



**City of Downey**  
California



**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT  
FOR FISCAL YEAR ENDED JUNE 30, 2018**

CITY OF DOWNEY, CALIFORNIA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
YEAR ENDED JUNE 30, 2018

Prepared by: Finance Department



**City of Downey**  
California

## MISSION

***Proudly committed to continuously improving the quality of life for the Downey community by providing excellent service in a professional, ethical & responsible manner***

## VALUES

***Integrity***  
***Commitment***  
***Respect***  
***Teamwork***  
***Engagement***  
***Passion***  
***Excellence***

CITY OF DOWNEY  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 FOR THE YEAR ENDED JUNE 30, 2018

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2014

2015

2016

2017



GOVERNMENT FINANCE OFFICERS ASSOCIATION

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Budget Presentation  
Award*

PRESENTED TO

City of Downey  
California

*Jeffrey S. Carr*  
Executive Director / CEO

# INTRODUCTORY SECTION



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# City of Downey

December 26, 2018

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, 2018.

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 113,223.

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.

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## *Future Unlimited*

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

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

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

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

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

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

The City provides full ranges of services, which includes but is not limited to, police and fire protection; water and wastewater utilities; street maintenance; public transportation; 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 2019 expenses as outlined in the City Council adopted balanced budget.

In May 2018, the unemployment rate for the City was 4.3%, which is slightly lower than the County unemployment rate of 4.8%, and the State unemployment rate of 4.7%. 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 2017-18**

During this fiscal year, the City has once again undertaken an aggressive economic development strategy, which has resulted with the near completion of the build-out of the Promenade Development, the opening of the nationwide top-performing Nissan Dealership, and the redevelopment of the long-vacant former World of Décor/ Pace/ Gemco property at the marquee intersection of the Interstate 5 and 605 freeways into the Giant RV dealership. As a result of these efforts, the City was recognized by the Los Angeles Economic Development Corporation naming Downey as the “Most Business Friendly” with a population of more than 68,000 residents.

Additionally, the City entitled multiple commercial developments including Marriot Springfield Suites Hotel, Starbucks on Paramount and Florence, industrial building on Woodruff, a new restaurant at the southeast corner of Second, and Downey, and Burlington at the Promenade.

There were various residential projects underway this year including, Center Point Townhomes, Village Walk Townhomes, High Point Townhomes, 6-unit apartments on Second, and 4-unit townhomes on Imperial Hwy.

The City of Downey also recently embarked on the most robust infrastructure improvement and construction program in the City’s history. Thanks to funding from Measure S, Downey will experience \$50 Million worth of construction projects within the next two (2) years, impacting virtually every corner of the community.

## **FUTURE INITIATIVES**

### **For FY 2019-20**

The City will continue to foster Downtown Downey growth and promotion by attracting retail, restaurants, and housing developments. The former Avenue Theatre on Downey Ave will be transformed into three separate businesses that will include: Crawford Restaurant, Avenue Pizza, and Rockwell, a live music venue. Also opening in the Downtown area is a new restaurant that proposes a façade remodel of an existing building and will feature a second story addition and covered roof deck.

Construction will begin for the Marriott-Springhill Suites, a four-story, 140-unit hotel, which includes a fitness gym, a roof-top pool and bar, and a conference room. Downey will continue to work with L.A. County to procure a company for the design and building of new soccer fields at Rancho, as well as continue a multi-agency effort to revitalize Rancho South Campus to include a five-acre sports park, West Santa Ana Branch Light Rail Station, and new Specific Plan.

Kaiser Permanente Downey will undergo construction and renovation improvements, which include a new hospital tower that will add 96 beds, creating a 400-bed hospital wing, and a new 1,201-space parking structure. Also proposed is a minor expansion of the central utility plant, as well as related infrastructure and internal circulation improvements.

The City looks forward to welcoming new restaurant businesses such as El Pescador, which will now occupy the vacant tenant space at the Downey Landing formerly occupied by the Elephant Bar; La Barca, which will feature indoor and outdoor dining area; and 7 Leaves Café at the Promenade. Additionally, City staff will initiate plans for the redevelopment of the remaining 21 acres at The Promenade.

As Downey prepares for the temporary relocation of fire stations, library services, and recreational services during the construction of Measure S projects, the City looks forward to the substantial improvements to quality of services, infrastructure and economic developments in the community.

## **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.

## **LONG RANGE FINANCIAL PLANNING**

Annually, the City produces a five year general fund long term financial forecast as part of its budget process. The comprehensive projection analyzes current economic conditions at micro and macro levels. The forecast is designed to highlight financial issues which the City can address proactively. Moreover, it is a tool that allows policymakers an opportunity to prioritize funding needs over a period of time. The City 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 2005 Pension Obligation Bonds (POBs) were rated "AA" by Moody's Investors Service and the 2017 Lease Revenue Bonds were rated "AA-" by Standard & Poor's. 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:

<b><u>Principal Issue</u></b>	<b><u>Trustee</u></b>	<b><u>Outstanding</u></b>
Downey Public Facilities Financing Corporation: 2017 Lease Revenue Bonds	U.S. Bank	\$ 45,415,000
Downey Public Facilities Financing Corporation: 2014 Capital Lease	Western Alliance Bank	\$ 4,645,000
California Statewide Communities Development Authority: 2005 Pension Obligation Bonds	Wells Fargo Trust Services	\$ 17,090,000

Note 11 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, Soll 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, 2017. 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**

**Sean Ashton, Mayor**

**Rick Rodriguez, Mayor Pro Tem**

**Alex Saab  
Council Member**

**Blanca Pacheco  
Council Member**

**Fernando Vasquez  
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**

**Benjamin Dickow  
Executive Director,  
Columbia Memorial Space Center & Library**





# Organizational Chart

**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

**City Clerk**

Maria Alicia Duarte, CMC

**City Manager**

Gilbert A. Livas

**City Attorney**

Yvette M. Abich Garcia

**Assistant to the City Manager**  
Shannon DeLong

**Assistant City Manager**  
John Oskoui

**Columbia Memorial Space Center**

**Benjamin Dickow**  
Executive Director & President

Library

**Community Development**

**Aldo E. Schindler**  
Director

Building/ Safety  
Code Enforcement  
Economic Development  
Housing  
Planning

**Finance & Information Technology**

**Anil H. Gandhi**  
Director

Administration  
Purchasing  
Accounting  
Information Technology  
Risk Management  
Revenue

**Fire**

**Mark Gillaspie**  
Fire Chief

Administration  
Suppression  
Paramedics  
Prevention  
Joint  
Communications

**Human Resources**

**Irma Youssefieh**  
Director

**Parks & Recreation**

**Pamela Passow**  
Director

Recreation  
Parks  
Theatre  
Social Services  
Golf Course  
Transit  
Cemetery

**Police**

**Carl Charles**  
Chief of Police

Administration  
Field Operations  
Detectives  
Crossing Guard  
Animal Control

**Public Works**

**Mohammad Moshtakami**  
Director

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, 2017**

*Christopher P. Morill*

Executive Director/CEO

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# FINANCIAL SECTION

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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, 2018, 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, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Change in Accounting Principle***

As discussed in Note 1 to the financial statements, in 2018 the City adopted new accounting guidance, *GASBS No. 75, Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

### ***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, CIP grant fund, HOME, and Measure S fund, the schedule of changes in net pension liability and related ratios, the schedule of plan contributions, the schedule of changes in net OPEB liability and related ratios, and the schedule of contributions – OPEB, presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and 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 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 are fairly stated in all material respects in relation to the basic financial statements as a whole.



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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 26, 2018 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 26, 2018



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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, 2018. 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, 2018, by \$141 million (net position). Of this amount, \$19.4 million is designated for low and moderate income housing, \$54.2 million is designated for public safety, \$3.8 million for public works projects, \$39 million for capital projects and \$813 thousand is designated for community development.
- At the fiscal year ended June 30, 2018, the government's total net position decreased by \$39 million. The decrease is due mainly to a capital asset re-valuation from a city-wide inventory valuation conducted during the year.
- The City's total long-term liabilities increased by \$55.1 million during the current fiscal year. The increase is due primarily to a 2017 lease revenue bonds in the amount \$45.5 million. Bond proceeds will be used to finance the acquisition and construction of certain public capital improvements. There is a decrease of \$14.2 million for a loan to purchase 67 acres of land that was recorded as long term debt and is now current and due April 2019. In addition to a \$17.6 increase in net pension liability and \$7.3 million in net OPEB liability.
- As of June 30, 2018, the City's governmental funds reported combined ending fund balances of \$101.2 million, an increase of \$55.8 million in comparison with the prior year. Approximately 27% of this total amount, \$27.2 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, 2018, assigned and unassigned fund balance for the general fund was \$25.5 million or 28% of total general fund expenditures. This represents a decrease of \$1.1 million or 4.1%, from the prior year. The unassigned fund balance which is unrestricted in use is designated by City Council for specific purposes at a future City Council meeting.

### OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government wide financial statements, 2) fund financial statements, and 3) notes to basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

## **Government-wide financial statements**

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

The *Statement of Net Position* presents information on all of the City's assets and deferred outflows of resources, and liabilities and deferred inflows of resources, including capital assets and long-term liabilities, with the difference between the two reported as net position. Over time, increases or decreases in the net position may serve as a useful indicator of whether the financial position of the City as a whole is improving or deteriorating.

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

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

The *business-type activities* of the City include a water utility, sewer and storm drain 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, Measure S 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, sewer and storm drain 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, HOME Special Revenue Fund and Measure S 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 \$60.1 million for governmental activities and \$80.6 million for business-type activities for a total of \$140.8 million at the close of the most recent fiscal year.

The largest portion of the City's net position, \$220.3 million reflects its net investment in capital assets (e.g., land, buildings and systems, improvements other than buildings, machinery and equipment, infrastructure, and construction in progress); less any related outstanding debt used to acquire those assets. The City's only outstanding debt against capital assets are the loans from the federal government and several 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, \$118.1 million is restricted to specifically stipulated spending agreements originated by law, contract or other agreements with external parties.

<b>City of Downey</b>						
<b>Summary of Net Position</b>						
<b>For Fiscal Year Ended June 30, 2018 and 2017</b>						
<i>(Amounts Expressed in Thousands)</i>						
	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
<b>ASSETS</b>						
Current and Other Assets	165,351	115,632	25,086	19,043	190,437	134,675
Capital Assets	169,156	228,873	73,218	40,335	242,374	269,208
<b>Total Assets</b>	<b>334,507</b>	<b>344,505</b>	<b>98,304</b>	<b>59,378</b>	<b>432,811</b>	<b>403,883</b>
<b>Deferred Outflows of Resources</b>	<b>39,721</b>	<b>32,116</b>	<b>1,961</b>	<b>1,108</b>	<b>41,682</b>	<b>33,224</b>
<b>LIABILITIES</b>						
Current Liabilities	33,362	15,361	4,579	2,826	37,941	18,187
Non-current Liabilities	274,344	223,398	14,953	10,761	289,297	234,159
<b>Total Liabilities</b>	<b>307,706</b>	<b>238,759</b>	<b>19,532</b>	<b>13,587</b>	<b>327,238</b>	<b>252,346</b>
<b>Deferred Inflows of Resources</b>	<b>6,357</b>	<b>4,569</b>	<b>141</b>	<b>41</b>	<b>6,498</b>	<b>4,610</b>
<b>NET POSITION</b>						
Net Investment Capital Assets	151,972	212,244	68,292	35,265	220,264	247,509
Restricted	82,066	30,653	36,006	469	118,072	31,122
Unrestricted	(173,873)	(109,604)	(23,706)	11,124	(197,579)	(98,480)
<b>Total Net Position</b>	<b>60,165</b>	<b>133,293</b>	<b>80,592</b>	<b>46,858</b>	<b>140,757</b>	<b>180,151</b>

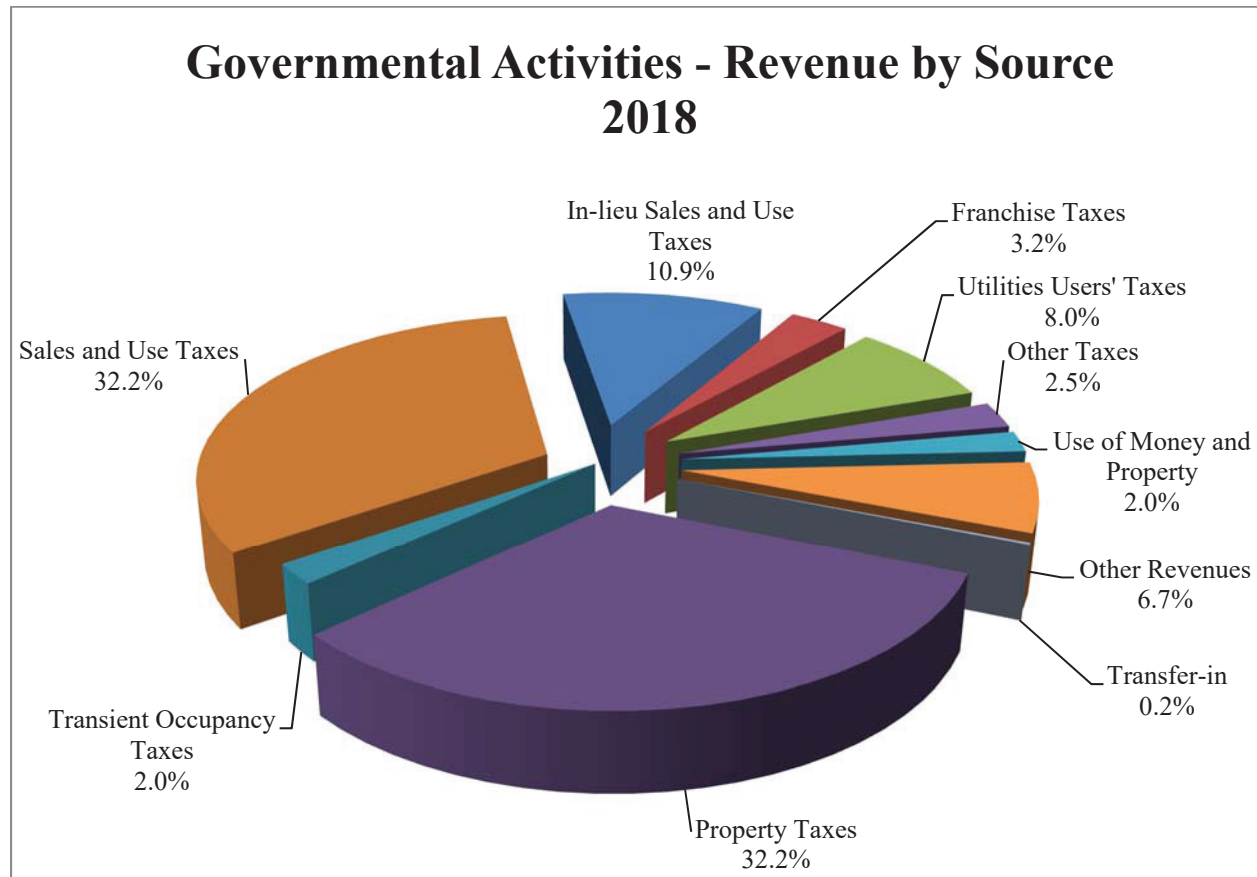
## Governmental Activities

The City's net position in the Governmental activities decreased \$73.1 million. The decrease in net position is primarily due to a re-valuation of investments in capital assets from an inventory valuation completed during the fiscal year. There were also 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 2017-2018 budget.

<b>City of Downey</b>			
<b>Summary of Net Position</b>			
<b>For Fiscal Year Ended June 30, 2018 and 2017</b>			
<i>(Amounts Expressed in Thousands)</i>			
	<b>Governmental Activities</b>		<b>Amount</b>
<b>REVENUES:</b>	<b>2018</b>	<b>2017</b>	<b>Increase (Decrease)</b>
Program Revenues:			
Charges for Services	17,473	21,652	(4,179)
Operating Grants and Contributions	9,853	13,548	(3,695)
Capital Grants and Contributions	2,195	1,805	390
General Revenues:			
Taxes			
Property Taxes	26,975	25,378	1,597
Transient Occupancy Taxes	1,705	1,701	4
Sales and Use Taxes	26,993	24,605	2,388
Property Taxes in Lieu Sales and Use Taxes	9,154	2,105	7,049
Franchise Taxes	2,670	2,433	237
Utilities Users' Taxes	6,735	7,065	(330)
Other Taxes	2,129	1,898	231
Use of Money and Property	1,683	1,089	594
Other Revenues	5,639	4,694	945
<b>Total Revenues</b>	<b>113,204</b>	<b>107,973</b>	<b>5,231</b>
<b>EXPENSES:</b>			
Program Activities			
General Government	10,530	14,735	(4,205)
Public Safety	70,552	65,666	4,886
Public Works	15,075	15,486	(411)
Community Services	10,152	9,404	748
Community Development	7,626	5,870	1,756
Interest on Long-term Debts	2,588	1,704	884
<b>Total Expenses</b>	<b>116,523</b>	<b>112,865</b>	<b>3,658</b>
<b>Excess/(Shortage) of Revenues Over Expenses</b>	<b>(3,319)</b>	<b>(4,892)</b>	<b>1,573</b>
<b>TRANSFERS:</b>			
Transfer-in	148	1,051	(903)
Transfer-out	-	-	-
<b>Changes in Net Position</b>	<b>(3,171)</b>	<b>(3,841)</b>	<b>670</b>
<b>Net Position at Beginning of Year (Restated)</b>	<b>63,336</b>	<b>137,131</b>	<b>(73,795)</b>
<b>Net Position at End of Year</b>	<b>60,165</b>	<b>133,290</b>	<b>(73,125)</b>

### *Top Governmental Activity Revenue Sources*

As shown below, our top five revenues accounted for approximately 90% of total revenues, with use of money and property accounted for 2.0% and miscellaneous revenues accounted for 2.5%. Generally, revenues for FY 2017-18 increased from those of the prior fiscal year.

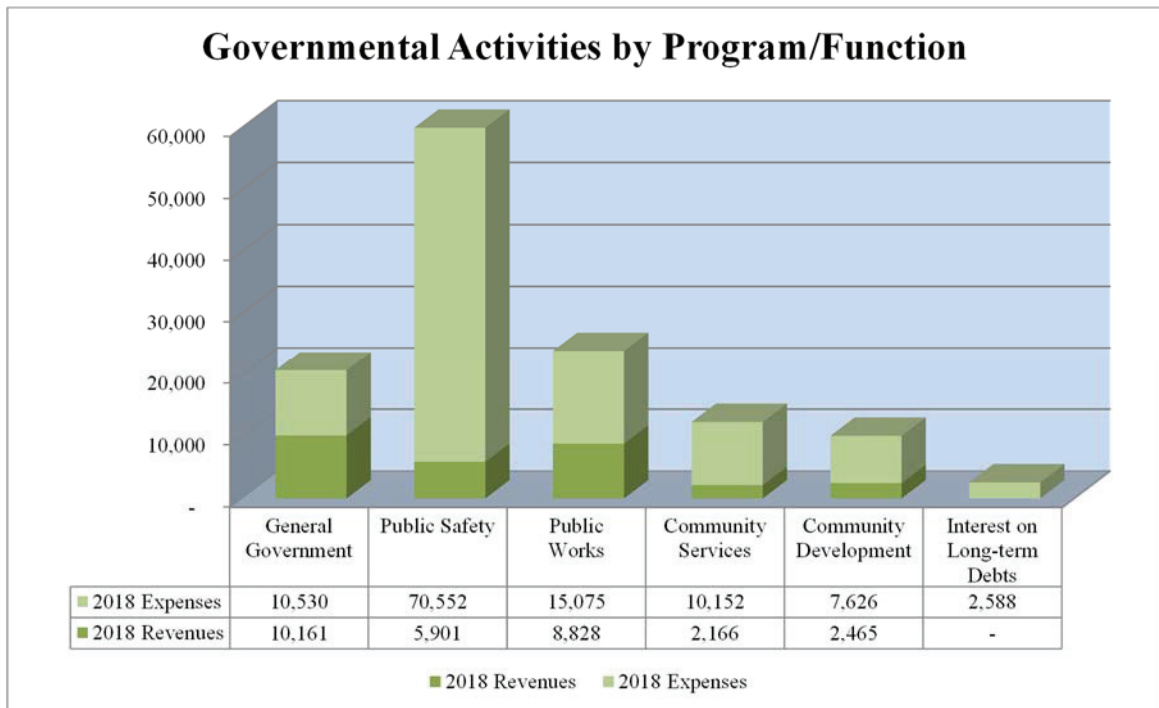


The following narrative addresses the significant variances in key revenues and expenses from the prior fiscal year:

1. *Sales Tax.* General sales tax receipts were \$2.4 million or 9.7% over prior year.
2. *Operating contributions and grants.* These revenues decreased by \$3.7 million or 27.3% over prior year as City infrastructure projects were completed resulting in a decreased amount of grant reimbursements.
3. *Property taxes.* Property tax increased by \$1.6 million or 6.3% over the prior year. Property taxes continue to grow at a slow but steady pace.



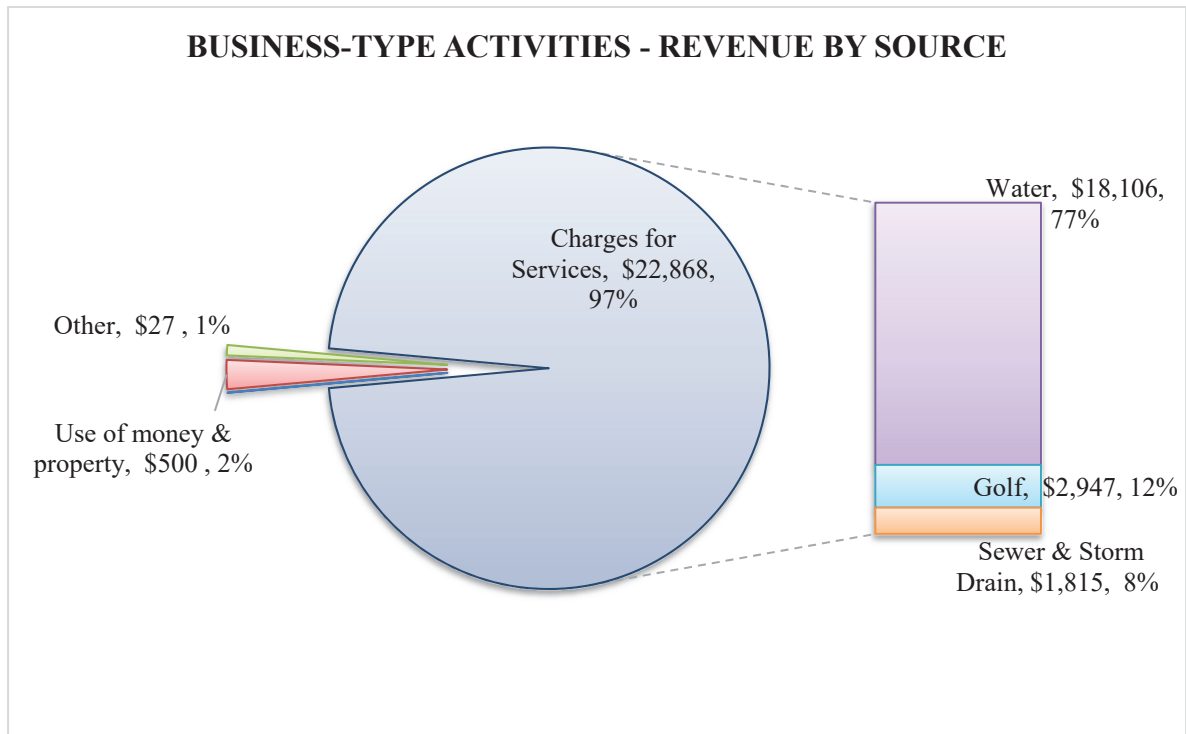
4. *Charges for Services.* These revenues decreased by approximately \$4.2 million or 19.3% over prior year. In the General Fund, charges for services had a negligible decrease over the prior year. However, the City's has continued development projects, including the Marriot Springfield Suites Hotel, restaurants and private developments along the Imperial Highway, Lakewood and Firestone Boulevard Corridors.
5. *Other Revenues.* These revenues increased by \$945 thousand or 20.1% from prior year.
6. *Use of Money and Property.* These revenues increased by \$594 thousand or 54.6% from prior year.
7. *Program Expenses.* Program activities experienced an increase of \$3.7 million or 3.24% from prior year. The increase is due to increase in PERS rates, and leave pay-out primarily for public safety.



### 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 \$1.3 million or 7.7% from the prior year. The increase in revenue is from more water consumption from easing State-wide mandated water reduction efforts.
2. *Sewer revenues* – total operating revenues increased by \$0.3 million or 2.1% over the prior year. This is due to a state grant awarded to the sewer utility along with a slight increase in charges for services.
3. *Golf revenues* - the overall revenue increased by \$148 thousand over prior year. This is due to a slight increase in participation from residents and general community from a stabilization in the local economy.

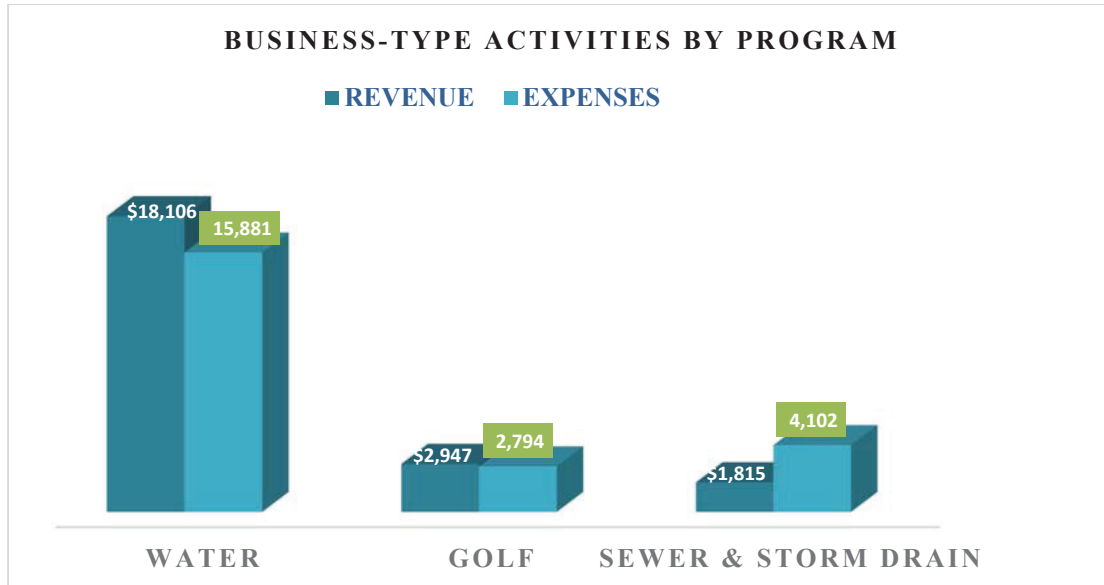


*Program Expenses* – the program expenses for enterprises funds have a net increase of \$4,765 million or an increase of 26.3% over the prior year. From this amount, water activities ended with an increase of \$4.5 million from increased capital expenditures during the year. Golf course experienced an increase of \$0.1 million or an increase of 3.7%.

<b>City of Downey</b>			
<b>Summary of Net Position</b>			
<b>Business- Type Activities</b>			
<b>For Fiscal Year Ended June 30, 2018 and 2017</b>			
<i>(Amounts Expressed in Thousands)</i>			
	<b>Business-Type Activities</b>		<b>Amount</b>
	<b>2018</b>	<b>2017</b>	<b>Increase</b>
<b>REVENUES:</b>			<b>(Decrease)</b>
Program Revenues:			
Charges for Services	22,481	19,674	2,807
Operating Contributions	388	-	388
General Revenues:			
Use of Money and Property	500	300	200
Other Revenues	176	27	149
<b>Total Revenues</b>	<b>23,545</b>	<b>20,001</b>	<b>3,544</b>
<b>EXPENSES:</b>			
Program Activities			
Water	15,881	11,376	4,505
Golf	2,899	2,794	105
Sewer and Storm Drain	4,102	-	4,102
<b>Total Expenses</b>	<b>22,882</b>	<b>14,170</b>	<b>8,712</b>
<b>Excess/(Shortage) of Revenues Over Expenses</b>	<b>663</b>	<b>5,831</b>	<b>(5,168)</b>
<b>TRANSFERS:</b>			
Transfer-in	-	-	-
Transfer-out	(148)	(1,051)	903
<b>Changes in Net Position</b>	<b>515</b>	<b>4,780</b>	<b>(4,265)</b>
<b>Net Position at Beginning of year (Restated)</b>	<b>80,077</b>	<b>42,078</b>	<b>37,999</b>
<b>Net Position at End of year</b>	<b>80,592</b>	<b>46,858</b>	<b>33,734</b>

## 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, 2018, the City's governmental funds reported combined ending fund balances of \$101.3 million, a net increase of \$51.9 million or 105% over the prior year. The increase is attributable to the City's 2017 Lease Revenue Bond proceeds utilizing Measure S funds which generated \$50.9 million. Approximately 27% of the City's governmental fund ending fund balances, or \$27.3 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, \$74 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 \$8.3 million is not available for use and are comprised of advances to Successor Agency, notes and loans and prepaid costs. Restricted fund balance of almost \$65.7 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 \$54.2 million for public safety, \$151 thousand for community development activity, \$3.8 million for public works, \$2.1 million for Capital Projects, and almost \$5.4 million for low and moderate income housing.

