u>	<u>10,657</u>	<u>8,755</u>	<u>73,305</u>	<u>8,485</u>

Long-term debt-related events during the fiscal year ended June 30, 2017 included:

- Compensated absences liabilities increased by \$2.1 million and payouts to employees amounted to approximately \$2.3 million.
- A net increase to claims payable of \$245 thousand to adjust for possible future general liability and workers' compensation claims.
- Capital lease obligations decreased \$507 thousand from debt service payments offset with an acquisition of a Vector truck of \$348 thousand during the year.

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

In November 2016, the City residents passed Measure S, a half-cent sales tax which will fund infrastructure improvements and enhanced public safety services. The projected annual revenue increase from Measure S is \$8.6 million and is included in the FY 2017-18 revenue budget.

One of the biggest challenges facing the City in 2017-18 is the increasing pension costs. CalPERS lowered their discount rate (projected investment earnings rate) from 7.5% to 7% beginning with FY 2017-18 through FY 2021-22. It is expected that the rates will increase another 20.6% for Safety and 13.5% for Miscellaneous. Detailed information on the City's Safety and Miscellaneous Plans can be found in Note 11 of the Notes to Basic Finance Statements.

On June 27, 2017, the City Council adopted and approved FY 2017-18 budget with total appropriations of \$169.2 million. Adequate resources are available to fund the proposed expenditures. For the General Fund, the FY 2017-18 budget reflects a balanced budget with current revenues and others uses exceeding the current expenses by \$16,195. The City Council approved the FY 2017-18 budget which includes the use of General Fund transfers 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, 2017 shall be deposited into an Assigned General Fund balance account to provide future resources for fiscal emergencies.

Fees for Services

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. The City is currently in the process of adopting a new fee schedule from a City-wide study which will update the rates for FY 2017-18.

Utility Rates

The City's water rates were last increased in July 2015. The water rates remain unchanged for FY 2016-17.

REQUESTS FOR INFORMATION

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

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CITY OF DOWNEY

STATEMENT OF NET POSITION
JUNE 30, 2017

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
Assets:			
Cash and investments	\$ 53,209,498	\$ 17,880,675	\$ 71,090,173
Receivables:			
Accounts	1,076,034	3,397,719	4,473,753
Taxes	7,028,450	-	7,028,450
Notes and loans	16,083,941	-	16,083,941
Accrued interest	466,744	-	466,744
Internal balances	6,157,874	(6,157,874)	-
Prepaid costs	106,737	-	106,737
Due from other governments	8,474,780	1,322	8,476,102
Inventories	103,853	197,888	301,741
Land held for resale	1,393,150	-	1,393,150
Restricted assets:			
Cash and investments	10,910,040	3,723,722	14,633,762
Cash with fiscal agent	698	-	698
Advances to Successor Agency	10,619,437	-	10,619,437
Capital assets not being depreciated	48,088,940	8,271,537	56,360,477
Capital assets, net of depreciation	180,784,422	32,063,312	212,847,734
Total Assets	344,504,598	59,378,301	403,882,899
Deferred Outflows of Resources:			
Deferred pension related items	32,115,525	1,107,549	33,223,074
Total Deferred Outflows of Resources	32,115,525	1,107,549	33,223,074
Liabilities:			
Accounts payable	4,979,044	1,974,642	6,953,686
Accrued liabilities	2,202,981	158,907	2,361,888
Accrued interest	87,070	78,163	165,233
Unearned revenue	14,351	3,074	17,425
Deposits payable	2,650	184,110	186,760
Due to other governments	16,078	-	16,078
Noncurrent liabilities:			
Due within one year	8,058,309	426,855	8,485,164
Due in more than one year	59,607,304	5,211,362	64,818,666
OPEB liability	507,170	-	507,170
Net pension liability	163,283,173	5,550,054	168,833,227
Total Liabilities	238,758,130	13,587,167	252,345,297
Deferred Inflows of Resources:			
Deferred pension related items	4,569,081	40,659	4,609,740
Total Deferred Inflows of Resources	4,569,081	40,659	4,609,740
Net Position:			
Net investment in capital assets	212,244,137	35,264,849	247,508,986
Restricted for:			
Community development	871,769	-	871,769
Public safety	1,052,142	-	1,052,142
Public works	6,367,542	-	6,367,542
Capital projects	2,203,556	-	2,203,556
Debt service	-	469,040	469,040
Low and moderate income housing	20,158,436	-	20,158,436
Unrestricted	(109,604,670)	11,124,135	(98,480,535)
Total Net Position	\$ 133,292,912	\$ 46,858,024	\$ 180,150,936

CITY OF DOWNEY

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2017

	Program Revenues			
	Expenses	Charges for Services	Operating Contributions and Grants	
Functions/Programs				
Primary Government:				
Governmental Activities:				
General government	\$ 14,847,381	\$ 7,700,061	\$ 2,683,836	\$ -
Public safety	65,665,979	4,650,295	1,751,068	-
Community development	5,869,868	1,408,093	-	1,069,854
Community services	9,404,177	3,561,056	-	-
Public works	15,485,929	4,332,326	9,113,236	735,203
Interest on long-term debt	1,703,773	-	-	-
Total Governmental Activities	112,977,107	21,651,831	13,548,140	1,805,057
Business-Type Activities:				
Water Fund	11,375,923	16,874,173	-	-
Golf Fund	2,795,880	2,799,918	-	-
Total Business-Type Activities	14,171,803	19,674,091	-	-
Total Primary Government	\$ 127,148,910	\$ 41,325,922	\$ 13,548,140	\$ 1,805,057

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

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		
Governmental Activities	Business-Type Activities	Total
\$ (4,463,484)	\$ -	\$ (4,463,484)
(59,264,616)	-	(59,264,616)
(3,391,921)	-	(3,391,921)
(5,843,121)	-	(5,843,121)
(1,305,164)	-	(1,305,164)
(1,703,773)	-	(1,703,773)
(75,972,079)	-	(75,972,079)
-	5,498,250	5,498,250
-	4,038	4,038
-	5,502,288	5,502,288
(75,972,079)	5,502,288	(70,469,791)
25,378,014	-	25,378,014
1,700,854	-	1,700,854
24,605,926	-	24,605,926
2,105,814	-	2,105,814
2,433,246	-	2,433,246
7,065,196	-	7,065,196
1,898,504	-	1,898,504
1,089,157	300,231	1,389,388
4,806,126	27,958	4,834,084
1,050,500	(1,050,500)	-
72,133,337	(722,311)	71,411,026
(3,838,742)	4,779,977	941,235
137,175,875	42,078,047	179,253,922
(44,221)	-	(44,221)
\$ 133,292,912	\$ 46,858,024	\$ 180,150,936

CITY OF DOWNEY

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2017**

	<u>Special Revenue Funds</u>			
	<u>General</u>	<u>Housing Authority</u>	<u>CIP Grant Fund</u>	<u>HOME</u>
Assets:				
Pooled cash and investments	\$ 12,242,003	\$ 1,249,992	\$ -	\$ 412,757
Receivables:				
Accounts	406,196	-	-	-
Taxes	6,188,755	-	-	-
Notes and loans	1,250,000	8,279,243	-	6,039,490
Accrued interest	189,357	277,387	-	-
Prepaid costs	60,767	-	-	-
Due from other governments	1,513,989	-	5,732,418	5,766
Due from other funds	5,281,759	-	-	-
Inventories	-	-	-	-
Land held for resale	-	1,393,150	-	-
Restricted assets:				
Cash and investments	5,106,876	-	-	-
Cash and investments with fiscal agents	698	-	-	-
Advances to Successor Agency	7,352,716	1,800,317	-	-
Total Assets	\$ 39,593,116	\$ 13,000,089	\$ 5,732,418	\$ 6,458,013
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	\$ 2,351,320	\$ 202	\$ 1,157,270	\$ 4,895
Accrued liabilities	1,851,998	-	20,715	608
Unearned revenues	-	-	-	-
Deposits payable	-	-	-	2,650
Due to other governments	-	-	-	-
Due to other funds	-	-	4,554,431	-
Total Liabilities	4,203,318	202	5,732,416	8,153
Deferred Inflows of Resources:				
Unavailable revenues	79,014	8,556,630	3,783,724	6,039,490
Total Deferred Inflows of Resources	79,014	8,556,630	3,783,724	6,039,490
Fund Balances:				
Nonspendable:				
Prepaid costs	60,767	-	-	-
Notes and loans	1,250,000	-	-	-
Advances to Successor Agency	7,352,716	-	-	-
Restricted for:				
Community development	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Capital Projects	-	-	-	-
Low and moderate income housing	-	4,443,257	-	410,370
Assigned to:				
Capital projects	-	-	-	-
Fiscal emergency fund	20,862,834	-	-	-
Unassigned	5,784,467	-	(3,783,722)	-
Total Fund Balances	35,310,784	4,443,257	(3,783,722)	410,370
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 39,593,116	\$ 13,000,089	\$ 5,732,418	\$ 6,458,013

CITY OF DOWNEY

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2017**

	Other Governmental Funds	Total Governmental Funds
Assets:		
Pooled cash and investments	\$ 12,700,460	\$ 26,605,212
Receivables:		
Accounts	650,299	1,056,495
Taxes	839,695	7,028,450
Notes and loans	515,208	16,083,941
Accrued interest	-	466,744
Prepaid costs	45,970	106,737
Due from other governments	1,222,607	8,474,780
Due from other funds	-	5,281,759
Inventories	11,721	11,721
Land held for resale	-	1,393,150
Restricted assets:		
Cash and investments	-	5,106,876
Cash and investments with fiscal agents	-	698
Advances to Successor Agency	-	9,153,033
Total Assets	\$ 15,985,960	\$ 80,769,596
Liabilities, Deferred Inflows of Resources, and Fund Balances:		
Liabilities:		
Accounts payable	\$ 1,281,904	\$ 4,795,591
Accrued liabilities	292,691	2,166,012
Unearned revenues	14,351	14,351
Deposits payable	-	2,650
Due to other governments	16,078	16,078
Due to other funds	727,328	5,281,759
Total Liabilities	2,332,352	12,276,441
Deferred Inflows of Resources:		
Unavailable revenues	623,424	19,082,282
Total Deferred Inflows of Resources	623,424	19,082,282
Fund Balances:		
Nonspendable:		
Prepaid costs	-	60,767
Notes and loans	-	1,250,000
Advances to Successor Agency	-	7,352,716
Restricted for:		
Community development	336,561	336,561
Public safety	1,052,142	1,052,142
Public works	6,367,542	6,367,542
Capital Projects	1,754,939	1,754,939
Low and moderate income housing	225,922	5,079,549
Assigned to:		
Capital projects	3,294,774	3,294,774
Fiscal emergency fund	-	20,862,834
Unassigned	(1,696)	1,999,049
Total Fund Balances	13,030,184	49,410,873
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 15,985,960	\$ 80,769,596

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CITY OF DOWNEY

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2017**

Fund balances of governmental funds		\$ 49,410,873
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.		224,287,843
Deferred outflows related to pension items for:		
Miscellaneous contributions made subsequent to measurement date	\$ 3,664,879	
Safety contributions made subsequent to measurement date	8,809,588	
Safety differences between expected and actual experience	113,004	
Miscellaneous net difference between projected and actual earnings on pension plan investments	5,858,755	
Safety net difference between projected and actual earnings on pension plan investments	<u>13,408,430</u>	31,854,656
Long-term debt and claims liabilities that have not been included in the governmental fund activity:		
Bonds payable	(34,362,286)	
Unamortized bond premiums/discounts	120,849	
Claims payable	<u>(11,489,138)</u>	(45,730,575)
Accrued interest payable for the current portion of interest due on Bonds has not been reported in the governmental funds.		(70,677)
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.		(507,170)
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	(47,724,002)	
Safety net pension liability	<u>(114,251,934)</u>	(161,975,936)
Deferred inflows related to pension items due to:		
Miscellaneous changes of assumptions	(227,596)	
Safety changes of assumptions	(2,729,311)	
Miscellaneous differences between expected and actual experiences	(122,019)	
Safety differences between expected and actual experiences	<u>(1,480,578)</u>	(4,559,504)
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.		19,082,282
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>21,501,120</u>
Net Position of governmental activities		<u>\$ 133,292,912</u>

CITY OF DOWNEY

STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2017

	Special Revenue Funds			
	General	Housing Authority	CIP Grant Fund	HOME
Revenues:				
Taxes	\$ 59,760,207	\$ -	\$ -	\$ -
Licenses and permits	1,999,227	-	-	-
Intergovernmental	2,831,248	-	6,449,403	468,045
Charges for services	10,703,045	-	-	-
Use of money and property	1,414,847	18,041	-	-
Fines and forfeitures	1,456,878	-	-	-
Contributions	-	-	-	-
Developer participation	-	-	-	-
Miscellaneous	4,123,809	78,798	-	-
Total Revenues	82,289,261	96,839	6,449,403	468,045
Expenditures:				
Current:				
General government	11,294,633	-	-	-
Public safety	54,908,648	-	-	-
Community development	3,262,266	6,445	-	262,602
Community services	8,517,588	-	-	-
Public works	6,949,674	-	101,370	-
Capital outlay	980	-	7,344,143	-
Debt service:				
Principal retirement	530,000	-	-	-
Interest and fiscal charges	1,625,180	-	-	-
Total Expenditures	87,088,969	6,445	7,445,513	262,602
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,799,708)	90,394	(996,110)	205,443
Other Financing Sources (Uses):				
Transfers in	2,026,255	-	-	-
Transfers out	(1,595,000)	-	(413,940)	-
Other debts issued	704,814	-	-	-
Proceeds from sale of capital assets	700,000	-	-	-
Total Other Financing Sources (Uses)	1,836,069	-	(413,940)	-
Net Change in Fund Balances	(2,963,639)	90,394	(1,410,050)	205,443
Fund Balances, Beginning of Year, as previously reported	38,274,423	4,352,863	-	204,927
Restatements	-	-	(2,373,672)	-
Fund Balances, Beginning of Year, as restated	38,274,423	4,352,863	(2,373,672)	204,927
Fund Balances, End of Year	\$ 35,310,784	\$ 4,443,257	\$ (3,783,722)	\$ 410,370

CITY OF DOWNEY

STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2017

	Other Governmental Funds	Total Governmental Funds
Revenues:		
Taxes	\$ 5,369,875	\$ 65,130,082
Licenses and permits	-	1,999,227
Intergovernmental	5,584,501	15,333,197
Charges for services	3,510,118	14,213,163
Use of money and property	63,733	1,496,621
Fines and forfeitures	1,393,797	2,850,675
Contributions	20,000	20,000
Developer participation	1,293,280	1,293,280
Miscellaneous	667,294	4,869,901
Total Revenues	17,902,598	107,206,146
Expenditures:		
Current:		
General government	92,058	11,386,691
Public safety	1,804,265	56,712,913
Community development	1,898,619	5,429,932
Community services	22,407	8,539,995
Public works	7,655,789	14,706,833
Capital outlay	5,926,674	13,271,797
Debt service:		
Principal retirement	81,000	611,000
Interest and fiscal charges	26,473	1,651,653
Total Expenditures	17,507,285	112,310,814
Excess (Deficiency) of Revenues Over (Under) Expenditures	395,313	(5,104,668)
Other Financing Sources (Uses):		
Transfers in	3,793,747	5,820,002
Transfers out	(2,760,562)	(4,769,502)
Other debts issued	-	704,814
Proceeds from sale of capital assets	-	700,000
Total Other Financing Sources (Uses)	1,033,185	2,455,314
Net Change in Fund Balances	1,428,498	(2,649,354)
Fund Balances, Beginning of Year, as previously reported	9,272,235	52,104,448
Restatements	2,329,451	(44,221)
Fund Balances, Beginning of Year, as restated	11,601,686	52,060,227
Fund Balances, End of Year	\$ 13,030,184	\$ 49,410,873

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, 2017**

Net change in fund balances - total governmental funds \$ (2,649,354)

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	\$ 14,061,603	
Depreciation	(9,569,127)	
Gain/(loss) on sale of capital assets	<u>(1,200,918)</u>	3,291,558

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	530,000	
Amortization of bond premiums/discounts	<u>(7,108)</u>	522,892

Other debts issued is a revenue in the governmental funds, but issuance the increases long-term liabilities in the statement of net position. (704,814)

Accrued interest for long-term liabilities. This is the net change in accrued interest for the current period. 2,052

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. (2,587,796)

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. 81,791

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. (1,050,657)

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. 894,632

Internal service funds are used by management to charge the costs of certain activities, such as equipment management and self-insurance, to individual funds. The net revenues (expenses) of the internal service funds is reported with governmental activities. (1,639,046)

Change in net position of governmental activities \$ (3,838,742)

CITY OF DOWNEY

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 JUNE 30, 2017

	Business-Type Activities - Enterprise Funds			Governmental
	Water Fund	Golf Fund	Totals	Activities- Internal Service Funds
Assets and Deferred Outflows of Resources:				
Assets:				
Current:				
Cash and investments	\$ 17,345,175	\$ 535,500	\$ 17,880,675	\$ 26,604,286
Receivables:				
Accounts	3,378,958	18,761	3,397,719	19,539
Due from other governments	1,322	-	1,322	-
Inventories	197,888	-	197,888	92,132
Advance to Successor Agency	-	-	-	1,466,404
Restricted:				
Cash and investments	1,547,900	2,175,822	3,723,722	5,803,164
Total Current Assets	22,471,243	2,730,083	25,201,326	33,985,525
Noncurrent:				
Capital assets - net of accumulated depreciation	26,537,380	13,797,469	40,334,849	4,585,519
Total Noncurrent Assets	26,537,380	13,797,469	40,334,849	4,585,519
Total Assets	49,008,623	16,527,552	65,536,175	38,571,044
Deferred Outflows of Resources:				
Deferred pension related items	1,100,608	6,941	1,107,549	260,869
Total Deferred Outflows of Resources	1,100,608	6,941	1,107,549	260,869
Total Assets and Deferred Outflows of Resources	\$ 50,109,231	\$ 16,534,493	\$ 66,643,724	\$ 38,831,913
Liabilities, Deferred Inflows of Resources, and Net Position:				
Liabilities:				
Current:				
Accounts payable	\$ 1,849,419	\$ 125,223	\$ 1,974,642	\$ 183,453
Accrued liabilities	156,782	2,125	158,907	36,969
Accrued interest	-	78,163	78,163	16,393
Unearned revenues	-	3,074	3,074	-
Deposits payable	76,655	107,455	184,110	-
Accrued compensated absences	-	1,855	1,855	604,112
Accrued claims payable	-	-	-	2,434,909
Bonds, notes, and capital leases	-	425,000	425,000	499,456
Total Current Liabilities	2,082,856	742,895	2,825,751	3,775,292
Noncurrent:				
Accrued compensated absences	566,362	-	566,362	11,922,701
Accrued claims payable	-	-	-	4,940,509
Bonds, notes, and capital leases	-	4,645,000	4,645,000	1,533,351
Net pension liability	5,515,271	34,783	5,550,054	1,307,237
Total Noncurrent Liabilities	6,081,633	4,679,783	10,761,416	19,703,798
Total Liabilities	8,164,489	5,422,678	13,587,167	23,479,090
Deferred Inflows of Resources:				
Deferred pension related items	40,404	255	40,659	9,577
Total Deferred Inflows of Resources	40,404	255	40,659	9,577
Net Position:				
Net investment in capital assets	26,537,380	8,727,469	35,264,849	2,552,712
Restricted for debt service	-	469,040	469,040	-
Unrestricted	15,366,958	1,915,051	17,282,009	12,790,534
Total Net Position	41,904,338	11,111,560	53,015,898	15,343,246
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 50,109,231	\$ 16,534,493	\$ 66,643,724	\$ 38,831,913
Reconciliation of Net Position to the Statement of Net Position				
Net Position per Statement of Net Position - Proprietary Funds			\$ 53,015,898	
Prior years' accumulated adjustment to reflect the consolidation of internal service funds activities related to the enterprise funds			(6,035,821)	
Current years' adjustments to reflect the consolidation of internal service activities related to enterprise funds			(122,053)	
Net Position per Statement of Net Position			\$ 46,858,024	

