

CITY OF DOWNEY
ANNUAL COMPREHENSIVE
FINANCIAL REPORT
FOR FISCAL YEAR ENDED JUNE 30, 2023
CALIFORNIA



City of Downey California



ANNUAL COMPREHENSIVE FINANCIAL REPORT

FISCAL YEAR ENDED 2023

Prepared By

Roger Bradley
City Manager

Stephen Hannah
Director of Finance and Information Technology

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For The Year Ended June 30, 2023

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INTRODUCTORY SECTION





City of Downey

December 28, 2023

Honorable Mayor and City Council and Citizens of the City of Downey:

In accordance with the Charter of the City of Downey, it is with great pleasure that I submit for City Council's consideration the Annual Comprehensive Financial Report (ACFR) of the City of Downey for the fiscal year ended June 30, 2023.

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 ACFR is prepared in accordance with local and state laws requiring that financial statements be presented in conformity with accounting principles generally accepted in the United States of America, including Financial Reporting requirements outlined by the Governmental Accounting Standards Board (GASB) statement. The ACFR was also prepared with the opinion of Lance, Soll and Lunghard, LLP, an independent firm of licensed certified public accountants. This report is presented in a manner designed to fairly set forth the financial position and results of operations of the City. The ACFR includes disclosures designed to enable the reader to gain an understanding of the City's financial affairs.

In keeping with the GASB, management is required to provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of a Management's Discussion and Analysis (MD&A). This transmittal letter is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found in the financial section.

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 12.6 square miles and serves a residential population of 111,261 (Hdl).

The City of Downey was incorporated on December 17, 1956 and on November 5, 1996 became a Charter City. Downey is operated under a Council-Manager form of

Future Unlimited

CIVIC CENTER
11111 BROOKSHIRE AVE.
PO BOX 7016
DOWNEY, CALIFORNIA
90241-7016
562-869-7331
www.downeyca.org

LIBRARY
11121 BROOKSHIRE AVE.
DOWNEY, CALIFORNIA
90241-7016
562-904-7360
www.downeylibrary.org

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

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

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

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

government, and is governed by a five-member Council with four elected from designated districts and one elected at large.

The City provides full ranges of services, which includes but is not limited to, police and fire protection; water and wastewater utilities; street maintenance; public transportation; 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 US economy continues to grow. However, trepidation exists as a result of continued inflation and tangled supply chains challenging various business sectors. A key measurement includes the real gross domestic product (GDP), which increased at an annual rate of 5.2 percent in the third quarter of 2023 according to the estimate released by the Bureau of Economic Advanced Analysis in October 2023. The increase in the third quarter real GDP primarily reflected increases in consumer spending and inventory investment.

Further, the S&P Global Ranking forecasts U.S. GDP growth at 1.6 percent for 2022 and 0.2 percent for 2023, respectively. The numbers demonstrate a slowing growth pattern due to ongoing inflation and supply chain disruptions as a result of the Russian-Ukraine military conflict.

Housing, Unemployment and Consumer Confidence

California's housing market continued to slow as the monthly average 30-year fixed rate mortgage rose to 7.3 percent as of June of 2023. Existing, single-family home sales totaled 277,490 in June, on a seasonally adjusted annualized rate, down 19.7 percent from June 2022. June's statewide median home price was \$838,260, down 2.4 percent from June 2022. Year-to-date statewide home sales were down 32.9 percent for the year.

Affordable housing continues to be a major challenge in California. Statewide, the median sales price stood at \$838,260 as of June 30, 2023, down 3.0 percent from June of 2022. Less than twenty-five percent of California households can afford to purchase a home. This housing climate is forcing individuals to no longer pursue the purchase of a home, leaving them to continue renting or resorting to other housing options.

Rising interest rates and continued inflation have continued to impact the housing market, in terms of sales volume and, in some areas, the median sales prices. For the year ended June 30, 2023, the median home price in Los Angeles County stood at \$860,705, a

1.7 percent decrease when compared to the year ended June 30, 2022. Additionally, for the year ended June 30, 2023, the number of closed sales of single-family homes dropped 34.6 percent from the previous year.

For fiscal Year 2022-2023, the number of single-family homes sold in Downey was 376. This represents a 31.1 percent decrease when compared to the prior fiscal year total of 546 homes. In Downey, median sale price increased by 0.1 percent to a median price for the year of \$775,678.