## General Fund Financial Highlights

The general fund is the chief operating fund of the City. At June 30, 2018, assigned and unassigned fund balance of the general fund was \$25.6 million, while total fund balance was \$33.9 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 28.2% 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, 2018, the cash and investments balance in the general fund was \$14.6 million, an increase of \$2.4 million from the prior fiscal year.

<b>City of Downey</b>					
<b>General Fund Revenues and Other Financing Sources</b>					
<b>For Fiscal Year Ended June 30, 2018 and 2017</b>					
<i>(Amounts Expressed in Thousands)</i>					
	<b>2018</b>	<b>Percent of</b>	<b>2017</b>	<b>Percent of</b>	<b>Increase</b>
	<b>Actuals</b>	<b>Total</b>	<b>Actuals</b>	<b>Total</b>	<b>(Decrease)</b>
Taxes	65,163	70.8%	59,760	69.7%	5,403
Licenses and Permits	1,837	2.0%	1,999	2.3%	(162)
Fines and Forfeitures	1,545	1.7%	1,457	1.7%	88
Use of Money and Property	1,578	1.7%	1,415	1.7%	163
Intergovernmental Revenues	2,533	2.7%	2,831	3.3%	(298)
Charges for Services	11,026	12.0%	10,703	12.5%	323
Other Revenues	5,215	5.7%	4,124	4.8%	1,091
Total Revenues	88,897	96.5%	82,289	96.1%	6,608
Other Financing Sources	3,271	3.5%	3,431	4.0%	(160)
Total Revenues & Other Financing Sources	92,167	100.0%	85,720	100.1%	6,447

Overall, General Fund revenues for the fiscal year ended June 30, 2018 increased by \$6.6 million, or 8.03%, 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:

<b>City of Downey</b>					
<b>General Fund Expenditures and Other Financing Uses</b>					
<b>For Fiscal Year Ended June 30, 2018 and 2017</b>					
<i>(Amounts Expressed in Thousands)</i>					
	<b>2018</b>	<b>Percent of</b>	<b>2017</b>	<b>Percent of</b>	<b>Increase</b>
	<u>Actuals</u>	<u>Total</u>	<u>Actuals</u>	<u>Total</u>	<u>(Decrease)</u>
General Government	10,304	11.0%	11,295	12.7%	(991)
Public Safety	57,870	61.8%	54,909	62.1%	2,961
Public Works	7,798	8.3%	6,951	7.8%	847
Community Services	9,246	9.9%	8,518	9.6%	728
Community Development	3,145	3.4%	3,262	3.7%	(117)
Principal retirement	600	0.6%	530	0.6%	70
Debt Services	1,638	1.8%	1,625	1.8%	13
Total Expenditures	90,601	96.9%	87,090	98.2%	3,511
Other Financing Uses	2,962	3.3%	1,595	1.7%	1,367
Extraordinary Items	-	0.0%	-	0.0%	-
Total Expenditures & Other Financing Sources	<u>93,563</u>	<u>100.2%</u>	<u>88,685</u>	<u>99.8%</u>	<u>4,878</u>

The General Fund's total expenditures, not including transfers, increased by \$3.51 million or 4.0%, 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, 2018:

- General Government decreased by \$991 thousand, to \$10.3 million, as a result of an increase in general liability payouts.
- Public Safety expenditures increased by \$2.9 million, to \$57.9 million attributable to the increase in PERS safety rate, cost of living increases and leave pay-out.
- Public Works expenditures increased by \$847 thousand, to \$7.79 million, as a result of increased maintenance in land and buildings, cost of living and PERS costs. Community Services expenditures increased by \$728 thousand, to \$9.24 million, as a result of an increase in contract services related to a lighting retrofit at the Barbara J. Riley Community and Senior Center.
- Community Development expenditures decreased by \$117 thousand, to \$3.14 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 approximately \$955 thousand. The increases were primarily from transfers out of the general fund to fund capital projects such as the Rio Hondo Events Center improvements and the community development upgrade of the Accella software.

In the functional expenditure categories actual expenditures were more than final budgeted amount, totaling \$93.6 million, and \$88.9 million, respectively. In addition, actual revenue exceeded budgetary estimates, by \$3.8 million, bringing actual revenue at June 30, 2018 to \$92.1 million. The actual transfers out of the general fund was more than final budget amount by \$834 thousand, as a result of an increase in actual transfers to the Employee Benefit Fund.

## **Financial Analysis of the Other Major Funds**

The Housing Authority Special Revenue Fund account for revenues generated by housing assets received from former redevelopment agency. The total revenue generated in fiscal year 2017-18 was \$280 thousand. The fund balance of \$4.6 million is restricted for low and moderate income housing.

The HOME special Revenue Fund is used to account for the operations of HOME Investment Partnership Program. The total revenues and expenditures in fiscal year 2017-18 were \$962 thousand and \$725 thousand, respectively, leaving an ending fund balance of \$647 thousand. The ending fund balance is also restricted for low and moderate income housing.

The CIP Grant fund is used 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, 2018 amounted to \$169 million, net of accumulated depreciation. This investment in capital assets includes land, projects in progress, buildings, equipment, fixtures and infrastructure. The total decrease over prior fiscal year in the City's investment in capital assets was \$30.7million or a 11.4% decrease due to a re-valuation of assets from a physical inventory completed during the fiscal year.

City of Downey Summary of Capital Assets (Net of Depreciation) For Fiscal Year Ended June 30, 2018 and 2017 (Amounts Expressed in Thousands)						
	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land and Improvements	20,670	23,499	6,965	8,272	27,635	31,771
Water Rights	-	-	4,291	-	4,291	-
Projects in Progress	16,544	24,590	5,891	-	22,435	24,590
Buildings	13,042	18,992	6,107	4,606	19,149	23,598
Land Improvements	7,328	16,529	837	9,318	8,165	25,847
Machinery & Equipment	5,820	6,283	1,220	356	7,039	6,639
Furniture & Fixtures	-	-	100	-	100	-
Infrastructures	105,753	138,981	47,807	-	153,560	138,981
Water Supply and Distribution System	-	-	-	17,783	-	17,783
<b>Total Capital Assets</b>	<b><u>169,156</u></b>	<b><u>228,873</u></b>	<b><u>73,218</u></b>	<b><u>40,335</u></b>	<b><u>242,374</u></b>	<b><u>269,208</u></b>

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

- Land decreased by \$4.1 million from the re-valuation of assets.
- Infrastructure increased \$14.6 million with \$13.1 million in additions, net of \$7.1 million in depreciation for the year.
- Projects in progress decreased \$2.1 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, 2018 is \$122.0 million, an increase of \$48.6 million from the prior fiscal year.

<b>City of Downey</b>						
<b>Summary of Changes in Long-Term Liabilities</b>						
<i>(Amounts Expressed in Thousands)</i>						
	<b>Balance</b>				<b>Balance</b>	<b>Due Within</b>
	<b>June 30,</b>	<b>Additions</b>	<b>Reduction</b>		<b>June 30,</b>	<b>One-Year</b>
	<b>2017</b>				<b>2018</b>	
Bond	22,639	50,923	1,336		72,226	2,790
Capital Lease Payable	2,381	-	566		1,815	419
Loans from Federal Government	14,249	1,769	81		15,937	14,458
Compensated Absences	15,171	4,859	4,933		15,097	4,879
Claims Payable	18,865	3,654	5,626		16,893	4,451
Total	<u>73,305</u>	<u>61,205</u>	<u>12,542</u>		<u>121,968</u>	<u>26,997</u>

Long-term debt-related events during the fiscal year ended June 30, 2018 included:

- Bonded debt increased by \$49.6 million from the City's issuance of 2017 Lease Revenue Bonds of \$50.9 million
- Compensated absences liabilities decreased by \$74 thousand and payouts to employees amounted to approximately \$2.4 million.
- A net decrease to claims payable of \$1.9 million to adjust for possible future general liability and workers' compensation claims.
- Capital lease obligations decreased \$566 thousand from debt service payments.

Additional information on the City's long-term liabilities can be found in Note 11 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 12 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. In June 2018, The City adopted a new fee schedule from a City-wide study which updated the rates for FY 2018-19.

### ***Utility Rates***

The City's water rates were last increased in July 2015. The water rates remain unchanged for FY 2017-18.

## **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, 2018

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>Assets:</b>			
Cash and investments	\$ 57,327,491	\$ 23,611,069	\$ 80,938,560
Receivables:			
Accounts	999,800	3,797,888	4,797,688
Taxes	6,489,414	-	6,489,414
Notes and loans	15,357,709	-	15,357,709
Accrued interest	546,363	-	546,363
Internal balances	6,236,111	(6,236,111)	-
Prepaid costs	18,751	-	18,751
Due from other governments	4,775,873	3,204	4,779,077
Inventories	114,989	145,759	260,748
Land held for resale	1,393,150	-	1,393,150
Restricted assets:			
Cash and investments	11,029,539	3,764,507	14,794,046
Cash with fiscal agent	50,645,535	-	50,645,535
Advances to Successor Agency	10,416,660	-	10,416,660
Capital assets not being depreciated	37,213,485	17,147,395	54,360,880
Capital assets, net of depreciation	131,942,249	56,070,557	188,012,806
<b>Total Assets</b>	<b>334,507,119</b>	<b>98,304,268</b>	<b>432,811,387</b>
<b>Deferred Outflows of Resources:</b>			
Deferred pension related items	39,128,990	1,960,935	41,089,925
Deferred OPEB related items	592,393	-	592,393
<b>Total Deferred Outflows of Resources</b>	<b>39,721,383</b>	<b>1,960,935</b>	<b>41,682,318</b>
<b>Liabilities:</b>			
Accounts payable	4,010,969	3,398,186	7,409,155
Accrued liabilities	2,536,856	260,543	2,797,399
Accrued interest	240,073	79,251	319,324
Unearned revenue	221,428	6,005	227,433
Deposits payable	2,650	187,614	190,264
Noncurrent liabilities:			
Due within one year	26,350,496	646,975	26,997,471
Due in more than one year	90,094,276	4,874,558	94,968,834
Net OPEB liability	7,847,903	-	7,847,903
Net pension liability	176,401,716	10,079,213	186,480,929
<b>Total Liabilities</b>	<b>307,706,367</b>	<b>19,532,345</b>	<b>327,238,712</b>
<b>Deferred Inflows of Resources:</b>			
Deferred pension related items	6,206,695	140,701	6,347,396
Deferred OPEB related items	150,129	-	150,129
<b>Total Deferred Inflows of Resources</b>	<b>6,356,824</b>	<b>140,701</b>	<b>6,497,525</b>
<b>Net Position:</b>			
Net investment in capital assets	151,972,693	68,292,023	220,264,716
Restricted for:			
Community development	812,514	-	812,514
Public safety	54,247,366	-	54,247,366
Parks and recreation	253	-	253
Public works	3,796,122	-	3,796,122
Capital projects	3,765,752	35,537,120	39,302,872
Debt service	-	469,040	469,040
Low and moderate income housing	19,443,725	-	19,443,725
Unrestricted	(173,873,114)	(23,706,026)	(197,579,140)
<b>Total Net Position</b>	<b>\$ 60,165,311</b>	<b>\$ 80,592,157</b>	<b>\$ 140,757,468</b>

CITY OF DOWNEY

STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2018

	Program Revenues			
	Expenses	Charges for Services	Operating Contributions and Grants	
<b>Functions/Programs</b>				
<b>Primary Government:</b>				
Governmental Activities:				
General government	\$ 10,530,250	\$ 7,673,974	\$ 2,486,976	\$ -
Public safety	70,552,474	5,244,441	656,939	-
Community development	7,625,585	1,232,039	-	1,233,207
Community services	10,152,043	2,166,319	-	-
Public works	15,075,113	1,156,742	6,709,504	962,104
Interest on long-term debt	2,587,935	-	-	-
<b>Total Governmental Activities</b>	<b>116,523,400</b>	<b>17,473,515</b>	<b>9,853,419</b>	<b>2,195,311</b>
Business-Type Activities:				
Water Fund	15,880,542	18,025,849	80,303	-
Golf Fund	2,899,046	2,947,466	-	-
Sewer and Storm Drain	4,101,997	1,507,276	307,348	-
<b>Total Business-Type Activities</b>	<b>22,881,585</b>	<b>22,480,591</b>	<b>387,651</b>	<b>-</b>
<b>Total Primary Government</b>	<b>\$ 139,404,985</b>	<b>\$ 39,954,106</b>	<b>\$ 10,241,070</b>	<b>\$ 2,195,311</b>

**General Revenues:**

Taxes:

- Property taxes, levied for general purpose
- Transient occupancy taxes
- Sales taxes
- Property taxes in lieu of sales and use tax
- Franchise taxes
- Utility users tax
- Other taxes
- Use of money and property
- Other

**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**

<b>Net (Expenses) Revenues and Changes in Net Position</b>		
<b>Primary Government</b>		
<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
\$ (369,300)	\$ -	\$ (369,300)
(64,651,094)	-	(64,651,094)
(5,160,339)	-	(5,160,339)
(7,985,724)	-	(7,985,724)
(6,246,763)	-	(6,246,763)
(2,587,935)	-	(2,587,935)
<b>(87,001,155)</b>	<b>-</b>	<b>(87,001,155)</b>
-	2,225,610	2,225,610
-	48,420	48,420
-	(2,287,373)	(2,287,373)
<b>-</b>	<b>(13,343)</b>	<b>(13,343)</b>
<b>(87,001,155)</b>	<b>(13,343)</b>	<b>(87,014,498)</b>
26,975,560	-	26,975,560
1,704,769	-	1,704,769
26,992,745	-	26,992,745
9,154,048	-	9,154,048
2,669,573	-	2,669,573
6,735,207	-	6,735,207
2,128,650	-	2,128,650
1,682,814	500,220	2,183,034
5,638,663	176,259	5,814,922
147,950	(147,950)	-
<b>83,829,979</b>	<b>528,529</b>	<b>84,358,508</b>
(3,171,176)	515,186	(2,655,990)
129,308,848	50,810,505	180,119,353
(65,972,361)	29,266,466	(36,705,895)
<b>\$ 60,165,311</b>	<b>\$ 80,592,157</b>	<b>\$ 140,757,468</b>

CITY OF DOWNEY

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2018**

	<u>Special Revenue Funds</u>			
	<u>General</u>	<u>Housing Authority</u>	<u>CIP Grant Fund</u>	<u>HOME</u>
<b>Assets:</b>				
Pooled cash and investments	\$ 14,638,540	\$ 1,543,615	\$ 378	\$ 594,972
Receivables:				
Accounts	846,183	-	-	-
Taxes	5,490,768	-	-	-
Notes and loans	1,087,572	8,037,352	-	5,738,828
Accrued interest	264,138	282,225	-	-
Prepaid costs	17,940	-	-	-
Due from other governments	1,469,803	-	1,998,802	59,262
Due from other funds	2,012,105	-	-	-
Inventories	-	-	-	-
Land held for resale	-	1,393,150	-	-
Restricted assets:				
Cash and investments	5,162,813	-	-	-
Cash and investments with fiscal agents	8,922	-	-	-
Advances to Successor Agency	7,202,399	1,759,418	-	-
<b>Total Assets</b>	<b><u>\$ 38,201,183</u></b>	<b><u>\$ 13,015,760</u></b>	<b><u>\$ 1,999,180</u></b>	<b><u>\$ 6,393,062</u></b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 1,917,716	\$ 17,474	\$ 506,754	\$ 2,793
Accrued liabilities	2,087,251	-	20,471	1,434
Unearned revenues	-	-	-	-
Deposits payable	-	-	-	2,650
Due to other funds	-	-	1,555,539	-
<b>Total Liabilities</b>	<b><u>4,004,967</u></b>	<b><u>17,474</u></b>	<b><u>2,082,764</u></b>	<b><u>6,877</u></b>
<b>Deferred Inflows of Resources:</b>				
Unavailable revenues	335,472	8,319,577	1,666,242	5,738,828
<b>Total Deferred Inflows of Resources</b>	<b><u>335,472</u></b>	<b><u>8,319,577</u></b>	<b><u>1,666,242</u></b>	<b><u>5,738,828</u></b>
<b>Fund Balances:</b>				
<b>Nonspendable:</b>				
Prepaid costs	17,940	-	-	-
Notes and loans	1,087,572	-	-	-
Advances to Successor Agency	7,202,399	-	-	-
<b>Restricted for:</b>				
Community development	-	-	-	-
Public safety	-	-	-	-
Parks and recreation	-	-	-	-
Public works	-	-	-	-
Capital Projects	-	-	-	-
Low and moderate income housing	-	4,678,709	-	647,357
<b>Assigned to:</b>				
Capital projects	-	-	-	-
<b>Unassigned</b>	<b><u>25,552,833</u></b>	<b><u>-</u></b>	<b><u>(1,749,826)</u></b>	<b><u>-</u></b>
<b>Total Fund Balances</b>	<b><u>33,860,744</u></b>	<b><u>4,678,709</u></b>	<b><u>(1,749,826)</u></b>	<b><u>647,357</u></b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b><u>\$ 38,201,183</u></b>	<b><u>\$ 13,015,760</u></b>	<b><u>\$ 1,999,180</u></b>	<b><u>\$ 6,393,062</u></b>

CITY OF DOWNEY

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2018**

	<b>Special Revenue Funds</b>		
	<b>Measure S 2017 LRB</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Assets:</b>			
Pooled cash and investments	\$ 50,636,613	\$ 13,617,900	\$ 81,032,018
Receivables:			
Accounts	-	143,586	989,769
Taxes	-	998,646	6,489,414
Notes and loans	-	493,957	15,357,709
Accrued interest	-	-	546,363
Prepaid costs	-	811	18,751
Due from other governments	-	1,247,890	4,775,757
Due from other funds	-	-	2,012,105
Inventories	-	13,867	13,867
Land held for resale	-	-	1,393,150
Restricted assets:			
Cash and investments	-	-	5,162,813
Cash and investments with fiscal agents	-	-	8,922
Advances to Successor Agency	-	-	8,961,817
<b>Total Assets</b>	<b>\$ 50,636,613</b>	<b>\$ 16,516,657</b>	<b>\$ 126,762,455</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>			
<b>Liabilities:</b>			
Accounts payable	\$ 187,460	\$ 1,218,130	\$ 3,850,327
Accrued liabilities	-	388,819	2,497,975
Unearned revenues	-	221,428	221,428
Deposits payable	-	-	2,650
Due to other funds	126,602	329,964	2,012,105
<b>Total Liabilities</b>	<b>314,062</b>	<b>2,158,341</b>	<b>8,584,485</b>
<b>Deferred Inflows of Resources:</b>			
Unavailable revenues	-	861,045	16,921,164
<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>861,045</b>	<b>16,921,164</b>
<b>Fund Balances:</b>			
<b>Nonspendable:</b>			
Prepaid costs	-	-	17,940
Notes and loans	-	-	1,087,572
Advances to Successor Agency	-	-	7,202,399
<b>Restricted for:</b>			
Community development	-	151,889	151,889
Public safety	50,322,551	3,924,815	54,247,366
Parks and recreation	-	253	253
Public works	-	3,796,122	3,796,122
Capital Projects	-	2,099,510	2,099,510
Low and moderate income housing	-	59,254	5,385,320
<b>Assigned to:</b>			
Capital projects	-	3,490,079	3,490,079
<b>Unassigned</b>	<b>-</b>	<b>(24,651)</b>	<b>23,778,356</b>
<b>Total Fund Balances</b>	<b>50,322,551</b>	<b>13,497,271</b>	<b>101,256,806</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 50,636,613</b>	<b>\$ 16,516,657</b>	<b>\$ 126,762,455</b>



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CITY OF DOWNEY

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2018**

Fund balances of governmental funds		\$ 101,256,806
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.		165,102,169
Deferred outflows related to pension items for:		
Pension related items:		
Miscellaneous contributions made subsequent to measurement date	\$ 3,754,279	
Miscellaneous changes of assumptions	4,243,777	
Safety changes of assumptions	15,269,134	
Safety contributions made subsequent to measurement date	10,225,876	
Safety differences between expected and actual experience	65,919	
Miscellaneous net difference between projected and actual earnings on pension plan investments	1,489,964	
Safety net difference between projected and actual earnings on pension plan investments	3,787,491	
OPEB related items:		
Net difference between projected and actual earnings on OPEB plan investments	<u>592,393</u>	39,428,833
Long-term debt and claims liabilities that have not been included in the governmental fund activity:		
Bonds payable	(78,442,195)	
Unamortized bond premiums/discounts	(5,074,859)	
Claims payable	(9,517,181)	
Compensated Absences	<u>(1,974,956)</u>	(95,009,191)
Accrued interest payable for the current portion of interest due on Bonds has not been reported in the governmental funds.		(229,415)
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 Actuarially Determined Contribution (ADC) are recorded as an asset or liability.		(7,847,903)
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	(48,768,454)	
Safety net pension liability	<u>(126,129,549)</u>	(174,898,003)
Deferred inflows related to pension items due to:		
Pension related items:		
Safety changes of assumptions	(1,023,491)	
Miscellaneous differences between expected and actual experiences	(680,788)	
Safety differences between expected and actual experiences	(4,481,425)	
OPEB related items:		
Net difference between projected and actual earnings on OPEB plan investments	<u>(150,129)</u>	(6,335,833)
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.		16,921,164
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.		21,776,684
<b>Net Position of Governmental Activities</b>		<u><u>\$ 60,165,311</u></u>

CITY OF DOWNEY

STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2018

	Special Revenue Funds			
	General	Housing Authority	CIP Grant Fund	HOME
<b>Revenues:</b>				
Taxes	\$ 65,162,582	\$ -	\$ -	\$ -
Licenses and permits	1,837,003	-	-	-
Intergovernmental	2,532,972	-	3,931,426	962,104
Charges for services	11,026,374	-	-	-
Use of money and property	1,577,753	23,025	31,401	-
Fines and forfeitures	1,544,790	-	-	-
Developer participation	-	-	-	-
Miscellaneous	5,215,309	257,053	-	-
<b>Total Revenues</b>	<b>88,896,783</b>	<b>280,078</b>	<b>3,962,827</b>	<b>962,104</b>
<b>Expenditures:</b>				
Current:				
General government	10,304,168	-	-	-
Public safety	57,869,881	-	-	-
Community development	3,145,090	44,626	-	725,117
Community services	9,245,567	-	-	-
Public works	7,798,490	-	2,619	-
Capital outlay	-	-	1,926,312	-
Debt service:				
Principal retirement	600,000	-	-	-
Interest and fiscal charges	1,637,965	-	-	-
<b>Total Expenditures</b>	<b>90,601,161</b>	<b>44,626</b>	<b>1,928,931</b>	<b>725,117</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,704,378)	235,452	2,033,896	236,987
<b>Other Financing Sources (Uses):</b>				
Transfers in	2,527,097	-	-	-
Transfers out	(2,962,194)	-	-	-
Bonds issued	-	-	-	-
Notes and loans issued	-	-	-	-
Other debts issued	743,579	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>308,482</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net Change in Fund Balances	(1,395,896)	235,452	2,033,896	236,987
Fund Balances, Beginning of Year, as previously reported	35,279,201	4,443,257	(3,783,722)	410,370
Restatements	(22,561)	-	-	-
Fund Balances, Beginning of Year, as restated	35,256,640	4,443,257	(3,783,722)	410,370
<b>Fund Balances, End of Year</b>	<b>\$ 33,860,744</b>	<b>\$ 4,678,709</b>	<b>\$ (1,749,826)</b>	<b>\$ 647,357</b>

CITY OF DOWNEY

STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2018

	Special Revenue	Other	Total
	Funds		
	Measure S	Funds	Funds
	2017 LRB		
<b>Revenues:</b>			
Taxes	\$ -	\$ 10,941,512	\$ 76,104,094
Licenses and permits	-	-	1,837,003
Intergovernmental	-	4,740,282	12,166,784
Charges for services	-	2,235,177	13,261,551
Use of money and property	195,629	89,825	1,917,633
Fines and forfeitures	-	1,506,395	3,051,185
Developer participation	-	1,323,204	1,323,204
Miscellaneous	-	158,278	5,630,640
<b>Total Revenues</b>	<b>195,629</b>	<b>20,994,673</b>	<b>115,292,094</b>
<b>Expenditures:</b>			
Current:			
General government	481,645	-	10,785,813
Public safety	-	824,574	58,694,455
Community development	-	3,320,709	7,235,542
Community services	-	17,364	9,262,931
Public works	-	6,033,660	13,834,769
Capital outlay	314,062	6,068,822	8,309,196
Debt service:			
Principal retirement	-	81,000	681,000
Interest and fiscal charges	-	1,057,601	2,695,566
<b>Total Expenditures</b>	<b>795,707</b>	<b>17,403,730</b>	<b>111,499,272</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(600,078)	3,590,943	3,792,822
<b>Other Financing Sources (Uses):</b>			
Transfers in	-	3,025,189	5,552,286
Transfers out	-	(3,254,147)	(6,216,341)
Bonds issued	50,922,629	-	50,922,629
Notes and loans issued	-	1,026,000	1,026,000
Other debts issued	-	-	743,579
<b>Total Other Financing Sources (Uses)</b>	<b>50,922,629</b>	<b>797,042</b>	<b>52,028,153</b>
Net Change in Fund Balances	50,322,551	4,387,985	55,820,975
Fund Balances, Beginning of Year, as previously reported	1,052,141	8,025,562	45,426,809
Restatements	(1,052,141)	1,083,724	9,022
Fund Balances, Beginning of Year, as restated	-	9,109,286	45,435,831
<b>Fund Balances, End of Year</b>	<b>\$ 50,322,551</b>	<b>\$ 13,497,271</b>	<b>\$ 101,256,806</b>

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CITY OF DOWNEY

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2018**

Net change in fund balances - total governmental funds		\$ 55,820,975
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	\$ 8,008,274	
Depreciation	(6,998,727)	1,001,059
Gain/(loss) on sale of capital assets	<u>(8,488)</u>	
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	681,000	
Amortization of bond premiums/discounts	<u>311,921</u>	992,921
Other debts issued is a revenue in the governmental funds, but issuance the increases long-term liabilities in the statement of net position.		
		(52,692,208)
Accrued interest for long-term liabilities. This is the net change in accrued interest for the current period.		
		(158,738)
Compensated absences 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.		
		100,912
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.		
		1,971,957
Governmental funds report all contributions in relation to the actuarially determined contribution (ADC) for OPEB as expenditures, however in the statement of activities only the ADC is an expense.		
		105,045
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.		
		(8,959,499)
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.		
		(2,161,118)
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.		
		<u>807,518</u>
<b>Change in Net Position of Governmental Activities</b>		<b><u>\$ (3,171,176)</u></b>