CITY OF DOWNEY

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2017

	Business-Type Activities - Enterprise Funds			Governmental
	Water Fund	Golf Fund	Totals	Activities- Internal Service Funds
Operating Revenues:				
Sales and service charges	\$ 16,874,173	\$ 2,799,918	\$ 19,674,091	\$ -
Interdepartmental charges	-	-	-	4,408,189
Miscellaneous	27,958	-	27,958	4,598
Total Operating Revenues	16,902,131	2,799,918	19,702,049	4,412,787
Operating Expenses:				
Purchased water	4,514,139	-	4,514,139	-
Maintenance and operations	2,483,054	2,172,679	4,655,733	2,013,284
General and administrative	3,459,910	-	3,459,910	40,046
Employee benefits	14,034	-	14,034	2,427,930
Depreciation expense	794,792	420,934	1,215,726	1,572,617
Total Operating Expenses	11,265,929	2,593,613	13,859,542	6,053,877
Operating Income (Loss)	5,636,202	206,305	5,842,507	(1,641,090)
Nonoperating Revenues (Expenses):				
Interest revenue	174,411	125,820	300,231	(12,913)
Interest expense	-	(188,854)	(188,854)	(47,064)
Gain (loss) on disposal of capital assets	(1,653)	299	(1,354)	(60,032)
Total Nonoperating Revenues (Expenses)	172,758	(62,735)	110,023	(120,009)
Income (Loss) Before Transfers	5,808,960	143,570	5,952,530	(1,761,099)
Transfers in	-	200,000	200,000	-
Transfers out	(1,250,500)	-	(1,250,500)	-
Changes in Net Position	4,558,460	343,570	4,902,030	(1,761,099)
Net Position:				
Beginning of Year	37,345,878	10,767,990	48,113,868	17,104,345
End of Fiscal Year	\$ 41,904,338	\$ 11,111,560	\$ 53,015,898	\$ 15,343,246
Reconciliation of Changes in Net Position to the Statement of Activities:				
Changes in Net Position, per the Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Funds			\$ 4,902,030	
Adjustment to reflect the consolidation of current fiscal year internal service funds activities related to enterprise funds			(122,053)	
Changes in Net Position of Business-Type Activities per Statement of Activities			\$ 4,779,977	

CITY OF DOWNEY

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 YEAR ENDED JUNE 30, 2017

	Business-Type Activities - Enterprise Funds			Governmental Activities- Internal Service Funds
	Water Fund	Golf Fund	Totals	
Cash Flows from Operating Activities:				
Cash received from customers and users	\$ 16,287,901	\$ 2,810,029	\$ 19,097,930	\$ 4,396,209
Cash paid to suppliers for goods and services	(6,667,055)	(2,203,313)	(8,870,368)	(1,962,308)
Cash paid to employees for services	(3,919,445)	-	(3,919,445)	(2,493,337)
Cash received from (payments to) others	-	-	-	61,443
Net Cash Provided (Used) by Operating Activities	5,701,401	606,716	6,308,117	2,007
Cash Flows from Non-Capital Financing Activities:				
Cash transfers out	(1,250,500)		(1,250,500)	-
Cash transfers in		200,000	200,000	-
Net Cash Provided (Used) by Non-Capital Financing Activities	(1,250,500)	200,000	(1,050,500)	-
Cash Flows from Capital and Related Financing Activities:				
Acquisition and construction of capital assets	(1,952,166)	(28,633)	(1,980,799)	(39,717)
Principal paid on capital debt	-	(410,000)	(410,000)	(506,721)
Interest paid on capital debt	-	(195,174)	(195,174)	(78,756)
Proceeds from sales of capital assets	-	300	300	9,127
Net Cash Provided (Used) by Capital and Related Financing Activities	(1,952,166)	(633,507)	(2,585,673)	(616,067)
Cash Flows from Investing Activities:				
Interest received	174,411	125,820	300,231	(12,913)
Net Cash Provided (Used) by Investing Activities	174,411	125,820	300,231	(12,913)
Net Increase (Decrease) in Cash and Cash Equivalents	2,673,146	299,029	2,972,175	(626,973)
Cash and Cash Equivalents at Beginning of Year	16,219,929	2,412,293	18,632,222	33,034,423
Cash and Cash Equivalents at End of Year	\$ 18,893,075	\$ 2,711,322	\$ 21,604,397	\$ 32,407,450
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:				
Operating income (loss)	\$ 5,636,202	\$ 206,305	\$ 5,842,507	\$ (1,641,090)
Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:				
Depreciation	794,792	420,934	1,215,726	1,572,617
Loss on Disposal of capital assets	-	-	-	-
(Increase) decrease in accounts receivable	(640,366)	(2,484)	(642,850)	(16,630)
(Increase) decrease in due from other governments	26,841	-	26,841	52
(Increase) decrease in inventories	(40,168)	-	(40,168)	2,473
(Increase) decrease in prepaid expense	27,445	-	27,445	-
(Increase) decrease in Advances to Successor Agency	-	-	-	61,443
(Increase) decrease in deferred pension related outflows	(765,536)	(6,941)	(772,477)	(195,311)
Increase (decrease) in accounts payable	342,861	(58,966)	283,895	48,503
Increase (decrease) in accrued liabilities	23,293	5	23,298	5,183
Increase (decrease) in deposits payable	(705)	9,521	8,816	-
Increase (decrease) in unearned revenue	-	3,074	3,074	-
Increase (decrease) in compensated absences	48,727	230	48,957	-
Increase (decrease) in net pension liability	639,938	34,783	674,721	259,232
Increase (decrease) in deferred pension related inflows	(391,923)	255	(391,668)	(94,465)
Total Adjustments	65,199	400,411	465,610	1,643,097
Net Cash Provided (Used) by Operating Activities	\$ 5,701,401	\$ 606,716	\$ 6,308,117	\$ 2,007
Non-Cash Investing, Capital, and Financing Activities:				
Amortization of bond premium	\$ -	\$ -	\$ -	\$ 7,109
Gain on sale of capital assets	-	299	299	(60,032)

CITY OF DOWNEY

STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 JUNE 30, 2017

	Agency Funds	Private- Purpose Trust Fund
Assets:		
Pooled cash and investments	\$ 4,580,137	\$ 2,816,302
Receivables:		
Accounts	140,701	-
Taxes	2,348	-
Accrued interest	1,149	-
Due from other governments	61,107	-
Restricted assets:		
Cash and investments with fiscal agents	-	682,184
Total Assets	\$ 4,785,442	3,498,486
Liabilities:		
Accounts payable	\$ 756,774	-
Accrued liabilities	403,522	-
Accrued interest	-	120,438
Deposits payable	3,273,559	2,500
Due to other governments	351,587	-
Long-term liabilities:		
Due in one year	-	424,579
Due in more than one year	-	32,515,057
Advances from the City	-	10,544,858
Total Liabilities	\$ 4,785,442	43,607,432
Net Position:		
Held in trust for other purposes		(40,108,946)
Total Net Position		\$ (40,108,946)

CITY OF DOWNEY

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 YEAR ENDED JUNE 30, 2017

	<u>Private- Purpose Trust Fund</u>
Additions:	
Taxes	\$ 1,303,785
Interest and change in fair value of investments	2,647
Miscellaneous	<u>59,133</u>
Total Additions	<u>1,365,565</u>
Deductions:	
Benefits	26,500
Administrative expenses	250,000
Contractual services	4,500
Interest expense	<u>2,150,610</u>
Total Deductions	<u>2,431,610</u>
Changes in Net Position	(1,066,045)
Net Position - Beginning of the Year	<u>(39,042,901)</u>
Net Position - End of the Year	<u><u>\$ (40,108,946)</u></u>

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NOTES TO BASIC FINANCIAL STATEMENTS



City of *Downey*

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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.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017**

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)
FOR THE YEAR ENDED JUNE 30, 2017**

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.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017**

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 CIP Grant Fund is used to account for revenues received for various street and infrastructure capital improvements
- 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)
FOR THE YEAR ENDED JUNE 30, 2017**

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)
FOR THE YEAR ENDED JUNE 30, 2017**

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. Donated assets and capital assets received in a service concession arrangement would be reported at acquisition value are reported at acquisition value. Generally, capital asset purchases in excess of \$5,000 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.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017**

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.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017**

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)
FOR THE YEAR ENDED JUNE 30, 2017**

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, 2015

Measurement Date (MD): June 30, 2016

Measurement Period (MP): July 1, 2015 to June 30, 2016

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.

CITY OF DOWNEY

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017**

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, 2017, 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	\$ 71,090,173	\$ 7,396,439	\$ 78,486,612
Restricted cash and investments	14,633,762	-	14,633,762
Cash and investments with fiscal agents	698	682,184	682,882
 Total Cash and Investments	 \$ 85,724,633	 \$ 8,078,623	 \$ 93,803,256

CITY OF DOWNEY

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017**

Note 3: Cash and Investments (Continued)

As of June 30, 2017, cash and investments consisted of the following:

Demand accounts	\$ 14,011,360
Petty cash	6,265
Investments	<u>79,785,631</u>
Total Cash and Investments	<u><u>\$ 93,803,256</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

CITY OF DOWNEY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017

Note 3: Cash and Investments (Continued)

Investments Authorized by Debt Agreements

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

Disclosures Relating to Interest Rate Risk

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

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

	Investment Maturities (in Months)			
	12 months or less	13 - 36 Months	36 - 60 Months	Total
Investments:				
Local Agency Investment Fund	\$ 15,365,571	\$ -	\$ -	\$ 15,365,571
Federal Farm Credit Bank	1,995,000	3,974,100	-	5,969,100
Fedreal Home Loan Bank	-	1,728,755	4,942,880	6,671,635
Federal Home Loan Mortgage Corp.	998,150	3,954,540	8,885,590	13,838,280
Federal National Mortgage Assoc.	997,680	3,956,400	1,956,280	6,910,360
Federal National Mortgage Assoc.	-	-	-	-
Medium-term Corporation Notes	5,910,962	7,320,373	2,442,119	15,673,454
Money Market Mutual Funds	40,587	-	-	40,587
Held by Bond Trustee				
Money Market Mutual Funds	15,316,644	-	-	15,316,644
	<u>\$ 40,624,594</u>	<u>\$ 20,934,168</u>	<u>\$ 18,226,869</u>	<u>\$ 79,785,631</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)
FOR THE YEAR ENDED JUNE 30, 2017**

Note 3: Cash and Investments (Continued)

	Total as of June 30, 2017	Minimum Legal Rating	AAA	AA+	AA	Unrated
Investments:						
United States Government						
Sponsored Agency Securities						
FFCB	\$ 5,969,100	N/A	\$ -	\$ 5,969,100	\$ -	\$ -
FHLB	6,671,635	N/A	-	6,671,635	-	-
FHLMC	13,838,280	N/A	-	13,838,280	-	-
FNMA	6,910,360	N/A	-	6,910,360	-	-
Medium-Term Corporate Notes	15,673,454	A	1,997,240	-	999,810	12,676,404
Local Agency Investment Fund	15,365,571	N/A	-	-	-	15,365,571
Money Market Mutual Funds	40,587	A	-	-	-	40,587
Held by Bond Trustee						
Money Market Mutual Funds	15,316,644	A	-	-	-	15,316,644
	<u>\$ 79,785,631</u>		<u>\$ 1,997,240</u>	<u>\$ 33,389,375</u>	<u>\$ 999,810</u>	<u>\$ 43,399,206</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	\$ 13,838,280	17.35%
Federal National Mortgage Association	United States Government Sponsored Agency Securities	6,910,360	8.66%
Federal Home Loan Bank	United States Government Sponsored Agency Securities	6,671,635	8.36%
Federal Farm Credit Bank	United States Government Sponsored Agency Securities	5,969,100	7.48%

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)
FOR THE YEAR ENDED JUNE 30, 2017**

Note 3: Cash and Investments (Continued)

The City has the following recurring fair value measurements as of June 30, 2017:

	June 30, 2017	Level	
		1	2
Investments:			
Federal Government Agency	\$ 33,389,375	\$ -	\$ 33,389,375
Medium-Term Corporate Notes	15,673,454	-	15,673,454
Money Market Funds	40,587	40,587	-
Local Agency Investment Fund	15,365,571	-	15,365,571
Total Cash Investments	<u>64,468,987</u>	<u>40,587</u>	<u>64,428,400</u>
Investments with Fiscal Agents:			
Money Market Funds	<u>15,316,644</u>	<u>15,316,644</u>	<u>-</u>
Total Investments with Fiscal Agent	<u>15,316,644</u>	<u>15,316,644</u>	<u>-</u>
Total Investments	<u>\$ 79,785,631</u>	<u>\$ 15,357,231</u>	<u>\$ 64,428,400</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, 2017, 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)
FOR THE YEAR ENDED JUNE 30, 2017

Note 4: Interfund Receivables/Payables and Transfers

As of June 30, 2017, amounts due from/to other funds were as follows:

<u>Due to Other Funds</u>	<u>Due from Other Funds</u>	
	<u>General</u>	<u>Total</u>
<i>Governmental funds:</i>		
CIP Grant Fund	\$ 4,554,431	\$ 4,554,431
Other nonmajor governmental	727,328	727,328
Total	<u>\$ 5,281,759</u>	<u>\$ 5,281,759</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, 2017, consisted of the following:

<u>Transfers Out</u>	<u>Transfers In</u>	<u>Amount</u>
General Fund	Other Governmental Funds	\$ 1,395,000
	Golf Enterprise Fund	200,000
CIP Grant Fund	Other Governmental Funds	413,940
Other Governmental Funds	General Fund	1,326,255
	Other Governmental Funds	1,434,307
Water Enterprise Fund	General Fund	700,000
	Other Governmental Funds	<u>550,500</u>
		<u>\$ 6,020,002</u>

The General Fund transferred \$1,595,000 to Other Governmental Funds to provide for capital expenditures and subsidize for various grant and project operations.

The CIP Grant Fund transferred \$413,940 to Other non-major Governmental Funds, respectively, for various street projects.

Other governmental funds transferred \$1,326,255 and \$1,434,307 to the General fund Other Governmental Funds for various street and related program expenditures.

The Water Fund transferred \$700,000 to the General Fund and \$550,500 to the other governmental funds, to reimburse for certain program, administrative and overhead expenditures.

CITY OF DOWNEY

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017**

Note 5: Advances Receivable from Successor Agency

As of June 30, 2017, amounts advanced to the Successor Agency were as follows:

Advances from General Fund	\$ 7,352,716
Advances from Housing Authority Special Revenue Fund	1,800,317
Advances from Employee Benefits	<u>1,466,404</u>
	<u>\$ 10,619,437</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 17 for additional information.

Note 6: Land Held for Resale

As of June 30, 2017, 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 \$14,833,941 at June 30, 2017.

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)
FOR THE YEAR ENDED JUNE 30, 2017

Note 9: Capital Assets

A summary of changes in the Governmental Activities capital assets as of June 30, 2017, is as follows:

	Balances at June 30, 2016 Restated	Transfers of CIP	Additions	Deletions	Balances at June 30, 2017
Governmental Activities:					
Capital assets, not being depreciated:					
Land and improvements	\$ 24,250,601	\$ -	\$ -	\$ 752,000	\$ 23,498,601
Projects-in-progress	20,044,875	(7,620,257)	12,165,721	-	24,590,339
Total Capital Assets, Not Being Depreciated	44,295,476	(7,620,257)	12,165,721	752,000	48,088,940
Capital assets, being depreciated:					
Buildings	40,276,942	-	-	-	40,276,942
Land Improvements	27,284,439	755,360	-	-	28,039,799
Equipment	28,304,576	-	1,248,635	1,391,266	28,161,945
Infrastructure	309,576,265	6,864,897	-	-	316,441,162
Total Capital Assets, Being Depreciated	405,442,222	7,620,257	1,248,635	1,391,266	412,919,848
Less accumulated depreciation:					
Buildings	19,540,056	-	1,745,235	-	21,285,291
Land Improvements	10,705,221	-	805,539	-	11,510,760
Equipment	21,344,383	-	1,856,831	1,322,107	21,879,107
Infrastructure	170,964,175	-	6,496,093	-	177,460,268
Total Accumulated Depreciation	222,553,835	-	10,903,698	1,322,107	232,135,426
Total Capital Assets, Being Depreciated, Net	182,888,387	7,620,257	(9,655,063)	69,159	180,784,422
Governmental Activities Capital Assets, Net	\$ 227,183,863	\$ -	\$ 2,510,658	\$ 821,159	\$ 228,873,362

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

General Government	\$ 527,130
Public Safety	6,880,049
Community Development	495,783
Community Services	794,955
Public Works	633,164
Internal Service Funds	1,572,617
Total depreciation expense governmental activities	<u>\$ 10,903,698</u>

CITY OF DOWNEY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017

Note 9: Capital Assets (Continued)

A summary of changes in the Business-type Activities capital assets at June 30, 2017, is as follows:

	WATER FUND			
	Balances at June 30, 2016	Additions	Deletions	Balances at June 30, 2017
<u>Business-type Activities:</u>				
Capital assets, not being depreciated:				
Land	\$ 8,271,537	\$ -	\$ -	\$ 8,271,537
Total Capital Assets, Not Being Depreciated	<u>8,271,537</u>	<u>-</u>	<u>-</u>	<u>8,271,537</u>
Capital assets, being depreciated:				
Buildings and improvements	376,867	-	-	376,867
Land Improvements	287,690	-	-	287,690
Furniture and fixtures	323,633	-	-	323,633
Machinery and equipment	262,224	64,480	43,824	282,880
Water supply and distribution system	35,214,449	1,897,880	-	37,112,329
Total Capital Assets, Being Depreciated	<u>36,464,863</u>	<u>1,962,360</u>	<u>43,824</u>	<u>38,383,399</u>
Less accumulated depreciation:				
Buildings and improvements	237,313	11,654	-	248,967
Land Improvements	59,255	28,769	-	88,024
Furniture and fixtures	323,633	-	-	323,633
Machinery and equipment	133,075	26,513	31,977	127,611
Water supply and distribution system	18,601,465	727,856	-	19,329,321
Total Accumulated Depreciation	<u>19,354,741</u>	<u>794,792</u>	<u>31,977</u>	<u>20,117,556</u>
Total Capital Assets, Being Depreciated, Net	<u>17,110,122</u>	<u>1,167,568</u>	<u>11,847</u>	<u>18,265,843</u>
Water Fund Capital Assets, Net	<u>\$ 25,381,659</u>	<u>\$ 1,167,568</u>	<u>\$ 11,847</u>	<u>\$ 26,537,380</u>