The financial impact of the cooling housing market is likely reduction in the rate of growth in property tax revenue that the City receives. Due to California State Proposition 13, properties cannot be reassessed at their market values until a change in ownership occurs. However, assessment values, whether at market or below, do still increase by an annual inflationary factor, which is determined by the County Assessor. The inflationary factor is capped at not more than two percent annually. While the reduction in annual home sales is expected to continue during the upcoming year, the average sale price is still expected to show small to moderate growth, positively affecting property tax revenue for the City.

The U.S. continues to demonstrate a steady increase in job growth. In November 2023, the unemployment rate sits at 3.7 percent according to the U.S. Bureau of Labor Statistics. Notable job gains occurred in health care and government.

In California, the unemployment rate was at 4.8 percent as the state's employers added 40,200 nonfarm payroll jobs to the economy, according to data released by the California Employment Development Department. This is 1.1 percent increase year over year from November 2022, which was at 3.7 percent. In Downey the unemployment rate is 4.3 percent.

For the year ended June 2023, consumer prices increased 3.0 percent. The June 2023 increase was the smallest 12-month increase since March 2021. A year earlier, in June 2022, the 12-month increase in overall prices was 9.1 percent, and had been 7.0 percent or higher in the preceding 6 months.

Consumer confidence continues to decline as a result of persistent high inflation, increasing the cost of everyday items. This is compounded by growing concerns of a potential recession occurring in the next year or two as the job market slows. With a pessimistic view of the economy growing, and particularly among those on a fixed income, consumer spending is anticipated to slow. This could have negative impacts on Downey's sales tax revenues and the overall economic growth of the business community.

MAJOR INITIATIVES

During the 2022-2023 fiscal year, the City, undertook an ambitious set of goals and objectives that were in line with the City Council's five over-arching priorities of:

- Fiscal Responsibility;
- Economic Vibrancy;
- Efficiency & Adaptability;
- Quality of Life, Safety, & Infrastructure; and
- Public Engagement.

Notable successes include:

- Filled key vacancies and returned organizational stability to the City.
- 14.6% average increase in social media followers across all platforms.
- Received 10th consecutive budget award from GFOA and CSMFO.
- Record attendance at the City of STEM event held at the LA Historic State Park.
- Completed and Received State Approval of Housing Element Update.
- Continued to encourage the use of Downtown Downey to further attract patrons and businesses.
- 272 Households Assisted through the COVID-19 Rental Assistance Program.
- 17 Small Businesses Assisted through the COVID-19 Small Business program.
- Facilitated opening of the Marriott Springhill Suites.
- Implemented digital radio system for Downey Fire Communications.
- Opening of the Rancho South Campus Sports Center.
- Completed the installation of new playgrounds and surfacing at Temple and Crawford Parks and addition of Pickleball Courts at Independence Park.
- Held 1st annual Special Needs Resources Fair and 2nd annual Beyond the Book Fair.
- Implemented a Drone Program to allow for safer and more efficient response to critical incidents.
- Established new City Ordinances to address crime and quality of life concerns including Catalytic Converter Theft, Street Racing, and the Parking of Recreational Vehicles.
- Continued homeless assistance efforts, conducting outreach and clean-ups on alternating weeks.
- Held 2nd annual Touch-a-Truck Event.
- Completed construction of solar energy improvements at various City buildings and facilities.
- Rehabilitated 158,000 linear feet or 31 miles of residential streets in the City.

FUTURE INITIATIVES

The City continues to foster Economic Vibrancy by promoting and attracting retail, restaurants, and housing developments for the Downtown area. Downey will continue working with Los Angeles County regarding the development of the Rancho Los Amigos South Campus. Adjacent to the Rancho Los Amigos South Campus is the West Santa Ana Branch Light Rail Station is being developed as part of the West Santa Ana Branch (WSAB) Transit Corridor Project. In addition to these plans, the City has focused on the long-term goal of expanding STEM learning in the Community. Groundbreaking is anticipated for Fiscal Year 2023-2024 for the Columbia Memorial Space Center 2nd Building Expansion.

Other City initiatives include the upgrade/replacement of the Fire department's Computer Aided Dispatch (CAD) system, an expansion of the City's drone program, and the implementation of Public Records Request Software. Further the City will enhance the City's procurement policy, expand security camera implementations at city parks and parking garage, and initiate the process for replacing the City's ERP system.