## CITY OF DOWNEY

STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2018

	Business-Type Activities - Enterprise Funds				Governmental Activities- Internal Service Funds
	Water Fund	Golf Fund	Sewer and Storm Drain	Totals	
<b>Assets and Deferred Outflows of Resources:</b>					
<b>Assets:</b>					
Current:					
Cash and investments	\$ 18,415,353	\$ 673,918	\$ 4,521,798	\$ 23,611,069	\$ 26,932,086
Receivables:					
Accounts	3,428,315	59,977	309,596	3,797,888	10,031
Due from other governments	3,204	-	-	3,204	116
Inventories	145,759	-	-	145,759	101,122
Advance to Successor Agency	-	-	-	-	1,454,843
Cash and investments	1,564,854	2,199,653	-	3,764,507	5,866,726
<b>Total Current Assets</b>	<b>23,557,485</b>	<b>2,933,548</b>	<b>4,831,394</b>	<b>31,322,427</b>	<b>34,364,924</b>
Noncurrent:					
Capital assets - net of accumulated depreciation	26,969,078	13,055,798	33,193,076	73,217,952	4,053,565
<b>Total Noncurrent Assets</b>	<b>26,969,078</b>	<b>13,055,798</b>	<b>33,193,076</b>	<b>73,217,952</b>	<b>4,053,565</b>
<b>Total Assets</b>	<b>50,526,563</b>	<b>15,989,346</b>	<b>38,024,470</b>	<b>104,540,379</b>	<b>38,418,489</b>
<b>Deferred Outflows of Resources:</b>					
Deferred pension related items	1,522,603	9,833	428,499	1,960,935	292,550
<b>Total Deferred Outflows of Resources</b>	<b>1,522,603</b>	<b>9,833</b>	<b>428,499</b>	<b>1,960,935</b>	<b>292,550</b>
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 52,049,166</b>	<b>\$15,999,179</b>	<b>\$38,452,969</b>	<b>\$106,501,314</b>	<b>\$ 38,711,039</b>
<b>Liabilities, Deferred Inflows of Resources, and Net Position:</b>					
<b>Liabilities:</b>					
Current:					
Accounts payable	\$ 3,009,228	\$ 150,370	\$ 238,588	\$ 3,398,186	\$ 160,642
Accrued liabilities	203,839	3,066	53,638	260,543	38,881
Accrued interest	-	71,610	7,641	79,251	10,658
Unearned revenues	-	6,005	-	6,005	-
Deposits payable	78,625	108,989	-	187,614	-
Accrued compensated absences	134,544	-	-	134,544	2,147,674
Accrued claims payable	-	-	-	-	2,415,211
Bonds, notes, and capital leases	-	445,000	67,431	512,431	352,195
<b>Total Current Liabilities</b>	<b>3,426,236</b>	<b>785,040</b>	<b>367,298</b>	<b>4,578,574</b>	<b>5,125,261</b>
Noncurrent:					
Accrued compensated absences	353,798	5,439	101,823	461,060	10,379,139
Accrued claims payable	-	-	-	-	4,960,207
Bonds, notes, and capital leases	-	4,200,000	213,498	4,413,498	1,181,155
Net pension liability	7,826,185	50,543	2,202,485	10,079,213	1,503,713
<b>Total Noncurrent Liabilities</b>	<b>8,179,983</b>	<b>4,255,982</b>	<b>2,517,806</b>	<b>14,953,771</b>	<b>18,024,214</b>
<b>Total Liabilities</b>	<b>11,606,219</b>	<b>5,041,022</b>	<b>2,885,104</b>	<b>19,532,345</b>	<b>23,149,475</b>
<b>Deferred Inflows of Resources:</b>					
Deferred pension related items	109,250	706	30,745	140,701	20,991
<b>Total Deferred Inflows of Resources</b>	<b>109,250</b>	<b>706</b>	<b>30,745</b>	<b>140,701</b>	<b>20,991</b>
<b>Net Position:</b>					
Net investment in capital assets	26,969,078	8,410,798	32,912,147	68,292,023	2,520,215
Restricted for capital projects	-	-	35,537,120	35,537,120	-
Restricted for debt service	-	469,040	-	469,040	-
Unrestricted	13,364,619	2,077,613	(32,912,147)	(17,469,915)	13,020,358
<b>Total Net Position</b>	<b>40,333,697</b>	<b>10,957,451</b>	<b>35,537,120</b>	<b>86,828,268</b>	<b>15,540,573</b>
<b>Total Liabilities, Deferred Inflows of Resources,     and Net Position</b>	<b>\$ 52,049,166</b>	<b>\$15,999,179</b>	<b>\$38,452,969</b>	<b>\$106,501,314</b>	<b>\$ 38,711,039</b>
<b>Reconciliation of Net Position to the Statement of Net Position</b>					
Net Position per Statement of Net Position - Proprietary Funds				\$ 86,828,268	
Prior years' accumulated adjustment to reflect the consolidation of internal service funds activities related to the enterprise funds				(6,157,874)	
Current years' adjustments to reflect the consolidation of internal service activities related to enterprise funds				(78,237)	
<b>Net Position per Statement of Net Position</b>				<b>\$ 80,592,157</b>	

See Notes to Financial Statements

CITY OF DOWNEY

STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2018

	Business-Type Activities - Enterprise Funds				Governmental Activities- Internal Service Funds
	Water Fund	Golf Fund	Sewer and Storm Drain	Totals	
<b>Operating Revenues:</b>					
Sales and service charges	\$ 18,025,849	\$ 2,947,466	\$ 1,507,276	\$ 22,480,591	\$ -
Interdepartmental charges	-	-	-	-	5,239,591
Miscellaneous	176,259	-	-	176,259	2,867
<b>Total Operating Revenues</b>	<b>18,202,108</b>	<b>2,947,466</b>	<b>1,507,276</b>	<b>22,656,850</b>	<b>5,242,458</b>
<b>Operating Expenses:</b>					
Purchased water	5,456,949	-	-	5,456,949	-
Maintenance and operations	3,335,384	2,180,469	859,115	6,374,968	2,353,412
General and administrative	6,289,206	84,696	1,676,244	8,050,146	42,734
Employee benefits	2,024	-	8,269	10,293	2,956,782
Depreciation expense	711,392	468,056	1,550,731	2,730,179	402,156
<b>Total Operating Expenses</b>	<b>15,794,955</b>	<b>2,733,221</b>	<b>4,094,359</b>	<b>22,622,535</b>	<b>5,755,084</b>
Operating Income (Loss)	2,407,153	214,245	(2,587,083)	34,315	(512,626)
<b>Nonoperating Revenues (Expenses):</b>					
Intergovernmental	80,303	-	307,348	387,651	-
Interest revenue	325,943	150,981	23,296	500,220	65,275
Interest expense	-	(173,175)	(7,638)	(180,813)	(45,552)
Gain (loss) on disposal of capital assets	-	-	-	-	8,023
<b>Total Nonoperating Revenues (Expenses)</b>	<b>406,246</b>	<b>(22,194)</b>	<b>323,006</b>	<b>707,058</b>	<b>27,746</b>
Income (Loss) Before Transfers	2,813,399	192,051	(2,264,077)	741,373	(484,880)
Transfers in	-	125,000	1,102,050	1,227,050	812,005
Transfers out	(1,375,000)	-	-	(1,375,000)	-
Changes in Net Position	1,438,399	317,051	(1,162,027)	593,423	327,125
<b>Net Position:</b>					
Beginning of Year, as previously reported	41,904,338	11,111,560	3,952,481	56,968,379	15,343,246
Restatements	(3,009,040)	(471,160)	32,746,666	29,266,466	(129,798)
Beginning of Fiscal Year, as restated	38,895,298	10,640,400	36,699,147	86,234,845	15,213,448
<b>End of Fiscal Year</b>	<b>\$ 40,333,697</b>	<b>\$ 10,957,451</b>	<b>\$ 35,537,120</b>	<b>\$ 86,828,268</b>	<b>\$ 15,540,573</b>
<b>Reconciliation of Changes in Net Position to the Statement of Activities:</b>					
Changes in Net Position, per the Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Funds				\$ 593,423	
Adjustment to reflect the consolidation of current fiscal year internal service funds activities related to enterprise funds				(78,237)	
<b>Changes in Net Position of Business-Type Activities per Statement of Activities</b>				<b>\$ 515,186</b>	



## CITY OF DOWNEY

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2018

	Business-Type Activities - Enterprise Funds				Governmental Activities- Internal Service Funds
	Water Fund	Golf Fund	Sewer and Storm Drain	Totals	
<b>Cash Flows from Operating Activities:</b>					
Cash received from customers and users	\$ 17,978,462	\$ 2,910,715	\$ 1,490,183	\$ 22,379,360	\$ 5,249,099
Cash paid to suppliers for goods and services	(5,079,292)	(2,155,322)	(128,984)	(7,363,598)	(2,427,947)
Cash paid to employees for services	(6,865,531)	(66,852)	(2,017,894)	(8,950,277)	(2,778,661)
Cash received from (payments to) others	176,259	-	-	176,259	2,751
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>6,209,898</b>	<b>688,541</b>	<b>(656,695)</b>	<b>6,241,744</b>	<b>45,242</b>
<b>Cash Flows from Non-Capital Financing Activities:</b>					
Cash transfers in	-	125,000	1,102,050	1,227,050	812,005
Cash transfers out	(1,375,000)	-	-	(1,375,000)	-
Advance to other funds	-	-	-	-	11,561
Grant subsidies	78,421	-	-	78,421	-
Intergovernmental	-	-	307,348	307,348	-
<b>Net Cash Provided (Used) by Non-Capital Financing Activities</b>	<b>(1,296,579)</b>	<b>125,000</b>	<b>1,409,398</b>	<b>237,819</b>	<b>823,566</b>
<b>Cash Flows from Capital and Related Financing Activities:</b>					
Acquisition and construction of capital assets	(4,152,130)	(197,545)	(258,663)	(4,608,338)	-
Taxes received	-	-	-	-	-
Principal paid on capital debt	-	(425,000)	(66,873)	(491,873)	(499,457)
Interest paid on capital debt	-	(173,175)	(8,196)	(181,371)	(45,552)
Proceeds from sales of capital assets	-	-	-	-	8,023
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<b>(4,152,130)</b>	<b>(795,720)</b>	<b>(333,732)</b>	<b>(5,281,582)</b>	<b>(536,986)</b>
<b>Cash Flows from Investing Activities:</b>					
Proceeds from the sales and maturities of investments	-	-	-	-	-
Interest received	325,943	144,428	23,296	493,667	59,540
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>325,943</b>	<b>144,428</b>	<b>23,296</b>	<b>493,667</b>	<b>59,540</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>1,087,132</b>	<b>162,249</b>	<b>442,267</b>	<b>1,691,648</b>	<b>391,362</b>
Cash and Cash Equivalents at Beginning of Year	18,893,075	2,711,322	4,079,531	25,683,928	32,407,450
<b>Cash and Cash Equivalents at End of Year</b>	<b>\$ 19,980,207</b>	<b>\$ 2,873,571</b>	<b>\$ 4,521,798</b>	<b>\$ 27,375,576</b>	<b>\$ 32,798,812</b>
<b>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:</b>					
Operating income (loss)	\$ 2,407,153	\$ 214,245	\$ (2,587,083)	\$ 34,315	\$ (512,626)
<b>Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:</b>					
Depreciation	711,392	468,056	1,550,731	2,730,179	402,156
(Increase) decrease in accounts receivable	(49,357)	(41,216)	(17,093)	(107,666)	9,508
(Increase) decrease in due from other governments	-	-	-	-	(116)
(Increase) decrease in inventories	52,129	-	-	52,129	(8,990)
(Increase) decrease in prepaid expense	-	-	2,800	2,800	-
(Increase) decrease in deferred pension related outflows	(421,995)	(2,892)	(428,499)	(853,386)	(31,681)
Increase (decrease) in accounts payable	1,159,809	25,147	(131,784)	1,053,172	(22,811)
Increase (decrease) in accrued liabilities	47,057	941	9,856	57,854	1,912
Increase (decrease) in deposits payable	1,970	1,534	-	3,504	-
Increase (decrease) in unearned revenue	-	2,931	-	2,931	-
Increase (decrease) in compensated absences	(78,020)	3,584	101,823	27,387	-
Increase (decrease) in net pension liability	2,310,914	15,760	811,809	3,138,483	196,476
Increase (decrease) in deferred pension related inflows	68,846	451	30,745	100,042	-
Increase (decrease) in deferred OPEB related inflows	-	-	-	-	11,414
<b>Total Adjustments</b>	<b>3,802,745</b>	<b>474,296</b>	<b>1,930,388</b>	<b>6,207,429</b>	<b>557,868</b>
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ 6,209,898</b>	<b>\$ 688,541</b>	<b>\$ (656,695)</b>	<b>\$ 6,241,744</b>	<b>\$ 45,242</b>
<b>Non-Cash Investing, Capital, and Financing Activities:</b>					
Prior period restatement related to net pension liability	\$ -	\$ -	\$ (1,390,676)	\$ (1,390,676)	\$ -
Prior period restatement related to capital assets	-	-	32,746,666	-	-

CITY OF DOWNEY

STATEMENT OF FIDUCIARY NET POSITION  
 FIDUCIARY FUNDS  
 JUNE 30, 2018

	Agency Funds	Private- Purpose Trust Fund
<b>Assets:</b>		
Pooled cash and investments	\$ 5,314,185	\$ 3,095,150
Receivables:		
Accounts	39,263	-
Taxes	2,658	-
Accrued interest	1,218	-
Due from other governments	108,729	-
Restricted assets:		
Cash and investments with fiscal agents	-	643,271
<b>Total Assets</b>	<b>\$ 5,466,053</b>	<b>\$ 3,738,421</b>
<b>Liabilities:</b>		
Accounts payable	\$ 739,172	-
Accrued liabilities	499,694	-
Accrued interest	-	112,964
Deposits payable	4,222,187	2,500
Due to other governments	5,000	-
Long-term liabilities:		
Due in one year	-	444,579
Due in more than one year	-	34,050,811
Advances from the City	-	10,342,081
<b>Total Liabilities</b>	<b>\$ 5,466,053</b>	<b>\$ 44,952,935</b>
<b>Net Position:</b>		
Held in trust for other purposes		<b>\$ (41,214,514)</b>
<b>Total Net Position</b>		<b>\$ (41,214,514)</b>

CITY OF DOWNEY

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
 FIDUCIARY FUNDS  
 YEAR ENDED JUNE 30, 2018

	<u>Private- Purpose Trust Fund</u>
<b>Additions:</b>	
Taxes	\$ 1,427,509
Interest and change in fair value of investments	14,847
Miscellaneous	46
<b>Total Additions</b>	<b><u>1,442,402</u></b>
<b>Deductions:</b>	
Benefits	25,000
Administrative expenses	250,000
Contractual services	4,500
Interest expense	2,268,470
<b>Total Deductions</b>	<b><u>2,547,970</u></b>
<b>Changes in Net Position</b>	<b>(1,105,568)</b>
Net Position - Beginning of the Year	<u>(40,108,946)</u>
<b>Net Position - End of the Year</b>	<b><u>\$ (41,214,514)</u></b>



# **NOTES TO BASIC FINANCIAL STATEMENTS**

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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, 2018**

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**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 inflows of

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2018**

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

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, 2018**

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**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 Measure S 2017 LRB Fund is used to account for special revenues from half cent sales tax for infrastructure improvements and enhanced public safety services.

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

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, 2018**

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**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, 2018**

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**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. 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 two items that qualify for reporting in this category, the deferred outflows relating to the net pension liability, and deferred OPEB related items, reported in the statements of net position. These outflows are the results of contributions made after the measurement period, which are recognized in the following year.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2018**

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**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 and net OPEB liability, reported in the statement of net position.

Gains and losses related to changes in total pension liability, total OPEB liability and fiduciary net position are recognized in pension or OPEB expense systematically over time. Amounts are first recognized in pension or OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pension or OPEB and are to be recognized in future pension or OPEB expense.

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

Net difference between projected and actual earning on pension or OPEB plan investments	5 years
All other amounts	Expected average remaining service lifetime (EARSL) for the OPEB plan, Miscellaneous pension plan, and Safety pension plan are 6.78 Years, 2.0 Years, and 3.2 Years, respectively at June 30, 2018)

**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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2018

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

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.

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.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2018**

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

**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.

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, 2016
Measurement Date (MD):	June 30, 2017
Measurement Period (MP):	July 1, 2016 to June 30, 2017

**o. Other Postemployment Benefits (OPEB) Liability**

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the City's plan (OPEB Plan), the assets of which are held by the California Employers' Retiree Benefit Trust Program (CERBT), and additions to/deductions from the OPEB Plan's fiduciary net position have been determined by an independent actuary. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

Generally accepted accounting principles require 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, 2017
Measurement Date (MD)	June 30, 2017
Measurement Period (MP)	July 1, 2016 to June 30, 2017

**p. 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.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2018**

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

**q. 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.

**r. Effect of New Accounting Standards**

During the fiscal year ended June 30, 2018, the City implemented the following Governmental Accounting Standards Board (GASB) standards:

GASB Statement No. 75 – *Accounting and Financial Reporting For Post-Employment Benefits Other Than Pensions*. This Statement improves the accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources and expense/expenditures. This Statement replaces GASB No. 45 and GASB No. 57.

**Note 2: Stewardship, compliance and accountability**

**Deficit fund balance**

At June 30, 2018 the Hazardous Material Fund had a deficit fund balance of \$24,651. This fund will be replenished with future revenues.

**Note 3: 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.

CITY OF DOWNEY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2018

**Note 4: Cash and Investments**

As of June 30, 2018, cash and investments were reported in the accompanying financial statements as follows:

	Government- Wide Statement of Net Position	Fiduciary Funds Statement of Net Position	Total
Cash and investments	\$ 80,938,560	\$ 8,409,335	\$ 89,347,895
Restricted cash and investments	14,794,046	-	14,794,046
Cash and investments with fiscal agents	<u>50,645,535</u>	<u>643,271</u>	<u>51,288,806</u>
 Total Cash and Investments	 <u>\$ 146,378,141</u>	 <u>\$ 9,052,606</u>	 <u>\$ 155,430,747</u>
	Demand accounts	\$ 7,237,222	
	Petty cash	5,565	
	Investments	<u>148,187,960</u>	
	Total Cash and Investments	<u>\$ 155,430,747</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	40%	30%
Commercial Paper	270 days	25%	5%
Repurchase Agreements	30 days	None	None
Municipal Bonds	5 years	None	None
Local Agency Investment Funds (LAIF)	N/A	None	None
Money Market Mutual Funds	N/A	None	None



**NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2018**

**Note 4: 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	37 - 60 Months	Total
Investments:				
Local Agency Investment Fund	\$ 33,504,789	\$ -	\$ -	\$ 33,504,789
Federal Farm Credit Bank	3,971,360	977,150	-	4,948,510
Fedreal Home Loan Bank	-	6,608,940	983,450	7,592,390
Federal Home Loan Mortgage Corp.	1,991,860	3,536,411	7,814,470	13,342,741
Federal National Mortgage Assoc.	1,979,780	4,915,130	-	6,894,910
Negotiable Certificates of Deposit	5,096,907	4,338,205	4,697,825	14,132,937
Medium-term Corporation Notes	-	1,665,044	-	1,665,044
Money Market Mutual Funds	23,786	-	-	23,786
Held by Bond Trustee				
Money Market Mutual Funds	66,082,853	-	-	66,082,853
	<u>\$ 112,651,335</u>	<u>\$ 22,040,880</u>	<u>\$ 13,495,745</u>	<u>\$ 148,187,960</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, 2018

**Note 4: Cash and Investments (Continued)**

	Total as of June 30, 2018	Minimum Legal Rating	AA+	A+	Unrated
Investments:					
United States Government					
Sponsored Agency Securities					
FFCB	\$ 4,948,510	N/A	\$ 4,948,510	\$ -	\$ -
FHLB	7,592,390	N/A	7,592,390	-	-
FHLMC	13,342,741	N/A	13,342,741	-	-
FNMA	6,894,910	N/A	6,894,910	-	-
Medium-Term Corporate Notes	15,797,981	A	-	1,665,044	14,132,937
Local Agency Investment Fund	33,504,789	N/A	-	-	33,504,789
Money Market Mutual Funds	23,786	A	-	-	23,786
Held by Bond Trustee					
Money Market Mutual Funds	66,082,853	A	-	-	66,082,853
	<u>\$ 148,187,960</u>		<u>\$ 32,778,551</u>	<u>\$ 1,665,044</u>	<u>\$ 113,744,365</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	\$ 13,342,741	9.00%
Federal Home Loan Bank	United States Government Sponsored Agency Securities	7,592,390	5.12%

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, 2018

**Note 4: Cash and Investments (Continued)**

The City has the following recurring fair value measurements as of June 30, 2018:

	June 30, 2018	Level	
		1	2
Investments:			
Federal Government Agency	\$ 32,778,551	\$ -	\$ 32,778,551
Medium-Term Corporate Notes	1,665,044	-	1,665,044
Certificate of Deposit	14,132,937	-	14,132,937
Money Market Funds	23,786	23,786	-
Local Agency Investment Fund	33,504,789	-	33,504,789
Total Cash Investments	<u>82,105,107</u>	<u>23,786</u>	<u>82,081,321</u>
Investments with Fiscal Agents:			
Money Market Funds	66,082,853	66,082,853	-
Total Investments with Fiscal Agent	<u>66,082,853</u>	<u>66,082,853</u>	<u>-</u>
Total Investments	<u>\$ 148,187,960</u>	<u>\$ 66,106,639</u>	<u>\$ 82,081,321</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, 2018, 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, 2018

**Note 5: Interfund Receivables/Payables and Transfers**

As of June 30, 2018, amounts due from/to other funds were as follows:

Due to Other Funds	Due from Other Funds	
	General	Total
<i>Governmental funds:</i>		
CIP Grant Fund	\$ 1,555,539	\$ 1,555,539
Measure S Fund	126,602	126,602
Other nonmajor governmental	329,964	329,964
<b>Total</b>	<b>\$ 2,012,105</b>	<b>\$ 2,012,105</b>

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, 2018, consisted of the following:

Transfers out	Transfers in					Total
	General	Nonmajor governmental	Golf	Sewer and Storm Drain	Employee Benefits	
<i>Governmental funds:</i>						
General	\$ -	\$ 2,025,189	\$ 125,000	\$ -	\$ 812,005	\$ 2,962,194
Other nonmajor governmental	1,727,097	1,000,000	-	527,050	-	3,254,147
<i>Enterprise fund:</i>						
Water	800,000	-	-	575,000	-	1,375,000
<b>Total</b>	<b>\$ 2,527,097</b>	<b>\$ 3,025,189</b>	<b>\$ 125,000</b>	<b>\$ 1,102,050</b>	<b>\$ 812,005</b>	<b>\$ 7,591,341</b>

The General Fund transferred \$2,025,190 to Other Governmental Funds to provide for capital expenditures and subsidize for various grant and project operations and \$125,000 to the Golf Enterprise Fund for support of operations. \$812,005 was also transferred to the Employee benefits internal service fund to subsidize the operations of the fund.

Other Governmental Funds transferred \$1,727,097 to the General Fund, \$1,000,000 to Other Governmental Funds, and \$527,050 to the Sewer & Storm Drain Fund for various street and related program expenditures.

The Water Fund transferred \$800,000 to the General Fund and \$575,000 to Sewer & Storm Drain fund, to reimburse for certain program, administrative and overhead expenditures.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2018**

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**Note 6: Advances Receivable from Successor Agency**

As of June 30, 2018, amounts advanced to the Successor Agency were as follows:

Advances from General Fund	\$ 7,202,399
Advances from Housing Authority Special Revenue Fund	1,759,418
Advances from Employee Benefits	<u>1,454,843</u>
	<u>\$ 10,416,660</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 19 for additional information.

**Note 7: Land Held for Resale**

As of June 30, 2018, the Housing Authority has a property for redevelopment purposes for resale to developers at a capitalized cost of \$1,393,150.

**Note 8: 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 \$14,270,137 at June 30, 2018.

The City entered into a loan receivable agreement with a local auto dealership, in the amount of \$1,250,000, in April 2017, in order to assist the dealership to relocate to a larger location within the City. The loan is to be repaid over 12 years at a simple interest rate of 4.25%. The outstanding balance on the loan as of June 30, 2018 is \$1,087,572.

**Note 9: 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, 2018

Note 10: Capital Assets

A summary of changes in the Governmental Activities capital assets as of June 30, 2018, is as follows:

	Balances at June 30, 2017	Adjustments	Balances at June 30, 2017 Restated	Transfers of CIP	Additions	Deletions	Balances at June 30, 2018
<b>Governmental Activities:</b>							
Capital assets, not being depreciated:							
Land and improvements	\$ 23,498,601	\$ (2,828,777)	\$ 20,669,824	\$ -	\$ -	\$ -	\$ 20,669,824
Projects-in-progress	24,590,339	(3,207,123)	21,383,216	(12,621,468)	7,790,401	8,488	16,543,661
Total Capital Assets, Not Being Depreciated	48,088,940	(6,035,900)	42,053,040	(12,621,468)	7,790,401	8,488	37,213,485
Capital assets, being depreciated:							
Buildings	40,276,942	(4,524,351)	35,752,591	-	-	-	35,752,591
Land Improvements	28,039,799	(17,741,176)	10,298,623	635,422	-	-	10,934,045
Equipment	28,161,945	(8,091,637)	20,070,308	137,643	217,873	-	20,425,824
Infrastructure	316,441,162	(73,680,672)	242,760,490	11,848,403	-	-	254,608,893
Total Capital Assets, Being Depreciated	412,919,848	(104,037,836)	308,882,012	12,621,468	217,873	-	321,721,353
Less accumulated depreciation:							
Buildings	21,285,291	829,580	22,114,871	-	595,882	-	22,710,753
Land Improvements	11,510,760	(8,321,078)	3,189,682	-	416,622	-	3,606,304
Equipment	21,879,107	(8,321,132)	13,557,975	-	1,048,303	-	14,606,278
Infrastructure	177,460,268	(33,542,419)	143,917,849	-	4,937,920	-	148,855,769
Total Accumulated Depreciation	232,135,426	(49,355,049)	182,780,377	-	6,998,727	-	189,779,104
Total Capital Assets, Being Depreciated, Net	180,784,422	(54,682,787)	126,101,635	12,621,468	(6,780,854)	-	131,942,249
Governmental Activities Capital Assets, Net	\$ 228,873,362	\$ (60,718,687)	\$ 168,154,675	\$ -	\$ 1,009,547	\$ 8,488	\$ 169,155,734

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

General Government	\$ 372,653
Public Safety	4,863,823
Community Development	350,492
Community Services	561,990
Public Works	447,613
Internal Service Funds	402,156
Total depreciation expense governmental activities	<u>\$ 6,998,727</u>

CITY OF DOWNEY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2018

**Note 10: Capital Assets (Continued)**

A summary of changes in the Business-type Activities capital assets at June 30, 2018, are as follows:

	<b>WATER FUND</b>					
	<b>Balances at June 30, 2017</b>	<b>Adjustments</b>	<b>Balances at June 30, 2017 (Restated)</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balances at June 30, 2018</b>
<b><u>Business-type Activities:</u></b>						
Capital assets, not being depreciated:						
Land	\$ 8,271,537	\$ (7,386,942)	\$ 884,595	\$ -	\$ -	\$ 884,595
Projects-in-progress	-	-	-	2,681,992	-	2,681,992
Water Rights	-	4,290,880	4,290,880	-	-	4,290,880
Total Capital Assets, Not Being Depreciated	<u>8,271,537</u>	<u>(3,096,062)</u>	<u>5,175,475</u>	<u>2,681,992</u>	<u>-</u>	<u>7,857,467</u>
Capital assets, being depreciated:						
Buildings and improvements	376,867	21,206	398,073	-	-	398,073
Land Improvements	287,690	(287,690)	-	-	-	-
Furniture and fixtures	323,633	1,751,751	2,075,384	-	1,421	2,073,963
Machinery and equipment	282,880	(282,880)	-	260,889	-	260,889
Infrastructure	-	35,271,629	35,271,629	1,209,252	-	36,480,881
Water supply and distribution system	<u>37,112,329</u>	<u>(37,112,329)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Capital Assets, Being Depreciated	<u>38,383,399</u>	<u>(638,313)</u>	<u>37,745,086</u>	<u>1,470,141</u>	<u>1,421</u>	<u>39,213,806</u>
Less accumulated depreciation:						
Buildings and improvements	248,967	(16,004)	232,963	7,270	-	240,233
Land Improvements	88,024	(88,024)	-	-	-	-
Furniture and fixtures	323,633	1,579,883	1,903,516	70,475	-	1,973,991
Machinery and equipment	127,611	(127,611)	-	-	-	-
Infrastructure	-	17,254,038	17,254,038	633,933	-	17,887,971
Water supply and distribution system	<u>19,329,321</u>	<u>(19,329,321)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Accumulated Depreciation	<u>20,117,556</u>	<u>(727,039)</u>	<u>19,390,517</u>	<u>711,678</u>	<u>-</u>	<u>20,102,195</u>
Total Capital Assets, Being Depreciated, Net	<u>18,265,843</u>	<u>88,726</u>	<u>18,354,569</u>	<u>758,463</u>	<u>1,421</u>	<u>19,111,611</u>
Water Fund Capital Assets, Net	<u>\$ 26,537,380</u>	<u>\$ (3,007,336)</u>	<u>\$ 23,530,044</u>	<u>\$ 3,440,455</u>	<u>\$ 1,421</u>	<u>\$ 26,969,078</u>

**CITY OF DOWNEY**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2018**

**Note 10: Capital Assets (Continued)**

A summary of changes in the Business-type Activities capital assets at June 30, 2018, are as follows:

<b>GOLF FUND</b>						
	<b>Balances at June 30, 2017</b>	<b>Adjustments</b>	<b>Balances at June 30, 2017 (Restated)</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balances at June 30, 2018</b>
Capital assets, not being depreciated:						
Land	\$ -	\$ 6,080,467	\$ 6,080,467	\$ -	\$ -	\$ 6,080,467
Total Capital Assets, Not Being Depreciated	-	6,080,467	6,080,467	-	-	6,080,467
Capital assets, being depreciated:						
Land improvements	10,817,430	(6,177,038)	4,640,392	-	-	4,640,392
Buildings and improvements	8,217,041	-	8,217,041	-	-	8,217,041
Machinery and equipment	652,614	(61,937)	590,677	197,754	-	788,431
Total Capital Assets, Being Depreciated	19,687,085	(6,238,975)	13,448,110	197,754	-	13,645,864
Less accumulated depreciation:						
Land improvements	1,699,289	1,605,135	3,304,424	498,616	-	3,803,040
Buildings and improvements	3,738,713	(1,635,482)	2,103,231	164,710	-	2,267,941
Machinery and equipment	451,614	30,347	481,961	117,591	-	599,552
Total Accumulated Depreciation	5,889,616	-	5,889,616	780,917	-	6,670,533
Total Capital Assets, Being Depreciated, Net	13,797,469	(6,238,975)	7,558,494	(583,163)	-	6,975,331
Golf Fund Capital Assets, Net	\$ 13,797,469	\$ (158,508)	\$ 13,638,961	\$ (583,163)	\$ -	\$ 13,055,798