CITY OF DOWNEY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017

Note 9: Capital Assets (Continued)

A summary of changes in the Business-type Activities capital assets as of June 30, 2017, is as follows:

GOLF FUND				
	Balances at June 30, 2016	Additions	Deletions	Balances at June 30, 2017
Capital assets, being depreciated:				
Land improvements	\$ 10,817,430	\$ -	\$ -	\$ 10,817,430
Buildings and improvements	8,217,041	-	-	8,217,041
Machinery and equipment	623,981	28,633	-	652,614
Total Capital Assets, Being Depreciated	19,658,452	28,633	-	19,687,085
Less accumulated depreciation:				
Land improvements	1,677,268	22,021	-	1,699,289
Buildings and improvements	3,445,116	293,597	-	3,738,713
Machinery and equipment	346,297	105,317	-	451,614
Total Accumulated Depreciation	5,468,681	420,935	-	5,889,616
Golf Fund Capital Assets, Net	\$ 14,189,771	\$ (392,302)	\$ -	\$ 13,797,469

Note 10: Long-Term Liabilities

Noted below is a summary of changes in long-term liabilities for the year ended June 30, 2017:

	Balance June 30, 2016	Additions	Reductions	Balance June 30, 2017	Due Within One Year
Governmental Activities:					
Bonds payable	\$ 18,220,000	\$ -	\$ 530,000	\$ 17,690,000	\$ 600,000
Bond discount	(127,957)	-	(7,108)	(120,849)	-
Total Bonds	18,092,043	-	522,892	17,569,151	600,000
Capital lease payable	2,539,528	347,802	506,721	2,380,609	566,329
Loans from Federal					
Government	13,624,802	704,814	81,000	14,248,616	81,000
Compensated absences	12,526,813	4,374,871	2,299,003	14,602,681	2,679,980
Claims payable	18,619,430	5,173,336	4,928,210	18,864,556	4,131,000
Total governmental activities long-term liabilities	\$ 65,402,616	\$ 10,600,823	\$ 8,337,826	\$ 67,665,613	\$ 8,058,309
Business-type Activities:					
Compensated absences	\$ 519,260	\$ 56,389	\$ 7,432	\$ 568,217	\$ 1,855
Golf Course 2014 Certificates of Participation	5,480,000	-	410,000	5,070,000	425,000
Total business-type activities long-term liabilities	\$ 5,999,260	\$ 56,389	\$ 417,432	\$ 5,638,217	\$ 426,855

CITY OF DOWNEY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017

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>
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	950,000	749,307	1,699,307
2023-2027	4,645,000	3,009,056	7,654,056
2028-2032	5,975,000	1,785,404	7,760,404
2033-2034	3,225,000	249,321	3,474,321
Total	<u>\$ 17,690,000</u>	<u>\$ 9,168,884</u>	<u>\$ 26,858,884</u>

CITY OF DOWNEY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017

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>
2018	\$ 633,661
2019	471,113
2020	471,113
2021	225,295
2022	225,295
2023-2026	<u>600,890</u>
Total minimum lease payments	2,627,367
Less: amounts representing interest	<u>246,758</u>
Present value of minimum lease payments	<u>\$ 2,380,609</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, 2017, is as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	81,000	10,417	91,417
2023-2026	<u>324,000</u>	<u>19,157</u>	<u>343,157</u>
Total	<u>\$ 729,000</u>	<u>\$ 89,259</u>	<u>\$ 818,259</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 \$13,519,616 as of June 30, 2017.

CITY OF DOWNEY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017

Note 10: Long-Term Liabilities (Continued)

Compensated Absences

For the fiscal year ended June 30, 2017, compensated absences are as follows:

	Total
Amount reported in governmental activities	\$ 14,602,681
Amount reported in business-type activities	568,217
	<u>\$ 15,170,898</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, 2017, were as follows:

	General Liability	Workers' Compensation	Employee Health Benefit	Total
Claims Payable Balance, June 30, 2015	\$ 2,711,013	\$ 6,410,370	\$ 85,000	\$ 9,206,383
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>
Current Year Claims and Changes in estimates	1,638,657	3,534,679	-	5,173,336
Current Year Payments	(2,868,395)	(2,059,815)	-	(4,928,210)
Claims Payable Balance, June 30, 2017	<u>\$ 3,674,959</u>	<u>\$ 15,104,597</u>	<u>\$ 85,000</u>	<u>\$ 18,864,556</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.

CITY OF DOWNEY

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017**

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:

Year Ending June 30,	Principal	Interest	Total
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	495,000	111,648	606,648
2023-2017	2,770,000	263,625	3,033,625
Total	<u>\$ 5,070,000</u>	<u>\$ 995,117</u>	<u>\$ 6,065,117</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.

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.

CITY OF DOWNEY

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017**

Note 11: City Employee Retirement Plan (Continued)

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

	Miscellaneous agent plans		Safety agent plans		
	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	monthly for life	monthly for life	monthly for life	monthly for life
Retirement age	minimum 50 yrs	minimum 52 yrs	minimum 50 yrs	minimum 50 yrs	minimum 50 yrs
Monthly benefits, as a % of eligible compensation	15% - 90%, 50 yrs - 55+ yrs, respectively	10% - 108%, 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	8.000%	6.250%	9.000%	12.250%	12.250%
Required employer contribution rates	28.097%	28.097%	40.849%	40.849%	40.849%

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

Employees Covered

At June 30, 2017, the following employees were covered by the benefit terms for each Plan:

	<u>Miscellaneous</u>	<u>Safety</u>
Inactive employees or beneficiaries currently receiving benefits	402	305
Inactive employees entitled to but not yet receiving benefits	442	85
Active employees	218	170
	<u>1,062</u>	<u>560</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, 2016 (the measurement date), the average active employee.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017**

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, 2016, using an annual actuarial valuation as of June 30, 2015 rolled forward to June 30, 2016 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

Actuarial Assumptions

The total pension liabilities in the June 30, 2016 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

No changes in assumptions.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017**

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)
FOR THE YEAR ENDED JUNE 30, 2017

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. The target allocation shown was adopted by the Board effective on July 1, 2015.

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 (1)	Real Return Years 11+ (2)
Global Equity	51.00%	5.25%	5.71%
Global Fixed Income	20.00	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	1.00	(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)
FOR THE YEAR ENDED JUNE 30, 2017

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)
Miscellaneous Plans			
Balance at: 6/30/2015 (Valuation Date) (1)	\$ 171,224,611	\$ 126,044,095	\$ 45,180,516
Changes Recognized for the Measurement Period:			
Service Cost	2,361,815	-	2,361,815
Interest on the Total Pension Liability	12,804,332	-	12,804,332
Difference between Expected and Actual Experience	(437,509)	-	(437,509)
Changes of Assumptions	-	-	-
Difference between Expected and Actual Earnings	-	-	-
Contribution from the Employer	-	3,645,344	(3,645,344)
Contributions from Employees	-	1,158,399	(1,158,399)
Net Investment Income (2)	-	600,935	(600,935)
Plan to Plan Resource Movement	-	-	-
Benefit Payments including Refunds of Employee Contributions	(9,182,237)	(9,182,237)	-
Administration Expenses	-	(76,817)	76,817
Net Changes During 2015-16	5,546,401	(3,854,376)	9,400,777
Balance at: 6/30/2016 (Measurement Date) (1)	\$ 176,771,012	\$ 122,189,719	\$ 54,581,293
Safety Plans			
Balance at: 6/30/2015 (Valuation Date) (1)	\$ 342,571,237	\$ 248,714,232	\$ 93,857,005
Changes Recognized for the Measurement Period:			
Service Cost	5,590,668	-	5,590,668
Interest on the Total Pension Liability	25,769,928	-	25,769,928
Difference between Expected and Actual Experience	160,090	-	160,090
Contribution from the Employer	-	8,092,171	(8,092,171)
Contributions from Employees	-	1,996,000	(1,996,000)
Net Investment Income (2)	-	1,189,163	(1,189,163)
Benefit Payments including Refunds of Employee Contributions	(17,329,717)	(17,329,717)	-
Administration Expenses	-	(151,577)	151,577
Net Changes During 2015-16	14,190,969	(6,203,960)	20,394,929
Balance at: 6/30/2016 (Measurement Date) (1)	\$ 356,762,206	\$ 242,510,272	\$ 114,251,934

CITY OF DOWNEY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017

Note 11: City Employee Retirement Plan (Continued)

Total Plans	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Assets) (c)=(a)-(b)
Balance at: 6/30/2015 (Valuation Date) (1)	\$ 513,795,848	\$ 374,758,327	\$ 139,037,521
Changes Recognized for the Measurement Period:			
Service Cost	7,952,483	-	7,952,483
Interest on the Total Pension Liability	38,574,260	-	38,574,260
Difference between Expected and Actual Experience	(277,419)	-	(277,419)
Changes of Assumptions	-	-	-
Difference between Expected and Actual Earnings	-	-	-
Contribution from the Employer	-	11,737,515	(11,737,515)
Contributions from Employees	-	3,154,399	(3,154,399)
Net Investment Income (2)	-	1,790,098	(1,790,098)
Plan to Plan Resource Movement	-	-	-
Benefit Payments including Refunds of Employee Contributions	(26,511,954)	(26,511,954)	-
Administration Expenses	-	(228,394)	228,394
Net Changes During 2015-16	19,737,370	(10,058,336)	29,795,706
Balance at: 6/30/2016 (Measurement Date) (1)	\$ 533,533,218	\$ 364,699,991	\$ 168,833,227

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% (6.65%)	Discount Rate (7.65%)	Discount Rate + 1% (8.65%)
Miscellaneous	\$ 77,030,069	\$ 54,581,293	\$ 35,998,046
Safety	162,292,199	114,251,934	74,855,975
	\$ 239,322,268	\$ 168,833,227	\$ 110,854,021

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)
FOR THE YEAR ENDED JUNE 30, 2017**

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 measurement period ending June 30, 2016 is 3.4 years for safety and 2.0 years for Miscellaneous, which was obtained by dividing the total service years of 1,904 safety and 2,151 miscellaneous (the sum of remaining service lifetimes of the active employees) by 560 safety and 1,062 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)
FOR THE YEAR ENDED JUNE 30, 2017**
Note 11: City Employee Retirement Plan (Continued)
d. Changes in Net Pension Liability

For the year ending June 30, 2017, the City incurred pension expense in the amount of \$3,478,703 and \$10,053,045 for the Miscellaneous and Safety Plans, respectively. The City recognized a reduction of net pension liability of \$11,734,257, \$3,642,086 from the Miscellaneous Plan and \$8,092,171 from the Safety Plan. At June 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Miscellaneous Plans	Deferred Outflows of Resources	Deferred Outflows of Resources
Pension contributions subsequent to measurement date	\$ 4,191,472	\$ -
Changes of Assumptions	-	139,552
Differences between Expected and Actual Experiences	-	\$ 260,298
Net difference between projected and actual earnings on pension plan investments	6,700,580	-
	<u>\$ 10,892,052</u>	<u>\$ 399,850</u>
Safety Plans	Deferred Outflows of Resources	Deferred Outflows of Resources
Pension contributions subsequent to measurement date	\$ 8,809,588	\$ -
Changes of Assumptions	-	2,729,311
Differences between Expected and Actual Experiences	113,004	1,480,579
Net difference between projected and actual earnings on pension plan investments	13,408,430	-
	<u>\$ 22,331,022</u>	<u>\$ 4,209,890</u>
Total Plans	Deferred Outflows of Resources	Deferred Outflows of Resources
Pension contributions subsequent to measurement date	\$ 13,001,060	\$ -
Changes of Assumptions	-	2,868,863
Differences between Expected and Actual Experiences	113,004	1,740,877
Net difference between projected and actual earnings on pension plan investments	20,109,010	-
	<u>\$ 33,223,074</u>	<u>\$ 4,609,740</u>

\$13,001,060 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, 2017. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in future pension expense as follows:

Measurement Period Ended June	Deferred Outflows/(Inflows) of Resources		
	Miscellaneous	Safety	Total Plans
2017	\$ 508,084	\$ (733,184)	\$ (225,100)
2018	907,935	319,294	1,227,229
2019	3,116,633	6,216,422	9,333,055
2020	1,768,078	3,509,012	5,277,090
	<u>\$ 6,300,730</u>	<u>\$ 9,311,544</u>	<u>\$ 15,612,274</u>

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017**

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 agent-multiple 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, 2017, 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 2016-17, was \$946,774.

Annual Other Postemployment Benefit (OPEB) Cost

The required contribution for the fiscal year 2017 was determined as part of the July 1, 2015, actuarial valuation, the entry age normal cost method was used. The actuarial assumptions included: (a) 7.28% investment rate of return (net of administrative expenses), (b) inflation rate of 2.75%, (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. The city contributed \$596,371 in fiscal year ending June 30, 2017.

Three-Year Trend Information

For fiscal year 2017, the City's annual OPEB cost (expense) was \$514,580.

Fiscal Year	Annual OPEB Cost	Contributions made	Percentage of Annual OPEB Cost Contributed	Net OPEB Asset (Liability)
June 30, 2015	\$ 386,380	\$ 404,600	105%	\$ (205,981)
June 30, 2016	382,980	416,750	109%	(588,961)
June 30, 2017	514,580	596,371	116%	(507,170)

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017**

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

Funded Status and Funding Progress

As of July 1, 2015, the most current actuarial valuation date, the actuarial accrued liability for benefits was \$12,808,885 and the actuarial value of assets was \$5,846,161, resulting in an unfunded actuarial accrued liability (UAAL) of \$6,962,724. The covered payroll (annual payroll of active employees covered by the plan) was \$32,706,272 and the ratio of the UAAL to the covered payroll was 21.3%.

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

Fund Balance and Net Position	
CIP Grant Fund	\$(2,373,672)
Other Governmental Funds	2,329,451
Total Governmental Funds/Governmental Activities::	\$ (44,221)

The restatement in the CIP Grant fund and other Governmental Funds were due to the City creating the CIP Grant fund in FY 16/17. The prior year activity was previously recorded in the GAS tax fund and a restatement was required in both funds to properly adjust the beginning balances.

Restatements in other governmental funds were also required to adjust the fund balances for expenses improperly charged to the incorrect fund in prior years.

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.

CITY OF DOWNEY

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017**

Note 14: Joint Ventures (Continued)

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.

Southeast Water Coalition

This joint venture was formed in 1991 to protect the quantity and quality of the regional water supply. This coalition is currently comprised of 11 cities. The Southeast Water Coalition is governed by the member cities and three advisory agencies. The City of Downey 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.

CITY OF DOWNEY

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017**

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, 2017:

Major Special Revenue Funds:	
Grant Fund	\$ (3,783,722)
Other Governmental Funds - Other Special Revenue Funds:	
LSTA Grant	(1,696)

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:	
Sewer and Storm Drain	
Debt Service	\$ 8,199
Air Quality	
General Government	31,583
Public Works	3,591
Grants	
Community Development	55,636
Community Development Block Grant (CDBG)	
Community Services	17,507
Asset Forfeiture	
Capital Outlay	17,235
Transit Prop C	
Public Works	2,710
Transit Prop A	
Capital Outlay	189,320
GAS Tax	
Public Works	580

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017**

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	\$ 2,816,302
Cash and investments with fiscal agent	682,184
	<u>\$ 3,498,486</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, 2017, follows:

CITY OF DOWNEY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017

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

	Balance June 30, 2016	Addition	Deletion	Balance June 30, 2017	Due Within One Year
Bonds payable	\$ 5,975,000	\$ -	\$ 335,000	\$ 5,640,000	\$ 350,000
Advances from City	10,979,918	79,051	439,532	10,619,437	74,579
Advances from County	25,443,979	1,781,078	-	27,225,057	-
Total long-term liabilities	<u>\$ 42,398,897</u>	<u>\$ 1,860,129</u>	<u>\$ 774,532</u>	<u>\$ 43,484,494</u>	<u>\$ 424,579</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, 2017, is \$5,640,000

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

Year Ending June 30,	Principal	Interest	Total
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	430,000	200,131	630,131
2023-2027	2,500,000	638,063	3,138,063
2028-2029	1,190,000	61,756	1,251,756
Total	<u>\$ 5,640,000</u>	<u>\$ 1,905,474</u>	<u>\$ 7,545,474</u>

Pledged Revenue

The City pledged, as a security for bonds issued through the Community Development Commission, a portion of tax increment revenue that it receives. Assembly Bill 1X26 provided that upon dissolution of the Redevelopment Agencies (known as the Community Development Commission), property taxes allocated to redevelopment agencies no longer are deemed tax increment but rather property tax revenues and will be allocated first to successor agencies to make payments on the indebtedness incurred by the dissolved redevelopment agency. Total principal and interest remaining on the debt is \$7,545,474 with annual debt service requirements indicated above. For the current year, the total property tax revenue recognized by the Successor Agency for the payment of indebtedness incurred by the dissolved redevelopment agency was \$1,303,785 and the debt obligation on the bonds was \$632,634.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017**

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

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, 2017, the long-term advances totaled \$10,619,437. As of June 30, 2017, \$7,352,716 is reported in the General Fund, \$1,466,404 is reported in Employee Benefit Internal Service Fund and \$1,800,317 is reported in the Housing Authority Special Revenue Fund.

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 \$1,781,078 was also accrued during the year on the outstanding deferral amount still owing. The amount owed the County, including accrued interest, at June 30, 2017, was \$27,225,057.