The City is also looking forward to activities that improve the quality of life for Downey residents, including the completion of the park renovations at Rio San Gabriel Park including the installation of new playgrounds and surfacing, the enhancement of Code Enforcement operations, the development of a community garden, expanding the City homeless outreach efforts, and to continue to assist owners with the development of larger development projects such as: the remaining Promenade "Back 20", YMCA, Honda World, and the Coca Cola bottling plant.

FINANCIAL INFORMATION

Management of the City is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft or misuse, and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The City also has a City Council budget subcommittee in place.

The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived, and (2) the valuation of costs and benefits requires estimates and judgments by management. All internal control evaluations occur within the above framework. We believe that the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

As part of our internal control evaluation, the City contracts with an outside independent public accounting firm to complete a special audit, which is called a single audit, to comply with certain federal government regulations. During this audit, tests are made to determine the adequacy of the internal control structure, including that portion related to

federal financial assistance programs as well as to determine that the government has complied with applicable laws and regulations. The results of the government's single audit for the fiscal year ended June 30, 2022 provided no instances of material weaknesses in the internal control structure or significant violations of applicable laws and regulations. The single audit for the current fiscal year is in progress; however, the City fully anticipates that there will be no instances of material weaknesses in the internal controls.

LONG RANGE FINANCIAL PLANNING

Annually, the City produces a five-year general fund long term financial forecast as part of its budget process. The comprehensive projection analyzes current economic conditions at micro and macro levels. The forecasts designed to highlight financial issues which the City can address proactively. Moreover, it is a tool that allows policymakers an opportunity to prioritize funding needs over a period of time. The City has consistently applied effective fiscal management approaches to preserve revenues and reduce spending; as a result, the City maintains a General Fund Emergency Reserve equivalent to 15% of the average of the last three years of General Fund revenues and a Stability Reserve equivalent to 20% of the average of the last three years of General Fund revenues for a combined total of 35%. 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 priorities of the City Council. Activities of the General Fund, Special Revenue Funds and the Capital Project Funds are included in the budget. The City conducts periodic reviews to ensure compliance with the provision of the annual operating budget. The level of budgetary control is the department level within the fund. The City Council may amend the initial budget by motion during the fiscal year. The City uses the encumbrance system as a management control technique to assist in controlling expenditures. At year-end, all appropriations and encumbrances are canceled (allowed to lapse) and thus are not included in reported expenditures.

DEBT ADMINISTRATION

The City recently adopted a Comprehensive Debt Policy to govern investments, ensure prudent fiscal management, and promote transparency. The City's 2002 Certificate of Participation (COPs) were rated A+ by Standard & Poors, the 2005 Pension Obligation Bonds (POBs) were rated "Aa3" by Moody's Investors Service and the 2017 Lease Revenue Bonds were rated "AA-" by Standard & Poor's. Additionally, the City's 2021 Pension Obligation Bonds (POBs) were rated "AA" by Standard & Poors. The

City of Downey has no general obligation debt. However, the City does have two revenue bond issues and one tax allocation bond issue. The City uses various trustees as its paying agents for all bonds and coupons. The City deposits with the trustee, according to agreement, principal and interest requirements as appropriate.

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

Principal Issue	Trustee	Principle Balance (6/30/2023)
Downey Public Facilities Financing Corporation:		
2021 Pension Obligation Bonds	Bank of America	\$ 109,990,000
2017 Lease Revenue Bonds	U.S. Bank	\$ 36,945,000
2014 Capital Lease	Western Alliance Bank	\$ 2,255,000

California Statewide Communities Development Authority:

2005 Pension Obligation Bonds	Wells Fargo Trust Services	\$ 12,795,000
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Note 12 Long-Term Debt, 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 financial report for the fiscal year ended June 30, 2022. 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 annual comprehensive 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,