CITY OF DOWNEY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2018

**Note 10: Capital Assets (Continued)**

A summary of changes in the Business-type Activities capital assets at June 30, 2018, are as follows:

<b>SEWER AND STORM DRAIN FUND</b>						
	<b>Balances at June 30, 2017</b>	<b>Adjustments</b>	<b>Balances at June 30, 2017 (Restated)</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balances at June 30, 2018</b>
Capital assets, not being depreciated:						
Projects-in-progress	\$ -	\$ 3,207,123	\$ 3,207,123	\$ 2,338	\$ -	\$ 3,209,461
Total Capital Assets, Not Being Depreciated	-	3,207,123	3,207,123	2,338	-	3,209,461
Capital assets, being depreciated:						
Machinery and equipment	-	767,102	767,102	256,324	-	1,023,426
Infrastructure	-	75,247,463	75,247,463	-	-	75,247,463
Total Capital Assets, Being Depreciated	-	76,014,565	76,014,565	256,324	-	76,270,889
Less accumulated depreciation:						
Machinery and equipment	-	213,993	213,993	39,550	-	253,543
Infrastructure	-	44,522,551	44,522,551	1,511,180	-	46,033,731
Total Accumulated Depreciation	-	44,736,544	44,736,544	1,550,730	-	46,287,274
Total Capital Assets, Being Depreciated, Net	-	31,278,021	31,278,021	(1,294,406)	-	29,983,615
Sewer and Storm Drain Fund Capital Assets, Net	\$ -	\$ 34,485,144	\$ 34,485,144	\$ (1,292,068)	\$ -	\$ 33,193,076

**CITY OF DOWNEY**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2018**

**Note 11: Long-Term Liabilities**

Noted below is a summary of changes in long-term liabilities for the year ended June 30, 2018:

	Balance June 30, 2017	Adjustments*	Adjusted Balance June 30, 2017	Additions	Reductions	Balance June 30, 2018	Due Within One Year
<b>Governmental Activities:</b>							
Bonds payable	\$ 17,690,000	\$ -	\$ 17,690,000	\$ 45,415,000	\$ 600,000	\$ 62,505,000	\$ 2,345,000
Bond premiums	-	-	-	5,507,629	319,029	5,188,600	-
Bond discount	(120,849)	-	(120,849)	-	(7,108)	(113,741)	-
Total Bonds	17,569,151	-	17,569,151	50,922,629	911,921	67,579,859	2,345,000
Capital lease payable	2,380,609	(347,802)	2,032,807	-	499,457	1,533,350	352,195
Loans from Federal							
Government	14,248,616	-	14,248,616	1,769,579	81,000	15,937,195	14,458,195
Compensated absences	14,602,681	-	14,602,681	4,676,254	4,777,166	14,501,769	4,744,153
Claims payable	18,864,556	-	18,864,556	3,653,760	5,625,717	16,892,599	4,450,953
Total governmental activities long-term liabilities	\$ 67,665,613	\$ (347,802)	\$ 67,317,811	\$ 61,022,222	\$ 11,895,261	\$ 116,444,772	\$ 26,350,496
<b>Business-type Activities:</b>							
Compensated absences	\$ 568,217	\$ -	\$ 568,217	\$ 183,427	\$ 156,040	\$ 595,604	\$ 134,544
Capital lease payable	-	347,802	347,802	-	66,873	280,929	67,431
Golf Course 2014 Certificates of Participation	5,070,000	-	5,070,000	-	425,000	4,645,000	445,000
Total business-type activities long-term liabilities	\$ 5,638,217	\$ 347,802	\$ 5,986,019	\$ 183,427	\$ 647,913	\$ 5,521,533	\$ 646,975

**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.

CITY OF DOWNEY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2018

**Note 11: Long-Term Liabilities (Continued)**

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>
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	1,050,000	701,683	1,751,683
2024-2028	4,580,000	2,775,009	7,355,009
2029-2033	6,535,000	1,481,695	8,016,695
2034	1,680,000	85,394	1,765,394
Total	<u>\$ 17,090,000</u>	<u>\$ 8,277,062</u>	<u>\$ 25,367,062</u>

2017 Lease Revenue Bonds

In December 2017, the City issued \$45,145,000 lease revenue bonds. Bond proceeds will be used to finance the acquisition and construction of certain public capital improvements of benefit to the City and pay the cost of issuing the bonds. Principal on the bonds mature in amounts from \$1,600,000 to \$3,390,000, beginning December 1, 2018 through December 1, 2036, and the interest at 2.000% to 5.000% is due semiannually on June 1 and December 1, commencing on June 1, 2018.

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>
2019	\$ 1,665,000	\$ 1,916,088	\$ 3,581,088
2020	1,600,000	1,867,438	3,467,438
2021	1,660,000	1,802,238	3,462,238
2022	1,730,000	1,725,788	3,455,788
2023	1,815,000	1,637,163	3,452,163
2024-2028	10,525,000	6,694,563	17,219,563
2029-2033	13,435,000	3,713,813	17,148,813
2034-2037	12,985,000	808,256	13,793,256
Total	<u>\$ 45,415,000</u>	<u>\$ 20,165,347</u>	<u>\$ 65,580,347</u>

CITY OF DOWNEY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2018

**Note 11: 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>
2019	\$ 396,041
2020	396,041
2021	150,223
2022	150,223
2023	150,223
2024-2026	<u>450,668</u>
Total minimum lease payments	1,693,419
Less: amounts representing interest	<u>160,069</u>
Present value of minimum lease payments	<u>\$ 1,533,350</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, 2018, is as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	81,000	8,286	89,286
2024-2026	<u>243,000</u>	<u>10,870</u>	<u>253,870</u>
Total	<u>\$ 648,000</u>	<u>\$ 72,102</u>	<u>\$ 720,102</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 \$14,263,195 as of June 30, 2018.

CITY OF DOWNEY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2018

**Note 11: Long-Term Liabilities (Continued)**

In 2017, the City requested an advance in the amount of \$1,000,130 pursuant to Section 108 of the Housing and Community Development Act of 1974. The City of Downey elected to deduct HUD's \$25,800 loan and \$70 advance fees from the original \$1,026,000 Section 108 Loan amount. The payment schedule as of June 30, 2018, is as follows:

Year Ending June 30,	Principal	Total
2019	\$ 114,000	\$ 114,000
2020	114,000	114,000
2021	114,000	114,000
2022	114,000	114,000
2023	114,000	114,000
2024-2027	456,000	456,000
Total	<u>\$ 1,026,000</u>	<u>\$ 1,026,000</u>

Compensated Absences

For the fiscal year ended June 30, 2018, compensated absences are as follows:

	Total
Amount reported in governmental activities	\$ 14,501,769
Amount reported in business-type activities	595,604
	<u>\$ 15,097,373</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

CITY OF DOWNEY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2018

**Note 11: Long-Term Liabilities (Continued)**

Changes in the workers' compensation, employee health benefits, and general liability outstanding claims liability for the fiscal year ended June 30, 2018, were as follows:

	General Liability	Workers' Compensation	Employee Health Benefit	Total
Claims Payable Balance, June 30, 2017	\$ 3,674,959	\$ 15,104,597	\$ 85,000	\$ 18,864,556
Current Year Claims and Changes in estimates	2,146,173	1,970,539	-	4,116,712
Current Year Payments	(3,673,458)	(2,415,211)	-	(6,088,669)
Claims Payable Balance, June 30, 2018	<u>\$ 2,147,674</u>	<u>\$ 12,600,110</u>	<u>\$ 85,000</u>	<u>\$ 16,892,599</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.

**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
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	515,000	92,963	607,963
2024-2027	<u>2,255,000</u>	<u>170,663</u>	<u>2,425,663</u>
Total	<u>\$ 4,645,000</u>	<u>\$ 815,390</u>	<u>\$ 5,460,390</u>

Capital Lease Payable

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

Year Ending June 30,	Governmental Activities
2019	\$ 75,072
2020	75,072
2021	75,072
2022	<u>75,072</u>
Total minimum lease payments	300,288
Less: amounts representing interest	<u>19,359</u>
Present value of minimum lease payments	<u>\$ 280,929</u>

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2018**

**Note 12: City Employee Retirement Plan**

**a. General Information about the Pension Plans**

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

**Benefits Provided**

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible for non-duty disability benefits after 10 statutorily reduced benefits.

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
	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
Hire date	January 1, 2013	and after	January 1, 2013	and after	and after
Benefit formula	2.7% @ 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 52 yrs	minimum 52 yrs
	2.0% - 2.7%, 50	1.0% - 2.5%, 52		2.0% - 2.7%, 50	2.0% - 2.7%, 50
Monthly benefits, as a % of eligible compensation	yrs - 55+ yrs, respectively	yrs - 67+ yrs, respectively	3.0%, 50 yrs - 55+ yrs	yrs - 57+ yrs, respectively	yrs - 57+ yrs, respectively
Required employee contribution rates	8.000%	6.250%	9.000%	11.000%	11.000%
Required employer contribution rates	30.079%	30.079%	44.617%	44.617%	44.617%

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

**Employees Covered**

At June 30, 2018, the following employees were covered by the benefit terms for each Plan:

	Miscellaneous	Safety
Inactive employees or beneficiaries currently receiving benefits	413	305
Inactive employees entitled to but not yet receiving benefits	463	88
Active employees	221	165
	<u>1,097</u>	<u>558</u>

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2018**

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**Note 12: City Employee Retirement Plan**

**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.

**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, 2017, using an annual actuarial valuation as of June 30, 2016 rolled forward to June 30, 2017 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, 2017 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	7.15%
Inflation	2.75%
Salary Increases	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**

In 2017, the discount rate reduced from 7.65 percent to 7.15 percent.



**NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2018**

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**Note 12: City Employee Retirement Plan (Continued)**

**Discount Rate**

The discount rate used to measure the total pension liability was 7.15 percent. To determine whether the municipal bond rate should be used in the calculation of the 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. The tests revealed the assets would not run out. Therefore, the current 7.15 percent discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The long-term expected discount rate of 7.15 percent is applied to all plans in the Public Employees' Retirement Fund (PERF). The cash flows used in the testing were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. 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.

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

In determining the long-term expected rate of return, staff took into account both short-term and long-term market return expectations as well as the expected pension fund (PERF) cash flows. Taking into account historical returns of all the Public Employees Retirement 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 PERF 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 equal to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. The target allocation shown was adopted by the Board effective on July 1, 2014.

<b>Asset Class</b>	<b>Current Target Allocation</b>	<b>Real Return Years 1 - 10 (1)</b>	<b>Real Return Years 11+ (2)</b>
Global Equity	47.00%	4.90%	5.38%
Global Fixed Income	19.00	0.80	2.27
Inflation Sensitive	6.00	0.60	1.39
Private Equity	12.00	6.60	6.63
Real Estate	11.00	2.80	5.21
Infrastructure and Forestland	3.00	3.90	5.36
Liquidity	2.00	-0.40	-0.90

(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, 2018

Note 12: City Employee Retirement Plan (Continued)

c. Changes in Net Pension Liability

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

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Assets) (c)=(a)-(b)
<b>Miscellaneous Plans</b>			
Balance at: 6/30/2016 (Valuation Date) (1)	\$ 176,771,012	\$ 122,189,719	\$ 54,581,293
Changes Recognized for the Measurement Period:			
Service Cost	2,636,289	-	2,636,289
Interest on the Total Pension Liability	13,024,839	-	13,024,839
Difference between Expected and Actual Experience	(1,684,960)	-	(1,684,960)
Changes of Assumptions	10,503,420	-	10,503,420
Contribution from the Employer	-	4,191,836	(4,191,836)
Contributions from Employees	-	1,209,428	(1,209,428)
Net Investment Income (2)	-	13,489,599	(13,489,599)
Plan to Plan Resource Movement	-	(957)	957
Benefit Payments including Refunds of Employee Contributions	(9,484,059)	(9,484,059)	-
Administration Expenses	-	(180,405)	180,405
Net Changes During 2016-17	14,995,529	9,225,442	5,770,087
Balance at: 6/30/2017 (Measurement Date) (1)	\$ 191,766,541	\$ 131,415,161	\$ 60,351,380

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Assets) (c)=(a)-(b)
<b>Safety Plans</b>			
Balance at: 6/30/2016 (Valuation Date) (1)	\$ 356,762,205	\$ 242,510,271	\$ 114,251,934
Changes Recognized for the Measurement Period:			
Service Cost	6,338,175	-	6,338,175
Interest on the Total Pension Liability	26,270,785	-	26,270,785
Difference between Expected and Actual Experience	(5,710,849)	-	(5,710,849)
Changes of Assumptions	22,209,649	-	22,209,649
Contribution from the Employer	-	8,809,223	(8,809,223)
Contributions from Employees	-	2,003,302	(2,003,302)
Net Investment Income (2)	-	26,775,670	(26,775,670)
Benefit Payments including Refunds of Employee Contributions	(18,013,052)	(18,013,052)	-
Administration Expenses	-	(358,050)	358,050
Net Changes During 2016-17	31,094,708	19,217,093	11,877,615
Balance at: 6/30/2017 (Measurement Date) (1)	\$ 387,856,913	\$ 261,727,364	\$ 126,129,549

CITY OF DOWNEY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2018

Note 12: 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: 6/30/2016 (Valuation Date) (1)	\$ 533,533,217	\$ 364,699,990	\$ 168,833,227
Changes Recognized for the Measurement Period:			
Service Cost	8,974,464	-	7,952,483
Interest on the Total Pension Liability	39,295,624	-	38,574,260
Difference between Expected and Actual Experience	(7,395,809)	-	(277,419)
Changes of Assumptions	32,713,069	-	-
Difference between Expected and Actual Earnings	-	-	-
Contribution from the Employer	-	13,001,059	(11,737,515)
Contributions from Employees	-	3,212,730	(3,154,399)
Net Investment Income (2)	-	40,265,269	(1,790,098)
Plan to Plan Resource Movement	-	(957)	-
Benefit Payments including Refunds of Employee Contributions	(27,497,111)	(27,497,111)	-
Administration Expenses	-	(538,455)	228,394
Net Changes During 2016-17	46,090,237	28,442,535	17,647,702
Balance at: 6/30/2017 (Measurement Date) (1)	\$ 579,623,454	\$ 393,142,525	\$ 186,480,929

**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 7.15 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 (6.15 percent) or 1 percentage-point higher (8.15 percent) than the current rate:

Plans	Plan's Net Pension Liability		
	Discount Rate - 1% (6.15%)	Discount Rate (7.15%)	Discount Rate + 1% (8.15%)
Miscellaneous	\$ 86,485,317	\$ 60,351,380	\$ 39,614,793
Safety	179,986,303	126,129,549	82,131,826
	\$ 266,471,620	\$ 186,480,929	\$ 121,746,619

**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 systematically 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, 2018

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**Note 12: 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, 2017 is 3.2 years for safety and 2.0 years for Miscellaneous, which was obtained by dividing the total service years of 1,780 safety and 2,193 miscellaneous (the sum of remaining service lifetimes of the active employees) by 558 safety and 1,097 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, 2018**

**Note 12: 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 \$10,009,580 and \$16,380,755 for the Miscellaneous and Safety Plans, respectively, totaling \$26,390,335 for all plans. The City recognized a reduction of net pension liability of \$13,001,060, \$4,191,472 from the Miscellaneous Plan and \$8,809,588 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:

<b>Miscellaneous Plans</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Pension contributions subsequent to measurement date	\$ 4,645,952	\$ -
Changes of Assumptions	5,251,710	-
Differences between Expected and Actual Experiences	-	(842,480)
Net difference between projected and actual earnings on pension plan investments	1,843,843	-
	<u>\$ 11,741,505</u>	<u>\$ (842,480)</u>
<b>Safety Plans</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Pension contributions subsequent to measurement date	\$ 10,225,876	\$ -
Changes of Assumptions	15,269,134	(1,023,491)
Differences between Expected and Actual Experiences	65,919	(4,481,425)
Net difference between projected and actual earnings on pension plan investments	3,787,491	-
	<u>\$ 29,348,420</u>	<u>\$ (5,504,916)</u>
<b>Total Plans</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Pension contributions subsequent to measurement date	\$ 14,871,828	\$ -
Changes of Assumptions	20,520,844	(1,023,491)
Differences between Expected and Actual Experiences	65,919	(5,323,905)
Net difference between projected and actual earnings on pension plan investments	5,631,334	-
	<u>\$ 41,089,925</u>	<u>\$ (6,347,396)</u>

\$14,871,828 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, 2019. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in future pension expense as follows:

<b>Measurement Period Ended June</b>	<b>Deferred Outflows/(Inflows) of Resources</b>		
	<b>Miscellaneous</b>	<b>Safety</b>	<b>Total Plans</b>
2018	\$ 4,329,964	\$ 3,532,663	\$ 7,862,627
2019	2,129,432	9,429,791	11,559,223
2020	780,877	2,597,681	3,378,558
2021	(987,200)	(1,942,507)	(2,929,707)
	<u>\$ 6,253,073</u>	<u>\$ 13,617,628</u>	<u>\$ 19,870,701</u>

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2018**

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**Note 13: 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 an 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 Plan does not issue a publicly available financial report.

**Funding Policy**

The City’s funding policy affects the calculation of liabilities by impacting the discount rate that is used to develop the plan liability and expense. “Prefunding” is the term used when an agency consistently contributes an amount based on an actuarially determined contribution (ADC) each year. GASB 75 allows prefunded plans to use a discount rate that reflects the expected earnings on trust assets. Pay-as-you-go, or “PAYGO”, is the term used when an agency only contributes the required retiree benefits when due. When an agency finances retiree benefits on a pay-as-you-go basis, GASB 75 requires the use of a discount rate equal to a 20-year high grade municipal bond rate.

The City has been and continues to prefund its OPEB liability, contributing 100% or more of the Actuarially Determined Contributions each year. Therefore, with the City’s approval, the discount rate used in this valuation is 7.28%, the City’s expectation of the long-term return on trust assets.

**Employees Covered**

As of the June 30, 2017 actuarial valuation, the following current and former employees were covered by the benefit terms under the OPEB Plan:

Active	403
Inactive employees or beneficiaries currently receiving benefits	223
Inactive employees entitled to, but not yet receiving benefits	189
	<u>815</u>

**Contributions**

The OPEB Plan and its contribution requirements are established by Memoranda of Understanding with the applicable employee bargaining units and may be amended by agreements between the City and the bargaining units. The annual contribution is based on the actuarially determined contribution. For the measurement date ended June 30, 2017, the City’s cash contributions were \$613,815 in total payments, which were recognized as a reduction to the OPEB liability.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2018**

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

**Net OPEB Liability**

The City's net OPEB liability was measured as of June 30, 2017 and to develop the total OPEB liability at the beginning of the measurement period on June 30, 2016, the results of the June 30, 2017 valuation were rolled back, based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions	
Discount Rate	7.28%
Inflation	2.75%
Salary Increases	3.25% per year
Investment Rate of Return	7.28%
Mortality Rate (1)	MacLeod Watts Scale 2017 applied generationally
Healthcare Trend Rate	Adjusted in future years ranging from 5.00% - 7.50%

Notes:

(1) Mortality rates used were those published by CalPERS, adjusted to back out 20 years of Scale BB to central year 2008, then projected as described above.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term expected real rate of return</u>
Global Equity	57.00%	11.10%
Global Debt Securities	27.00%	3.90%
Inflation Assets	5.00%	0.20%
REITs	8.00%	7.60%
Commodities	3.00%	-14.00%
<b>Total</b>	<u>100.00%</u>	

**Discount Rate**

The discount rate used to measure the total OPEB liability was 7.28 percent. The projection of cash flows used to determine the discount rate assumed that City contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2018**

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

**Changes in the OPEB Liability**

The changes in the net OPEB liability are as follows:

	Increase(Decrease)		
	Total OPEB Liability/(Assets)	Plan Fiduciary Net Position (b)	Net OPEB Liability/(Assets) (c) = (a) - (b)
<b>Balance at June 30,2017 (valuation date 6/30/2017)</b>	<b>\$ 14,033,090</b>	<b>\$ 5,908,591</b>	<b>\$ 8,124,499</b>
<b>Changes recognized over the measurement period:</b>			
Service Cost	337,046	-	337,046
Interest	1,015,622	-	1,015,622
Expected Investment Income	-	436,218	(436,218)
Changes of assumptions	-	-	-
Contributions - employer*	-	1,008,553	(1,008,553)
Net investment income	-	-	-
Benefit Payments	(838,553)	(838,553)	-
Administrative expense	-	(3,167)	3,167
Investment Experience	-	187,660	(187,660)
<b>Net Changes</b>	<b>514,115</b>	<b>790,711</b>	<b>(276,596)</b>
<b>Balance at June 30, 2018 (measurement date 06/30/2018)</b>	<b>\$ 14,547,205</b>	<b>\$ 6,699,302</b>	<b>\$ 7,847,903</b>

\*Includes implied subsidy of \$224,738.

**Sensitivity of the Net OPEB Liability to Changes in the Discount Rate**

The following presents the net OPEB liability of the City if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2017:

	1% Decrease (6.28%)	Current Discount Rate (7.28%)	1% Increase (8.28%)
Net OPEB Liability	\$ 9,606,983	\$ 7,847,903	\$ 6,386,616

**Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rates**

The following presents the net OPEB liability of the City if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2017:

	1% Decrease (6.50% decreasing to 5.00%)	Current Healthcare Cost Trend Rates (7.50% decreasing to 5.00%)	1% Increase (8.50% decreasing to 6.00%)
Net OPEB Liability	\$ 6,240,731	\$ 7,847,903	\$ 10,277,623

**OPEB Plan Fiduciary Net Position**

CalPERS issues a separate Comprehensive Annual Financial Report. Copies of the annual financial report may be obtained from the CalPERS Executive Office at 400 P Street, Sacramento, California, 95814.



**NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2018**

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

**OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB**

For the fiscal year ended June 30, 2018, the City recognized OPEB expense of \$882,086. As of fiscal year ended June 30, 2018, the City reported deferred outflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
OPEB contributions subsequent to measurement date	\$ 592,393	\$ -
Net difference between projected and actual earnings on OPEB plan investments	-	150,129
<b>Total</b>	<b><u>\$ 592,393</u></b>	<b><u>\$ 150,129</u></b>

The \$592,393 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2017 measurement date will be recognized as a reduction of the net OPEB liability during the fiscal year ending June 30, 2019. Other amounts reported as deferred outflows of resources related to OPEB will be recognized as expense as follows:

<u>Year ended June 30</u>	<u>Deferred Outflows/(Inflows) of Resources</u>
2019	(37,531)
2020	(37,531)
2021	(37,531)
2022	(37,536)
2023	-
Thereafter	-
	<b><u>\$ (150,129)</u></b>

**Note 14: Restatement of Beginning Net Position and Fund Balances**

<b>Government-Wide:</b>	
Governmental Activities	\$(65,972,361)
<b>Governmental funds:</b>	
General Fund	\$ (22,561)
Measure S 2017 LRB Fund	(1,052,141)
Other Governmental Funds	1,083,724
Total Governmental Funds/Governmental Activities:	<u>\$ 9,022</u>
<b>Proprietary funds:</b>	
Water Fund	\$ (3,009,040)
Golf Fund	(471,160)
Sewer and Storm Drain Fund	32,746,666
Total Business-Type activities	<u>\$ 29,266,466</u>
Equipment Internal Service Fund	\$ (129,798)

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2018**

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

Governmental activities were restated by \$(69,956,425) due to the following adjustments:

- Adjustment required to reflect the movement of the Sewer and Storm Drain Fund to an Enterprise Fund, which resulted in a restatement of the beginning balance by \$(3,952,481).
- Adjustment required to reflect the adjustment to OPEB liability in accordance with GASB 75 \$(7,003,514).
- Adjustment required to reallocate the portion of net pension liability related to the Sewer and storm drain enterprise fund which was previously reported as part of governmental activities: \$1,393,016.
- Adjustment to Capital asset activities to reallocate the portion of Sewer and Storm Drain fund Capital assets, which were previously recorded as part of governmental activities, and to restate the beginning balance of assets, as a result of the City's inventory valuation. \$(60,186,733).
- Adjustment to long-term debt to properly report capital lease as part of the Sewer and Storm Drain fund \$347,802.
- Adjustment to the Equipment internal service fund to remove assets no longer in service based upon the City's inventory valuation: \$(531,954).

The restatement in the general and AQMD funds is due to a prior period restatement required to reimburse the AQMD fund.

The restatement in the Measure S 2017 LRB and Other Governmental funds was required to transfer the beginning balance of the Measure S 2017 LRB fund, related to sales tax, to the new Measure S (Sales Tax) fund.

In fiscal year 2017-18, the City performed a thorough review of its capital assets and determined there were certain assets, which were previously misclassified or no longer in use. Restatements were required in the water and golf funds in the amount of \$(3,009,040) and \$(471,160), respectively, to adjust the balances to the correct asset value.

In the current fiscal year, the City determined that the Sewer and Storm Drain fund was improperly classified as a governmental fund. The Net position was restated by \$36,699,147 to properly present the fund as a proprietary fund.

**Note 15: Joint Ventures**

The City is a participant in four 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.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2018**

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**Note 15: Joint Ventures (Continued)**

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, California 90241.

Joint Fire Dispatching Center.

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

Gateway Authority (Gateway Region IRWM Joint Powers Authority).

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

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 16: Mortgage Revenue Bonds**

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.

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.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2018**

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**Note 16: Mortgage Revenue Bonds (Continued)**

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

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

**Note 17: Sales Tax Abatement**

In Fiscal Year 17-18, the City entered into a tax abatement agreement with a local business. The abatement may be granted to any business located within or promising to relocate to the City. For the Fiscal Year ended June 30, 2018, the City abated taxes totaling \$5,412,715. Under this program, the City has the following Tax abatement agreements:

- A sales tax abatement to assist a local auto dealership in relocating to a larger facility within the City in order to retain jobs within the City and generate increased sales taxes. Per the Agreement, the dealership is required to maintain no less than thirty- five full time equivalent positions. The City authorized a loan in the amount of \$1,250,000, repayable over 12 years at an interest rate of 4.25 percent per year. Additionally, of any sales tax revenues exceeding \$400,000 and up to \$670,000, 50% of sales tax revenues shall be credited to the loan. For any sales tax revenue over \$670,000, an additional 30% of the revenues shall be credited against the loan.

CITY OF DOWNEY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2018

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**Note 18: Other Disclosures**

Deficit Fund Balance

The following fund reported a deficit fund balance at June 30, 2018:

Other Governmental Funds – Other Special Revenue Funds:

Hazardous Material	\$24,651
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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:

Waste Reduction	
Public Works	\$ 8,954
Street Lighting	
Public Works	92,003
Grants	
Community Development	63,585
Community Development Block Grant (CDBG)	
Community Development	1,261,764
Community Services	17,364
Transit Prop C	
Public Works	3,038
Transit Prop A	
Public Works	40,037
Measure S Sales Tax	
Public Safety	9,000
Debt Service - Interest and Fiscal Charges	161,061
Transit Measure R	
Public Works	43,818

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2018**

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**Note 19: 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	\$ 3,095,150
Cash and investments with fiscal agent	643,271
	<u>\$ 3,738,421</u>

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2018**

**Note 19: Successor Agency Trust for Assets of Former Redevelopment Agency (Continued)**

**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, 2018, follows:

	Balance June 30, 2017	Addition	Deletion	Balance June 30, 2018	Due Within One Year
Bonds payable	\$ 5,640,000	\$ -	\$ 350,000	\$ 5,290,000	\$ 370,000
Advances from City	10,619,437	77,546	280,323	10,416,660	74,579
Advances from County	27,225,057	1,905,754	-	29,130,811	-
Total long-term liabilities	<u>\$ 43,484,494</u>	<u>\$ 1,983,300</u>	<u>\$ 630,323</u>	<u>\$ 44,837,471</u>	<u>\$ 444,579</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, 2018, is \$5,290,000.