REQUIRED SUPPLEMENTAL INFORMATION



City of *Downey*

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CITY OF DOWNEY

SCHEDULE OF FUNDING PROGRESS
FOR THE YEAR ENDED JUNE 30, 2017

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	\$ 5,322,085	\$ 7,658,473	\$ 2,336,388	69.49%	\$ 25,653,930	9.11%
7/1/2014	5,746,292	8,051,139	2,304,847	71.37%	26,487,683	8.70%
7/1/2015	3,664,771	7,833,131	4,168,360	46.79%	33,769,226	12.34%

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 (3)**

	2017	2016	2015
Total Pension Liability			
Service Cost	\$ 2,361,815	\$ 2,372,336	\$ 2,312,390
Interest on total pension liability	12,804,332	12,400,751	12,026,911
Differences between expected and actual experience	(437,509)	(872,403)	-
Changes in assumptions	-	(2,930,596)	-
Benefit payments, including refunds of employee contributions	(9,182,237)	(8,927,251)	(8,720,279)
Net change in total pension liability	5,546,401	2,042,837	5,619,022
Total pension liability - beginning	171,224,611	169,181,774	163,562,752
Total pension liability - ending (a)	\$ 176,771,012	\$ 171,224,611	\$ 169,181,774
Plan fiduciary net position			
Contributions - employer	\$ 3,645,344	\$ 3,324,338	\$ 2,487,187
Contributions - employee	1,158,399	1,307,613	1,333,703
Differences in projected and actual earnings	-	(6,742,788)	-
Net investment income	600,935	9,576,038	19,329,661
Plan to plan resource movement	-	9,214	-
Administration expense	(76,817)	(141,638)	-
Benefit payments	(9,182,237)	(8,927,251)	(8,720,279)
Net change in plan fiduciary net position	(3,854,376)	(1,594,474)	14,430,272
Plan fiduciary net position - beginning	126,044,095	127,599,058	113,168,786
Plan fiduciary net position - ending (b)	\$ 122,189,719	\$ 126,004,584	\$ 127,599,058
Net pension liability - ending (a)-(b)	\$ 54,581,293	\$ 45,220,027	\$ 41,582,716
Plan fiduciary net position as a percentage of the total pension liability	69.12%	73.59%	75.42%
Covered-employee payroll	\$ 12,471,112	\$ 11,295,425	\$ 11,873,874
Net pension liability as a percentage of covered-employee payroll	437.66%	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 three 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 (3)**

	<u>2017</u>	<u>2016</u>	<u>2015</u>
MISCELLANEOUS CLASSIC:			
Actuarially Determined Contribution	\$ 3,359,221	\$ 3,098,035	\$ 2,961,636
Contribution in Relation to the Actuarially Determined Contributions	<u>(3,359,221)</u>	<u>(3,098,035)</u>	<u>(2,961,636)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-Employee Payroll	\$ 10,706,932	\$ 10,428,052	\$ 9,872,794
Contributions as a Percentage of Covered-Employee Payroll	31.37%	29.71%	30.00%
MISCELLANEOUS PEPRA:			
Actuarially Determined Contribution	\$ 832,251	\$ 544,051	\$ 362,702
Contribution in Relation to the Actuarially Determined Contributions	<u>(832,251)</u>	<u>(544,051)</u>	<u>(362,702)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-Employee Payroll	\$ 2,464,168	\$ 2,043,060	\$ 1,422,631
Contributions as a Percentage of Covered-Employee Payroll	33.77%	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 three years are shown.

Note to Schedule:

Valuation Date:	June 30, 2014
Methods and assumptions used to determine contribution rates:	
Single and Agent Employers	Entry age normal
Amortization method	Level Percent of Payroll
Remaining amortization period	Market value
Assets valuation method	15 Year Smoothed Market
Inflation	2.75%
Salary Increases	3.00%
Investment rate of return	7.50% Net of Pension Plan Investment and Administrative Expenses; includes Inflation.
Retirement age	The probabilities of Retirement are based on the 2010 CalPERS Experience
Mortality	RP-2000 Heath Annuitant Mortality Table

CITY OF DOWNEY

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total Pension Liability			
Service Cost	\$ 5,590,668	\$ 5,458,319	\$ 5,427,672
Interest on total pension liability	25,769,928	24,744,572	23,998,427
Differences between expected and actual experience	160,089	(3,331,302)	-
Changes in assumptions	-	(6,140,951)	-
Benefit payments, including refunds of employee contributions	(17,329,717)	(16,721,908)	(16,257,568)
Net change in total pension liability	14,190,968	4,008,730	13,168,531
Total pension liability - beginning	342,571,237	338,562,507	325,393,976
Total pension liability - ending (a)	\$ 356,762,205	\$ 342,571,237	\$ 338,562,507
Plan fiduciary net position			
Contributions - employer	\$ 8,092,171	\$ 6,745,873	\$ 5,817,524
Contributions - employee	1,996,000	1,919,372	1,883,501
Differences in projected and actual earnings		(13,442,866)	-
Net investment income	1,189,163	18,916,599	38,057,937
Plan to plan resource movement	-	(191)	-
Administration expense	(151,578)	(279,890)	-
Benefit payments	(17,329,717)	(16,721,908)	(16,257,568)
Net change in plan fiduciary net position	(6,203,961)	(2,863,011)	29,501,394
Plan fiduciary net position - beginning	248,714,232	251,581,146	222,079,752
Plan fiduciary net position - ending (b)	\$ 242,510,271	\$ 248,718,135	\$ 251,581,146
Net pension liability - ending (a)-(b)	\$ 114,251,934	\$ 93,853,102	\$ 86,981,361
Plan fiduciary net position as a percentage of the total pension liability	67.98%	72.60%	74.31%
Covered-employee payroll	\$ 14,881,199	\$ 11,125,500	\$ 18,232,334
Net pension liability as a percentage of covered-employee payroll	767.76%	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 three 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 (3)**

	<u>2017</u>	<u>2016</u>	<u>2015</u>
SAFETY CLASSIC:			
Actuarially Determined Contribution	\$ 7,695,490	\$ 7,196,827	\$ 6,150,812
Contribution in Relation to the Actuarially Determined Contributions	<u>(7,695,490)</u>	<u>(7,196,827)</u>	<u>(6,150,812)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-Employee Payroll	\$ 14,717,690	\$ 12,513,728	\$ 9,465,318
Contributions as a Percentage of Covered-Employee Payroll	52.29%	57.51%	64.98%
SAFETY FIRE PEPRA:			
Actuarially Determined Contribution	\$ 467,107	\$ 465,743	\$ 302,805
Contribution in Relation to the Actuarially Determined Contributions	<u>(467,107)</u>	<u>(465,743)</u>	<u>(302,805)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-Employee Payroll	\$ 1,132,498	\$ 1,225,964	\$ 801,217
Contributions as a Percentage of Covered-Employee Payroll	41.25%	37.99%	37.79%
SAFETY POLICE PEPRA:			
Actuarially Determined Contribution	\$ 646,992	\$ 429,601	\$ 292,256
Contribution in Relation to the Actuarially Determined Contribution	<u>(646,992)</u>	<u>(429,601)</u>	<u>(292,256)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-Employee Payroll	\$ 1,730,799	\$ 1,141,507	\$ 858,965
Contributions as a Percentage of Covered-Employee Payroll	37.38%	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 three years are shown.

Note to Schedule:

Valuation Date:	June 30, 2014
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, 2017**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$38,274,423	\$38,274,423	\$38,274,423	\$ -
Resources (Inflows):				
Taxes	57,264,369	57,264,369	59,760,207	2,495,838
Licenses and permits	1,469,860	1,469,860	1,999,227	529,367
Intergovernmental	2,584,000	2,583,000	2,831,248	248,248
Charges for services	10,081,735	10,081,735	10,703,045	621,310
Use of money and property	1,475,350	1,475,350	1,414,847	(60,503)
Fines and forfeitures	1,410,500	1,410,500	1,456,878	46,378
Miscellaneous	3,652,291	3,652,291	4,123,809	471,518
Transfers in	2,254,229	2,454,229	2,026,255	(427,974)
Other debts issued	668,000	668,000	704,814	36,814
Proceeds from sale of capital asset	1,500,000	1,500,000	700,000	(800,000)
Amounts Available for Appropriations	120,634,757	120,833,757	123,994,753	3,160,996
Charges to Appropriations (Outflow):				
General government	10,858,739	10,888,339	11,294,633	(406,294)
Public safety	49,886,843	49,917,843	54,908,648	(4,990,805)
Community development	3,532,503	3,869,653	3,262,266	607,387
Community services	8,183,554	8,202,684	8,517,588	(314,904)
Public works	7,278,984	7,278,984	6,949,674	329,310
Capital outlay	-	-	980	(980)
Debt service:				
Principal retirement	1,447,713	1,447,713	530,000	917,713
Interest and fiscal charges	668,000	668,000	1,625,180	(957,180)
Transfers out	1,595,000	2,396,100	1,595,000	801,100
Total Charges to Appropriations	83,451,336	84,669,316	88,683,969	(4,014,653)
Budgetary Fund Balance, June 30	\$37,183,421	\$36,164,441	\$35,310,784	\$ (853,657)

CITY OF DOWNEY

**BUDGETARY COMPARISON SCHEDULE
HOUSING AUTHORITY
YEAR ENDED JUNE 30, 2017**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 4,352,863	\$ 4,352,863	\$ 4,352,863	\$ -
Resources (Inflows):				
Use of money and property	-	-	18,041	18,041
Miscellaneous	-	-	78,798	78,798
Transfers in	85,250	85,250	-	(85,250)
Amounts Available for Appropriations	4,438,113	4,438,113	4,449,702	11,589
Charges to Appropriations (Outflow):				
Community development	85,045	85,045	6,445	78,600
Total Charges to Appropriations	85,045	85,045	6,445	78,600
Budgetary Fund Balance, June 30	\$ 4,353,068	\$ 4,353,068	\$ 4,443,257	\$ 90,189

CITY OF DOWNEY

BUDGETARY COMPARISON SCHEDULE
HOME
YEAR ENDED JUNE 30, 2017

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 204,927	\$ 204,927	\$ 204,927	\$ -
Resources (Inflows):				
Intergovernmental	408,671	761,671	468,045	(293,626)
Amounts Available for Appropriations	613,598	966,598	672,972	(293,626)
Charges to Appropriations (Outflow):				
Community development	416,412	769,412	262,602	506,810
Total Charges to Appropriations	416,412	769,412	262,602	506,810
Budgetary Fund Balance, June 30	\$ 197,186	\$ 197,186	\$ 410,370	\$ 213,184

CITY OF DOWNEY

BUDGETARY COMPARISON SCHEDULE
 CIP GRANT FUND
 YEAR ENDED JUNE 30, 2017

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ (2,373,672)	\$ (2,373,672)	\$(2,373,672)	\$ -
Resources (Inflows):				
Intergovernmental	17,890,279	16,033,351	6,449,403	(9,583,948)
Use of money and property	500	-	-	-
Amounts Available for Appropriations	15,517,107	13,659,679	4,075,731	(9,583,948)
Charges to Appropriations (Outflow):				
Public works	-	-	101,370	(101,370)
Capital outlay	16,665,819	16,186,911	7,344,143	8,842,768
Transfers out	2,110,500	-	413,940	(413,940)
Total Charges to Appropriations	18,776,319	16,186,911	7,859,453	8,327,458
Budgetary Fund Balance, June 30	\$ (3,259,212)	\$ (2,527,232)	\$(3,783,722)	\$ (1,256,490)

CITY OF DOWNEY

**NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2017**

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:

General Government	\$ 406,297
Public Safety	4,990,805
Community services	314,904
Capital Outlay	980
Debt Service - Interest and Fiscal Charges	957,180

Grant Fund:

Public works	101,370
Transfers out	413,940

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 restricted 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.

GAS Tax 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.

LSTA Grant Fund is used to account for revenues received from library grants

Measure S Fund is used to account for special revenues from a half cent sales tax for infrastructure improvements and enhanced public safety services.

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, 2017

	Special Revenue Funds			
	Waste Reduction	Street Lighting	Sewer and Storm Drain	CATV Public Access
Assets:				
Pooled cash and investments	\$ 328,252	\$ 655,159	\$ 4,079,531	\$ 563,427
Receivables:				
Accounts	26,444	13,508	292,503	-
Taxes	-	-	-	-
Notes and loans	-	-	-	-
Prepaid costs	-	-	2,800	-
Due from other governments	28,649	-	-	26,856
Inventories	-	-	-	-
Total Assets	\$ 383,345	\$ 668,667	\$ 4,374,834	\$ 590,283
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	\$ 17,081	\$ 119,064	\$ 370,372	\$ -
Accrued liabilities	29,703	3,746	51,981	-
Unearned revenues	-	-	-	-
Due to other governments	-	-	-	-
Due to other funds	-	-	-	-
Total Liabilities	46,784	122,810	422,353	-
Deferred Inflows of Resources:				
Unavailable revenues	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-
Fund Balances:				
Restricted for:				
Community development	336,561	-	-	-
Public safety	-	-	-	-
Public works	-	545,857	3,952,481	590,283
Capital Projects	-	-	-	-
Low and moderate income housing	-	-	-	-
Assigned to:				
Capital Projects	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balances	336,561	545,857	3,952,481	590,283
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 383,345	\$ 668,667	\$ 4,374,834	\$ 590,283

CITY OF DOWNEY

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2017

(CONTINUED)

	Special Revenue Funds			
	Air Quality	Grants	CDBG	Asset Forfeiture
Assets:				
Pooled cash and investments	\$ 371,274	\$ 489,711	\$ -	\$ 138,169
Receivables:				
Accounts	-	99,636	-	-
Taxes	-	31,250	-	-
Notes and loans	-	-	515,208	-
Prepaid costs	-	-	-	-
Due from other governments	37,065	96,709	634,269	557
Inventories	-	11,721	-	-
Total Assets	\$ 408,339	\$ 729,027	\$ 1,149,477	\$ 138,726
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	\$ 100	\$ 28,806	\$ 16,499	\$ 98,761
Accrued liabilities	8,339	38,832	27,415	25,613
Unearned revenues	-	-	-	14,351
Due to other governments	-	-	-	-
Due to other funds	-	197,882	364,433	-
Total Liabilities	8,439	265,520	408,347	138,725
Deferred Inflows of Resources:				
Unavailable revenues	-	84,193	515,208	-
Total Deferred Inflows of Resources	-	84,193	515,208	-
Fund Balances:				
Restricted for:				
Community development	-	-	-	-
Public safety	-	-	-	1
Public works	399,900	379,314	-	-
Capital Projects	-	-	-	-
Low and moderate income housing	-	-	225,922	-
Assigned to:				
Capital Projects	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balances	399,900	379,314	225,922	1
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 408,339	\$ 729,027	\$ 1,149,477	\$ 138,726

CITY OF DOWNEY

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2017

	<u>Special Revenue Funds</u>			
	<u>Transit Prop C</u>	<u>Transit Prop A</u>	<u>Measure R Transit</u>	<u>Gas Tax</u>
Assets:				
Pooled cash and investments	\$ 897,705	\$ 685,033	\$ 1,020,925	\$ 239,903
Receivables:				
Accounts	-	125,528	41,748	50,932
Taxes	-	-	-	-
Notes and loans	-	-	-	-
Prepaid costs	-	43,170	-	-
Due from other governments	21,000	1,075	16,078	-
Inventories	-	-	-	-
Total Assets	<u>\$ 918,705</u>	<u>\$ 854,806</u>	<u>\$ 1,078,751</u>	<u>\$ 290,835</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	\$ 54,336	\$ 382,090	\$ 119,809	\$ 24,981
Accrued liabilities	4,478	55,319	42,894	3,074
Unearned revenues	-	-	-	-
Due to other governments	-	16,078	-	-
Due to other funds	-	-	-	163,317
Total Liabilities	<u>58,814</u>	<u>453,487</u>	<u>162,703</u>	<u>191,372</u>
Deferred Inflows of Resources:				
Unavailable revenues	21,000	1,075	-	-
Total Deferred Inflows of Resources	<u>21,000</u>	<u>1,075</u>	<u>-</u>	<u>-</u>
Fund Balances:				
Restricted for:				
Community development	-	-	-	-
Public safety	-	-	-	-
Public works	-	400,244	-	99,463
Capital Projects	838,891	-	916,048	-
Low and moderate income housing	-	-	-	-
Assigned to:				
Capital Projects	-	-	-	-
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>838,891</u>	<u>400,244</u>	<u>916,048</u>	<u>99,463</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 918,705</u>	<u>\$ 854,806</u>	<u>\$ 1,078,751</u>	<u>\$ 290,835</u>

CITY OF DOWNEY

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2017

	Special Revenue Funds		Capital Projects Funds	Total Nonmajor Governmental Funds
	LSTA Grant	Measure S	City Capital Projects	
Assets:				
Pooled cash and investments	\$ -	\$ 243,696	\$ 2,987,675	\$ 12,700,460
Receivables:				
Accounts	-	-	-	650,299
Taxes	-	808,445	-	839,695
Notes and loans	-	-	-	515,208
Prepaid costs	-	-	-	45,970
Due from other governments	1,948	-	358,401	1,222,607
Inventories	-	-	-	11,721
Total Assets	\$ 1,948	\$ 1,052,141	\$ 3,346,076	\$ 15,985,960
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ 50,005	\$ 1,281,904
Accrued liabilities	-	-	1,297	292,691
Unearned revenues	-	-	-	14,351
Due to other governments	-	-	-	16,078
Due to other funds	1,696	-	-	727,328
Total Liabilities	1,696	-	51,302	2,332,352
Deferred Inflows of Resources:				
Unavailable revenues	1,948	-	-	623,424
Total Deferred Inflows of Resources	1,948	-	-	623,424
Fund Balances:				
Restricted for:				
Community development	-	-	-	336,561
Public safety	-	1,052,141	-	1,052,142
Public works	-	-	-	6,367,542
Capital Projects	-	-	-	1,754,939
Low and moderate income housing	-	-	-	225,922
Assigned to:				
Capital Projects	-	-	3,294,774	3,294,774
Unassigned	(1,696)	-	-	(1,696)
Total Fund Balances	(1,696)	1,052,141	3,294,774	13,030,184
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 1,948	\$ 1,052,141	\$ 3,346,076	\$ 15,985,960

CITY OF DOWNEY

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2017

	Special Revenue Funds			
	Waste Reduction	Street Lighting	Sewer and Storm Drain	CATV Public Access
Revenues:				
Taxes	\$ -	\$ 396,347	\$ -	\$ 118,913
Intergovernmental	89,175	-	-	-
Charges for services	419,598	1,386,190	1,458,603	-
Use of money and property	865	857	11,273	-
Fines and forfeitures	-	-	-	-
Contributions	-	-	-	-
Developer participation	-	-	-	-
Miscellaneous	632	-	5,921	-
Total Revenues	510,270	1,783,394	1,475,797	118,913
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Community development	-	-	-	-
Community services	-	-	4,900	-
Public works	576,048	1,928,126	2,506,886	-
Capital outlay	-	82,530	1,426,344	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	8,199	-
Total Expenditures	576,048	2,010,656	3,946,329	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	(65,778)	(227,262)	(2,470,532)	118,913
Other Financing Sources (Uses):				
Transfers in	-	-	1,234,807	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	1,234,807	-
Net Change in Fund Balances	(65,778)	(227,262)	(1,235,725)	118,913
Fund Balances, Beginning of Year	402,339	773,119	5,188,206	471,370
Restatements	-	-	-	-
Fund Balances, Beginning of Year, as Restated	402,339	773,119	5,188,206	471,370
Fund Balances, End of Year	\$ 336,561	\$ 545,857	\$ 3,952,481	\$ 590,283

CITY OF DOWNEY

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2017

(CONTINUED)