Stephen W Hannah
Director of Finance and IT

Mayor and City Council



Claudia M. Frometa
District 4
MAYOR



Mario Trujillo
District 5
MAYOR PRO TEM



Hector Sosa
District 2
COUNCIL MEMBER



Timothy Horn
District 1
COUNCIL MEMBER

Mission

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

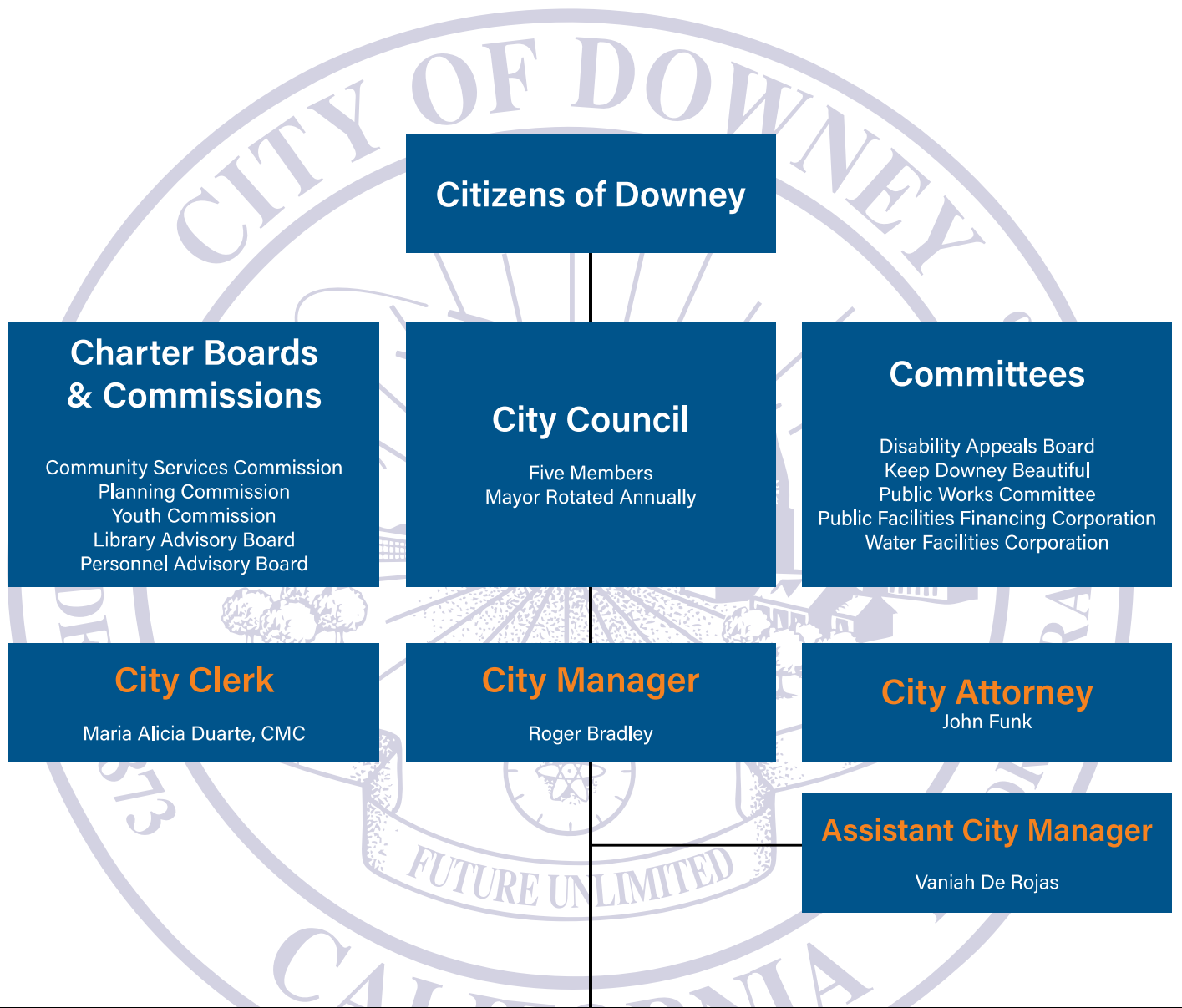
Values

Integrity | Commitment | Respect | Teamwork |
Engagement | Passion | Excellence

City Council Priorities

Fiscal Responsibility
Economic Vibrancy
Efficiency and Adaptability
Quality of Life, Safety and Infrastructure
Public Engagement