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

Year Ending June 30,	Principal	Interest	Total
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	450,000	177,581	627,581
2024-2028	2,630,000	506,606	3,136,606
2029	610,000	15,631	625,631
Total	<u>\$ 5,290,000</u>	<u>\$ 1,625,392</u>	<u>\$ 6,915,392</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 \$6,915,392 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 \$1,427,509 and the debt obligation on the bonds was \$630,081.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2018**

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**Note 19: 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, 2018, the long-term advances totaled \$10,416,660. As of June 30, 2018, \$7,202,399 is reported in the General Fund, \$1,454,843 is reported in Employee Benefit Internal Service Fund and \$1,759,418 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 \$1,905,754 was also accrued during the year on the outstanding deferral amount still owing. The amount owed the County, including accrued interest, at June 30, 2018, was \$29,130,811.



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# REQUIRED SUPPLEMENTAL INFORMATION

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**REQUIRED SUPPLEMENTARY INFORMATION**

## 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 (4)**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b>Total Pension Liability</b>				
Service Cost	\$ 2,636,289	\$ 2,361,815	\$ 2,372,336	\$ 2,312,390
Interest on total pension liability	13,024,839	12,804,332	12,400,751	12,026,911
Differences between expected and actual experience	(1,684,960)	(437,509)	(872,403)	-
Changes in assumptions	10,503,420	-	(2,930,596)	-
Benefit payments, including refunds of employee contributions	(9,484,059)	(9,182,237)	(8,927,251)	(8,720,279)
<b>Net change in total pension liability</b>	<b>14,995,529</b>	<b>5,546,401</b>	<b>2,042,837</b>	<b>5,619,022</b>
<b>Total pension liability - beginning</b>	<b>176,771,012</b>	<b>171,224,611</b>	<b>169,181,774</b>	<b>163,562,752</b>
<b>Total pension liability - ending (a)</b>	<b>\$191,766,541</b>	<b>\$176,771,012</b>	<b>\$171,224,611</b>	<b>\$169,181,774</b>
<b>Plan fiduciary net position</b>				
Contributions - employer	\$ 4,191,836	\$ 3,645,344	\$ 3,324,338	\$ 2,487,187
Contributions - employee	1,209,428	1,158,399	1,307,613	1,333,703
Differences in projected and actual earnings	-	-	(6,742,788)	-
Net investment income	13,489,599	600,935	9,576,038	19,329,661
Plan to plan resource movement	(957)	-	9,214	-
Administration expense	(180,405)	(76,817)	(141,638)	-
Benefit payments	(9,484,059)	(9,182,237)	(8,927,251)	(8,720,279)
<b>Net change in plan fiduciary net position</b>	<b>9,225,442</b>	<b>(3,854,376)</b>	<b>(1,594,474)</b>	<b>14,430,272</b>
<b>Plan fiduciary net position - beginning</b>	<b>122,189,719</b>	<b>126,044,095</b>	<b>127,599,058</b>	<b>113,168,786</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$131,415,161</b>	<b>\$122,189,719</b>	<b>\$126,004,584</b>	<b>\$127,599,058</b>
Net pension liability - ending (a)-(b)	<b>\$ 60,351,380</b>	<b>\$ 54,581,293</b>	<b>\$ 45,220,027</b>	<b>\$ 41,582,716</b>
Plan fiduciary net position as a percentage of the total pension liability	68.53%	69.12%	73.59%	75.42%
Covered payroll	\$ 13,171,100	\$ 12,471,112	\$ 11,295,425	\$ 11,873,874
Net pension liability as a percentage of covered-employee payroll	458.21%	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, 2016 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: In 2017, the accounting discount rate reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense.) In 2014, amounts reported were based on the 7.5 percent discount rate.

(1) Fiscal Year 2015 was the first year of implementation, therefore only four 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 (4)**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b>MISCELLANEOUS PLAN:</b>				
Actuarially Determined Contribution	\$ 4,645,952	\$ 4,191,472	\$ 3,642,086	\$ 3,324,338
Contribution in Relation to the Actuarially Determined Contributions	<u>(4,645,952)</u>	<u>(4,191,472)</u>	<u>(3,642,086)</u>	<u>(3,324,338)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 14,116,181	\$ 13,171,100	\$ 12,471,112	\$ 11,295,425
Contributions as a Percentage of Covered-Employee Payroll	32.91%	31.82%	29.20%	29.43%

(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 four years are shown.

**Note to Schedule:**

Valuation Date: June 30, 2015

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 of assets
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 2014 CalPERS Experience Study for the period from 1997 to 2011.

Mortality: The probabilities of mortality are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011. Pre-retirement and Post-retirement mortality rates include 20 years of projected mortality improvement using Scale BB published by the Society of Actuaries.

## 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 (4)**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b>Total Pension Liability</b>				
Service Cost	\$ 6,338,175	\$ 5,590,668	\$ 5,458,319	\$ 5,427,672
Interest on total pension liability	26,270,785	25,769,928	24,744,572	23,998,427
Differences between expected and actual experience	(5,710,849)	160,089	(3,331,302)	-
Changes in assumptions	22,209,649	-	(6,140,951)	-
Benefit payments, including refunds of employee contributions	(18,013,052)	(17,329,717)	(16,721,908)	(16,257,568)
<b>Net change in total pension liability</b>	<b>31,094,708</b>	<b>14,190,968</b>	<b>4,008,730</b>	<b>13,168,531</b>
<b>Total pension liability - beginning</b>	<b>356,762,205</b>	<b>342,571,237</b>	<b>338,562,507</b>	<b>325,393,976</b>
<b>Total pension liability - ending (a)</b>	<b>\$387,856,913</b>	<b>\$356,762,205</b>	<b>\$342,571,237</b>	<b>\$338,562,507</b>
<b>Plan fiduciary net position</b>				
Contributions - employer	\$ 8,809,223	\$ 8,092,171	\$ 6,745,873	\$ 5,817,524
Contributions - employee	2,003,302	1,996,000	1,919,372	1,883,501
Differences in projected and actual earnings	-	-	(13,442,866)	-
Net investment income	26,775,670	1,189,163	18,916,599	38,057,937
Plan to plan resource movement	-	-	(191)	-
Administration expense	(358,050)	(151,578)	(279,890)	-
Benefit payments	(18,013,052)	(17,329,717)	(16,721,908)	(16,257,568)
<b>Net change in plan fiduciary net position</b>	<b>19,217,093</b>	<b>(6,203,961)</b>	<b>(2,863,011)</b>	<b>29,501,394</b>
<b>Plan fiduciary net position - beginning</b>	<b>242,510,271</b>	<b>248,714,232</b>	<b>251,581,146</b>	<b>222,079,752</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$261,727,364</b>	<b>\$242,510,271</b>	<b>\$248,718,135</b>	<b>\$251,581,146</b>
Net pension liability - ending (a)-(b)	<b>\$126,129,549</b>	<b>\$114,251,934</b>	<b>\$ 93,853,102</b>	<b>\$ 86,981,361</b>
Plan fiduciary net position as a percentage of the total pension liability	67.48%	67.98%	72.60%	74.31%
Covered payroll	\$ 17,853,242	\$ 17,580,987	\$ 17,248,670	\$ 18,232,334
Net pension liability as a percentage of covered payroll	706.48%	649.86%	544.12%	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, 2016 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: In 2017, the accounting discount rate reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense.) In 2014, amounts reported were based on the 7.5 percent discount rate.

(1) Fiscal Year 2015 was the first year of implementation, therefore only four 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 (4)**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b>SAFETY PLAN:</b>				
Actuarially Determined Contribution	\$ 10,225,876	\$ 8,809,589	\$ 8,092,171	\$ 6,745,873
Contribution in Relation to the Actuarially Determined Contributions	<u>(10,225,876)</u>	<u>(8,809,589)</u>	<u>(8,092,171)</u>	<u>(6,745,873)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 17,853,242	\$ 17,580,987	\$ 14,881,199	\$ 11,125,500
Contributions as a Percentage of Covered Payroll	57.28%	50.11%	54.38%	60.63%

(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 four years are shown.

**Note to Schedule:**

Valuation Date: June 30, 2015

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	Varies by entry age and service
Investment rate of return	7.50% Net of Pension Plan Investment and Administrative Expenses; The probabilities of Retirement are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011.
Retirement age	The probabilities of mortality are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011. Pre-retirement and Post-retirement mortality rates include 20 years of projected mortality improvement using Scale BB published by the Society of Actuaries.
Mortality	



CITY OF DOWNEY

**SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS  
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)**

	<b>2018</b>
<b>Total OPEB Liability</b>	
Service cost	\$ 337,046
Interest on the total OPEB liability	1,015,622
Actual and expected experience difference	-
Changes in assumptions	-
Changes in benefit terms	-
Benefit payments	(838,553)
<b>Net change in total OPEB liability</b>	<b>514,115</b>
<b>Total OPEB liability - beginning</b>	<b>14,033,090</b>
<b>Total OPEB liability - ending (a)</b>	<b>14,547,205</b>
 <b>Plan Fiduciary Net Position</b>	
Contribution - employer	1,008,553
Net investment income	623,878
Benefit payments	(838,553)
Administrative expense	(3,167)
<b>Net change in plan fiduciary net position</b>	<b>790,711</b>
<b>Plan fiduciary net position - beginning</b>	<b>5,908,591</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>6,699,302</b>
 <b>Net OPEB Liability/(Assets) - ending (a) - (b)</b>	<b>\$ 7,847,903</b>
 <b>Plan fiduciary net position as a percentage of the total OPEB liability</b>	46.05%
 <b>Covered-employee payroll</b>	\$ 34,730,877
 <b>Net OPEB liability as a percentage of covered-employee payroll</b>	22.60%

(1) Historical information is required only for the measurement periods for which GASB 75 is applicable. Fiscal Year 2018 was the first year of implementation. Future years' information will be displayed up to 10 years as information becomes available.

**Notes to Schedule:** None.

**Changes in assumptions:** No Assumption changes are recognized.

**CITY OF DOWNEY**

**SCHEDULE OF CONTRIBUTIONS - OPEB  
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)**

	<u>2018</u>
Actuarially Determined Contribution	\$ 957,045
Contribution in Relation to the Actuarially Determined Contributions	(592,393)
Contribution Deficiency (Excess)	<u>\$ 364,652</u>
Covered-employee payroll	\$ 36,149,553
Contributions as a percentage of covered-employee payroll	2.65%

(1) Historical information is required only for the measurement periods for which GASB 75 is applicable. Fiscal Year 2018 was the first year of implementation. Future years' information will be displayed up to 10 years as information becomes available.

**Notes to Schedule:** None.

\*Actuarial methods and assumptions used to set the actuarially determined contribution for Fiscal Year 2018 were from the June 30, 2015 actuarial valuation.

**Methods and assumptions used to determine contributions:**

Actuarial Cost Method	Entry Age Normal
Amortization Valuation Method/Period	Level percent of payroll
Asset Valuation Method	Market value
Inflation	2.75% per year
Payroll Growth	3% per year
	7.28% as of June 30, 2017 and June 30, 2016
Investment Rate of Return	net of plan investment expenses and including inflation
Healthcare cost-trend rates	7.5% initial, then decreasing 0.500% per year to 5% per year
Retirement Age	Based on the 2014 experience study of the California Public Employees Retirement System using data from 1997 to 2011
Mortality	MacLeod Watts Scale 2017 applied generationally.

CITY OF DOWNEY

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
YEAR ENDED JUNE 30, 2018**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1, as restated	\$ 35,256,640	\$ 35,256,640	\$ 35,256,640	\$ -
<b>Resources (Inflows):</b>				
Taxes	63,669,944	63,669,944	65,162,582	1,492,638
Licenses and permits	1,381,110	1,381,110	1,837,003	455,893
Intergovernmental	2,478,600	2,667,658	2,532,972	(134,686)
Charges for services	10,402,590	10,402,590	11,026,374	623,784
Use of money and property	1,526,350	1,526,350	1,577,753	51,403
Fines and forfeitures	1,510,500	1,510,500	1,544,790	34,290
Miscellaneous	3,248,410	3,248,410	5,215,309	1,966,899
Transfers in	2,919,288	2,919,288	2,527,097	(392,191)
Other debts issued	425,000	425,000	743,579	318,579
Proceeds from sale of capital asset	600,000	600,000	-	(600,000)
<b>Amounts Available for Appropriations</b>	<b>123,418,432</b>	<b>123,607,490</b>	<b>127,424,099</b>	<b>3,816,609</b>
<b>Charges to Appropriations (Outflow):</b>				
General government	11,102,267	11,142,447	10,304,168	838,279
Public safety	53,418,764	53,449,266	57,869,881	(4,420,615)
Community development	3,700,789	3,937,015	3,145,090	791,925
Community services	8,981,694	9,213,709	9,245,567	(31,858)
Public works	7,603,793	7,667,501	7,798,490	(130,989)
Debt service:				
Principal retirement	1,447,713	1,447,713	600,000	847,713
Interest and fiscal charges	-	-	1,637,965	(1,637,965)
Transfers out	1,775,600	2,127,580	2,962,194	(834,614)
<b>Total Charges to Appropriations</b>	<b>88,030,620</b>	<b>88,985,231</b>	<b>93,563,355</b>	<b>(4,578,124)</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 35,387,812</b>	<b>\$ 34,622,259</b>	<b>\$ 33,860,744</b>	<b>\$ (761,515)</b>

CITY OF DOWNEY

BUDGETARY COMPARISON SCHEDULE  
 HOUSING AUTHORITY  
 YEAR ENDED JUNE 30, 2018

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 4,443,257	\$ 4,443,257	\$ 4,443,257	\$ -
<b>Resources (Inflows):</b>				
Use of money and property	-	-	23,025	23,025
Miscellaneous	-	-	257,053	257,053
Transfers in	85,045	85,045	-	(85,045)
<b>Amounts Available for Appropriations</b>	<b>4,528,302</b>	<b>4,528,302</b>	<b>4,723,335</b>	<b>195,033</b>
<b>Charges to Appropriations (Outflow):</b>				
Community development	85,045	85,045	44,626	40,419
<b>Total Charges to Appropriations</b>	<b>85,045</b>	<b>85,045</b>	<b>44,626</b>	<b>40,419</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 4,443,257</b>	<b>\$ 4,443,257</b>	<b>\$ 4,678,709</b>	<b>\$ 235,452</b>

CITY OF DOWNEY

BUDGETARY COMPARISON SCHEDULE  
HOME  
YEAR ENDED JUNE 30, 2018

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 410,370	\$ 410,370	\$ 410,370	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	421,597	421,597	962,104	540,507
<b>Amounts Available for Appropriations</b>	<b>831,967</b>	<b>831,967</b>	<b>1,372,474</b>	<b>540,507</b>
<b>Charges to Appropriations (Outflow):</b>				
Community development	416,052	1,459,746	725,117	734,629
<b>Total Charges to Appropriations</b>	<b>416,052</b>	<b>1,459,746</b>	<b>725,117</b>	<b>734,629</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 415,915</b>	<b>\$ (627,779)</b>	<b>\$ 647,357</b>	<b>\$ 1,275,136</b>

CITY OF DOWNEY

BUDGETARY COMPARISON SCHEDULE  
 CIP GRANT FUND  
 YEAR ENDED JUNE 30, 2018

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ (3,783,722)	\$ (3,783,722)	\$(3,783,722)	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	21,312,182	21,362,182	3,931,426	(17,430,756)
Use of money and property	-	-	31,401	31,401
<b>Amounts Available for Appropriations</b>	<b>17,528,460</b>	<b>17,578,460</b>	<b>179,105</b>	<b>(17,399,355)</b>
<b>Charges to Appropriations (Outflow):</b>				
Public works	-	-	2,619	(2,619)
Capital outlay	21,312,182	21,194,501	1,926,312	19,268,189
<b>Total Charges to Appropriations</b>	<b>21,312,182</b>	<b>21,194,501</b>	<b>1,928,931</b>	<b>19,265,570</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ (3,783,722)</b>	<b>\$ (3,616,041)</b>	<b>\$(1,749,826)</b>	<b>\$ 1,866,215</b>

CITY OF DOWNEY

BUDGETARY COMPARISON SCHEDULE  
 MEASURE S 2017 LRB  
 YEAR ENDED JUNE 30, 2018

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1, as restated	\$ -	\$ -	\$ -	\$ -
<b>Resources (Inflows):</b>				
Taxes	4,300,000	-	-	-
Use of money and property	-	-	195,629	195,629
Refunding bonds issued	-	50,922,629	50,922,629	-
<b>Amounts Available for Appropriations</b>	<b>4,300,000</b>	<b>50,922,629</b>	<b>51,118,258</b>	<b>195,629</b>
<b>Charges to Appropriation (Outflow):</b>				
General government	-	497,075	481,645	15,430
Capital outlay	-	50,000,000	314,062	49,685,938
<b>Total Charges to Appropriations</b>	<b>-</b>	<b>50,497,075</b>	<b>795,707</b>	<b>49,701,368</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 4,300,000</b>	<b>\$ 425,554</b>	<b>\$ 50,322,551</b>	<b>\$ 49,896,997</b>

**CITY OF DOWNEY**

**NOTE TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2018**

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**Note 1: Budgetary Data**

General Budget Policies

The City is required by its charter to adopt an annual budget on or before June 30th for the ensuing fiscal year. From the effective date of the budget, the proposed expenditures become appropriations to the various City departments. This “appropriated budget” covers substantially all City expenditures, with the exception of debt service on bonds, which expenditures constitute legally authorized “non-appropriated budget.” There are no significant non-budgeted activities. The City Council passes various amendments to the budget during the year.

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

Expenditures in Excess of Appropriations

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

Major Fund:	
General Fund:	
Public safety	\$ 4,420,615
Community services	31,858
Public works	130,989
Debt Service - Interest and Fiscal Charges	1,637,965
Transfers out	834,614
CIP Grant Fund:	
Public works	2,619



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## **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.

Hazardous Material Fund is used to account for all supporting operations related to the hazardous material program administered by the City's Fire Department.

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.

SBI Transportation Fund This revenue is known as the road repair and accountability act of 2017 and is a motor vehicle fuel tax enacted to address basic road maintenance, rehabilitation, and critical safety needs on state highway and local streets and road systems. Taxes and fees received by the City will be deposited into a newly created Road Maintenance and Rehabilitation Account (RMRA) Fund.

Measure S Sales Tax Fund is used to account for special revenues from a half cent sales tax for infrastructure improvements and enhanced public safety services. Of the revenues received, half go to the General fund for Public Safety expenditures. The remaining half goes to the Measure S Sales Tax fund for debt service and capital improvements.

Measure M Fund This revenue is derived from a County voter approved sales tax to meet the transportation needs of the County of Los Angeles. The expenditures for this fund must be related to the transportation projects and programs, such as roadway repairs, traffic signal synchronization and pedestrian walk ways and paths, Measure M increases to 1% once Measure R expires in 2039.

## **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, 2018

	Special Revenue Funds			
	Waste Reduction	Street Lighting	Hazardous Material	CATV Public Access
<b>Assets:</b>				
Pooled cash and investments	\$ 141,775	\$ 208,007	\$ -	\$ 648,880
Receivables:				
Accounts	33,748	45,737	-	-
Taxes	-	-	-	-
Notes and loans	-	-	-	-
Prepaid costs	-	-	-	-
Due from other governments	28,373	-	2,409	-
Inventories	-	-	-	-
<b>Total Assets</b>	<b>\$ 203,896</b>	<b>\$ 253,744</b>	<b>\$ 2,409</b>	<b>\$ 648,880</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 15,155	\$ 175,955	\$ -	\$ -
Accrued liabilities	36,852	981	6,000	-
Unearned revenues	-	-	-	-
Due to other funds	-	-	21,060	-
<b>Total Liabilities</b>	<b>52,007</b>	<b>176,936</b>	<b>27,060</b>	<b>-</b>
<b>Deferred Inflows of Resources:</b>				
Unavailable revenues	-	-	-	-
<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances:</b>				
<b>Restricted for:</b>				
Community development	151,889	-	-	-
Public safety	-	-	-	-
Parks and recreation	-	-	-	-
Public works	-	76,808	-	648,880
Capital Projects	-	-	-	-
Low and moderate income housing	-	-	-	-
<b>Assigned to:</b>				
Capital Projects	-	-	-	-
<b>Unassigned</b>	-	-	(24,651)	-
<b>Total Fund Balances</b>	<b>151,889</b>	<b>76,808</b>	<b>(24,651)</b>	<b>648,880</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 203,896</b>	<b>\$ 253,744</b>	<b>\$ 2,409</b>	<b>\$ 648,880</b>

CITY OF DOWNEY

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2018

(CONTINUED)

	Special Revenue Funds			
	Air Quality	Grants	CDBG	Asset Forfeiture
<b>Assets:</b>				
Pooled cash and investments	\$ 429,245	\$ 554,882	\$ -	\$ 123,441
Receivables:				
Accounts	-	64,101	-	-
Taxes	-	-	-	-
Notes and loans	-	-	493,957	-
Prepaid costs	811	-	-	-
Due from other governments	37,477	24,226	635,933	-
Inventories	-	13,867	-	-
<b>Total Assets</b>	<b>\$ 467,533</b>	<b>\$ 657,076</b>	<b>\$ 1,129,890</b>	<b>\$ 123,441</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 100	\$ 22,034	\$ 174,542	\$ 8,388
Accrued liabilities	8,798	35,088	33,598	14,885
Unearned revenues	-	-	-	99,428
Due to other funds	-	107,033	201,871	-
<b>Total Liabilities</b>	<b>8,898</b>	<b>164,155</b>	<b>410,011</b>	<b>122,701</b>
<b>Deferred Inflows of Resources:</b>				
Unavailable revenues	-	66,399	660,625	-
<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>66,399</b>	<b>660,625</b>	<b>-</b>
<b>Fund Balances:</b>				
<b>Restricted for:</b>				
Community development	-	-	-	-
Public safety	-	-	-	740
Parks and recreation	-	-	-	-
Public works	458,635	426,522	-	-
Capital Projects	-	-	-	-
Low and moderate income housing	-	-	59,254	-
<b>Assigned to:</b>				
Capital Projects	-	-	-	-
<b>Unassigned</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Fund Balances</b>	<b>458,635</b>	<b>426,522</b>	<b>59,254</b>	<b>740</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 467,533</b>	<b>\$ 657,076</b>	<b>\$ 1,129,890</b>	<b>\$ 123,441</b>

CITY OF DOWNEY

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2018

	Special Revenue Funds			
	Transit Prop C	Transit Prop A	Transit Measure R	Gas Tax
<b>Assets:</b>				
Pooled cash and investments	\$ 905,297	\$ 1,007,188	\$ 1,339,401	\$ 351,612
Receivables:				
Accounts	-	-	-	-
Taxes	-	-	-	-
Notes and loans	-	-	-	-
Prepaid costs	-	-	-	-
Due from other governments	21,000	-	113,021	-
Inventories	-	-	-	-
<b>Total Assets</b>	<b>\$ 926,297</b>	<b>\$ 1,007,188</b>	<b>\$ 1,452,422</b>	<b>\$ 351,612</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 18,157	\$ 299,562	\$ 93,690	\$ 39,266
Accrued liabilities	3,528	51,073	29,813	4,281
Unearned revenues	-	-	-	-
Due to other funds	-	-	-	-
<b>Total Liabilities</b>	<b>21,685</b>	<b>350,635</b>	<b>123,503</b>	<b>43,547</b>
<b>Deferred Inflows of Resources:</b>				
Unavailable revenues	21,000	-	113,021	-
<b>Total Deferred Inflows of Resources</b>	<b>21,000</b>	<b>-</b>	<b>113,021</b>	<b>-</b>
<b>Fund Balances:</b>				
<b>Restricted for:</b>				
Community development	-	-	-	-
Public safety	-	-	-	-
Parks and recreation	-	-	-	-
Public works	-	656,553	-	308,065
Capital Projects	883,612	-	1,215,898	-
Low and moderate income housing	-	-	-	-
<b>Assigned to:</b>				
Capital Projects	-	-	-	-
<b>Unassigned</b>	-	-	-	-
<b>Total Fund Balances</b>	<b>883,612</b>	<b>656,553</b>	<b>1,215,898</b>	<b>308,065</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 926,297</b>	<b>\$ 1,007,188</b>	<b>\$ 1,452,422</b>	<b>\$ 351,612</b>

CITY OF DOWNEY

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2018

(CONTINUED)

	Special Revenue Funds			
	LSTA Grant	SB1 Transportation	Measure S (Sales Tax)	Transit Measure M
<b>Assets:</b>				
Pooled cash and investments	\$ 253	\$ 355,153	\$ 3,336,756	\$ 867,544
Receivables:				
Accounts	-	-	-	-
Taxes	-	241,266	757,380	-
Notes and loans	-	-	-	-
Prepaid costs	-	-	-	-
Due from other governments	-	-	-	-
Inventories	-	-	-	-
<b>Total Assets</b>	<b>\$ 253</b>	<b>\$ 596,419</b>	<b>\$ 4,094,136</b>	<b>\$ 867,544</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ -	\$ 233,588	\$ 9,000	\$ 8,143
Accrued liabilities	-	1,512	161,061	61
Unearned revenues	-	-	-	-
Due to other funds	-	-	-	-
<b>Total Liabilities</b>	<b>-</b>	<b>235,100</b>	<b>170,061</b>	<b>8,204</b>
<b>Deferred Inflows of Resources:</b>				
Unavailable revenues	-	-	-	-
<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances:</b>				
<b>Restricted for:</b>				
Community development	-	-	-	-
Public safety	-	-	3,924,075	-
Parks and recreation	253	-	-	-
Public works	-	361,319	-	859,340
Capital Projects	-	-	-	-
Low and moderate income housing	-	-	-	-
<b>Assigned to:</b>				
Capital Projects	-	-	-	-
<b>Unassigned</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Fund Balances</b>	<b>253</b>	<b>361,319</b>	<b>3,924,075</b>	<b>859,340</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 253</b>	<b>\$ 596,419</b>	<b>\$ 4,094,136</b>	<b>\$ 867,544</b>



CITY OF DOWNEY

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2018

	<u>Capital Projects Funds</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>City Capital Projects</u>	
<b>Assets:</b>		
Pooled cash and investments	\$ 3,348,466	\$ 13,617,900
Receivables:		
Accounts	-	143,586
Taxes	-	998,646
Notes and loans	-	493,957
Prepaid costs	-	811
Due from other governments	385,451	1,247,890
Inventories	-	13,867
	<hr/>	<hr/>
<b>Total Assets</b>	<b>\$ 3,733,917</b>	<b>\$ 16,516,657</b>
	<hr/>	<hr/>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>		
<b>Liabilities:</b>		
Accounts payable	\$ 120,550	\$ 1,218,130
Accrued liabilities	1,288	388,819
Unearned revenues	122,000	221,428
Due to other funds	-	329,964
	<hr/>	<hr/>
<b>Total Liabilities</b>	<b>243,838</b>	<b>2,158,341</b>
	<hr/>	<hr/>
<b>Deferred Inflows of Resources:</b>		
Unavailable revenues	-	861,045
	<hr/>	<hr/>
<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>861,045</b>
	<hr/>	<hr/>
<b>Fund Balances:</b>		
<b>Restricted for:</b>		
Community development	-	151,889
Public safety	-	3,924,815
Parks and recreation	-	253
Public works	-	3,796,122
Capital Projects	-	2,099,510
Low and moderate income housing	-	59,254
<b>Assigned to:</b>		
Capital Projects	3,490,079	3,490,079
<b>Unassigned</b>	-	(24,651)
	<hr/>	<hr/>
<b>Total Fund Balances</b>	<b>3,490,079</b>	<b>13,497,271</b>
	<hr/>	<hr/>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 3,733,917</b>	<b>\$ 16,516,657</b>
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CITY OF DOWNEY

COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2018

	Special Revenue Funds			
	Waste Reduction	Street Lighting	Hazardous Material	CATV Public Access
<b>Revenues:</b>				
Taxes	\$ -	\$ 542,726	\$ -	\$ 58,597
Intergovernmental	59,107	-	-	-
Charges for services	420,804	1,411,186	127,090	-
Use of money and property	1,171	482	-	-
Fines and forfeitures	-	-	-	-
Developer participation	-	-	-	-
Miscellaneous	-	34,370	-	-
<b>Total Revenues</b>	<b>481,082</b>	<b>1,988,764</b>	<b>127,090</b>	<b>58,597</b>
<b>Expenditures:</b>				
Current:				
Public safety	-	-	151,741	-
Community development	-	-	-	-
Community services	-	-	-	-
Public works	665,754	2,045,637	-	-
Capital outlay	-	412,176	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
<b>Total Expenditures</b>	<b>665,754</b>	<b>2,457,813</b>	<b>151,741</b>	<b>-</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(184,672)	(469,049)	(24,651)	58,597
<b>Other Financing Sources (Uses):</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Notes and loans issued	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net Change in Fund Balances	(184,672)	(469,049)	(24,651)	58,597
Fund Balances, Beginning of Year	336,561	545,857	-	590,283
Restatements	-	-	-	-
Fund Balances, Beginning of Year, as Restated	336,561	545,857	-	590,283
<b>Fund Balances, End of Year</b>	<b>\$ 151,889</b>	<b>\$ 76,808</b>	<b>\$ (24,651)</b>	<b>\$ 648,880</b>