	Special Revenue Funds			
	Air Quality	Grants	CDBG	Asset Forfeiture
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	145,809	225,132	1,069,854	1,487,449
Charges for services	-	237,796	-	-
Use of money and property	1,580	-	-	11,445
Fines and forfeitures	-	-	-	-
Contributions	-	-	-	-
Developer participation	-	-	-	-
Miscellaneous	-	87,110	-	-
Total Revenues	147,389	550,038	1,069,854	1,498,894
Expenditures:				
Current:				
General government	31,583	-	-	-
Public safety	33,047	289,564	-	1,481,654
Community development	-	1,022,236	876,383	-
Community services	-	-	17,507	-
Public works	128,085	-	-	-
Capital outlay	132,409	48,233	-	17,235
Debt service:				
Principal retirement	-	-	81,000	-
Interest and fiscal charges	-	-	18,274	-
Total Expenditures	325,124	1,360,033	993,164	1,498,889
Excess (Deficiency) of Revenues Over (Under) Expenditures	(177,735)	(809,995)	76,690	5
Other Financing Sources (Uses):				
Transfers in	-	795,000	-	-
Transfers out	-	-	(76,689)	-
Total Other Financing Sources (Uses)	-	795,000	(76,689)	-
Net Change in Fund Balances	(177,735)	(14,995)	1	5
Fund Balances, Beginning of Year	577,635	394,309	225,921	(4)
Restatements	-	-	-	-
Fund Balances, Beginning of Year, as Restated	577,635	394,309	225,921	(4)
Fund Balances, End of Year	\$ 399,900	\$ 379,314	\$ 225,922	\$ 1

CITY OF DOWNEY

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2017

	Special Revenue Funds			
	Transit Prop C	Transit Prop A	Measure R Transit	Gas Tax
Revenues:				
Taxes	\$ 1,723,334	\$ 2,078,374	\$ -	\$ -
Intergovernmental	-	125,528	41,748	2,199,649
Charges for services	-	1,547	-	-
Use of money and property	(1,594)	37,207	2,042	-
Fines and forfeitures	-	-	-	-
Contributions	-	-	-	-
Developer participation	-	-	1,293,280	-
Miscellaneous	399,000	107,093	-	-
Total Revenues	2,120,740	2,349,749	1,337,070	2,199,649
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Community development	-	-	-	-
Community services	-	-	-	-
Public works	156,038	1,617,925	738,387	580
Capital outlay	244,029	1,571,397	813,668	736,777
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	400,067	3,189,322	1,552,055	737,357
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,720,673	(839,573)	(214,985)	1,462,292
Other Financing Sources (Uses):				
Transfers in	99,534	900,000	54,265	260,141
Transfers out	(900,000)	-	-	(1,783,873)
Total Other Financing Sources (Uses)	(800,466)	900,000	54,265	(1,523,732)
Net Change in Fund Balances	920,207	60,427	(160,720)	(61,440)
Fund Balances, Beginning of Year	(85,288)	278,637	1,076,768	(2,103,396)
Restatements	3,972	61,180	-	2,264,299
Fund Balances, Beginning of Year, as Restated	(81,316)	339,817	1,076,768	160,903
Fund Balances, End of Year	\$ 838,891	\$ 400,244	\$ 916,048	\$ 99,463

CITY OF DOWNEY

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2017

	Special Revenue Funds		Capital Projects Funds	Total Nonmajor Governmental Funds
	LSTA Grant	Measure S	City Capital Projects	
Revenues:				
Taxes	\$ -	\$ 1,052,907	\$ -	\$ 5,369,875
Intergovernmental	58,527	-	141,630	5,584,501
Charges for services	-	-	6,384	3,510,118
Use of money and property	252	(766)	572	63,733
Fines and forfeitures	-	-	1,393,797	1,393,797
Contributions	-	-	20,000	20,000
Developer participation	-	-	-	1,293,280
Miscellaneous	-	-	67,538	667,294
Total Revenues	58,779	1,052,141	1,629,921	17,902,598
Expenditures:				
Current:				
General government	60,475	-	-	92,058
Public safety	-	-	-	1,804,265
Community development	-	-	-	1,898,619
Community services	-	-	-	22,407
Public works	-	-	3,714	7,655,789
Capital outlay	-	-	854,052	5,926,674
Debt service:				
Principal retirement	-	-	-	81,000
Interest and fiscal charges	-	-	-	26,473
Total Expenditures	60,475	-	857,766	17,507,285
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,696)	1,052,141	772,155	395,313
Other Financing Sources (Uses):				
Transfers in	-	-	450,000	3,793,747
Transfers out	-	-	-	(2,760,562)
Total Other Financing Sources (Uses)	-	-	450,000	1,033,185
Net Change in Fund Balances	(1,696)	1,052,141	1,222,155	1,428,498
Fund Balances, Beginning of Year	-	-	2,072,619	9,272,235
Restatements	-	-	-	2,329,451
Fund Balances, Beginning of Year, as Restated	-	-	2,072,619	11,601,686
Fund Balances, End of Year	\$ (1,696)	\$ 1,052,141	\$ 3,294,774	\$ 13,030,184

CITY OF DOWNEY

**BUDGETARY COMPARISON SCHEDULE
WASTE REDUCTION
YEAR ENDED JUNE 30, 2017**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 402,339	\$ 402,339	\$ 402,339	\$ -
Resources (Inflows):				
Intergovernmental	25,000	25,000	89,175	64,175
Charges for services	410,000	410,000	419,598	9,598
Use of money and property	2,500	2,500	865	(1,635)
Miscellaneous	100	100	632	532
Amounts Available for Appropriations	839,939	839,939	912,609	72,670
Charges to Appropriations (Outflow):				
Public works	626,596	626,596	576,048	50,548
Total Charges to Appropriations	626,596	626,596	576,048	50,548
Budgetary Fund Balance, June 30	\$ 213,343	\$ 213,343	\$ 336,561	\$ 123,218

CITY OF DOWNEY

**BUDGETARY COMPARISON SCHEDULE
STREET LIGHTING
YEAR ENDED JUNE 30, 2017**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 773,119	\$ 773,119	\$ 773,119	\$ -
Resources (Inflows):				
Taxes	383,000	383,000	396,347	13,347
Charges for services	1,237,500	1,237,500	1,386,190	148,690
Use of money and property	1,500	1,500	857	(643)
Amounts Available for Appropriations	2,395,119	2,395,119	2,556,513	161,394
Charges to Appropriations (Outflow):				
Public works	1,931,560	1,931,560	1,928,126	3,434
Capital outlay	150,000	150,000	82,530	67,470
Total Charges to Appropriations	2,081,560	2,081,560	2,010,656	70,904
Budgetary Fund Balance, June 30	\$ 313,559	\$ 313,559	\$ 545,857	\$ 232,298

CITY OF DOWNEY

**BUDGETARY COMPARISON SCHEDULE
SEWER AND STORM DRAIN
YEAR ENDED JUNE 30, 2017**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 5,188,206	\$ 5,188,206	\$ 5,188,206	\$ -
Resources (Inflows):				
Charges for services	1,500,500	1,500,500	1,458,603	(41,897)
Use of money and property	10,000	10,000	11,273	1,273
Miscellaneous	-	-	5,921	5,921
Transfers in	1,261,000	1,261,000	1,234,807	(26,193)
Amounts Available for Appropriations	7,959,706	7,959,706	7,898,810	(60,896)
Charges to Appropriations (Outflow):				
Community services	115,000	115,000	4,900	110,100
Public works	3,252,534	3,252,534	2,506,886	745,648
Capital outlay	1,825,900	1,825,900	1,426,344	399,556
Debt service:				
Interest and fiscal charges	-	-	8,199	(8,199)
Total Charges to Appropriations	5,193,434	5,193,434	3,946,329	1,247,105
Budgetary Fund Balance, June 30	\$ 2,766,272	\$ 2,766,272	\$ 3,952,481	\$ 1,186,209

CITY OF DOWNEY

BUDGETARY COMPARISON SCHEDULE
 CATV PUBLIC ACCESS
 YEAR ENDED JUNE 30, 2017

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 471,370	\$ 471,370	\$ 471,370	\$ -
Resources (Inflows):				
Taxes	110,000	110,000	118,913	8,913
Amounts Available for Appropriations	581,370	581,370	590,283	8,913
Budgetary Fund Balance, June 30	\$ 581,370	\$ 581,370	\$ 590,283	\$ 8,913

CITY OF DOWNEY

**BUDGETARY COMPARISON SCHEDULE
AIR QUALITY
YEAR ENDED JUNE 30, 2017**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 577,635	\$ 577,635	\$ 577,635	\$ -
Resources (Inflows):				
Intergovernmental	103,600	103,600	145,809	42,209
Use of money and property	2,500	2,500	1,580	(920)
Transfers in	-	60,000	-	(60,000)
Amounts Available for Appropriations	683,735	743,735	725,024	(18,711)
Charges to Appropriations (Outflow):				
General government	-	-	31,583	(31,583)
Public safety	-	93,369	33,047	60,322
Public works	124,494	124,494	128,085	(3,591)
Capital outlay	78,000	153,000	132,409	20,591
Total Charges to Appropriations	202,494	370,863	325,124	45,739
Budgetary Fund Balance, June 30	\$ 481,241	\$ 372,872	\$ 399,900	\$ 27,028

CITY OF DOWNEY

**BUDGETARY COMPARISON SCHEDULE
GRANTS
YEAR ENDED JUNE 30, 2017**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 394,309	\$ 394,309	\$ 394,309	\$ -
Resources (Inflows):				
Intergovernmental	-	370,000	225,132	(144,868)
Charges for services	145,000	145,000	237,796	92,796
Miscellaneous	100,752	100,752	87,110	(13,642)
Transfers in	795,000	795,000	795,000	-
Amounts Available for Appropriations	1,435,061	1,805,061	1,739,347	(65,714)
Charges to Appropriations (Outflow):				
Public safety	-	326,358	289,564	36,794
Community development	966,600	966,600	1,022,236	(55,636)
Capital outlay	74,152	175,402	48,233	127,169
Total Charges to Appropriations	1,040,752	1,468,360	1,360,033	108,327
Budgetary Fund Balance, June 30	\$ 394,309	\$ 336,701	\$ 379,314	\$ 42,613

CITY OF DOWNEY

**BUDGETARY COMPARISON SCHEDULE
CDBG
YEAR ENDED JUNE 30, 2017**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 225,921	\$ 225,921	\$ 225,921	\$ -
Resources (Inflows):				
Intergovernmental	1,537,557	1,537,557	1,069,854	(467,703)
Amounts Available for Appropriations	1,763,478	1,763,478	1,295,775	(467,703)
Charges to Appropriations (Outflow):				
Community development	957,077	957,077	876,383	80,694
Community services	-	-	17,507	(17,507)
Debt service:				
Principal retirement	81,000	81,000	81,000	-
Interest and fiscal charges	160,495	160,495	18,274	142,221
Transfers out	-	204,229	76,689	127,540
Total Charges to Appropriations	1,198,572	1,402,801	1,069,853	332,948
Budgetary Fund Balance, June 30	\$ 564,906	\$ 360,677	\$ 225,922	\$ (134,755)

CITY OF DOWNEY

**BUDGETARY COMPARISON SCHEDULE
ASSET FORFEITURE
YEAR ENDED JUNE 30, 2017**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, July 1, as restated	\$ (4)	\$ (4)	\$ (4)	\$ -
Resources (Inflows):				
Intergovernmental	1,350,000	1,350,000	1,487,449	137,449
Use of money and property	5,000	5,000	11,445	6,445
Amounts Available for Appropriations	1,354,996	1,354,996	1,498,890	143,894
Charges to Appropriation (Outflow):				
Public safety	1,296,911	1,700,309	1,481,654	218,655
Capital outlay	-	-	17,235	(17,235)
Total Charges to Appropriations	1,296,911	1,700,309	1,498,889	201,420
Budgetary Fund Balance, June 30	\$ 58,085	\$ (345,313)	\$ 1	\$ 345,314

CITY OF DOWNEY

**BUDGETARY COMPARISON SCHEDULE
TRANSIT PROP C
YEAR ENDED JUNE 30, 2017**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, July 1, as restated	\$ (81,316)	\$ (81,316)	\$ (81,316)	\$ -
Resources (Inflows):				
Taxes	1,731,036	1,731,036	1,723,334	(7,702)
Use of money and property	1,000	1,000	(1,594)	(2,594)
Miscellaneous	100	100	399,000	398,900
Transfers in	-	-	99,534	99,534
Amounts Available for Appropriations	<u>1,650,820</u>	<u>1,650,820</u>	<u>2,138,958</u>	<u>488,138</u>
Charges to Appropriation (Outflow):				
Public works	113,888	153,328	156,038	(2,710)
Capital outlay	2,595,000	2,595,000	244,029	2,350,971
Transfers out	900,000	900,000	900,000	-
Total Charges to Appropriations	<u>3,608,888</u>	<u>3,648,328</u>	<u>1,300,067</u>	<u>2,348,261</u>
Budgetary Fund Balance, June 30	<u>\$ (1,958,068)</u>	<u>\$ (1,997,508)</u>	<u>\$ 838,891</u>	<u>\$ 2,836,399</u>

CITY OF DOWNEY

**BUDGETARY COMPARISON SCHEDULE
TRANSIT PROP A
YEAR ENDED JUNE 30, 2017**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1, as restated	\$ 339,817	\$ 339,817	\$ 339,817	\$ -
Resources (Inflows):				
Taxes	2,086,909	2,086,909	2,078,374	(8,535)
Intergovernmental	-	-	125,528	125,528
Charges for services	5,000	5,000	1,547	(3,453)
Use of money and property	2,000	2,000	37,207	35,207
Miscellaneous	70,000	70,000	107,093	37,093
Transfers in	900,000	900,000	900,000	-
Amounts Available for Appropriations	3,403,726	3,403,726	3,589,566	185,840
Charges to Appropriation (Outflow):				
Public works	1,782,149	1,715,072	1,617,925	97,147
Capital outlay	1,260,523	1,382,077	1,571,397	(189,320)
Total Charges to Appropriations	3,042,672	3,097,149	3,189,322	(92,173)
Budgetary Fund Balance, June 30	\$ 361,054	\$ 306,577	\$ 400,244	\$ 93,667

CITY OF DOWNEY

**BUDGETARY COMPARISON SCHEDULE
MEASURE R TRANSIT
YEAR ENDED JUNE 30, 2017**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, July 1	\$ 1,076,768	\$ 1,076,768	\$ 1,076,768	\$ -
Resources (Inflows):				
Intergovernmental	-	-	41,748	41,748
Use of money and property	5,000	5,000	2,042	(2,958)
Developer participation	1,298,181	1,298,181	1,293,280	(4,901)
Transfers in	-	-	54,265	54,265
Amounts Available for Appropriations	<u>2,379,949</u>	<u>2,379,949</u>	<u>2,468,103</u>	<u>88,154</u>
Charges to Appropriation (Outflow):				
Public works	975,262	791,262	738,387	52,875
Capital outlay	1,233,000	1,417,000	813,668	603,332
Total Charges to Appropriations	<u>2,208,262</u>	<u>2,208,262</u>	<u>1,552,055</u>	<u>656,207</u>
Budgetary Fund Balance, June 30	<u>\$ 171,687</u>	<u>\$ 171,687</u>	<u>\$ 916,048</u>	<u>\$ 744,361</u>

CITY OF DOWNEY

**BUDGETARY COMPARISON SCHEDULE
GAS TAX
YEAR ENDED JUNE 30, 2017**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, July 1, as restated	\$ 160,903	\$ 160,903	\$ 160,903	\$ -
Resources (Inflows):				
Intergovernmental	-	2,529,460	2,199,649	(329,811)
Use of money and property	-	500	-	(500)
Transfers in	-	-	260,141	260,141
Amounts Available for Appropriation	160,903	2,690,863	2,620,693	(70,170)
Charges to Appropriation (Outflow):				
Public works	-	-	580	(580)
Capital outlay	-	1,380,000	736,777	643,223
Transfers out	-	2,110,500	1,783,873	326,627
Total Charges to Appropriations	-	3,490,500	2,521,230	969,270
Budgetary Fund Balance, June 30	\$ 160,903	\$ (799,637)	\$ 99,463	\$ 899,100

CITY OF DOWNEY

BUDGETARY COMPARISON SCHEDULE
 LSTA GRANT
 YEAR ENDED JUNE 30, 2017

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ -	\$ -	\$ -	\$ -
Resources (Inflows):				
Intergovernmental	-	65,030	58,527	(6,503)
Use of money and property	-	-	252	252
Miscellaneous	-	9,000	-	(9,000)
Amounts Available for Appropriation	-	74,030	58,779	(15,251)
Charges to Appropriation (Outflow):				
General government	-	74,030	60,475	13,555
Total Charges to Appropriations	-	74,030	60,475	13,555
Budgetary Fund Balance, June 30	\$ -	\$ -	\$ (1,696)	\$ (1,696)

CITY OF DOWNEY

**BUDGETARY COMPARISON SCHEDULE
CITY CAPITAL PROJECT
YEAR ENDED JUNE 30, 2017**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 2,072,619	\$ 2,072,619	\$ 2,072,619	\$ -
Resources (Inflows):				
Intergovernmental	-	-	141,630	141,630
Charges for services	-	-	6,384	6,384
Use of money and property	-	-	572	572
Fines and forfeitures	1,200,000	1,200,000	1,393,797	193,797
Contributions	-	-	20,000	20,000
Miscellaneous	-	-	67,538	67,538
Transfers in	450,000	1,026,100	450,000	(576,100)
Amounts Available for Appropriations	3,722,619	4,298,719	4,152,540	(146,179)
Charges to Appropriations (Outflow):				
Public works	-	-	3,714	(3,714)
Capital outlay	2,542,220	3,683,320	854,052	2,829,268
Total Charges to Appropriations	2,542,220	3,683,320	857,766	2,825,554
Budgetary Fund Balance, June 30	\$ 1,180,399	\$ 615,399	\$ 3,294,774	\$ 2,679,375

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, 2017

	<u>Governmental Activities - Internal Service Funds</u>		
	<u>Employee Benefits</u>	<u>Equipment</u>	<u>Totals</u>
Assets and Deferred Outflows of Resources:			
Assets:			
Current:			
Cash and investments	\$ 26,562,686	\$ 41,600	\$ 26,604,286
Receivables:			
Accounts	13,362	6,177	19,539
Inventories	-	92,132	92,132
Advances to Successor Agency	1,466,404	-	1,466,404
Restricted:			
Cash and investments	2,901,582	2,901,582	5,803,164
Total Current Assets	30,944,034	3,041,491	33,985,525
Noncurrent:			
Capital assets - net of accumulated depreciation	-	4,585,519	4,585,519
Total Noncurrent Assets	-	4,585,519	4,585,519
Total Assets	30,944,034	7,627,010	38,571,044
Deferred Outflows of Resources:			
Deferred pension related items	-	260,869	260,869
Total Deferred Outflows of Resources	-	260,869	260,869
Total Assets and Deferred Outflows of Resources	\$ 30,944,034	\$ 7,887,879	\$ 38,831,913
Liabilities, Deferred Inflows of Resources, and Net Position:			
Liabilities:			
Current:			
Accounts payable	\$ -	\$ 183,453	\$ 183,453
Accrued liabilities	140	36,829	36,969
Accrued interest	-	16,393	16,393
Accrued compensated absences	604,112	-	604,112
Accrued claims payable	2,434,909	-	2,434,909
Bonds, notes, and capital leases	-	499,456	499,456
Total Current Liabilities	3,039,161	736,131	3,775,292
Noncurrent:			
Accrued compensated absences	11,922,701	-	11,922,701
Accrued claims payable	4,940,509	-	4,940,509
Bonds, notes, and capital leases	-	1,533,351	1,533,351
Net pension liability	-	1,307,237	1,307,237
Total Noncurrent Liabilities	16,863,210	2,840,588	19,703,798
Total Liabilities	19,902,371	3,576,719	23,479,090
Deferred Inflows of Resources:			
Deferred pension related items	-	9,577	9,577
Total Deferred Inflows of Resources	-	9,577	9,577
Net Position:			
Net investment in capital assets	-	2,552,712	2,552,712
Unrestricted	11,041,663	1,748,871	12,790,534
Total Net Position	11,041,663	4,301,583	15,343,246
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 30,944,034	\$ 7,887,879	\$ 38,831,913