## CITY OF DOWNEY

COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2018

(CONTINUED)

	Special Revenue Funds			
	Air Quality	Grants	CDBG	Asset Forfeiture
<b>Revenues:</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	146,258	230,182	1,233,207	426,757
Charges for services	-	270,335	-	-
Use of money and property	2,265	-	-	1,438
Fines and forfeitures	-	-	-	-
Developer participation	-	-	-	-
Miscellaneous	-	56,444	-	-
<b>Total Revenues</b>	<b>148,523</b>	<b>556,961</b>	<b>1,233,207</b>	<b>428,195</b>
<b>Expenditures:</b>				
Current:				
Public safety	-	236,377	-	427,456
Community development	-	1,090,589	2,230,120	-
Community services	-	-	17,364	-
Public works	121,371	-	-	-
Capital outlay	-	19,987	-	-
Debt service:				
Principal retirement	-	-	81,000	-
Interest and fiscal charges	-	-	32,177	-
<b>Total Expenditures</b>	<b>121,371</b>	<b>1,346,953</b>	<b>2,360,661</b>	<b>427,456</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	27,152	(789,992)	(1,127,454)	739
<b>Other Financing Sources (Uses):</b>				
Transfers in	-	837,200	-	-
Transfers out	-	-	(65,214)	-
Notes and loans issued	-	-	1,026,000	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>837,200</b>	<b>960,786</b>	<b>-</b>
Net Change in Fund Balances	27,152	47,208	(166,668)	739
Fund Balances, Beginning of Year	399,900	379,314	225,922	1
Restatements	31,583	-	-	-
Fund Balances, Beginning of Year, as Restated	431,483	379,314	225,922	1
<b>Fund Balances, End of Year</b>	<b>\$ 458,635</b>	<b>\$ 426,522</b>	<b>\$ 59,254</b>	<b>\$ 740</b>

CITY OF DOWNEY

COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2018

	Special Revenue Funds			
	Transit Prop C	Transit Prop A	Transit Measure R	Gas Tax
<b>Revenues:</b>				
Taxes	\$ 1,767,185	\$ 2,129,849	\$ -	\$ -
Intergovernmental	118,054	-	144,623	2,380,146
Charges for services	-	976	-	-
Use of money and property	3,981	56,130	6,562	2,060
Fines and forfeitures	-	-	-	-
Developer participation	-	-	1,323,204	-
Miscellaneous	-	52,924	-	-
<b>Total Revenues</b>	<b>1,889,220</b>	<b>2,239,879</b>	<b>1,474,389</b>	<b>2,382,206</b>
<b>Expenditures:</b>				
Current:				
Public safety	-	-	-	-
Community development	-	-	-	-
Community services	-	-	-	-
Public works	207,958	1,697,617	1,197,067	54,438
Capital outlay	636,541	1,285,953	81	708,703
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
<b>Total Expenditures</b>	<b>844,499</b>	<b>2,983,570</b>	<b>1,197,148</b>	<b>763,141</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,044,721	(743,691)	277,241	1,619,065
<b>Other Financing Sources (Uses):</b>				
Transfers in	-	1,000,000	22,609	389,235
Transfers out	(1,000,000)	-	-	(1,799,698)
Notes and loans issued	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>(1,000,000)</b>	<b>1,000,000</b>	<b>22,609</b>	<b>(1,410,463)</b>
Net Change in Fund Balances	44,721	256,309	299,850	208,602
Fund Balances, Beginning of Year	838,891	400,244	916,048	99,463
Restatements	-	-	-	-
Fund Balances, Beginning of Year, as Restated	838,891	400,244	916,048	99,463
<b>Fund Balances, End of Year</b>	<b>\$ 883,612</b>	<b>\$ 656,553</b>	<b>\$ 1,215,898</b>	<b>\$ 308,065</b>

## CITY OF DOWNEY

COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2018

(CONTINUED)

	Special Revenue Funds			
	LSTA Grant	SB1 Transportation	Measure S (Sales Tax)	Transit Measure M
<b>Revenues:</b>				
Taxes	\$ -	\$ 667,005	\$ 4,577,024	\$ 1,199,126
Intergovernmental	1,948	-	-	-
Charges for services	-	-	-	-
Use of money and property	1	578	12,129	1,659
Fines and forfeitures	-	-	-	-
Developer participation	-	-	-	-
Miscellaneous	-	-	-	-
<b>Total Revenues</b>	<b>1,949</b>	<b>667,583</b>	<b>4,589,153</b>	<b>1,200,785</b>
<b>Expenditures:</b>				
Current:				
Public safety	-	-	9,000	-
Community development	-	-	-	-
Community services	-	-	-	-
Public works	-	-	-	43,818
Capital outlay	-	306,264	682,795	297,627
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	1,025,424	-
<b>Total Expenditures</b>	<b>-</b>	<b>306,264</b>	<b>1,717,219</b>	<b>341,445</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,949	361,319	2,871,934	859,340
<b>Other Financing Sources (Uses):</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Notes and loans issued	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net Change in Fund Balances	1,949	361,319	2,871,934	859,340
Fund Balances, Beginning of Year	(1,696)	-	-	-
Restatements	-	-	1,052,141	-
Fund Balances, Beginning of Year, as Restated	(1,696)	-	1,052,141	-
<b>Fund Balances, End of Year</b>	<b>\$ 253</b>	<b>\$ 361,319</b>	<b>\$ 3,924,075</b>	<b>\$ 859,340</b>

CITY OF DOWNEY

COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2018

	<u>Capital Projects Funds</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>City Capital Projects</u>	
<b>Revenues:</b>		
Taxes	\$ -	\$ 10,941,512
Intergovernmental	-	4,740,282
Charges for services	4,786	2,235,177
Use of money and property	1,369	89,825
Fines and forfeitures	1,506,395	1,506,395
Developer participation	-	1,323,204
Miscellaneous	14,540	158,278
	<u>1,527,090</u>	<u>20,994,673</u>
<b>Total Revenues</b>		
<b>Expenditures:</b>		
Current:		
Public safety	-	824,574
Community development	-	3,320,709
Community services	-	17,364
Public works	-	6,033,660
Capital outlay	1,718,695	6,068,822
Debt service:		
Principal retirement	-	81,000
Interest and fiscal charges	-	1,057,601
	<u>1,718,695</u>	<u>17,403,730</u>
<b>Total Expenditures</b>		
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(191,605)</u>	<u>3,590,943</u>
<b>Other Financing Sources (Uses):</b>		
Transfers in	776,145	3,025,189
Transfers out	(389,235)	(3,254,147)
Notes and loans issued	-	1,026,000
	<u>386,910</u>	<u>797,042</u>
<b>Total Other Financing Sources (Uses)</b>		
Net Change in Fund Balances	<u>195,305</u>	<u>4,387,985</u>
Fund Balances, Beginning of Year	3,294,774	8,025,562
Restatements	-	1,083,724
Fund Balances, Beginning of Year, as Restated	<u>3,294,774</u>	<u>9,109,286</u>
<b>Fund Balances, End of Year</b>	<u><u>\$ 3,490,079</u></u>	<u><u>\$ 13,497,271</u></u>

CITY OF DOWNEY

**BUDGETARY COMPARISON SCHEDULE  
WASTE REDUCTION  
YEAR ENDED JUNE 30, 2018**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Budgetary Fund Balance, July 1	\$ 336,561	\$ 336,561	\$ 336,561	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	25,000	25,000	59,107	34,107
Charges for services	410,000	410,000	420,804	10,804
Use of money and property	2,500	2,500	1,171	(1,329)
Miscellaneous	225	225	-	(225)
<b>Amounts Available for Appropriations</b>	<b>774,286</b>	<b>774,286</b>	<b>817,643</b>	<b>43,357</b>
<b>Charges to Appropriations (Outflow):</b>				
Public works	656,800	656,800	665,754	(8,954)
<b>Total Charges to Appropriations</b>	<b>656,800</b>	<b>656,800</b>	<b>665,754</b>	<b>(8,954)</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 117,486</b>	<b>\$ 117,486</b>	<b>\$ 151,889</b>	<b>\$ 34,403</b>



CITY OF DOWNEY

**BUDGETARY COMPARISON SCHEDULE  
STREET LIGHTING  
YEAR ENDED JUNE 30, 2018**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Budgetary Fund Balance, July 1	\$ 545,857	\$ 545,857	\$ 545,857	\$ -
<b>Resources (Inflows):</b>				
Taxes	398,945	398,945	542,726	143,781
Charges for services	1,570,427	1,570,427	1,411,186	(159,241)
Use of money and property	1,000	1,000	482	(518)
Miscellaneous	100	100	34,370	34,270
<b>Amounts Available for Appropriations</b>	<b>2,516,329</b>	<b>2,516,329</b>	<b>2,534,621</b>	<b>18,292</b>
<b>Charges to Appropriations (Outflow):</b>				
Public works	1,953,634	1,953,634	2,045,637	(92,003)
Capital outlay	484,875	560,833	412,176	148,657
<b>Total Charges to Appropriations</b>	<b>2,438,509</b>	<b>2,514,467</b>	<b>2,457,813</b>	<b>56,654</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 77,820</b>	<b>\$ 1,862</b>	<b>\$ 76,808</b>	<b>\$ 74,946</b>

CITY OF DOWNEY

BUDGETARY COMPARISON SCHEDULE  
 CATV PUBLIC ACCESS  
 YEAR ENDED JUNE 30, 2018

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 590,283	\$ 590,283	\$ 590,283	\$ -
<b>Resources (Inflows):</b>				
Taxes	110,000	110,000	58,597	(51,403)
<b>Amounts Available for Appropriations</b>	<b>700,283</b>	<b>700,283</b>	<b>648,880</b>	<b>(51,403)</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 700,283</b>	<b>\$ 700,283</b>	<b>\$ 648,880</b>	<b>\$ (51,403)</b>

CITY OF DOWNEY

BUDGETARY COMPARISON SCHEDULE  
 AIR QUALITY  
 YEAR ENDED JUNE 30, 2018

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 431,483	\$ 431,483	\$ 431,483	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	125,000	125,000	146,258	21,258
Use of money and property	2,000	2,000	2,265	265
<b>Amounts Available for Appropriations</b>	<b>558,483</b>	<b>558,483</b>	<b>580,006</b>	<b>21,523</b>
<b>Charges to Appropriations (Outflow):</b>				
Public works	129,132	129,132	121,371	7,761
Capital outlay	67,537	67,537	-	67,537
<b>Total Charges to Appropriations</b>	<b>196,669</b>	<b>196,669</b>	<b>121,371</b>	<b>75,298</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 361,814</b>	<b>\$ 361,814</b>	<b>\$ 458,635</b>	<b>\$ 96,821</b>

CITY OF DOWNEY

**BUDGETARY COMPARISON SCHEDULE  
GRANTS  
YEAR ENDED JUNE 30, 2018**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Budgetary Fund Balance, July 1	\$ 379,314	\$ 379,314	\$ 379,314	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	-	519,882	230,182	(289,700)
Charges for services	147,500	147,500	270,335	122,835
Miscellaneous	103,364	103,364	56,444	(46,920)
Transfers in	837,200	837,200	837,200	-
<b>Amounts Available for Appropriations</b>	<b>1,467,378</b>	<b>1,987,260</b>	<b>1,773,475</b>	<b>(213,785)</b>
<b>Charges to Appropriations (Outflow):</b>				
Public safety	-	330,000	236,377	93,623
Community development	1,027,004	1,027,004	1,090,589	(63,585)
Capital outlay	74,000	263,882	19,987	243,895
<b>Total Charges to Appropriations</b>	<b>1,101,004</b>	<b>1,620,886</b>	<b>1,346,953</b>	<b>273,933</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 366,374</b>	<b>\$ 366,374</b>	<b>\$ 426,522</b>	<b>\$ 60,148</b>

CITY OF DOWNEY

**BUDGETARY COMPARISON SCHEDULE  
CDBG  
YEAR ENDED JUNE 30, 2018**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Budgetary Fund Balance, July 1	\$ 225,922	\$ 225,922	\$ 225,922	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	1,226,512	1,416,512	1,233,207	(183,305)
Notes and loans issued	-	-	1,026,000	1,026,000
<b>Amounts Available for Appropriations</b>	<b>1,452,434</b>	<b>1,642,434</b>	<b>2,485,129</b>	<b>842,695</b>
<b>Charges to Appropriations (Outflow):</b>				
Community development	968,356	968,356	2,230,120	(1,261,764)
Community services	-	-	17,364	(17,364)
Debt service:				
Principal retirement	81,000	81,000	81,000	-
Interest and fiscal charges	177,156	177,156	32,177	144,979
Transfers out	-	190,000	65,214	124,786
<b>Total Charges to Appropriations</b>	<b>1,226,512</b>	<b>1,416,512</b>	<b>2,425,875</b>	<b>(1,009,363)</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 225,922</b>	<b>\$ 225,922</b>	<b>\$ 59,254</b>	<b>\$ (166,668)</b>

CITY OF DOWNEY

**BUDGETARY COMPARISON SCHEDULE  
ASSET FORFEITURE  
YEAR ENDED JUNE 30, 2018**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 1	\$ 1	\$ 1	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	550,000	550,000	426,757	(123,243)
Use of money and property	4,000	4,000	1,438	(2,562)
<b>Amounts Available for Appropriations</b>	<b>554,001</b>	<b>554,001</b>	<b>428,196</b>	<b>(125,805)</b>
<b>Charges to Appropriation (Outflow):</b>				
Public safety	1,241,386	1,241,386	427,456	813,930
<b>Total Charges to Appropriations</b>	<b>1,241,386</b>	<b>1,241,386</b>	<b>427,456</b>	<b>813,930</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ (687,385)</b>	<b>\$ (687,385)</b>	<b>\$ 740</b>	<b>\$ 688,125</b>

CITY OF DOWNEY

BUDGETARY COMPARISON SCHEDULE  
 TRANSIT PROP C  
 YEAR ENDED JUNE 30, 2018

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 838,891	\$ 838,891	\$ 838,891	\$ -
<b>Resources (Inflows):</b>				
Taxes	1,757,088	1,757,088	1,767,185	10,097
Intergovernmental	-	-	118,054	118,054
Use of money and property	600	600	3,981	3,381
Miscellaneous	200	200	-	(200)
<b>Amounts Available for Appropriations</b>	<b>2,596,779</b>	<b>2,596,779</b>	<b>2,728,111</b>	<b>131,332</b>
<b>Charges to Appropriation (Outflow):</b>				
Public works	165,480	204,920	207,958	(3,038)
Capital outlay	752,448	762,448	636,541	125,907
Transfers out	1,000,000	1,000,000	1,000,000	-
<b>Total Charges to Appropriations</b>	<b>1,917,928</b>	<b>1,967,368</b>	<b>1,844,499</b>	<b>122,869</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 678,851</b>	<b>\$ 629,411</b>	<b>\$ 883,612</b>	<b>\$ 254,201</b>

CITY OF DOWNEY

BUDGETARY COMPARISON SCHEDULE  
 TRANSIT PROP A  
 YEAR ENDED JUNE 30, 2018

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 400,244	\$ 400,244	\$ 400,244	\$ -
<b>Resources (Inflows):</b>				
Taxes	2,118,317	2,118,317	2,129,849	11,532
Charges for services	8,000	8,000	976	(7,024)
Use of money and property	33,000	33,000	56,130	23,130
Miscellaneous	13,000	13,000	52,924	39,924
Transfers in	1,000,000	1,000,000	1,000,000	-
<b>Amounts Available for Appropriations</b>	<b>3,572,561</b>	<b>3,572,561</b>	<b>3,640,123</b>	<b>67,562</b>
<b>Charges to Appropriation (Outflow):</b>				
Public works	1,657,580	1,657,580	1,697,617	(40,037)
Capital outlay	1,312,365	1,312,365	1,285,953	26,412
<b>Total Charges to Appropriations</b>	<b>2,969,945</b>	<b>2,969,945</b>	<b>2,983,570</b>	<b>(13,625)</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 602,616</b>	<b>\$ 602,616</b>	<b>\$ 656,553</b>	<b>\$ 53,937</b>



CITY OF DOWNEY

**BUDGETARY COMPARISON SCHEDULE  
TRANSIT MEASURE R  
YEAR ENDED JUNE 30, 2018**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Budgetary Fund Balance, July 1	\$ 916,048	\$ 916,048	\$ 916,048	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	-	-	144,623	144,623
Use of money and property	5,000	5,000	6,562	1,562
Developer participation	1,317,842	1,317,842	1,323,204	5,362
Transfers in	-	-	22,609	22,609
<b>Amounts Available for Appropriations</b>	<b>2,238,890</b>	<b>2,238,890</b>	<b>2,413,046</b>	<b>174,156</b>
<b>Charges to Appropriation (Outflow):</b>				
Public works	1,497,788	1,727,821	1,197,067	530,754
Capital outlay	395,000	395,000	81	394,919
<b>Total Charges to Appropriations</b>	<b>1,892,788</b>	<b>2,122,821</b>	<b>1,197,148</b>	<b>925,673</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 346,102</b>	<b>\$ 116,069</b>	<b>\$ 1,215,898</b>	<b>\$ 1,099,829</b>

CITY OF DOWNEY

BUDGETARY COMPARISON SCHEDULE  
 GAS TAX  
 YEAR ENDED JUNE 30, 2018

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 99,463	\$ 99,463	\$ 99,463	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	3,052,215	3,052,215	2,380,146	(672,069)
Use of money and property	50	50	2,060	2,010
Transfers in	-	-	389,235	389,235
<b>Amounts Available for Appropriations</b>	<b>3,151,728</b>	<b>3,151,728</b>	<b>2,870,904</b>	<b>(280,824)</b>
<b>Charges to Appropriation (Outflow):</b>				
Public works	-	389,235	54,438	334,797
Capital outlay	893,565	893,565	708,703	184,862
Transfers out	2,100,303	2,100,303	1,799,698	300,605
<b>Total Charges to Appropriations</b>	<b>2,993,868</b>	<b>3,383,103</b>	<b>2,562,839</b>	<b>820,264</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 157,860</b>	<b>\$ (231,375)</b>	<b>\$ 308,065</b>	<b>\$ 539,440</b>

CITY OF DOWNEY

BUDGETARY COMPARISON SCHEDULE  
 LSTA GRANT  
 YEAR ENDED JUNE 30, 2018

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ (1,696)	\$ (1,696)	\$ (1,696)	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	-	-	1,948	1,948
Use of money and property	200	200	1	(199)
<b>Amounts Available for Appropriations</b>	<b>(1,496)</b>	<b>(1,496)</b>	<b>253</b>	<b>1,749</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ (1,496)</b>	<b>\$ (1,496)</b>	<b>\$ 253</b>	<b>\$ 1,749</b>

CITY OF DOWNEY

**BUDGETARY COMPARISON SCHEDULE  
SB1 TRANSPORTATION  
YEAR ENDED JUNE 30, 2018**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ -	\$ -	\$ -	\$ -
<b>Resources (Inflows):</b>				
Taxes	954,812	954,812	667,005	(287,807)
Use of money and property	-	-	578	578
<b>Amounts Available for Appropriations</b>	<b>954,812</b>	<b>954,812</b>	<b>667,583</b>	<b>(287,229)</b>
<b>Charges to Appropriation (Outflow):</b>				
Capital outlay	954,812	954,812	306,264	648,548
<b>Total Charges to Appropriations</b>	<b>954,812</b>	<b>954,812</b>	<b>306,264</b>	<b>648,548</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 361,319</b>	<b>\$ 361,319</b>

CITY OF DOWNEY

**BUDGETARY COMPARISON SCHEDULE  
MEASURE S (SALES TAX)  
YEAR ENDED JUNE 30, 2018**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Budgetary Fund Balance, July 1, as restated	\$ 1,052,141	\$ 1,052,141	\$ 1,052,141	\$ -
<b>Resources (Inflows):</b>				
Taxes	-	4,300,000	4,577,024	277,024
Use of money and property	-	-	12,129	12,129
<b>Amounts Available for Appropriations</b>	<b>1,052,141</b>	<b>5,352,141</b>	<b>5,641,294</b>	<b>289,153</b>
<b>Charges to Appropriation (Outflow):</b>				
Public safety	-	-	9,000	(9,000)
Capital outlay	-	1,200,000	682,795	517,205
Debt service:				
Interest and fiscal charges	-	864,363	1,025,424	(161,061)
<b>Total Charges to Appropriations</b>	<b>-</b>	<b>2,064,363</b>	<b>1,717,219</b>	<b>347,144</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 1,052,141</b>	<b>\$ 3,287,778</b>	<b>\$ 3,924,075</b>	<b>\$ 636,297</b>

CITY OF DOWNEY

BUDGETARY COMPARISON SCHEDULE  
 TRANSIT MEASURE M  
 YEAR ENDED JUNE 30, 2018

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ -	\$ -	\$ -	\$ -
<b>Resources (Inflows):</b>				
Taxes	1,345,376	1,345,376	1,199,126	(146,250)
Use of money and property	-	-	1,659	1,659
<b>Amounts Available for Appropriations</b>	<b>1,345,376</b>	<b>1,345,376</b>	<b>1,200,785</b>	<b>(144,591)</b>
<b>Charges to Appropriation (Outflow):</b>				
Public works	-	-	43,818	(43,818)
Capital outlay	1,337,000	1,337,000	297,627	1,039,373
<b>Total Charges to Appropriations</b>	<b>1,337,000</b>	<b>1,337,000</b>	<b>341,445</b>	<b>995,555</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 8,376</b>	<b>\$ 8,376</b>	<b>\$ 859,340</b>	<b>\$ 850,964</b>

CITY OF DOWNEY

BUDGETARY COMPARISON SCHEDULE  
 CITY CAPITAL PROJECT  
 YEAR ENDED JUNE 30, 2018

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 3,294,774	\$ 3,294,774	\$ 3,294,774	\$ -
<b>Resources (Inflows):</b>				
Charges for services	-	-	4,786	4,786
Use of money and property	1,000	1,000	1,369	369
Fines and forfeitures	1,400,000	1,400,000	1,506,395	106,395
Miscellaneous	-	-	14,540	14,540
Transfers in	424,165	776,145	776,145	-
<b>Amounts Available for Appropriations</b>	<b>5,119,939</b>	<b>5,471,919</b>	<b>5,598,009</b>	<b>126,090</b>
<b>Charges to Appropriations (Outflow):</b>				
Capital outlay	3,406,382	3,725,877	1,718,695	2,007,182
Transfers out	389,235	389,235	389,235	-
<b>Total Charges to Appropriations</b>	<b>3,795,617</b>	<b>4,115,112</b>	<b>2,107,930</b>	<b>2,007,182</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 1,324,322</b>	<b>\$ 1,356,807</b>	<b>\$ 3,490,079</b>	<b>\$ 2,133,272</b>

## **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, 2018

	Governmental Activities - Internal Service Funds		
	Employee Benefits	Equipment	Totals
<b>Assets and Deferred Outflows of Resources:</b>			
<b>Assets:</b>			
Current:			
Cash and investments	\$ 26,556,898	\$ 375,188	\$ 26,932,086
Receivables:			
Accounts	-	10,031	10,031
Due from other governments	-	116	116
Inventories	-	101,122	101,122
Advances to Successor Agency	1,454,843	-	1,454,843
Restricted:			
Cash and investments	2,933,363	2,933,363	5,866,726
<b>Total Current Assets</b>	<b>30,945,104</b>	<b>3,419,820</b>	<b>34,364,924</b>
Noncurrent:			
Capital assets - net of accumulated depreciation	-	4,053,565	4,053,565
<b>Total Noncurrent Assets</b>	<b>-</b>	<b>4,053,565</b>	<b>4,053,565</b>
<b>Total Assets</b>	<b>30,945,104</b>	<b>7,473,385</b>	<b>38,418,489</b>
<b>Deferred Outflows of Resources:</b>			
Deferred pension related items	-	292,550	292,550
<b>Total Deferred Outflows of Resources</b>	<b>-</b>	<b>292,550</b>	<b>292,550</b>
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 30,945,104</b>	<b>\$ 7,765,935</b>	<b>\$ 38,711,039</b>
<b>Liabilities, Deferred Inflows of Resources, and Net Position:</b>			
<b>Liabilities:</b>			
Current:			
Accounts payable	\$ -	\$ 160,642	\$ 160,642
Accrued liabilities	1,210	37,671	38,881
Accrued interest	-	10,658	10,658
Accrued compensated absences	2,147,674	-	2,147,674
Accrued claims payable	2,415,211	-	2,415,211
Bonds, notes, and capital leases	-	352,195	352,195
<b>Total Current Liabilities</b>	<b>4,564,095</b>	<b>561,166</b>	<b>5,125,261</b>
Noncurrent:			
Accrued compensated absences	10,379,139	-	10,379,139
Accrued claims payable	4,960,207	-	4,960,207
Bonds, notes, and capital leases	-	1,181,155	1,181,155
Net pension liability	-	1,503,713	1,503,713
<b>Total Noncurrent Liabilities</b>	<b>15,339,346</b>	<b>2,684,868</b>	<b>18,024,214</b>
<b>Total Liabilities</b>	<b>19,903,441</b>	<b>3,246,034</b>	<b>23,149,475</b>
<b>Deferred Inflows of Resources:</b>			
Deferred pension related items	-	20,991	20,991
<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>20,991</b>	<b>20,991</b>
<b>Net Position:</b>			
Net investment in capital assets	-	2,520,215	2,520,215
Unrestricted	11,041,663	1,978,695	13,020,358
<b>Total Net Position</b>	<b>11,041,663</b>	<b>4,498,910</b>	<b>15,540,573</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Net Position</b>	<b>\$ 30,945,104</b>	<b>\$ 7,765,935</b>	<b>\$ 38,711,039</b>

## CITY OF DOWNEY

COMBINING STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN FUND NET POSITION  
INTERNAL SERVICE FUNDS  
YEAR ENDED JUNE 30, 2018

	Governmental Activities - Internal Service Funds		
	Employee Benefits	Equipment	Totals
<b>Operating Revenues:</b>			
Interdepartmental charges	\$ 2,109,907	\$ 3,129,684	\$ 5,239,591
Miscellaneous	1,375	1,492	2,867
<b>Total Operating Revenues</b>	<b>2,111,282</b>	<b>3,131,176</b>	<b>5,242,458</b>
<b>Operating Expenses:</b>			
Maintenance and operations	-	2,353,412	2,353,412
General and administrative	-	42,734	42,734
Employee benefits	2,956,782	-	2,956,782
Depreciation expense	-	402,156	402,156
<b>Total Operating Expenses</b>	<b>2,956,782</b>	<b>2,798,302</b>	<b>5,755,084</b>
Operating Income (Loss)	(845,500)	332,874	(512,626)
<b>Nonoperating Revenues (Expenses):</b>			
Interest revenue	33,495	31,780	65,275
Interest expense	-	(45,552)	(45,552)
Gain (loss) on disposal of capital assets	-	8,023	8,023
<b>Total Nonoperating Revenues (Expenses)</b>	<b>33,495</b>	<b>(5,749)</b>	<b>27,746</b>
Income (Loss) Before Transfers	(812,005)	327,125	(484,880)
Transfers in	812,005	-	812,005
Changes in Net Position	-	327,125	327,125
<b>Net Position:</b>			
Beginning of Year, as originally reported	11,041,663	4,301,583	15,343,246
Restatements	-	(129,798)	(129,798)
Beginning of Fiscal Year, as restated	11,041,663	4,171,785	15,213,448
<b>End of Fiscal Year</b>	<b>\$ 11,041,663</b>	<b>\$ 4,498,910</b>	<b>\$ 15,540,573</b>