CITY OF DOWNEY

COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2017

	Governmental Activities - Internal Service Funds		
	Employee Benefits	Equipment	Totals
Operating Revenues:			
Interdepartmental charges	\$ 1,962,553	\$ 2,445,636	\$ 4,408,189
Miscellaneous	275	4,323	4,598
Total Operating Revenues	1,962,828	2,449,959	4,412,787
Operating Expenses:			
Maintenance and operations	-	2,013,284	2,013,284
General and administrative	-	40,046	40,046
Employee benefits	2,427,930	-	2,427,930
Depreciation expense	-	1,572,617	1,572,617
Total Operating Expenses	2,427,930	3,625,947	6,053,877
Operating Income (Loss)	(465,102)	(1,175,988)	(1,641,090)
Nonoperating Revenues (Expenses):			
Interest revenue	(4,559)	(8,354)	(12,913)
Interest expense	-	(47,064)	(47,064)
Gain (loss) on disposal of capital assets	-	(60,032)	(60,032)
Total Nonoperating Revenues (Expenses)	(4,559)	(115,450)	(120,009)
Changes in Net Position	(469,661)	(1,291,438)	(1,761,099)
Net Position:			
Beginning of Year	11,511,324	5,593,021	17,104,345
End of Fiscal Year	\$ 11,041,663	\$ 4,301,583	\$ 15,343,246

CITY OF DOWNEY

**COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2017**

	Governmental Activities - Internal Service Funds		
	Employee Benefits	Equipment	Totals
Cash Flows from Operating Activities:			
Cash received from customers and users	\$ 1,949,466	\$ 2,446,743	\$ 4,396,209
Cash paid to suppliers for goods and services	-	(1,962,308)	(1,962,308)
Cash paid to employees for services	(2,429,005)	(64,332)	(2,493,337)
Cash received from (payments to) others	61,443	-	61,443
Net Cash Provided (Used) by Operating Activities	(418,096)	420,103	2,007
Cash Flows from Capital and Related Financing Activities:			
Acquisition and construction of capital assets	-	(39,717)	(39,717)
Principal paid on capital debt	-	(506,721)	(506,721)
Interest paid on capital debt	-	(78,756)	(78,756)
Proceeds from sales of capital assets	-	9,127	9,127
Net Cash Provided (Used) by Capital and Related Financing Activities	-	(616,067)	(616,067)
Cash Flows from Investing Activities:			
Interest received	(4,559)	(8,354)	(12,913)
Net Cash Provided (Used) by Investing Activities	(4,559)	(8,354)	(12,913)
Net Increase (Decrease) in Cash and Cash Equivalents	(422,655)	(204,318)	(626,973)
Cash and Cash Equivalents at Beginning of Year	29,886,923	3,147,500	33,034,423
Cash and Cash Equivalents at End of Year	\$ 29,464,268	\$ 2,943,182	\$ 32,407,450
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	\$ (465,102)	\$ (1,175,988)	\$ (1,641,090)
Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:			
Depreciation	-	1,572,617	1,572,617
Loss on Disposal of capital assets	-	-	-
(Increase) decrease in accounts receivable	(13,362)	(3,268)	(16,630)
(Increase) decrease in deposits receivable	-	-	-
(Increase) decrease in due from other governments	-	52	52
(Increase) decrease in inventories	-	2,473	2,473
(Increase) decrease in Advances to Successor Agency	61,443	-	61,443
(Increase) decrease in deferred pension related outflows	-	(195,311)	(195,311)
Increase (decrease) in accounts payable	-	48,503	48,503
Increase (decrease) in accrued liabilities	(1,075)	6,258	5,183
Increase (decrease) in net pension liability	-	259,232	259,232
Increase (decrease) in deferred pension related inflows	-	(94,465)	(94,465)
Total Adjustments	47,006	1,596,091	1,643,097
Net Cash Provided (Used) by Operating Activities	\$ (418,096)	\$ 420,103	\$ 2,007
Non-Cash Investing, Capital, and Financing Activities:			
Amortization of bond premium	\$ 7,109	\$ -	\$ 7,109
Loss on disposal of capital assets	-	(60,032)	(60,032)

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

Southeast Water Coalition Fund is a joint powers authority established to protect the Central Groundwater Basin.

CITY OF DOWNEY

COMBINING STATEMENT OF ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 JUNE 30, 2017

	<u>Special Deposits</u>	<u>Cemetery District</u>	<u>1913 Act Bond</u>	<u>Elm Vista</u>
Assets:				
Pooled cash and investments	\$ 2,005,020	\$ 318,623	\$ 122,271	\$ 1,765
Receivables:				
Accounts	-	-	-	3,256
Taxes	-	2,348	-	-
Accrued interest	-	1,149	-	-
Due from other governments	2,089	1,484	-	-
Total Assets	<u>\$ 2,007,109</u>	<u>\$ 323,604</u>	<u>\$ 122,271</u>	<u>\$ 5,021</u>
Liabilities:				
Accounts payable	\$ 13,353	\$ 2,129	\$ -	\$ -
Accrued liabilities	-	81	-	-
Deposits payable	1,993,756	288,076	122,271	21
Due to other governments	-	33,318	-	5,000
Total Liabilities	<u>\$ 2,007,109</u>	<u>\$ 323,604</u>	<u>\$ 122,271</u>	<u>\$ 5,021</u>

CITY OF DOWNEY

COMBINING STATEMENT OF ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 JUNE 30, 2017

	Columbia Memorial Space	SEAACA	Southeast Water Coalition	Totals
Assets:				
Pooled cash and investments	\$ 103,177	\$ 1,842,212	\$ 187,069	\$ 4,580,137
Receivables:				
Accounts	-	137,445	-	140,701
Taxes	-	-	-	2,348
Accrued interest	-	-	-	1,149
Due from other governments	1,000	56,534	-	61,107
Total Assets	\$ 104,177	\$ 2,036,191	\$ 187,069	\$ 4,785,442
Liabilities:				
Accounts payable	\$ -	\$ 734,580	\$ 6,712	\$ 756,774
Accrued liabilities	-	403,441	-	403,522
Deposits payable	104,177	584,901	180,357	3,273,559
Due to other governments	-	313,269	-	351,587
Total Liabilities	\$ 104,177	\$ 2,036,191	\$ 187,069	\$ 4,785,442

CITY OF DOWNEY

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 YEAR ENDED JUNE 30, 2017

	Balance 7/1/2016	Additions	Deductions	Balance 6/30/2017
<u>Special Deposits</u>				
Assets:				
Pooled cash and investments	\$ 2,413,779	\$ 1,315,182	\$ 1,723,941	\$ 2,005,020
Due from other governments	10,629	2,089	10,629	2,089
Total Assets	\$ 2,424,408	\$ 1,317,271	\$ 1,734,570	\$ 2,007,109
Liabilities:				
Accounts payable	\$ 56,058	\$ 1,256,383	\$ 1,299,088	\$ 13,353
Deposits payable	2,368,350	1,311,990	1,686,584	1,993,756
Total Liabilities	\$ 2,424,408	\$ 2,568,373	\$ 2,985,672	\$ 2,007,109
<u>Cemetery District</u>				
Assets:				
Pooled cash and investments	\$ 239,661	\$ 205,707	\$ 126,745	\$ 318,623
Taxes	2,316	32	-	2,348
Accrued interest	607	542	-	1,149
Due from other governments	1,175	309	-	1,484
Total Assets	\$ 243,759	\$ 206,590	\$ 126,745	\$ 323,604
Liabilities:				
Accounts payable	\$ 1,142	\$ 22,686	\$ 21,699	\$ 2,129
Accrued liabilities	-	4,941	4,860	81
Deposits payable	242,617	212,969	167,510	288,076
Due to other governments	-	33,318	-	33,318
Total Liabilities	\$ 243,759	\$ 273,914	\$ 194,069	\$ 323,604
<u>1913 Act Bond</u>				
Assets:				
Pooled cash and investments	\$ 122,271	\$ -	\$ -	\$ 122,271
Total Assets	\$ 122,271	\$ -	\$ -	\$ 122,271
Liabilities:				
Deposits payable	\$ 122,271	\$ -	\$ -	\$ 122,271
Total Liabilities	\$ 122,271	\$ -	\$ -	\$ 122,271
<u>Elm Vista</u>				
Assets:				
Pooled cash and investments	\$ 1,765	\$ -	\$ -	\$ 1,765
Receivables:				
Accounts	3,256	-	-	3,256
Total Assets	\$ 5,021	\$ -	\$ -	\$ 5,021
Liabilities:				
Deposits payable	\$ 21	\$ -	\$ -	\$ 21
Due to other governments	5,000	-	-	5,000
Total Liabilities	\$ 5,021	\$ -	\$ -	\$ 5,021
<u>Columbia Memorial Space Learning Center Foundation</u>				
Assets:				
Pooled cash and investments	\$ 39,042	\$ 104,337	\$ 40,202	\$ 103,177
Due from other governments	-	1,000	-	1,000
Total Assets	\$ 39,042	\$ 105,337	\$ 40,202	\$ 104,177
Liabilities:				
Accounts payable	\$ -	\$ 23,961	\$ 23,961	\$ -
Deposits payable	39,042	105,337	40,202	104,177
Total Liabilities	\$ 39,042	\$ 129,298	\$ 64,163	\$ 104,177

CITY OF DOWNEY

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 YEAR ENDED JUNE 30, 2017

	Balance 7/1/2016	Additions	Deductions	Balance 6/30/2017
<u>SEAACA</u>				
Assets:				
Pooled cash and investments	\$ 1,477,761	\$ 7,577,358	\$ 7,212,907	\$ 1,842,212
Receivables:				
Accounts	2,528	3,810,223	3,675,306	137,445
Due from other governments	25,758	80,265	49,489	56,534
Total Assets	\$ 1,506,047	\$ 11,467,846	\$ 10,937,702	\$ 2,036,191
Liabilities:				
Accounts payable	\$ 519,933	\$ 5,966,153	\$ 5,751,506	\$ 734,580
Accrued liabilities	342,702	2,882,113	2,821,374	403,441
Deposits payable	643,412	8,846,237	8,904,748	584,901
Due to other governments	-	313,269	-	313,269
Total Liabilities	\$ 1,506,047	\$ 18,007,772	\$ 17,477,628	\$ 2,036,191
<u>Southeast Water Coalition</u>				
Assets:				
Pooled cash and investments	\$ -	\$ 334,419	\$ 147,350	\$ 187,069
Receivables:				
Accounts	-	192,500	192,500	-
Total Assets	\$ -	\$ 526,919	\$ 339,850	\$ 187,069
Liabilities:				
Accounts payable	\$ -	\$ 66,736	\$ 60,024	\$ 6,712
Deposits payable	-	334,420	154,063	180,357
Total Liabilities	\$ -	\$ 401,156	\$ 214,087	\$ 187,069
<u>Totals - All Agency Funds</u>				
Assets:				
Pooled cash and investments	\$ 4,294,279	\$ 9,537,003	\$ 9,251,145	\$ 4,580,137
Receivables:				
Accounts	5,784	4,002,723	3,867,806	140,701
Taxes	2,316	32	-	2,348
Accrued interest	607	542	-	1,149
Due from other governments	37,562	83,663	60,118	61,107
Total Assets	\$ 4,340,548	\$ 13,623,963	\$ 13,179,069	\$ 4,785,442
Liabilities:				
Accounts payable	\$ 577,133	\$ 7,335,919	\$ 7,156,278	\$ 756,774
Accrued liabilities	342,702	2,887,054	2,826,234	403,522
Deposits payable	3,415,713	10,810,953	10,953,107	3,273,559
Due to other governments	5,000	346,587	-	351,587
Total Liabilities	\$ 4,340,548	\$ 21,380,513	\$ 20,935,619	\$ 4,785,442

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STATISTICAL SECTION



City of *Downey*

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DESCRIPTION OF STATISTICAL SECTION CONTENTS

June 30, 2017

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	127
<u>Revenue Capacity</u> - These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.....	138
<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	145
<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.....	152
<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	155

CITY OF DOWNEY

NET POSITION BY COMPONENT
(amounts expressed in thousands)

Last Ten Fiscal Years
(modified accrual basis of accounting)

	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
Governmental Activities:					
Net investment in capital assets	\$ 172,185	\$ 176,041	\$ 177,580	\$ 188,044	\$ 193,698
Restricted	28,201	32,221	39,029	35,023	26,298
Unreserved	<u>38,679</u>	<u>34,848</u>	<u>25,557</u>	<u>11,490</u>	<u>33,582</u>
Total governmental activities	<u>239,065</u>	<u>243,110</u>	<u>242,166</u>	<u>234,557</u>	<u>253,578</u>
Business-type Activities:					
Net investment in capital assets	35,586	35,423	35,211	35,675	34,378
Restricted			3,706	3,816	4,259
Unrestricted	<u>21,693</u>	<u>20,494</u>	<u>10,215</u>	<u>2,336</u>	<u>(769)</u>
Total business-type activities	<u>57,279</u>	<u>55,917</u>	<u>49,132</u>	<u>41,827</u>	<u>37,868</u>
Primary Government:					
Net investment in capital assets	207,771	211,464	212,791	223,719	228,076
Restricted	28,201	32,221	42,735	38,839	30,557
Unassigned	<u>60,372</u>	<u>55,342</u>	<u>35,772</u>	<u>13,826</u>	<u>32,813</u>
Total primary government	<u>296,344</u>	<u>299,027</u>	<u>291,298</u>	<u>276,384</u>	<u>291,446</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)

	2012-13	2013-14	2014-15	2015-16	2016-17
Governmental Activities:					
Net investment in capital assets	\$ 189,490	\$ 193,071	\$ 206,576	211,020	212,244
Restricted	29,332	26,203	23,592	30,009	30,653
Unreserved	31,965	48,162	(98,403)	(103,853)	(109,605)
Total governmental activities	250,787	267,436	131,765	137,176	133,292
Business-type Activities:					
Net investment in capital assets	34,116	41,719	34,744	35,577	35,265
Restricted	4,224	1,478	469	469	469
Unrestricted	3,602	5,941	1,084	6,032	11,124
Total business-type activities	41,942	49,138	36,297	42,078	46,858
Primary Government:					
Net investment in capital assets	223,606	234,790	241,320	246,597	247,509
Restricted	33,556	27,681	24,061	30,478	31,122
Unassigned	35,567	54,103	(97,319)	(97,821)	(98,481)
Total primary government	292,729	316,574	168,062	179,254	180,150

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)

	2007-08	2008-09	2009-10	2010-11	2011-12
Expenses					
Governmental Activities:					
General government	\$ 5,891	\$ 4,881	\$ 7,588	\$ 7,594	\$ 7,768
Public safety	43,510	45,314	46,420	50,482	51,958
Public works	7,460	7,450	8,013	5,849	6,767
Community services	9,390	9,220	8,420	9,041	9,314
Community development	8,898	8,732	10,543	13,825	8,481
Transit	2,939	3,486	3,469	5,954	4,927
Unallocated infrastructure depreciation	4,806	4,965	5,064	5,481	5,640
Interest on long term debt	1,823	1,859	1,933	2,130	1,541
Total expenses for governmental activities	<u>84,717</u>	<u>85,907</u>	<u>91,450</u>	<u>100,356</u>	<u>96,396</u>
Business-type Activities:					
Water	10,121	9,739	11,829	10,432	12,207
Golf	2,765	2,699	2,847	2,693	2,842
Total expenses for business-type activities	<u>12,886</u>	<u>12,438</u>	<u>14,676</u>	<u>13,125</u>	<u>15,049</u>
Total expenses for primary government	<u>97,603</u>	<u>98,345</u>	<u>106,126</u>	<u>113,481</u>	<u>111,445</u>
Program Revenues					
Governmental Activities:					
Charges for services:					
General government	134	154	162	190	179
Public safety	4,202	4,161	4,951	4,014	5,234
Public works	2,247	2,273	2,410	2,134	1,173
Community services	2,516	2,536	2,078	2,187	2,414
Community development	3,795	2,277	1,580	3,806	1,443
Operating grants and contributions	8,086	7,629	7,190	8,818	9,131
Capital grants and contributions	3,623	7,634	7,528	6,500	6,330
Total revenues for governmental activities	<u>24,603</u>	<u>26,664</u>	<u>25,899</u>	<u>27,649</u>	<u>25,904</u>
Business-type Activities:					
Charges for services:					
Water	9,078	8,782	8,408	8,366	11,104
Golf	2,938	2,780	2,625	2,547	2,706
Operating grants and contributions	-	762	-	2,004	-
Total revenues for business-type activities	<u>12,016</u>	<u>12,324</u>	<u>11,033</u>	<u>12,917</u>	<u>13,810</u>
Total revenues for primary government	<u>36,619</u>	<u>38,988</u>	<u>36,932</u>	<u>40,566</u>	<u>39,714</u>
Net (Expenses)/Revenues:					
Governmental activities	(60,114)	(59,243)	(65,551)	(72,707)	(70,492)
Business-type activities	(870)	(114)	(3,643)	(208)	(1,239)
Total net position for primary government	<u>(60,984)</u>	<u>(59,357)</u>	<u>(69,194)</u>	<u>(72,915)</u>	<u>(71,731)</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)