CITY OF DOWNEY

**COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
YEAR ENDED JUNE 30, 2018**

	<b>Governmental Activities - Internal Service Funds</b>		
	<b>Employee Benefits</b>	<b>Equipment</b>	<b>Totals</b>
<b>Cash Flows from Operating Activities:</b>			
Cash received from customers and users	\$ 2,123,269	\$ 3,125,830	\$ 5,249,099
Cash paid to suppliers for goods and services	-	(2,427,947)	(2,427,947)
Cash paid to employees for services	(2,955,712)	177,051	(2,778,661)
Cash received from (payments to) others	1,375	1,376	2,751
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>(831,068)</b>	<b>876,310</b>	<b>45,242</b>
<b>Cash Flows from Non-Capital Financing Activities:</b>			
Advance to other funds	11,561	-	11,561
<b>Net Cash Provided (Used) by Non-Capital Financing Activities</b>	<b>823,566</b>	<b>-</b>	<b>823,566</b>
<b>Cash Flows from Capital and Related Financing Activities:</b>			
Principal paid on capital debt	-	(499,457)	(499,457)
Interest paid on capital debt	-	(45,552)	(45,552)
Proceeds from sales of capital assets	-	8,023	8,023
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<b>-</b>	<b>(536,986)</b>	<b>(536,986)</b>
<b>Cash Flows from Investing Activities:</b>			
Interest received	33,495	26,045	59,540
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>33,495</b>	<b>26,045</b>	<b>59,540</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>25,993</b>	<b>365,369</b>	<b>391,362</b>
Cash and Cash Equivalents at Beginning of Year	29,464,268	2,943,182	32,407,450
<b>Cash and Cash Equivalents at End of Year</b>	<b>\$ 29,490,261</b>	<b>\$ 3,308,551</b>	<b>\$ 32,798,812</b>
<b>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:</b>			
Operating income (loss)	\$ (845,500)	\$ 332,874	\$ (512,626)
<b>Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:</b>			
Depreciation	-	402,156	402,156
(Increase) decrease in accounts receivable	13,362	(3,854)	9,508
(Increase) decrease in due from other governments	-	(116)	(116)
(Increase) decrease in inventories	-	(8,990)	(8,990)
(Increase) decrease in deferred pension related outflows	-	(31,681)	(31,681)
Increase (decrease) in accounts payable	-	(22,811)	(22,811)
Increase (decrease) in accrued liabilities	1,070	842	1,912
Increase (decrease) in net pension liability	-	196,476	196,476
Increase (decrease) in deferred pension related inflows	-	11,414	11,414
<b>Total Adjustments</b>	<b>14,432</b>	<b>543,436</b>	<b>557,868</b>
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ (831,068)</b>	<b>\$ 876,310</b>	<b>\$ 45,242</b>

## 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, 2018

	Special Deposits	Cemetery District	1913 Act Bond	Elm Vista
<b>Assets:</b>				
Pooled cash and investments	\$ 2,497,487	\$ 267,612	\$ 122,271	\$ 1,765
Receivables:				
Accounts	-	23,153	-	3,256
Taxes	-	2,658	-	-
Accrued interest	-	1,218	-	-
Due from other governments	52,252	6,072	-	-
<b>Total Assets</b>	<b>\$ 2,549,739</b>	<b>\$ 300,713</b>	<b>\$ 122,271</b>	<b>\$ 5,021</b>
<b>Liabilities:</b>				
Accounts payable	\$ 4,766	\$ 1,046	\$ -	\$ -
Accrued liabilities	-	168	-	-
Deposits payable	2,544,973	299,499	122,271	21
Due to other governments	-	-	-	5,000
<b>Total Liabilities</b>	<b>\$ 2,549,739</b>	<b>\$ 300,713</b>	<b>\$ 122,271</b>	<b>\$ 5,021</b>

CITY OF DOWNEY

COMBINING STATEMENT OF ASSETS AND LIABILITIES  
 ALL AGENCY FUNDS  
 JUNE 30, 2018

	Columbia Memorial Space	SEAACA	Southeast Water Coalition	Totals
<b>Assets:</b>				
Pooled cash and investments	\$ 156,536	\$ 2,073,406	\$ 195,108	\$ 5,314,185
Receivables:				
Accounts	-	12,854	-	39,263
Taxes	-	-	-	2,658
Accrued interest	-	-	-	1,218
Due from other governments	-	50,405	-	108,729
<b>Total Assets</b>	<b>\$ 156,536</b>	<b>\$ 2,136,665</b>	<b>\$ 195,108</b>	<b>\$ 5,466,053</b>
<b>Liabilities:</b>				
Accounts payable	\$ 6,098	\$ 724,959	\$ 2,303	\$ 739,172
Accrued liabilities	-	499,526	-	499,694
Deposits payable	150,438	912,180	192,805	4,222,187
Due to other governments	-	-	-	5,000
<b>Total Liabilities</b>	<b>\$ 156,536</b>	<b>\$ 2,136,665</b>	<b>\$ 195,108</b>	<b>\$ 5,466,053</b>

## CITY OF DOWNEY

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 ALL AGENCY FUNDS  
 YEAR ENDED JUNE 30, 2018**

	Balance July 1, 2017	Additions	Deductions	Balance June 30, 2018
<b><u>Special Deposits</u></b>				
<b>Assets:</b>				
Pooled cash and investments	\$ 2,005,020	\$ 1,491,668	\$ 999,201	\$ 2,497,487
Due from other governments	2,089	52,252	2,089	52,252
<b>Total Assets</b>	<b>\$ 2,007,109</b>	<b>\$ 1,543,920</b>	<b>\$ 1,001,290</b>	<b>\$ 2,549,739</b>
<b>Liabilities:</b>				
Accounts payable	\$ 13,353	\$ 884,282	\$ 892,869	\$ 4,766
Deposits payable	1,993,756	1,436,587	885,370	2,544,973
<b>Total Liabilities</b>	<b>\$ 2,007,109</b>	<b>\$ 2,320,869</b>	<b>\$ 1,778,239</b>	<b>\$ 2,549,739</b>
<b><u>Cemetery District</u></b>				
<b>Assets:</b>				
Pooled cash and investments	\$ 318,623	\$ 250,508	\$ 301,519	\$ 267,612
Receivables:				
Accounts	-	23,153	-	23,153
Taxes	2,348	310	-	2,658
Accrued interest	1,149	69	-	1,218
Due from other governments	1,484	4,588	-	6,072
Advances to other funds	-	-	-	-
Inventories	-	-	-	-
<b>Total Assets</b>	<b>\$ 323,604</b>	<b>\$ 278,628</b>	<b>\$ 301,519</b>	<b>\$ 300,713</b>
<b>Liabilities:</b>				
Accounts payable	\$ 2,129	\$ 84,391	\$ 85,474	\$ 1,046
Accrued liabilities	24	5,724	5,580	168
Deposits payable	288,133	267,439	256,073	299,499
Due to other governments	33,318	-	33,318	-
Due to other funds	-	26,625	26,625	-
<b>Total Liabilities</b>	<b>\$ 323,604</b>	<b>\$ 384,179</b>	<b>\$ 407,070</b>	<b>\$ 300,713</b>
<b><u>1913 Act Bond</u></b>				
<b>Assets:</b>				
Pooled cash and investments	\$ 122,271	\$ -	\$ -	\$ 122,271
<b>Total Assets</b>	<b>\$ 122,271</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 122,271</b>
<b>Liabilities:</b>				
Deposits payable	\$ 122,271	\$ -	\$ -	\$ 122,271
<b>Total Liabilities</b>	<b>\$ 122,271</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 122,271</b>
<b><u>Elm Vista</u></b>				
<b>Assets:</b>				
Pooled cash and investments	\$ 1,765	\$ -	\$ -	\$ 1,765
Receivables:				
Accounts	3,256	-	-	3,256
<b>Total Assets</b>	<b>\$ 5,021</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 5,021</b>
<b>Liabilities:</b>				
Deposits payable	\$ 21	\$ -	\$ -	\$ 21
Due to other governments	5,000	-	-	5,000
<b>Total Liabilities</b>	<b>\$ 5,021</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 5,021</b>
<b><u>Columbia Memorial Space Learning Center Foundation</u></b>				
<b>Assets:</b>				
Pooled cash and investments	\$ 103,177	\$ 177,574	\$ 124,215	\$ 156,536
Due from other governments	1,000	-	1,000	-
<b>Total Assets</b>	<b>\$ 104,177</b>	<b>\$ 177,574</b>	<b>\$ 125,215</b>	<b>\$ 156,536</b>
<b>Liabilities:</b>				
Accounts payable	\$ -	\$ 61,087	\$ 54,989	\$ 6,098
Deposits payable	104,177	138,095	91,834	150,438
<b>Total Liabilities</b>	<b>\$ 104,177</b>	<b>\$ 199,182</b>	<b>\$ 146,823</b>	<b>\$ 156,536</b>

See Notes to Financial Statements

CITY OF DOWNEY

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 ALL AGENCY FUNDS  
 YEAR ENDED JUNE 30, 2018

	Balance July 1, 2017	Additions	Deductions	Balance June 30, 2018
<b><u>SEAACA</u></b>				
<b>Assets:</b>				
Pooled cash and investments	\$ 1,842,212	\$ 8,356,969	\$ 8,125,775	\$ 2,073,406
Receivables:				
Accounts	137,445	4,184,825	4,309,416	12,854
Due from other governments	56,534	121,902	128,031	50,405
<b>Total Assets</b>	<b><u>\$ 2,036,191</u></b>	<b><u>\$ 12,663,696</u></b>	<b><u>\$ 12,563,222</u></b>	<b><u>\$ 2,136,665</u></b>
<b>Liabilities:</b>				
Accounts payable	\$ 735,415	\$ 6,227,722	\$ 6,238,178	\$ 724,959
Accrued liabilities	403,441	3,629,629	3,533,544	499,526
Deposits payable	584,066	13,078,483	12,750,369	912,180
Due to other governments	313,269	-	313,269	-
<b>Total Liabilities</b>	<b><u>\$ 2,036,191</u></b>	<b><u>\$ 22,935,834</u></b>	<b><u>\$ 22,835,360</u></b>	<b><u>\$ 2,136,665</u></b>
<b><u>Southeast Water Coalition</u></b>				
<b>Assets:</b>				
Pooled cash and investments	\$ 187,069	\$ 277,722	\$ 269,683	\$ 195,108
<b>Total Assets</b>	<b><u>\$ 187,069</u></b>	<b><u>\$ 277,722</u></b>	<b><u>\$ 269,683</u></b>	<b><u>\$ 195,108</u></b>
<b>Liabilities:</b>				
Accounts payable	\$ 6,712	\$ 41,442	\$ 45,851	\$ 2,303
Deposits payable	180,357	56,120	43,672	192,805
<b>Total Liabilities</b>	<b><u>\$ 187,069</u></b>	<b><u>\$ 97,562</u></b>	<b><u>\$ 89,523</u></b>	<b><u>\$ 195,108</u></b>
<b><u>Totals - All Agency Funds</u></b>				
<b>Assets:</b>				
Pooled cash and investments	\$ 4,580,137	\$ 10,554,441	\$ 9,820,393	\$ 5,314,185
Receivables:				
Accounts	140,701	4,207,978	4,309,416	39,263
Taxes	2,348	310	-	2,658
Accrued interest	1,149	69	-	1,218
Due from other governments	61,107	178,742	131,120	108,729
<b>Total Assets</b>	<b><u>\$ 4,785,442</u></b>	<b><u>\$ 14,941,540</u></b>	<b><u>\$ 14,260,929</u></b>	<b><u>\$ 5,466,053</u></b>
<b>Liabilities:</b>				
Accounts payable	\$ 757,609	\$ 7,298,924	\$ 7,317,361	\$ 739,172
Accrued liabilities	403,465	3,635,353	3,539,124	499,694
Deposits payable	3,272,781	14,976,724	14,027,318	4,222,187
Due to other governments	351,587	-	346,587	5,000
Due to other funds	-	26,625	26,625	-
<b>Total Liabilities</b>	<b><u>\$ 4,785,442</u></b>	<b><u>\$ 25,937,626</u></b>	<b><u>\$ 25,257,015</u></b>	<b><u>\$ 5,466,053</u></b>



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# STATISTICAL SECTION

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**STATISTICAL SECTION**

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## DESCRIPTION OF STATISTICAL SECTION CONTENTS

June 30, 2018

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.

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CITY OF DOWNEY

NET POSITION BY COMPONENT  
(amounts expressed in thousands)

Last Ten Fiscal Years  
(modified accrual basis of accounting)

	2008-09	2009-10	2010-11	2011-12	2012-13
<b>Governmental Activities:</b>					
Net investment in capital assets	\$ 176,041	\$ 177,580	\$ 188,044	\$ 193,698	\$ 189,490
Restricted	32,221	39,029	35,023	26,298	29,332
Unreserved	34,848	25,557	11,490	33,582	31,965
Total governmental activities	243,110	242,166	234,557	253,578	250,787
<b>Business-type Activities:</b>					
Net investment in capital assets	35,423	35,211	35,675	34,378	34,116
Restricted		3,706	3,816	4,259	4,224
Unrestricted	20,494	10,215	2,336	(769)	3,602
Total business-type activities	55,917	49,132	41,827	37,868	41,942
<b>Primary Government:</b>					
Net investment in capital assets	211,464	212,791	223,719	228,076	223,606
Restricted	32,221	42,735	38,839	30,557	33,556
Unassigned	55,342	35,772	13,826	32,813	35,567
Total primary government	299,027	291,298	276,384	291,446	292,729

*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)

	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>
Governmental Activities:					
Net investment in capital assets	\$ 193,071	\$ 206,576	211,020	212,244	151,973
Restricted	26,203	23,592	30,009	30,653	82,066
Unreserved	<u>48,162</u>	<u>(98,403)</u>	<u>(103,853)</u>	<u>(109,605)</u>	<u>(173,874)</u>
Total governmental activities	<u>267,436</u>	<u>131,765</u>	<u>137,176</u>	<u>133,292</u>	<u>60,165</u>
Business-type Activities:					
Net investment in capital assets	41,719	34,744	35,577	35,265	64,401
Restricted	1,478	469	469	469	36,006
Unrestricted	<u>5,941</u>	<u>1,084</u>	<u>6,032</u>	<u>11,124</u>	<u>(23,706)</u>
Total business-type activities	<u>49,138</u>	<u>36,297</u>	<u>42,078</u>	<u>46,858</u>	<u>76,701</u>
Primary Government:					
Net investment in capital assets	234,790	241,320	246,597	247,509	216,374
Restricted	27,681	24,061	30,478	31,122	118,072
Unassigned	<u>54,103</u>	<u>(97,319)</u>	<u>(97,821)</u>	<u>(98,481)</u>	<u>(197,580)</u>
Total primary government	<u>316,574</u>	<u>168,062</u>	<u>179,254</u>	<u>180,150</u>	<u>136,866</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)

	2008-09	2009-10	2010-11	2011-12	2012-13
<b>Expenses</b>					
<b>Governmental Activities:</b>					
General government	\$ 4,881	\$ 7,588	\$ 7,594	\$ 7,768	7,242
Public safety	45,314	46,420	50,482	51,958	46,414
Public works	7,450	8,013	5,849	6,767	7,349
Community services	9,220	8,420	9,041	9,314	8,959
Community development	8,732	10,543	13,825	8,481	5,821
Transit	3,486	3,469	5,954	4,927	3,992
Unallocated infrastructure depreciation	4,965	5,064	5,481	5,640	5,717
Interest on long term debt	1,859	1,933	2,130	1,541	46
Total expenses for governmental activities	<u>85,907</u>	<u>91,450</u>	<u>100,356</u>	<u>96,396</u>	<u>85,540</u>
<b>Business-type Activities:</b>					
Water	9,739	11,829	10,432	12,207	10,117
Golf	2,699	2,847	2,693	2,842	2,772
Sewer and Storm Drain					
Total expenses for business-type activities	<u>12,438</u>	<u>14,676</u>	<u>13,125</u>	<u>15,049</u>	<u>12,889</u>
Total expenses for primary government	<u>98,345</u>	<u>106,126</u>	<u>113,481</u>	<u>111,445</u>	<u>98,429</u>
<b>Program Revenues</b>					
<b>Governmental Activities:</b>					
<b>Charges for services:</b>					
General government	154	162	190	179	104
Public safety	4,161	4,951	4,014	5,234	5,996
Public works	2,273	2,410	2,134	1,173	3,111
Community services	2,536	2,078	2,187	2,414	2,452
Community development	2,277	1,580	3,806	1,443	1,301
Operating grants and contributions	7,629	7,190	8,818	9,131	8,468
Capital grants and contributions	7,634	7,528	6,500	6,330	4,279
Total revenues for governmental activities	<u>26,664</u>	<u>25,899</u>	<u>27,649</u>	<u>25,904</u>	<u>25,711</u>
<b>Business-type Activities:</b>					
<b>Charges for services:</b>					
Water	8,782	8,408	8,366	11,104	15,194
Golf	2,780	2,625	2,547	2,706	2,639
Sewer and Storm Drain					-
Operating grants and contributions	762	-	2,004	-	-
Total revenues for business-type activities	<u>12,324</u>	<u>11,033</u>	<u>12,917</u>	<u>13,810</u>	<u>17,833</u>
Total revenues for primary government	<u>38,988</u>	<u>36,932</u>	<u>40,566</u>	<u>39,714</u>	<u>43,544</u>
<b>Net (Expenses)/Revenues:</b>					
Governmental activities	(59,243)	(65,551)	(72,707)	(70,492)	(59,829)
Business-type activities	(114)	(3,643)	(208)	(1,239)	4,944
Total net position for primary government	<u>(59,357)</u>	<u>(69,194)</u>	<u>(72,915)</u>	<u>(71,731)</u>	<u>(54,885)</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)

	2013-14	2014-15	2015-16	2016-17	2017-18
Expenses					
Governmental Activities:					
General government	12,856	12,419	14,884	14,735	10,530
Public safety	52,127	54,196	58,397	65,666	70,552
Public works	10,209	13,598	15,479	15,486	15,075
Community services	5,821	6,703	7,975	9,404	10,152
Community development	5,115	4,893	7,257	5,870	7,626
Transit	3,317	-	-	-	-
Unallocated infrastructure depreciation	-	-	-	-	-
Interest on long term debt	1,052	1,617	1,662	1,704	2,588
Total expenses for governmental activities	<u>90,497</u>	<u>93,426</u>	<u>105,654</u>	<u>112,865</u>	<u>116,523</u>
Business-type Activities:					
Water	12,102	12,355	10,580	11,376	15,881
Golf	3,054	3,188	2,667	2,794	2,899
Sewer and Storm Drain	-	-	-	-	4,102
Total expenses for business-type activities	<u>15,156</u>	<u>15,543</u>	<u>13,247</u>	<u>14,170</u>	<u>22,882</u>
Total expenses for primary government	<u>105,653</u>	<u>108,969</u>	<u>118,901</u>	<u>127,035</u>	<u>139,405</u>
Program Revenues					
Governmental Activities:					
Charges for services:					
General government	5,109	5,530	6,436	7,700	7,674
Public safety	4,550	3,980	5,136	4,650	5,245
Public works	2,045	2,950	5,545	4,332	1,157
Community services	2,766	2,977	3,233	3,561	2,166
Community development	1,080	1,307	1,550	1,408	1,232
Operating grants and contributions	9,981	12,690	15,108	13,548	9,853
Capital grants and contributions	981	1,503	2,281	1,805	2,195
Total revenues for governmental activities	<u>26,512</u>	<u>30,937</u>	<u>39,289</u>	<u>37,004</u>	<u>29,522</u>
Business-type Activities:					
Charges for services:					
Water	18,104	17,399	16,120	16,874	18,026
Golf	2,765	2,763	2,798	2,800	2,947
Sewer and Storm Drain	-	-	-	-	1,507
Operating grants and contributions	-	-	-	-	388
Total revenues for business-type activities	<u>20,869</u>	<u>20,162</u>	<u>18,918</u>	<u>19,674</u>	<u>22,868</u>
Total revenues for primary government	<u>47,381</u>	<u>51,099</u>	<u>58,207</u>	<u>56,678</u>	<u>52,390</u>
Net (Expenses)/Revenues:					
Governmental activities	(63,985)	(62,489)	(66,365)	(75,861)	(87,001)
Business-type activities	5,713	4,619	5,671	5,504	(13)
Total net position for primary government	<u>(58,272)</u>	<u>(57,870)</u>	<u>(60,694)</u>	<u>(70,357)</u>	<u>(87,014)</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)

	2008-09	2009-10	2010-11	2011-12	2012-13
<b>General Revenues and Other Changes in Net Position:</b>					
Governmental Activities:					
Property taxes, levied for general purposes	\$ 25,561	\$ 25,938	\$ 24,347	\$ 20,847	\$ 21,116
Transient occupancy taxes	934	936	991	1,123	1,219
Sales and use taxes	9,675	8,942	9,845	10,479	11,925
Property tax in lieu of sales and use taxes	3,444	3,180	3,144	3,959	3,732
Franchise taxes	2,276	2,201	2,340	2,324	2,303
Utility taxes	7,677	7,471	7,094	6,778	7,170
Other taxes	1,632	1,536	1,742	1,351	1,426
Earning on investments	4,889	3,671	1,817	2,281	267
Gain/(loss) on sales of capital assets	49	38	25	24	-
Miscellaneous	1,491	1,938	2,171	2,529	2,782
Contribution from Successor Agency					-
Transfer-in	2,304	4,961	5,757	2,619	1,629
Extraordinary gain	-	-	-	30,042	-
Total governmental activities	<u>59,932</u>	<u>60,812</u>	<u>59,273</u>	<u>84,356</u>	<u>53,569</u>
Business-type Activities:					
Sales taxes	3,004	4,074	3,761	4,070	4,310
Earning on investments	1,436	1,022	451	768	164
Gain/(loss) on sales of capital assets	(28)	2	2	-	2
Miscellaneous	-	60	271	824	135
Transfer-in	(2,304)	(4,961)	(5,757)	(2,619)	(1,629)
Total business-type activities	<u>2,108</u>	<u>197</u>	<u>(1,272)</u>	<u>3,043</u>	<u>2,982</u>
Total primary government	<u>62,040</u>	<u>61,009</u>	<u>58,001</u>	<u>87,399</u>	<u>56,551</u>
<b>Changes in Net Position</b>					
Governmental activities	689	(4,739)	(13,434)	13,864	53,569
Business-type activities	<u>1,994</u>	<u>(3,446)</u>	<u>(1,480)</u>	<u>1,804</u>	<u>2,982</u>
Total net position for primary government	<u>2,683</u>	<u>(8,185)</u>	<u>(14,914)</u>	<u>15,668</u>	<u>56,551</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)

	2013-14	2014-15	2015-16	2016-17	2017-18
<b>General Revenues and Other Changes in Net Position:</b>					
Governmental Activities:					
Property taxes, levied for general purposes	\$ 21,842	\$ 23,152	\$ 24,709	\$ 25,378	\$ 26,976
Transient occupancy taxes	1,315	1,317	1,629	1,701	1,705
Sales and use taxes	11,395	17,062	20,039	24,606	26,993
Property tax in lieu of sales and use taxes	4,385	4,231	3,349	2,106	9,154
Franchise taxes	2,282	2,257	2,625	2,433	2,670
Utility taxes	7,562	7,595	7,229	7,065	6,735
Other taxes	1,633	1,661	1,903	1,898	2,128
Earning on investments	5,189	3,343	3,738	1,089	1,682
Gain/(loss) on sales of capital assets	-	-	45	(112)	-
Miscellaneous	16,321	7,201	4,759	4,806	5,639
Contribution from Successor Agency	-	-	-	-	-
Transfer-in	1,311	1,777	1,359	1,051	148
Extraordinary gain	-	-	-	-	-
Total governmental activities	<u>73,235</u>	<u>69,596</u>	<u>71,384</u>	<u>72,021</u>	<u>83,830</u>
Business-type Activities:					
Sales taxes	4,685	-	-	-	-
Earning on investments	489	458	519	300	500
Gain/(loss) on sales of capital assets	-	-	39	(1)	-
Miscellaneous	648	2,291	970	27	176
Transfer-in	(1,311)	(1,777)	(1,359)	(1,050)	(148)
Total business-type activities	<u>4,511</u>	<u>972</u>	<u>169</u>	<u>(724)</u>	<u>528</u>
Total primary government	<u>77,746</u>	<u>70,568</u>	<u>71,553</u>	<u>71,297</u>	<u>84,358</u>
<b>Changes in Net Position</b>					
Governmental activities	9,250	7,107	5,019	(3,840)	(3,171)
Business-type activities	<u>10,224</u>	<u>5,591</u>	<u>5,840</u>	<u>4,780</u>	<u>515</u>
Total net position for primary government	<u>19,474</u>	<u>12,698</u>	<u>10,859</u>	<u>940</u>	<u>(2,656)</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)

	2008-09	2009-10	2010-11	2011-12	2012-13
General Fund:					
Reserved	\$ 11,350	\$ 10,764			
Unreserved	13,390	12,355			
Total general fund	<u>24,740</u>	<u>23,119</u>			
All Other Governmental Funds:					
Reserved	16,828	16,270			
Unreserved, reported in:					
Special Revenue Funds	8,279	8,345			
Debt Service Funds	(7,590)	(9,214)			
Capital Project Funds	1,162	2,925			
Total all other governmental funds	<u>18,679</u>	<u>18,326</u>			
General Fund:					
Nonspendable	-	-	6,497	8,897	7,118
Restricted	-	-	4,260	4,867	4,793
Assigned	-	-	-	-	-
Unassigned	-	-	10,070	6,123	6,438
Total general fund	<u>-</u>	<u>-</u>	<u>20,827</u>	<u>19,887</u>	<u>18,349</u>
All Other Governmental Funds:					
Nonspendable			3,601	4,570	6,845
Restricted			12,837	4,379	5,086
Assigned			5,620	6,226	6,671
Unassigned			(7,766)	(45)	(142)
Total all other governmental funds	<u>-</u>	<u>-</u>	<u>14,292</u>	<u>15,130</u>	<u>18,460</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)

	2013-14	2014-15	2015-16	2016-17	2017-18
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	7,146	7,592	7,609	7,413	8,308
Restricted	4,877	-	-	-	-
Assigned	15,689	17,578	20,003	20,003	-
Unassigned	7,401	11,922	10,662	7,894	25,553
Total general fund	<u>35,113</u>	<u>37,092</u>	<u>38,274</u>	<u>35,310</u>	<u>33,861</u>
All Other Governmental Funds:					
Nonspendable	-	3,279	11	11	-
Restricted	9,683	6,237	13,935	14,480	65,680
Assigned	6,298	5,092	2,073	3,295	3,490
Unassigned	(525)	760	(2,189)	(3,686)	(1,774)
Total all other governmental funds	<u>15,456</u>	<u>15,368</u>	<u>13,830</u>	<u>14,100</u>	<u>67,396</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)

	2008-09	2009-10	2010-11	2011-12	2012-13
<b>Revenues:</b>					
Taxes	\$ 52,020	\$ 50,106	\$ 49,804	\$ 47,785	\$ 50,163
License and permits	1,372	1,269	1,107	1,094	1,171
Fines and forfeitures	1,625	1,803	1,552	1,507	1,362
Investment and rental	6,425	5,011	3,360	2,639	750
Intergovernmental revenue	12,266	12,205	11,892	11,404	8,469
Charges for services	7,960	7,883	8,740	9,795	11,209
Other revenue	2,933	3,200	5,505	3,211	3,901
Total revenues	<u>84,601</u>	<u>81,477</u>	<u>81,960</u>	<u>77,435</u>	<u>77,025</u>
<b>Expenditures:</b>					
Current:					
General government	5,244	6,296	6,565	6,293	6,533
Public safety	45,429	44,786	45,231	46,585	43,917
Public works	7,634	7,064	7,296	7,482	5,535
Community services	8,781	7,748	7,793	8,065	8,012
Community development	10,432	11,471	14,411	9,304	5,816
ERAF payment	-	-	-	-	-
Capital outlay	10,223	9,582	12,476	8,200	5,381
Debt service:					
Principal	1,840	485	500	510	250
Interest and fiscal charges	2,252	2,267	2,270	1,581	51
Total expenditures	<u>91,835</u>	<u>89,699</u>	<u>96,542</u>	<u>88,020</u>	<u>75,495</u>
Excess of revenues over (under) expenditures	<u>(7,234)</u>	<u>(8,222)</u>	<u>(14,582)</u>	<u>(10,585)</u>	<u>1,530</u>
<b>Other Financing Sources (Uses):</b>					
Transfers in	7,844	12,750	16,487	6,094	4,219
Transfers out	(5,540)	(7,798)	(9,656)	(4,175)	(4,735)
Proceeds from long-term debt	-	-	-	-	-
Contributions from Successor Agency	-	-	-	-	-
Sale of property	-	-	-	124	248
Issuance of debt	1,408	1,296	1,425	1,349	-
Sale of capital assets	-	-	-	-	-
Total other financing sources (uses)	<u>3,712</u>	<u>6,248</u>	<u>8,256</u>	<u>3,392</u>	<u>(268)</u>
<b>Extraordinary Gain</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,233</u>	<u>530</u>
Net change in fund balances	(3,522)	(1,974)	(6,326)	(2,960)	1,792
Fund balances - July 1	46,941	43,419	41,445	37,977	35,017
Fund balances - June 30	<u>43,419</u>	<u>41,445</u>	<u>35,119</u>	<u>35,017</u>	<u>36,809</u>
Debt service as a percentage of noncapital expenditures	5.37%	3.48%	3.15%	2.66%	0.42%

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)