	2012-13	2013-14	2014-15	2015-16	2016-17
Expenses					
Governmental Activities:					
General government	7,242	12,856	12,419	14,884	14,735
Public safety	46,414	52,127	54,196	58,397	65,666
Public works	7,349	10,209	13,598	15,479	15,486
Community services	8,959	5,821	6,703	7,975	9,404
Community development	5,821	5,115	4,893	7,257	5,870
Transit	3,992	3,317	-	-	-
Unallocated infrastructure depreciation	5,717	-	-	-	-
Interest on long term debt	46	1,052	1,617	1,662	1,704
Total expenses for governmental activities	<u>85,540</u>	<u>90,497</u>	<u>93,426</u>	<u>105,654</u>	<u>112,865</u>
Business-type Activities:					
Water	10,117	12,102	12,355	10,580	11,376
Golf	2,772	3,054	3,188	2,667	2,794
Total expenses for business-type activities	<u>12,889</u>	<u>15,156</u>	<u>15,543</u>	<u>13,247</u>	<u>14,170</u>
Total expenses for primary government	<u>98,429</u>	<u>105,653</u>	<u>108,969</u>	<u>118,901</u>	<u>127,035</u>
Program Revenues					
Governmental Activities:					
Charges for services:					
General government	104	5,109	5,530	6,436	7,700
Public safety	5,996	4,550	3,980	5,136	4,650
Public works	3,111	2,045	2,950	5,545	4,332
Community services	2,452	2,766	2,977	3,233	3,561
Community development	1,301	1,080	1,307	1,550	1,408
Operating grants and contributions	8,468	9,981	12,690	15,108	13,548
Capital grants and contributions	4,279	981	1,503	2,281	1,805
Total revenues for governmental activities	<u>25,711</u>	<u>26,512</u>	<u>30,937</u>	<u>39,289</u>	<u>37,004</u>
Business-type Activities:					
Charges for services:					
Water	15,194	18,104	17,399	16,120	16,874
Golf	2,639	2,765	2,763	2,798	2,800
Operating grants and contributions	-	-	-	-	-
Total revenues for business-type activities	<u>17,833</u>	<u>20,869</u>	<u>20,162</u>	<u>18,918</u>	<u>19,674</u>
Total revenues for primary government	<u>43,544</u>	<u>47,381</u>	<u>51,099</u>	<u>58,207</u>	<u>56,678</u>
Net (Expenses)/Revenues:					
Governmental activities	(59,829)	(63,985)	(62,489)	(66,365)	(75,861)
Business-type activities	4,944	5,713	4,619	5,671	5,504
Total net position for primary government	<u>(54,885)</u>	<u>(58,272)</u>	<u>(57,870)</u>	<u>(60,694)</u>	<u>(70,357)</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)

	2007-08	2008-09	2009-10	2010-11	2011-12
General Revenues and Other Changes in Net Position:					
Governmental Activities:					
Property taxes, levied for general purposes	\$ 23,974	\$ 25,561	\$ 25,938	\$ 24,347	\$ 20,847
Transient occupancy taxes	1,050	934	936	991	1,123
Sales and use taxes	11,706	9,675	8,942	9,845	10,479
Property tax in lieu of sales and use taxes	3,856	3,444	3,180	3,144	3,959
Franchise taxes	2,142	2,276	2,201	2,340	2,324
Utility taxes	8,002	7,677	7,471	7,094	6,778
Other taxes	1,819	1,632	1,536	1,742	1,351
Earning on investments	5,973	4,889	3,671	1,817	2,281
Gain/(loss) on sales of capital assets	24	49	38	25	24
Miscellaneous	1,443	1,491	1,938	2,171	2,529
Transfer-in	4,761	2,304	4,961	5,757	2,619
Extraordinary gain	-	-	-	-	30,042
Total governmental activities	<u>64,750</u>	<u>59,932</u>	<u>60,812</u>	<u>59,273</u>	<u>84,356</u>
Business-type Activities:					
Sales taxes	3,310	3,004	4,074	3,761	4,070
Earning on investments	1,580	1,436	1,022	451	768
Gain/(loss) on sales of capital assets	28	(28)	2	2	-
Miscellaneous	2,012	-	60	271	824
Transfer-in	(4,761)	(2,304)	(4,961)	(5,757)	(2,619)
Total business-type activities	<u>2,169</u>	<u>2,108</u>	<u>197</u>	<u>(1,272)</u>	<u>3,043</u>
Total primary government	<u>66,919</u>	<u>62,040</u>	<u>61,009</u>	<u>58,001</u>	<u>87,399</u>
Changes in Net Position					
Governmental activities	4,636	689	(4,739)	(13,434)	13,864
Business-type activities	<u>1,299</u>	<u>1,994</u>	<u>(3,446)</u>	<u>(1,480)</u>	<u>1,804</u>
Total net position for primary government	<u>5,935</u>	<u>2,683</u>	<u>(8,185)</u>	<u>(14,914)</u>	<u>15,668</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)

	2012-13	2013-14	2014-15	2015-16	2016-17
General Revenues and Other Changes in Net Position:					
Governmental Activities:					
Property taxes, levied for general purposes	\$ 21,116	\$ 21,842	\$ 23,152	\$ 24,709	\$ 25,378
Transient occupancy taxes	1,219	1,315	1,317	1,629	1,701
Sales and use taxes	11,925	11,395	17,062	20,039	24,606
Property tax in lieu of sales and use taxes	3,732	4,385	4,231	3,349	2,106
Franchise taxes	2,303	2,282	2,257	2,625	2,433
Utility taxes	7,170	7,562	7,595	7,229	7,065
Other taxes	1,426	1,633	1,661	1,903	1,898
Earning on investments	267	5,189	3,343	3,738	1,089
Gain/(loss) on sales of capital assets	-	-	-	45	(112)
Miscellaneous	2,782	16,321	7,201	4,759	4,806
Contribution from Successor Agency	-	-	-	-	-
Transfer-in	1,629	1,311	1,777	1,359	1,051
Extraordinary gain	-	-	-	-	-
Total governmental activities	<u>53,569</u>	<u>73,235</u>	<u>69,596</u>	<u>71,384</u>	<u>72,021</u>
Business-type Activities:					
Sales taxes	4,310	4,685	-	-	-
Earning on investments	164	489	458	519	300
Gain/(loss) on sales of capital assets	2	-	-	39	(1)
Miscellaneous	135	648	2,291	970	27
Transfer-in	(1,629)	(1,311)	(1,777)	(1,359)	(1,050)
Total business-type activities	<u>2,982</u>	<u>4,511</u>	<u>972</u>	<u>169</u>	<u>(724)</u>
Total primary government	<u>56,551</u>	<u>77,746</u>	<u>70,568</u>	<u>71,553</u>	<u>71,297</u>
Changes in Net Position					
Governmental activities	(6,260)	9,250	7,107	5,019	(3,840)
Business-type activities	<u>7,926</u>	<u>10,224</u>	<u>5,591</u>	<u>5,840</u>	<u>4,780</u>
Total net position for primary government	<u>1,666</u>	<u>19,474</u>	<u>12,698</u>	<u>10,859</u>	<u>940</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)

	2007-08	2008-09	2009-10	2010-11	2011-12
General Fund:					
Reserved	\$ 8,832	\$ 11,350	\$ 10,764		
Unreserved	15,188	13,390	12,355		
Total general fund	<u>24,020</u>	<u>24,740</u>	<u>23,119</u>		
All Other Governmental Funds:					
Reserved	22,833	16,828	16,270		
Unreserved, reported in:					
Special Revenue Funds	6,288	8,279	8,345		
Debt Service Funds	(7,317)	(7,590)	(9,214)		
Capital Project Funds	(19)	1,162	2,925		
Total all other governmental funds	<u>21,785</u>	<u>18,679</u>	<u>18,326</u>		
General Fund:					
Nonspendable	-	-	-	6,497	8,897
Restricted	-	-	-	4,260	4,867
Assigned	-	-	-	-	-
Unassigned	-	-	-	10,070	6,123
Total general fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,827</u>	<u>19,887</u>
All Other Governmental Funds:					
Nonspendable				3,601	4,570
Restricted				12,837	4,379
Assigned				5,620	6,226
Unassigned				(7,766)	(45)
Total all other governmental funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,292</u>	<u>15,130</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)

	2012-13	2013-14	2014-15	2015-16	2016-17
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	7,118	7,146	7,592	7,609	7,413
Restricted	4,793	4,877	-	-	-
Assigned	-	15,689	17,578	20,003	20,863
Unassigned	6,438	7,401	11,922	10,662	7,034
Total general fund	<u>18,349</u>	<u>35,113</u>	<u>37,092</u>	<u>38,274</u>	<u>35,310</u>
All Other Governmental Funds:					
Nonspendable	6,845	-	3,279	11	-
Restricted	5,086	9,683	6,237	13,935	14,591
Assigned	6,671	6,298	5,092	2,073	3,295
Unassigned	(142)	(525)	760	(2,189)	(3,785)
Total all other governmental funds	<u>18,460</u>	<u>15,456</u>	<u>15,368</u>	<u>13,830</u>	<u>14,101</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)

	2007-08	2008-09	2009-10	2010-11	2011-12
Revenues:					
Taxes	\$ 53,432	\$ 52,020	\$ 50,106	\$ 49,804	\$ 47,785
License and permits	2,487	1,372	1,269	1,107	1,094
Fines and forfeitures	1,900	1,625	1,803	1,552	1,507
Investment and rental	7,154	6,425	5,011	3,360	2,639
Intergovernmental revenue	7,234	12,266	12,205	11,892	11,404
Charges for services	10,161	7,960	7,883	8,740	9,795
Other revenue	3,025	2,933	3,200	5,505	3,211
Total revenues	<u>85,393</u>	<u>84,601</u>	<u>81,477</u>	<u>81,960</u>	<u>77,435</u>
Expenditures:					
Current:					
General government	5,457	5,244	6,296	6,565	6,293
Public safety	42,361	45,429	44,786	45,231	46,585
Public works	7,004	7,634	7,064	7,296	7,482
Community services	8,775	8,781	7,748	7,793	8,065
Community development	9,820	10,432	11,471	14,411	9,304
ERAF payment	-	-	-	-	-
Capital outlay	16,186	10,223	9,582	12,476	8,200
Debt service:					
Principal	1,890	1,840	485	500	510
Interest and fiscal charges	2,277	2,252	2,267	2,270	1,581
Total expenditures	<u>93,770</u>	<u>91,835</u>	<u>89,699</u>	<u>96,542</u>	<u>88,020</u>
Excess of revenues over (under) expenditures	<u>(8,377)</u>	<u>(7,234)</u>	<u>(8,222)</u>	<u>(14,582)</u>	<u>(10,585)</u>
Other Financing Sources (Uses):					
Transfers in	12,049	7,844	12,750	16,487	6,094
Transfers out	(10,440)	(5,540)	(7,798)	(9,656)	(4,175)
Proceeds from long-term debt	-	-	-	-	-
Sale of property	-	-	-	-	124
Issuance of debt	1,400	1,408	1,296	1,425	1,349
Sale of capital assets	-	-	-	-	-
Total other financing sources (uses)	<u>3,009</u>	<u>3,712</u>	<u>6,248</u>	<u>8,256</u>	<u>3,392</u>
Extraordinary Gain					
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,233</u>
Net change in fund balances	(5,368)	(3,522)	(1,974)	(6,326)	(2,960)
Fund balances - July 1	<u>51,173</u>	<u>46,941</u>	<u>43,419</u>	<u>41,445</u>	<u>37,977</u>
Fund balances - June 30	<u>45,805</u>	<u>43,419</u>	<u>41,445</u>	<u>35,119</u>	<u>35,017</u>
Debt service as a percentage of noncapital expenditures	4.93%	5.37%	3.48%	3.15%	2.66%

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

CITY OF DOWNEY

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

Last Ten Fiscal Years
(modified accrual basis of accounting)

	2012-13	2013-14	2014-15	2015-16	2016-17
Revenues:					
Taxes	\$ 50,163	\$ 52,054	\$ 57,363	\$ 61,521	\$ 65,130
License and permits	1,171	1,390	1,726	2,173	1,999
Fines and forfeitures	1,362	1,435	1,512	1,856	2,851
Investment and rental	750	4,785	1,784	2,046	1,497
Intergovernmental revenue	8,469	9,846	14,945	17,304	15,333
Charges for services	11,209	12,379	12,280	14,094	14,213
Other revenue	3,901	16,401	5,883	6,119	6,183
Total revenues	<u>77,025</u>	<u>98,290</u>	<u>95,493</u>	<u>105,113</u>	<u>107,206</u>
Expenditures:					
Current:					
General government	6,533	12,660	10,789	12,091	11,387
Public safety	43,917	44,837	46,683	51,103	56,712
Public works	5,535	10,040	12,983	14,431	14,707
Community services	8,012	4,990	5,862	6,413	8,540
Community development	5,816	4,013	4,412	6,097	5,430
ERAF payment	-	-	-	-	-
Capital outlay	5,381	6,593	13,264	16,794	13,272
Debt service:					
Principal	250	250	645	460	611
Interest and fiscal charges	51	38	975	1,630	1,652
Total expenditures	<u>75,495</u>	<u>83,421</u>	<u>95,613</u>	<u>109,019</u>	<u>112,311</u>
Excess of revenues over (under) expenditures	<u>1,530</u>	<u>14,869</u>	<u>(120)</u>	<u>(3,906)</u>	<u>(5,105)</u>
Other Financing Sources (Uses):					
Transfers in	4,219	3,926	9,118	9,210	5,820
Transfers out	(4,735)	(5,709)	(8,341)	(7,823)	(4,770)
Proceeds from long-term debt	-	-	-	-	-
Contributions from Successor Agency	-	-	-	-	-
Sale of property	248	-	-	-	-
Issuance of debt	-	600	-	668	705
Sale of capital assets	-	-	350	2,163	700
Total other financing sources (uses)	<u>(268)</u>	<u>(1,183)</u>	<u>1,127</u>	<u>4,218</u>	<u>2,455</u>
Extraordinary Gain	<u>530</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	1,792	13,686	1,007	312	(2,650)
Fund balances - July 1	<u>35,017</u>	<u>36,883</u>	<u>52,747</u>	<u>51,793</u>	<u>52,060</u>
Fund balances - June 30	<u>36,809</u>	<u>50,569</u>	<u>53,754</u>	<u>52,105</u>	<u>49,410</u>
Debt service as a percentage of noncapital expenditures	0.42%	0.37%	1.97%	2.22%	2.30%

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

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CITY OF DOWNEY
 ASSESSED VALUATION
 (amounts expressed in thousands)
 Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Secured</u>	<u>Public Utilities</u>	<u>Less Exemptions</u>	<u>Net Total Secured</u>	<u>Unsecured</u>	<u>Less Exemptions</u>	<u>Net Total Unsecured</u>	<u>Net Total Unsecured and Secured</u>	<u>Percent Increase (Decrease)</u>
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%
2016-17	10,914,243	560	724,987	10,189,816	507,620	112,353	395,267	10,585,083	5.87%

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

	2007-08	2008-09	2009-10	2010-11	2011-12
Residential	\$ 6,816,124	\$ 7,147,505	\$ 6,695,739	\$ 6,603,986	\$ 6,712,488
Commercial	919,334	1,004,451	1,048,645	1,048,624	1,062,528
Industrial	308,835	336,253	369,515	372,651	376,634
Government owned					
Institutional	41,827	42,987	47,219	46,807	45,773
Miscellaneous	12	12	13	13	13
Recreational	24,413	25,322	25,189	25,080	25,184
Unknown		24,802	25,298	25,238	25,428
Vacant Land	56,814	39,879	22,582	26,544	52,680
SBE Nonunitary	830	1,172	830	830	560
Possessory Int.	78,879	79,303	117,054	115,856	116,837
Unsecured	230,763	244,182	243,290	231,329	228,721
Exempt	-	-	-	-	-
TOTALS	8,477,831	8,945,868	8,595,374	8,496,958	8,646,846
Total Direct Rate	0.1779%	0.1805%	0.1952%	0.1812%	0.1810%

Note: Exempt values are not included in Total.

CITY OF DOWNEY

ASSESSED VALUE OF TAXABLE PROPERTY
(amounts expressed in thousands)

Last Ten Fiscal Years

	2012-13	2013-14	2014-15	2015-16	2016-17
Residential	\$ 6,813,822	\$ 7,042,493	\$ 7,393,326	\$ 7,803,812	\$ 8,284,859
Commercial	1,102,810	1,131,294	1,144,938	1,191,137	1,277,960
Industrial	365,085	396,484	378,085	312,043	321,456
Government owned					620
Institutional	55,963	62,578	65,961	66,176	70,995
Miscellaneous	13	13	2,458	1,012	1,027
Recreational	25,643	25,780	25,860	26,516	31,953
Unknown	487	3,384	499	509	517
Vacant Land	46,386	44,154	59,703	67,132	61,299
SBE Nonunitary	560	560	560	560	560
Possessory Int.	118,890	130,482	132,961	0	138,570
Unsecured	291,256	260,999	321,263	394,680	395,266
Exempt	-	-	-	(83,552.00)	(82,326.00)
TOTALS	8,820,915	9,098,221	9,525,614	9,863,577	10,585,082
Total Direct Rate	0.1815%	0.1387%	0.1399%	0.1400%	0.1404%

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

	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
Basic Levy 1					
City of Downey Tax District 1	0.14125	0.13970	0.13970	0.13970	0.14125
Cerritos Community College District	0.02625	0.02625	0.02625	0.02620	0.02625
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	0.01394	0.01395
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	0.21540	0.21536
Educational Augmentation Fund Impound	0.16308	0.16308	0.16308	0.16310	0.16308
Educational Revenue Augmentation	0.07154	0.07340	0.07340	0.07340	0.07154
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	0.33481
Water Replenishment District of Southern Calif	0.00018	0.00018	0.00018	0.00018	0.00018
Total Basic Levy Rate	<u>1.00000</u>	<u>1.00000</u>	<u>1.00000</u>	<u>1.00000</u>	<u>1.00000</u>
Cerritos Community College Dist	0.01071	0.00994	0.01854	0.02677	0.01782
Compton Community College Dist	0.01763	0.01262	0.01296	0.01487	0.01481
County Detention Facilities 1987 Debt	0.00000	0.00000	0.00000	0.00000	0.00000
Downey Unified School District	0.07569	0.05790	0.06507	0.07018	0.06725
LA Community College District	0.00879	0.02212	0.02311	0.04031	0.03530
LA County Flood Control	0.00000	0.00000	0.00000	0.00000	0.00000
Little Lake City School District	0.07499	0.07360	0.07233	0.07647	0.05286
Los Angeles Unified School District	0.12334	0.12478	0.15181	0.18695	0.16819
Metropolitan Water District	0.00450	0.00430	0.00430	0.00370	0.00370
Montebello Unified School District	0.06681	0.08063	0.09673	0.09792	0.10001
Norwalk-La Mirada Unified	0.05226	0.06271	0.06110	0.06197	0.06496
Rio Hondo Community College Dist	0.01369	0.02320	0.02714	0.03439	0.03418
Whittier Union High School Dist	0.04359	0.03728	0.04224	0.04239	0.04317
Total Voter Approved Rate	<u>0.49200</u>	<u>0.50908</u>	<u>0.57533</u>	<u>0.65592</u>	<u>0.60225</u>
TOTAL DIRECT & OVERLAPPING ² TAX RATE	1.49200	1.50908	1.57533	1.65592	1.60225
Rate producing Revenue for City and Redevelopment Agency (RDA)					
City General Fund Direct Rate 3	0.14125	0.13973	0.13973	0.13973	0.13973
RDA Incremental Rate 4	1.00450	1.00430	1.00430	1.00370	1.00370
Total Direct Rate	0.17786	0.18053	0.19517	0.18514	0.18102

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

	2012-13	2013-14	2014-15	2015-16	2016-17
Basic Levy 1					
City of Downey Tax District 1	0.13970	0.13970	0.13970	0.13970	0.13970
Cerritos Community College District	0.02620	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	0.01394	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	0.21540	0.21540	0.21540	0.21540	0.21540
Educational Augmentation Fund Impound	0.16310	0.16310	0.16310	0.16310	0.16310
Educational Revenue Augmentation	0.07340	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	0.33450	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	0.02594	0.02502	0.04809	0.04829	0.04698
Compton Community College Dist	0.01531	0.00963	0.00987	0.00926	0.00920
County Detention Facilities 1987 Debt	0.00000	0.00000	0.00000	0.00000	0.00000
Downey Unified School District	0.07132	0.06603	0.06549	0.11466	0.11473
LA Community College District	0.03756	0.04454	0.04017	0.03575	0.03596
LA County Flood Control	0.00000	0.00000	0.00000	0.00000	0.00000
Little Lake City School District	0.06942	0.08537	0.07964	0.06522	0.07527
Los Angeles Unified School District	0.17560	0.14644	0.14688	0.12971	0.13110
Metropolitan Water District	0.00350	0.00350	0.00350	0.00350	0.00350
Montebello Unified School District	0.09630	0.09457	0.08750	0.08715	0.14705
Norwalk-La Mirada Unified	0.06997	0.07238	0.07063	0.14114	0.13400
Rio Hondo Community College Dist	0.02812	0.02892	0.02821	0.02712	0.02808
Whittier Union High School Dist	0.04556	0.04473	0.05270	0.05063	0.06035
Total Voter Approved Rate	0.63860	0.62113	0.63268	0.71244	0.78621
TOTAL DIRECT & OVERLAPPING2 TAX RATE	1.63860	1.62113	1.63268	1.71244	1.78621
Rate producing Revenue for City and Redevelopment Agency (RDA)					
City General Fund Direct Rate 3	0.013973	0.013973	0.013973	0.013973	0.013973
RDA Incremental Rate 4	-	-	-	-	-
Total Direct Rate	0.18154	0.13874	0.13987	0.14008	0.14043

Notes:

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

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

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

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

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

CITY OF DOWNEY

PRINCIPAL PROPERTY TAX PAYERS
(amounts expressed in thousands)

Current Year and Nine Years Prior

Taxpayer	2016-17		2007-08	
	Taxable Assessed Value	% of Total City Taxable Assessed Value	Taxable Assessed Value	% of Total City Taxable Assessed Value
Kaiser Foundation Health Plan, Inc.	\$ 130,729	1.24%	50,495	0.60%
Coca Cola Bottling Company of Los Angeles	111,929	1.06%	99,297	1.17%
Gary L. Ball Trust	108,964	1.03%	98,041	1.16%
Downey Landing LLC	95,537	0.90%		
PRC Multi-Family LLC	87,757	0.83%	29,681	0.35%
Macerich Stonewood LLC	58,754	0.56%	51,413	0.61%
Fremont Rancho Limited	46,160	0.44%	40,785	0.48%
RLJ II Downey LP	40,333	0.38%	37,182	0.44%
HOAG Foundation	39,472	0.37%		
Downey Regional Medical Center Hospital Inc	38,304	0.36%	22,731	0.29%
Top Ten Total	<u>757,939</u>	<u>7%</u>	<u>429,625</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
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%
2016-17	14,416	14,241	98.79%	3	14,244	98.81%

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
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	-	35,758	54,303	5,875	673	6,548	60,851	2349.6%	537
2015-16	18,092	-	47,311	65,403	5,480	519	5,999	71,402	2719.7%	625
2016-17	17,569	-	50,097	67,666	5,070	568	5,638	73,304	2773.7%	644

* 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
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%
2016-17	113,832	10,585	-	-	-	0.0%	0.0%

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CITY OF DOWNEY

SCHEDULE OF DIRECT AND OVERLAPPING DEBT

June 30, 2017

City Assessed Valuation	\$ 10,585,082,660
Incremental Valuation	(585,086,006)
Total Assessed Valuation	<u>\$ 9,999,996,654</u>

Debt to Assessed Valuation Ratios:	Direct Debt	0.67%
	Overlapping Debt	1.57%
	Total Debt	2.24%

	Gross Bonded Debt Balance 6/30/2017	Percent Applicable to City of Downey	Net Bonded Debt
Metropolitan Water District*	\$ 36,281,674	0.925	\$ 335,563
Little Lake City SD DS 00SR D-1QSCBS	6,870,000	3.431	\$ 235,725
Little Lake City SD DS 2011 Ref. Bond	5,094,901	3.431	\$ 174,817
Little Lake City SD DS 2012 Series A	4,480,000	3.431	\$ 153,719
Little Lake City SD DS 2014 Ref Bonds Series A	6,040,000	3.431	\$ 207,246
Little Lake City SD DS 2014 Ref Bonds Series B	17,140,000	3.431	\$ 588,112
Whittier UN High DS 2008 Ser 2014B	14,750,682	0.554	\$ 81,708
Whittier UN High DS 2008 Ser 2015C	75,465,000	0.554	\$ 418,023
Whittier UN High DS 2015 Ref Bonds	65,658,679	0.554	\$ 363,703
Cerritos CCD DS 2004 Series 2009C	3,610,000	23.969	\$ 865,275
Cerritos CCD DS 2004 Series 2012D	82,752,021	23.969	\$ 19,595,000
Cerritos CCD DS 2012 Series 2014A	81,355,000	23.969	\$ 19,499,839
Cerritos CCD DS 2014 Refunding Bonds Series A	78,350,000	23.969	\$ 18,779,575
Cerritos CCD DS 2014 Refunding Bonds Series B	15,670,000	23.969	\$ 3,755,915
Compton CCD DS 2002 Series 2008A	855,000	0.695	\$ 5,942
Compton CCD DS 2002 Series 2012C	14,595,863	0.695	\$ 101,225
Compton CCD DS 2012 Ref Bonds	12,140,000	0.695	\$ 84,366
Compton CCD DS 2002 Series 2013D	16,444,972	0.695	\$ 114,283
Compton CCD DS 2014 Ref	16,570,000	0.695	\$ 115,152
Compton CCD DS 2015 Ref Bonds	12,780,000	0.695	\$ 88,814
LA CCD DS 2003 Taxable Series 2004B	33,670,000	0.003	\$ 844
LA CCD DS 2001, 2006 Series B	4,880,000	0.003	\$ 122
LA CCD DS 2001, 2008 Series E-1	14,440,000	0.003	\$ 362
LA CCD DS 2003, 2008 Series F-1	14,320,000	0.003	\$ 359
LA CCD DS 2008, 2009 Taxable Series B	75,000,000	0.003	\$ 1,880
LA CCD DS 2008, 2010 Taxable Series D	125,000,000	0.003	\$ 3,134
LA CCD Debt 2008, 2010 Tax Ser E (BABS)	900,000,000	0.003	\$ 22,565
LA CCD DS 2013 Ref Bonds	254,505,000	0.003	\$ 6,381
LA CCD DS 2008 Series G	224,160,000	0.003	\$ 5,620
LA CCD DS 2015 Ref Series A	1,459,300,000	0.003	\$ 36,588
LA CCD DS 2015 Ref Series B	37,655,000	0.003	\$ 944
LA CCD DS 2015 Ref Series C	289,955,000	0.003	\$ 7,270
LA CCD DS 2008 Ser J	414,995,000	0.003	\$ 10,405
Rio Hondo CCD DS 2005 Refunding Bonds	35,355,000	0.355	\$ 125,627
Rio Hondo CCD DS 2004 Series 2008	118,452,824	0.355	\$ 420,899
Downey Unified SD Refunding 1999 Series A	4,405,256	91.634	\$ 4,036,723
Downey USD DS 2007 Ref Bonds	17,520,000	91.634	\$ 16,054,319
Downey USD DS 2011 Refunding Bonds	8,050,000	91.634	\$ 7,376,556
Downey USD DS 2012 Refunding Bonds	14,110,000	91.634	\$ 12,929,592
Downey USD DS 2014 Series A	47,750,000	91.634	\$ 43,755,351
Downey USD DS 2016 Ref Bonds	7,065,000	91.634	\$ 6,473,959
Montebello USD DS 1998 Series 1998	5,165,072	0.122	\$ 6,299
Montebello USD DS 1998 Series 1999	7,421,320	0.122	\$ 9,051
Montebello USD DS 1998 Series 2002	13,557,028	0.122	\$ 16,534
Montebello USD DS 2004 Ser 2008	1,540,000	0.122	\$ 1,878
Montebello USD DS 2004 Series 2009-1	2,560,000	0.122	\$ 3,122
Montebello USD DS 2004 Series 2009A-2 BABS	12,640,000	0.122	\$ 15,416
Montebello USD DS 2010 Refunding Bonds	5,500,000	0.122	\$ 6,708
Montebello USD DS Ref 2004 Series 2013A	19,310,000	0.122	\$ 23,550
Montebello USD DS Ref Bond Series 2015	28,215,000	0.122	\$ 34,411
Montebello USD DS Ref Bonds 2016 Series A	14,935,000	0.122	\$ 18,215
Montebello USD DS 2016 Series A	100,000,000	0.122	\$ 121,960
Total Overlapping Debt			157,090,647
Total Direct Debt			66,590,305
Total Direct and Overlapping Debt			223,680,952

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

	2007-08	2008-09	2009-10	2010-11	2011-12
Assessed Valuation	\$ 8,477,831	\$ 8,945,867	\$ 8,595,374	\$ 8,496,958	\$ 8,496,958
Charter Debt Limited (15% of Assessed Valuation)	1,271,675	1,341,880	1,289,306	1,274,544	1,274,544
Amount of debt applicable to debt limit	-	-	-	-	-
Legal Debt Margin	<u>1,271,675</u>	<u>1,341,880</u>	<u>1,289,306</u>	<u>1,274,544</u>	<u>1,274,544</u>
Total Debt applicable to the limit as a percentage of debt limit	0%	0%	0%	0%	0%

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

CITY OF DOWNEY

SCHEDULE OF LEGAL DEBT MARGIN
(amounts expressed in thousands)

Last Ten Fiscal Years

	2012-13	2013-14	2014-15	2015-16	2016-17
Assessed Valuation	\$ 8,646,847	\$ 8,820,915	\$ 9,525,614	\$ 9,998,371	\$ 10,585,083
Charter Debt Limited (15% of Assessed Valuation)	1,297,027	1,323,137	1,428,842	1,499,756	1,587,762
Amount of debt applicable to debt limit	-	-	-	-	-
Legal Debt Margin	<u>1,297,027</u>	<u>1,323,137</u>	<u>1,428,842</u>	<u>1,499,756</u>	<u>1,587,762</u>
Total Debt applicable to the limit as a percentage of debt limit	0%	0%	0%	0%	0%

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

CITY OF DOWNEY

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	
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
2016-17	3,128	2,593	535	410	195	605	0.88

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

CITY OF DOWNEY

DEMOGRAPHIC AND ECONOMIC STATISTICS

Last Ten Calendar Years

<u>Calendar Year</u>	<u>Population</u>	<u>Personal Income (in thousands)</u>	<u>Per Capita Personal Income</u>	<u>Unemployment Rate</u>
2007	112,504	2,462,306	21,886	4.0%
2008	112,556	2,481,192	22,044	5.8%
2009	113,053	2,436,265	21,550	9.1%
2010	113,715	2,430,544	21,374	9.9%
2011	112,201	2,521,269	22,471	9.9%
2012	112,761	2,587,414	22,946	8.2%
2013	113,363	2,544,773	22,448	7.6%
2014	113,417	2,589,877	22,835	6.3%
2015	114,181	2,625,354	22,992	6.1%
2016	113,832	2,642,801	23,216	4.6%

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CITY OF DOWNEY

PRINCIPAL EMPLOYERS

Current Year and Nine Years Prior

Employer	2016-17		2007-08	
	Number of Employees	Percent of Total Employment	Number of Employees	Percent of Total Employment
Kaiser Permanente	4,500	11.86%	1,000	
Downey Unified School District	2,450	6.46%	2,500	
Stonewood Shopping Center	1,765	4.65%	2,168	
Office of Education, County of Los Angeles	1,685	4.44%	4,400	
PIH Health (formaly Downey Regional Medical Center)	1,500	3.95%	1,300	
Rancho Los Amigos Medical Center	1,410	3.72%	1,400	
City of Downey	833	2.20%		
Coca-Cola Bottling Company	800	2.11%	860	
County of Los Angeles, Internal Service Department	712	1.88%		
Lakewood Health Center	314	0.83%	350	

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CITY OF DOWNEY

FULL-TIME AND PART-TIME CITY EMPLOYEES BY FUNCTION

Last Ten Fiscal Years

Function	2007-08	2008-09	2009-10	2010-11	2011-12
General Government	37	38	36	36	33
Police	179	201 ¹	193	190	166
Fire	86	92	91	90	86
Community Services	368	383 ²	370	383	337
Public Works	82	87	82	83	83
Community Development	32	30	33	28	30
Total	784	831	805	810	735

Notes:

1. The City implemented new part-time cadet program in FY 2009.

2. 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.

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 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	2012-13	2013-14	2014-15	2015-16	2016-17
General Government	27	31	32	36	38
Police	162	167	161	166	166
Fire	82	94 ³	98 ⁴	89	94
Community Services	370	379	469 ⁵	477	373
Public Works	67	74	76	81	79
Community Development	20	21	21	21	21
Total	728	766	857	870	771

Notes:

1. The City implemented new part-time cadet program in FY 2009.

2. 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.

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CITY OF DOWNEY

OPERATING INDICATORS

Last Ten Fiscal Years

	2007-08	2008-09	2009-10	2010-11	2011-12
Police:					
Number of arrests	4,519	4,437	4,663	4,663	4,667
Number of collision reports issued	1,402	1,311	1,143	1,143	901
Number of traffic citations issued	43,188	42,078	40,871	40,871	40,741
Number of reported crimes & incidents	13,543	13,294	13,230	13,230	13,891
Fire:					
Number of emergency incidents	5,983	6,021	6,126	6,126	5,086
Number of fire & other incidents	1,881	1,136	1,384	1,384	2,892
Number of special service & other incidents	n/a	535	297	297	n/a
Number of traffic accidents	735	715	747	747	312
Parks and Recreation:					
Number of general park attendance	520,340	929,974	935,457	935,457	844,896
Number of participants in theatre	54,114	38,891	42,882	42,882	40,000
Number of library attendance	397,002	413,510	416,605	416,605	387,656
Public works:					
Engineering (CIP related improvement)					
Street striping (lineal feet)	45,148	27,600	27,000	27,000	n/a
Asphalt replacement (tons)	3,944	7,981	34,000	34,000	n/a
Trees planted (each)	434	372	127	127	n/a
Trees removed (each)	5	13	62	62	n/a
Maintenance					
Pavement markings (square feet)	80,365	102,651	42,638	42,638	n/a
Street stripping (linear feet)	191,707	501,357	272,266	272,266	n/a
Asphalt repair (tons)	466	508	428	428	400
Graffiti removed (square feet)	755,485	719,661	685,482	685,482	200,000
Trees trimmed (each)	9,870	6,288	7,100	7,100	10,208
Trees planted (each)	239	155	241	241	240
Trees removed (each)	320	199	494	494	290
Vehicles serviced - preventative maintenance (each)	469	575	694	694	152
Vehicles serviced - repairs (each)	612	498	911	911	545
Water:					
Number of customers	22,806	22,421	22,249	22,249	22,339
Annual supply (acre feet)	18,402	17,973	16,953	16,953	18,347
Maximum daily capacity (thousands of gallons)	45,000	45,000	45,000	45,000	45,000
Sanitary Sewer:					
Sewer main cleaned (no. of miles)	18	25	12	12	25
Vector coating applied to sewer manholes	1,920	2,000	1,000	1,000	n/a
Golf course:					
Golf rounds played	67,050	64,105	62,154	62,154	61,938

CITY OF DOWNEY

OPERATING INDICATORS

Last Ten Fiscal Years

	2012-13	2013-14	2014-15	2015-16	2016-17
Police:					
Number of arrests	3,376	3,368	3,942	3,947	3,498
Number of collision reports issued	1,135	1,170	1,199	1,280	1,112
Number of traffic citations issued	32,031	35,643	16,008	14,696	14,111
Number of reported crimes & incidents	9,759	8,198	9,331	9,729	8,576
Fire:					
Number of emergency incidents	6,979	6,996	7,346	8,081	7,915
Number of fire & other incidents	1,268	1,363	1,339	1,635	1,689
Number of special service & other incidents	171	312	410	374	449
Number of traffic accidents	812	853	1,026	1,121	1,073
Parks and Recreation:					
Number of general park attendance	954,696	1,404,361	1,652,469	2,004,311	1,620,000
Number of participants in theatre	47,943	42,219	45,869	51,762	45,500
Number of library attendance	356,586	363,640	360,211	371,625	326,941
Public works:					
Engineering (CIP related improvement)					
Street striping (lineal feet)	5,798	39,750	39,218	55,392	93,640
Asphalt replacement (tons)	5,201	21,484	19,998	30,728	39,730
Trees planted (each)	n/a	n/a	437	105	118
Trees removed (each)	151	220	100	332	89
Maintenance					
Pavement markings (square feet)	35,038	57,229	38,485	24,985	48,070
Street stripping (linear feet)	260,463	29,751	8,721	2,084	803,231
Asphalt repair (tons)	403	375	403	422	450
Graffiti removed (square feet)	633,950	645,000	676,623	752,655	581,479
Trees trimmed (each)	5,820	8,169	3,677	8,034	8,889
Trees planted (each)	123	204	81	95	473
Trees removed (each)	618	228	205	185	145
Vehicles serviced - preventative maintenance (each)	1,332	455	1,604	1,494	550
Vehicles serviced - repairs (each)	849	660	656	547	646
Water:					
Number of customers	23,486	22,961	23,039	23,341	23,314
Annual supply (acre feet)	17,215	17,279	15,768	13,911	14,352
Maximum daily capacity (thousands of gallons)	45,000	45,000	45,000	45,000	45,000
Sanitary Sewer:					
Sewer main cleaned (no. of miles)	57	45	35	70	78
Vector coating applied to sewer manholes	1,650	1,350	1,650	25	1,650
Golf course:					
Golf rounds played	66,276	60,152	52,828	58,576	65,658

CITY OF DOWNEY

CAPITAL ASSET STATISTICS BY FUNCTION

Last Ten Fiscal Years

Function	2007-08	2008-09	2009-10	2010-11	2011-12
Public Safety					
Number of Police stations	1	1	1	1	1
Number of Fire stations	4	4	4	4	4
Highways and streets					
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
Water					
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
Sewer					
Miles of sanitary sewer	187	187	187	187	187
Sewer lift station	2	2	2	2	2
Culture and Recreation					
Number of parks	11	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

CITY OF DOWNEY

CAPITAL ASSET STATISTICS BY FUNCTION

Last Ten Fiscal Years

Function	2012-13	2013-14	2014-15	2015-16	2016-17
Public Safety					
Number of Police stations	1	1	1	1	1
Number of Fire stations	4	4	4	4	4
Highways and streets					
Miles of streets	210	210	210	210	210
Traffic signals	116	116	116	116	116
No. of street lights	5,430	5,430	5,430	5,430	5,430
Water					
Number of active water wells	20	20	20	20	20
Number of reservoirs	1	1	1	1	1
Miles of lines & mains	276	276	276	276	276
Sewer					
Miles of sanitary sewer	187	187	193	193	193
Sewer lift station	2	2	2	2	2
Culture and Recreation					
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



Cityof*Downey*



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