	2013-14	2014-15	2015-16	2016-17	2017-18
<b>Revenues:</b>					
Taxes	\$ 52,054	\$ 57,363	\$ 61,521	\$ 65,130	\$ 76,104
License and permits	1,390	1,726	2,173	1,999	1,837
Fines and forfeitures	1,435	1,512	1,856	2,851	3,051
Investment and rental	4,785	1,784	2,046	1,497	1,918
Intergovernmental revenue	9,846	14,945	17,304	15,333	12,167
Charges for services	12,379	12,280	14,094	14,213	13,261
Other revenue	16,401	5,883	6,119	6,183	6,954
Total revenues	<u>98,290</u>	<u>95,493</u>	<u>105,113</u>	<u>107,206</u>	<u>115,292</u>
<b>Expenditures:</b>					
Current:					
General government	12,660	10,789	12,091	11,387	10,786
Public safety	44,837	46,683	51,103	56,712	58,694
Public works	10,040	12,983	14,431	14,707	13,835
Community services	4,990	5,862	6,413	8,540	9,263
Community development	4,013	4,412	6,097	5,430	7,235
ERAF payment	-	-	-	-	-
Capital outlay	6,593	13,264	16,794	13,272	8,309
Debt service:					
Principal	250	645	460	611	681
Interest and fiscal charges	38	975	1,630	1,652	2,696
Total expenditures	<u>83,421</u>	<u>95,613</u>	<u>109,019</u>	<u>112,311</u>	<u>111,499</u>
Excess of revenues over (under) expenditures	<u>14,869</u>	<u>(120)</u>	<u>(3,906)</u>	<u>(5,105)</u>	<u>3,793</u>
<b>Other Financing Sources (Uses):</b>					
Transfers in	3,926	9,118	9,210	5,820	5,552
Transfers out	(5,709)	(8,341)	(7,823)	(4,770)	(6,216)
Proceeds from long-term debt	-	-	-	-	51,949
Contributions from Successor Agency	-	-	-	-	-
Sale of property	-	-	-	-	-
Issuance of debt	600	-	668	705	743
Sale of capital assets	-	350	2,163	700	-
Total other financing sources (uses)	<u>(1,183)</u>	<u>1,127</u>	<u>4,218</u>	<u>2,455</u>	<u>52,028</u>
<b>Extraordinary Gain</b>					
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	13,686	1,007	312	(2,650)	55,821
Fund balances - July 1	<u>36,883</u>	<u>52,747</u>	<u>51,793</u>	<u>52,060</u>	<u>45,436</u>
Fund balances - June 30	<u>50,569</u>	<u>53,754</u>	<u>52,105</u>	<u>49,410</u>	<u>101,257</u>
Debt service as a percentage of noncapital expenditures	0.37%	1.97%	2.22%	2.30%	3.26%

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



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

Fiscal Year	Secured	Public Utilities	Less Exemptions	Net Total Secured	Unsecured	Less Exemptions	Net Total Unsecured	Net Total Unsecured and Secured	Percent Increase (Decrease)
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%
2017-18	11,461,902	1,011	716,615	10,746,298	379,305	45	379,260	11,125,558	5.11%

*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

	2008-09	2009-10	2010-11	2011-12	2012-13
Residential	\$ 7,147,505	\$ 6,695,739	\$ 6,603,986	\$ 6,712,488	\$ 6,813,822
Commercial	1,004,451	1,048,645	1,048,624	1,062,528	1,102,810
Industrial	336,253	369,515	372,651	376,634	365,085
Government owned					
Institutional	42,987	47,219	46,807	45,773	55,963
Miscellaneous	12	13	13	13	13
Recreational	25,322	25,189	25,080	25,184	25,643
Unknown	24,802	25,298	25,238	25,428	487
Vacant Land	39,879	22,582	26,544	52,680	46,386
SBE Nonunitary	1,172	830	830	560	560
Possessory Int.	79,303	117,054	115,856	116,837	118,890
Unsecured	244,182	243,290	231,329	228,721	291,256
Exempt	-	-	-	-	-
<b>TOTALS</b>	<b>8,945,868</b>	<b>8,595,374</b>	<b>8,496,958</b>	<b>8,646,846</b>	<b>8,820,915</b>
<b>Total Direct Rate</b>	<b>0.1805%</b>	<b>0.1952%</b>	<b>0.1812%</b>	<b>0.1810%</b>	<b>0.1815%</b>

*Note: Exempt values are not included in Total.*

CITY OF DOWNEY

ASSESSED VALUE OF TAXABLE PROPERTY  
(amounts expressed in thousands)

Last Ten Fiscal Years

	2013-14	2014-15	2015-16	2016-17	2017-18
Residential	\$ 7,042,493	\$ 7,393,326	\$ 7,803,812	\$ 8,284,859	\$ 8,709,975
Commercial	1,131,294	1,144,938	1,191,137	1,277,960	1,400,109
Industrial	396,484	378,085	312,043	321,456	334,314
Government owned				620	632
Institutional	62,578	65,961	66,176	70,995	76,903
Miscellaneous	13	2,458	1,012	1,027	3,549
Recreational	25,780	25,860	26,516	31,953	32,592
Unknown	3,384	499	509	517	527
Vacant Land	44,154	59,703	67,132	68,292	46,663
SBE Nonunitary	560	560	560	560	1,011
Possessory Int.	130,482	132,961	0	138,570	140,024
Unsecured	260,999	321,263	394,680	395,266	379,260
Exempt	-	-	(83,552.00)	(82,326.00)	(82,336.00)
<b>TOTALS</b>	<b>9,098,221</b>	<b>9,525,614</b>	<b>9,863,577</b>	<b>10,592,075</b>	<b>11,125,559</b>
Total Direct Rate	0.1387%	0.1399%	0.1400%	0.1404%	0.1403%

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

	2008-09	2009-10	2010-11	2011-12	2012-13
<b>Basic Levy 1</b>					
City of Downey Tax District 1	0.13970	0.13970	0.13970	0.14125	0.13970
Cerritos Community College District	0.02625	0.02625	0.02620	0.02625	0.02620
Childrens Institutional Tuition Fund	0.00291	0.00291	0.00291	0.00291	0.00291
County Sanitation District No. 2 Operating	0.01395	0.01395	0.01394	0.01395	0.01394
County School Service Fund-Downey	0.00743	0.00743	0.00743	0.00743	0.00743
County School Service	0.00146	0.00146	0.00146	0.00146	0.00146
Development Ctr For Handicapped Minors	0.00052	0.00052	0.00052	0.00052	0.00052
Downey Cemetery District	0.00089	0.00089	0.00089	0.00089	0.00089
Downey Unified School District	0.21536	0.21536	0.21540	0.21536	0.21540
Educational Augmentation Fund Impound	0.16308	0.16308	0.16310	0.16308	0.16310
Educational Revenue Augmentation	0.07340	0.07340	0.07340	0.07154	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	0.33481	0.33450
Water Replenishment District of Southern Calif	0.00018	0.00018	0.00018	0.00018	0.00018
<b>Total Basic Levy Rate</b>	<b>1.00000</b>	<b>1.00000</b>	<b>1.00000</b>	<b>1.00000</b>	<b>1.00000</b>
Cerritos Community College Dist	0.00994	0.01854	0.02677	0.01782	0.02594
Compton Community College Dist	0.01262	0.01296	0.01487	0.01481	0.01531
County Detention Facilities 1987 Debt	0.00000	0.00000	0.00000	0.00000	0.00000
Downey Unified School District	0.05790	0.06507	0.07018	0.06725	0.07132
LA Community College District	0.02212	0.02311	0.04031	0.03530	0.03756
LA County Flood Control	0.00000	0.00000	0.00000	0.00000	0.00000
Little Lake City School District	0.07360	0.07233	0.07647	0.05286	0.06942
Los Angeles Unified School District	0.12478	0.15181	0.18695	0.16819	0.17560
Metropolitan Water District	0.00430	0.00430	0.00370	0.00370	0.00350
Montebello Unified School District	0.08063	0.09673	0.09792	0.10001	0.09630
Norwalk-La Mirada Unified	0.06271	0.06110	0.06197	0.06496	0.06997
Rio Hondo Community College Dist	0.02320	0.02714	0.03439	0.03418	0.02812
Whittier Union High School Dist	0.03728	0.04224	0.04239	0.04317	0.04556
<b>Total Voter Approved Rate</b>	<b>0.50908</b>	<b>0.57533</b>	<b>0.65592</b>	<b>0.60225</b>	<b>0.63860</b>
<b>TOTAL DIRECT &amp; OVERLAPPING<sup>2</sup> TAX RATE</b>	<b>1.50908</b>	<b>1.57533</b>	<b>1.65592</b>	<b>1.60225</b>	<b>1.63860</b>
<b>Rate producing Revenue for City and Redevelopment Agency (RDA)</b>					
City General Fund Direct Rate 3	0.13973	0.13973	0.13973	0.13973	0.013973
RDA Incremental Rate 4	1.00430	1.00430	1.00370	1.00370	-
<b>Total Direct Rate<sup>5</sup></b>	<b>0.18053</b>	<b>0.19517</b>	<b>0.18514</b>	<b>0.18102</b>	<b>0.18154</b>

Fund balances - July 1, as restated

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

	2013-14	2014-15	2015-16	2016-17	2017-18
<b>Basic Levy 1</b>					
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	68292.00000
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
<b>Total Basic Levy Rate</b>	<b>1.00000</b>	<b>1.00000</b>	<b>1.00000</b>	<b>1.00000</b>	<b>1.00000</b>
Cerritos Community College Dist	0.02502	0.04809	0.04829	0.04698	0.04370
Compton Community College Dist	0.00963	0.00987	0.00926	0.00920	0.00954
County Detention Facilities 1987 Debt	0.00000	0.00000	0.00000	0.00000	0.00000
Downey Unified School District	0.06603	0.06549	0.11466	0.11473	0.10538
LA Community College District	0.04454	0.04017	0.03575	0.03596	0.04599
LA County Flood Control	0.00000	0.00000	0.00000	0.00000	0.00000
Little Lake City School District	0.08537	0.07964	0.06522	0.07527	0.07876
Los Angeles Unified School District	0.14644	0.14688	0.12971	0.13110	0.12219
Metropolitan Water District	0.00350	0.00350	0.00350	0.00350	0.00350
Montebello Unified School District	0.09457	0.08750	0.08715	0.14705	0.13514
Norwalk-La Mirada Unified	0.07238	0.07063	0.14114	0.13400	0.13818
Rio Hondo Community College Dist	0.02892	0.02821	0.02712	0.02808	0.02748
Whittier Union High School Dist	0.04473	0.05270	0.05063	0.06035	0.05781
<b>Total Voter Approved Rate</b>	<b>0.62113</b>	<b>0.63268</b>	<b>0.71244</b>	<b>0.78621</b>	<b>0.76768</b>
<b>TOTAL DIRECT &amp; OVERLAPPING2 TAX RATE</b>	<b>1.62113</b>	<b>1.63268</b>	<b>1.71244</b>	<b>1.78621</b>	<b>1.76768</b>
<b>Rate producing Revenue for City and Redevelopment Agency (RDA)</b>					
City General Fund Direct Rate 3	0.013973	0.013973	0.013973	0.013973	0.013973
RDA Incremental Rate 4	-	-	-	-	-
<b>Total Direct Rate5</b>	<b>0.13874</b>	<b>0.13987</b>	<b>0.14008</b>	<b>0.14043</b>	<b>0.14028</b>

Fund balances - July 1, as restated

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	2017-18		2008-09	
	Taxable Assessed Value	% of Total City Taxable Assessed Value	Taxable Assessed Value	% of Total City Taxable Assessed Value
Gary L. Ball Trust	111,143	1.00%	100,002	1.12%
Downey Landing LLC	100,559	0.90%	43,724	0.49%
PRC Multi-Family LLC	89,574	0.81%	30,272	0.34%
Coca Cola Bottling Company of Los Angeles	78,032	0.70%	75,773	0.85%
Kaiser Foundation Health Plan, Inc.	74,331	0.67%	55,567	0.62%
Macerich Stonewood LLC	59,992	0.54%	52,487	0.59%
Fremont Rancho Limited	47,083	0.42%	49,007	0.48%
Lone Oak-Downey, LLC	43,671	0.39%		
RLJ II EM Downey LP	40,518	0.36%	31,540	0.35%
Downey Regional Medical Center Hospital Inc	39,070	0.35%		
Top Ten Total	683,973	6%	438,372	5%

*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
2008-09	12,008	11,501	95.78%	507	12,008	100.00%
2009-10	11,870	11,842	99.76%	28	11,870	100.00%
2010-11	11,029	10,934	99.14%	95	11,029	100.00%
2011-12	12,323	10,823	87.83%	10	10,833	87.91%
2012-13	12,407	12,407	100.00%	-	12,407	100.00%
2013-14	12,710	12,313	96.88%	38	12,351	97.18%
2014-15	13,307	13,142	98.76%	165	13,307	100.00%
2015-16	13,587	13,164	96.89%	26	13,190	97.08%
2016-17	14,416	14,241	98.79%	26	14,267	98.97%
2017-18	15,165	15,140	99.84%	3	15,143	99.85%



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
2008-09	27,987	-	24,194	52,181	8,347	-	8,347	60,528	2439.5%	538
2009-10	27,614	-	26,162	53,776	8,043	-	8,043	61,819	2537.4%	547
2010-11	27,186	-	29,342	56,528	7,729	-	7,729	64,257	2643.7%	565
2011-12	19,535	-	12,936	32,471	7,401	-	7,401	39,872	1581.4%	355
2012-13	19,260	-	13,353	32,613	7,149	-	7,149	39,762	1536.7%	353
2013-14	18,933	-	13,893	32,826	6,783	-	6,783	39,609	1556.5%	349
2014-15	18,545	-	13,949	32,494	5,875	-	5,875	38,369	2349.6%	537
2015-16	18,092	-	16,165	34,257	5,480	-	5,480	39,737	2719.7%	625
2016-17	17,569	-	16,630	34,199	5,070	-	5,070	39,269	1485.9%	345
2017-18	67,580	-	17,470	85,050	4,645	281	4,926	89,976	3258.4%	790

\* 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
2008-09	112,556	8,946	60,528	-	60,528	676.6%	53.8%
2009-10	113,053	8,595	61,819	-	61,819	719.2%	54.7%
2010-11	113,715	8,497	64,257	-	64,257	756.2%	56.5%
2011-12	112,201	8,647	39,872	-	39,872	461.1%	35.5%
2012-13	112,761	8,821	39,762	-	39,762	450.8%	35.3%
2013-14	113,363	9,098	39,609	-	39,609	435.3%	34.9%
2014-15	113,417	9,526	38,369	-	38,369	402.8%	33.8%
2015-16	114,181	9,998	39,737	-	39,737	397.4%	34.8%
2016-17	113,832	10,585	39,269	-	39,269	371.0%	34.5%
2017-18	113,832	11,126	89,976	-	89,976	808.7%	79.0%

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CITY OF DOWNEY

SCHEDULE OF DIRECT AND OVERLAPPING DEBT

June 30, 2018

City Assessed Valuation	\$ 11,125,558,327
Incremental Valuation	(628,181,375)
Total Assessed Valuation	<u>\$ 10,497,376,952</u>

Debt to Assessed Valuation Ratios:	Direct Debt	1.05%
	Overlapping Debt	1.56%
	Total Debt	2.61%

	Gross Bonded Debt Balance 6/30/2018	Percent Applicable to City of Downey	Net Bonded Debt
Metropolitan Water District*	29,354,442	0.916	\$ 268,874
Little Lake City SD DS 00SR D-1QSCBS	6,475,000	3.455	\$ 223,722
Little Lake City SD DS 2011 Refunding Bond	4,794,901	3.455	\$ 165,671
Little Lake City SD DS 2012 Series A	4,480,000	3.455	\$ 154,791
Little Lake City SD DS 2014 Ref Bonds Series A	5,685,000	3.455	\$ 196,426
Little Lake City SD DS 2014 Ref Bonds Series B	10,325,000	3.455	\$ 356,745
Little Lake City SD DS 2012 Series B	11,910,000	3.455	\$ 411,510
Whittier UN High DS 2008 Ser 2009A	480,682	0.560	\$ 2,692
Whittier UN High DS 2008 Ser 2014B	12,465,000	0.560	\$ 69,798
Whittier UN High DS 2008 Ser 2015C	67,050,000	0.560	\$ 375,450
Whittier UN High DS 2015 Ref Bonds	65,658,679	0.560	\$ 367,659
Cerritos CCD DS 2004 Series 2009C	2,560,000	23.939	\$ 612,842
Cerritos CCD DS 2004 Series 2012D	81,210,988	23.939	\$ 19,441,197
Cerritos CCD DS 2012 Series 2014A	73,900,000	23.939	\$ 17,691,011
Cerritos CCD DS 2014 Refunding Bonds Series A	77,845,000	23.939	\$ 18,635,409
Cerritos CCD DS 2014 Refunding Bonds Series B	13,840,000	23.939	\$ 3,313,174
Cerritos CCD DS 2012 Series 2018B	75,000,000	23.939	\$ 17,954,341
Compton CCD DS 2002 Series 2008A	605,000	0.692	\$ 4,187
Compton CCD DS 2002 Series 2012C	14,429,048	0.692	\$ 99,855
Compton CCD DS 2012 Ref Bonds	10,915,000	0.692	\$ 75,536
Compton CCD DS 2002 Series 2013D	16,444,972	0.692	\$ 113,806
Compton CCD DS 2014 Ref	16,470,000	0.692	\$ 113,979
Compton CCD DS 2015 Ref Bonds	12,635,000	0.692	\$ 87,440
LA CCD DS 2003 Taxable Series 2004B	2,115,000	0.003	\$ 56
LA CCD DS 2001 Taxable Series 2004A	31,555,000	0.003	\$ 832
LA CCD DS 2001, 2008 Series E-1	7,580,000	0.003	\$ 200
LA CCD DS 2003, 2008 Series F-1	7,575,000	0.003	\$ 200
LA CCD DS 2008, 2009 Taxable Series B	75,000,000	0.003	\$ 1,977
LA CCD DS 2008, 2010 Taxable Series D	125,000,000	0.003	\$ 3,295
LA CCD Debt 2008, 2010 Tax Ser E (BABS)	900,000,000	0.003	\$ 23,727
LA CCD DS 2008 2012 Series F	205,000,000	0.003	\$ 5,404
LA CCD DS 2013 Ref Bonds	42,305,000	0.003	\$ 1,115
LA CCD DS 2008 Series G	1,664,870,000	0.003	\$ 43,891
LA CCD DS 2015 Ref Series A	33,270,000	0.003	\$ 877
LA CCD DS 2015 Ref Series B	272,085,000	0.003	\$ 7,173
LA CCD DS 2015 Ref Series C	223,910,000	0.003	\$ 5,903
LA CCD DS 2008 Series 1	175,565,000	0.003	\$ 4,628
LA CCD DS 2016 Ref Bonds	300,000,000	0.003	\$ 7,909
LA CCD DS 2016, 2017 Series A	100,000,000	0.003	\$ 2,636
Rio Hondo CCD DS 2005 Refunding Bonds	31,650,000	0.358	\$ 113,235
Rio Hondo CCD DS 2004 Series 2008	116,557,824	0.358	\$ 417,011
Downey Unified DS Refunding 1999 Series A	3,935,256	91.692	\$ 3,608,328
Downey USD DS 2007 Ref Bonds	16,720,000	91.692	\$ 15,330,958
Downey USD DS 2011 Refunding Bonds	7,000,000	91.692	\$ 6,418,463
Downey USD DS 2012 Refunding Bonds	12,510,000	91.692	\$ 11,470,711
Downey USD DS 2014 Series A	42,995,000	91.692	\$ 39,423,118
Downey USD DS 2016 Ref Bonds	6,595,000	91.692	\$ 6,047,109
Montebello USD DS 1998 Series 1998	4,344,911	0.131	\$ 5,690
Montebello USD DS 1998 Series 1999	6,754,609	0.131	\$ 8,845
Montebello USD DS 1998 Series 2002	12,862,369	0.131	\$ 16,843
Montebello USD DS 2004 Ser 2008	870,000	0.131	\$ 1,139
Montebello USD DS 2004 Series 2009-1	1,820,000	0.131	\$ 2,383
Montebello USD DS 2004 Series 2009A-2 BABS	12,640,000	0.131	\$ 16,552
Montebello USD DS 2010 Refunding Bonds	3,380,000	0.131	\$ 4,426
Montebello USD DS Ref 2004 Series 2013A	18,300,000	0.131	\$ 23,963
Montebello USD DS Ref Bond Series 2015	28,215,000	0.131	\$ 36,947
Montebello USD DS Ref Bonds 2016 Series A	14,820,000	0.131	\$ 19,406
Montebello USD DS 2016 Series A	92,205,000	0.131	\$ 120,740
<b>Total Overlapping Debt</b>			<b>163,931,807</b>
<b>Total Direct Debt</b>			<b>110,340,281</b>
<b>Total Direct and Overlapping Debt</b>			<b>274,272,088</b>

Notes:

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

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

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

CITY OF DOWNEY

SCHEDULE OF LEGAL DEBT MARGIN  
(amounts expressed in thousands)

Last Ten Fiscal Years

	2008-09	2009-10	2010-11	2011-12
Assessed Valuation	\$ 8,945,867	\$ 8,595,374	\$ 8,496,958	\$ 8,496,958
Charter Debt Limited (15% of Assessed Valuation)	1,341,880	1,289,306	1,274,544	1,274,544
Amount of debt applicable to debt limit	-	-	-	-
Legal Debt Margin	<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%

*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

	2013-14	2014-15	2015-16	2016-17	2017-18
Assessed Valuation	\$ 8,820,915	\$ 9,525,614	\$ 9,998,371	\$ 10,585,083	\$ 11,125,558
Charter Debt Limited (15% of Assessed Valuation)	1,323,137	1,428,842	1,499,756	1,587,762	1,668,834
Amount of debt applicable to debt limit	-	-	-	-	-
Legal Debt Margin	<u>1,323,137</u>	<u>1,428,842</u>	<u>1,499,756</u>	<u>1,587,762</u>	<u>1,668,834</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	
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
2017-18	3,223	2,733	490	425	180	605	0.81

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

CITY OF DOWNEY  
 DEMOGRAPHIC AND ECONOMIC STATISTICS  
 Last Ten Calendar Years

Calendar Year	Population	Personal Income (in thousands)	Per Capita Personal Income	Unemployment Rate
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	2017-18		2008-09	
	Number of Employees	Percent of Total Employment	Number of Employees	Percent of Total Employment
Kaiser Permanente	4,500	11.86%	3,000	6.10%
Downey Unified School District	2,764	7.29%	2,000	4.00%
Stonewood Shopping Center	1,765	4.65%	1,750	3.50%
Rancho Los Amigos Medical Center	1,600	4.22%	1,374	2.80%
PIH Health (formally Downey Regional Medical Center)	1,500	3.95%	955	1.90%
Office of Education, County of Los Angeles	1,200	3.16%	900	1.80%
City of Downey	878	2.31%	-	-
Coca-Cola Bottling Company	800	2.11%	920	1.90%
County of Los Angeles, Internal Service Department	712	1.88%	-	-
Lakewood Health Center	450	1.19%	325	0.70%

CITY OF DOWNEY

FULL-TIME AND PART-TIME CITY EMPLOYEES BY FUNCTION

Last Ten Fiscal Years

Function	2008-09	2009-10	2010-11	2011-12	2011-12
General Government	38	36	36	33	33
Police	201 <sup>1</sup>	193	190	166	166
Fire	92	91	90	86	86
Community Services	383 <sup>2</sup>	370	383	337	337
Public Works	87	82	83	83	83
Community Development	30	33	28	30	30
<b>Total</b>	<b>831</b>	<b>805</b>	<b>810</b>	<b>735</b>	<b>735</b>

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	2013-14	2014-15	2015-16	2016-17	2017-18
General Government	31	32	36	38	39
Police	167	161	166	166	181
Fire	94 <sup>3</sup>	98 <sup>4</sup>	89	94	115
Community Services	379	469 <sup>5</sup>	477	373	441
Public Works	74	76	81	79	79
Community Development	21	21	21	21	23
<b>Total</b>	<b>766</b>	<b>857</b>	<b>870</b>	<b>771</b>	<b>878</b>

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.

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5. The part time employees hours were reduced to keep them below the requirements for offering insurance benefits. Staffing had to increase to cover the reduction in current staff hours.

CITY OF DOWNEY

OPERATING INDICATORS

Last Ten Fiscal Years

	2007-08	2008-09	2009-10	2010-11	2011-12
<b>Police:</b>					
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
<b>Fire:</b>					
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
<b>Parks and Recreation:</b>					
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
<b>Public works:</b>					
<b>Engineering (CIP related improvement)</b>					
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
<b>Maintenance</b>					
Pavement markings (square feet)	80,365	102,651	42,638	42,638	n/a
Street striping (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
<b>Water:</b>					
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
<b>Sanitary Sewer:</b>					
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
<b>Golf course:</b>					
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	2017-18
<b>Police:</b>						
Number of arrests	3,376	3,368	3,942	3,947	3,498	3,471
Number of collision reports issued	1,135	1,170	1,199	1,280	1,112	1,023
Number of traffic citations issued	32,031	35,643	16,008	14,696	14,111	14,085
Number of reported crimes & incidents	9,759	8,198	9,331	9,729	8,576	12,839
<b>Fire:</b>						
Number of emergency incidents	6,979	6,996	7,346	8,081	7,915	8,114
Number of fire & other incidents	1,268	1,363	1,339	1,635	1,689	1,424
Number of special service & other incidents	171	312	410	374	449	416
Number of traffic accidents	812	853	1,026	1,121	1,073	907
<b>Parks and Recreation:</b>						
Number of general park attendance	954,696	1,404,361	1,652,469	2,004,311	1,620,000	1,954,297
Number of participants in theatre	47,943	42,219	45,869	51,762	45,500	107,130
Number of library attendance	356,586	363,640	360,211	371,625	326,941	320,311
<b>Public works:</b>						
<b>Engineering (CIP related improvement)</b>						
Street striping (lineal feet)	5,798	39,750	39,218	55,392	93,640	40,205
Asphalt replacement (tons)	5,201	21,484	19,998	30,728	39,730	23,150
Trees planted (each)	n/a	n/a	437	105	118	106
Trees removed (each)	151	220	100	332	89	46
<b>Maintenance</b>						
Pavement markings (square feet)	35,038	57,229	38,485	24,985	48,070	41,640
Street striping (linear feet)	260,463	29,751	8,721	2,084	803,231	792
Asphalt repair (tons)	403	375	403	422	450	417
Graffiti removed (square feet)	633,950	645,000	676,623	752,655	581,479	568,449
Trees trimmed (each)	5,820	8,169	3,677	8,034	8,889	8,220
Trees planted (each)	123	204	81	95	473	129
Trees removed (each)	618	228	205	185	145	124
Vehicles serviced - preventative maintenance (each)	1,332	455	1,604	1,494	550	1,031
Vehicles serviced - repairs (each)	849	660	656	547	646	532
<b>Water:</b>						
Number of customers	23,486	22,961	23,039	23,341	23,314	23,336
Annual supply (acre feet)	17,215	17,279	15,768	13,911	14,352	14,796
Maximum daily capacity (thousands of gallons)	45,000	45,000	45,000	45,000	45,000	40,000
<b>Sanitary Sewer:</b>						
Sewer main cleaned (no. of miles)	57	45	35	70	78	77
Vector coating applied to sewer manholes	1,650	1,350	1,650	25	1,650	1,650
<b>Golf course:</b>						
Golf rounds played	66,276	60,152	52,828	58,576	65,658	63,574

CITY OF DOWNEY

CAPITAL ASSET STATISTICS BY FUNCTION

Last Ten Fiscal Years

Function	2008-09	2009-10	2010-11	2011-12	2012-13
<b>Public Safety</b>					
Number of Police stations	1	1	1	1	1
Number of Fire stations	4	4	4	4	4
<b>Highways and streets</b>					
Miles of streets	210	210	210	210	210
Traffic signals	115	115	115	115	116
No. of street lights	5,430	5,430	5,430	5,430	5,430
<b>Water</b>					
Number of active water wells	20	20	20	20	20
Number of reservoirs	1	1	1	1	1
Miles of lines & mains	263	263	263	263	276
<b>Sewer</b>					
Miles of sanitary sewer	187	187	187	187	187
Sewer lift station	2	2	2	2	2
<b>Culture and Recreation</b>					
Number of parks	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

CITY OF DOWNEY  
 CAPITAL ASSET STATISTICS BY FUNCTION  
 Last Ten Fiscal Years

Function	2013-14	2014-15	2015-16	2016-17	2017-18
<b>Public Safety</b>					
Number of Police stations	1	1	1	1	1
Number of Fire stations	4	4	4	4	4
<b>Highways and streets</b>					
Miles of streets	210	210	210	210	210
Traffic signals	116	116	116	116	116
No. of street lights	5,430	5,430	5,430	5,430	5,430
<b>Water</b>					
Number of active water wells	20	20	20	20	20
Number of reservoirs	1	1	1	1	1
Miles of lines & mains	276	276	276	276	276
<b>Sewer</b>					
Miles of sanitary sewer	187	193	193	193	193
Sewer lift station	2	2	2	2	1
<b>Culture and Recreation</b>					
Number of parks	12	12	12	12	12
Number of community centers	1	1	1	1	1
Number of golf course	1-18-hole	1-18-hole	1-18-hole	1-18-hole	1-18-hole



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