ORGANIZATION CHART



<p>Columbia Memorial Space Center & Downey City Library</p> <p>Benjamin Dickow Executive Director and President Library Director</p>	<p>Community Development</p> <p>Irma Huitron Director</p> <p>Building/ Safety Code Enforcement Housing Planning</p>	<p>Finance & Information Technology</p> <p>Stephen Hannah Director</p> <p>Administration Purchasing Accounting Information Technology Risk Management Revenue</p>	<p>Fire</p> <p>Dan Hurlock Fire Chief</p> <p>Administration Suppression Paramedics Prevention Joint Communications</p>	<p>Human Resources</p> <p>James McQueen Director</p> <p>Employee Benefits Employee and Labor Relations Recruitment & Selection</p>	<p>Parks & Recreation</p> <p>Jason Chacon Director</p> <p>Recreation Parks Civic Theatre Social Services Golf Course Transit Cemetery</p>	<p>Police</p> <p>Leslie R. Murray Chief of Police</p> <p>Administration Field Operations Detectives Crossing Guard</p>	<p>Public Works</p> <p>Matt Baumgardner Director/ City Engineer</p> <p>Administration Engineering Utilities GIS Maintenance Streets</p>
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Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Downey
California**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

Christopher P. Morill

Executive Director/CEO

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 Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Downey, California (the "City"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2023, and the respective changes in financial position, and, where applicable and cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

Change in Accounting Principle

As described in Note 1 to the financial statements, in 2023, the City adopted new accounting guidance, GASB Statement No. 96, *Subscription Based Information Technology Arrangements*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.



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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedules for the General Fund and the Housing Authority, CIP Grant and COVID-19 Grants funds, and the required pension and other postemployment benefits schedules, as listed on the table of contents, presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.



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

Supplementary 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 accompanying combining and individual fund financial statements and schedules (supplementary information) are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2023, 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 City's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Lance, Solt & Lughard, LLP".

Brea, California
December 28, 2023

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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, 2023. 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, on June 30, 2023, by \$234 million (net position). Of this amount, \$7.9 million is restricted for low- and moderate-income housing, \$9.3 million for capital projects, \$371 thousand is restricted for community development and \$37.9 million for public safety.
- With the fiscal year ending on June 30, 2023, the government's total net position increased by \$14.4 million. The main reason is increases in the following revenue categories: Use of Money & Property, Other, Property Tax, Other Taxes, and Transient Occupancy Taxes. Revenue increased from the previous year by \$4.7 million, \$2.8 million, \$1.9 million, \$1.1 million and \$467 thousand respectively with a cumulative total of \$10.6 million.
- The City's total long-term liabilities increased by \$104.6 million during the current fiscal year. The chief reason for the increase is the CalPERS pension investment loss and the change in discount rate from 7.15% to 6.90%. Resulting in the Miscellaneous and Safety pensions plans fiduciary net position changed from \$654 million to \$585 million.
- As of June 30, 2023, the City's governmental funds reported combined ending fund balances of \$99.7 million, an increase of \$2.0 million in comparison with the prior year. Approximately 50.74% of this total amount, \$50.6 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, 2023, assigned and unassigned fund balance for the general fund was \$38.2 million or 36.61% of total general fund expenditures. This represents a decrease of \$8.3 million or 21.92%, from the prior year. The key reasons were transfers to capital project funds of approximately \$8.1 million to subsidize capital project expenditures for various projects. The unassigned fund balance is unrestricted in its use and can be designated by the City Council for specific purposes at future City Council Meetings.

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 four legally separate entities: The City of Downey Public Facilities Financing Corporation, the City of Downey Housing Authority, the City of Downey Water Facilities Corporation and The Downey Public Financing Authority. 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, CIP Grant Special Revenue Fund, and Covid-19 Grant 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 fund's 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, CIP Grant Special Revenue Funds, and Covid-19 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 \$136.7 million for governmental activities and \$97.7 million for business-type activities for a total of \$234 million at the close of the most recent fiscal year. The largest portion of the City's net position, \$311.2 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 financed purchase options are the loans from the federal government and several finance purchase options for public safety vehicles, ambulance and various types of fire equipment. The City uses these financed purchase options 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, \$58.2 million is restricted to specifically stipulated spending agreements originated by law, contract or other agreements with external parties.

Governmental Activities

The City's net position in the Governmental activities increased by \$12.8 million. Use of Money & Property, Other, Property Tax, Other Taxes, and Transient Occupancy Taxes revenue increased from prior year by \$4.7 million, \$2.8 million, \$1.9 million, \$1.1 million and \$467 thousand respectively with a cumulative total of \$10.6 million.

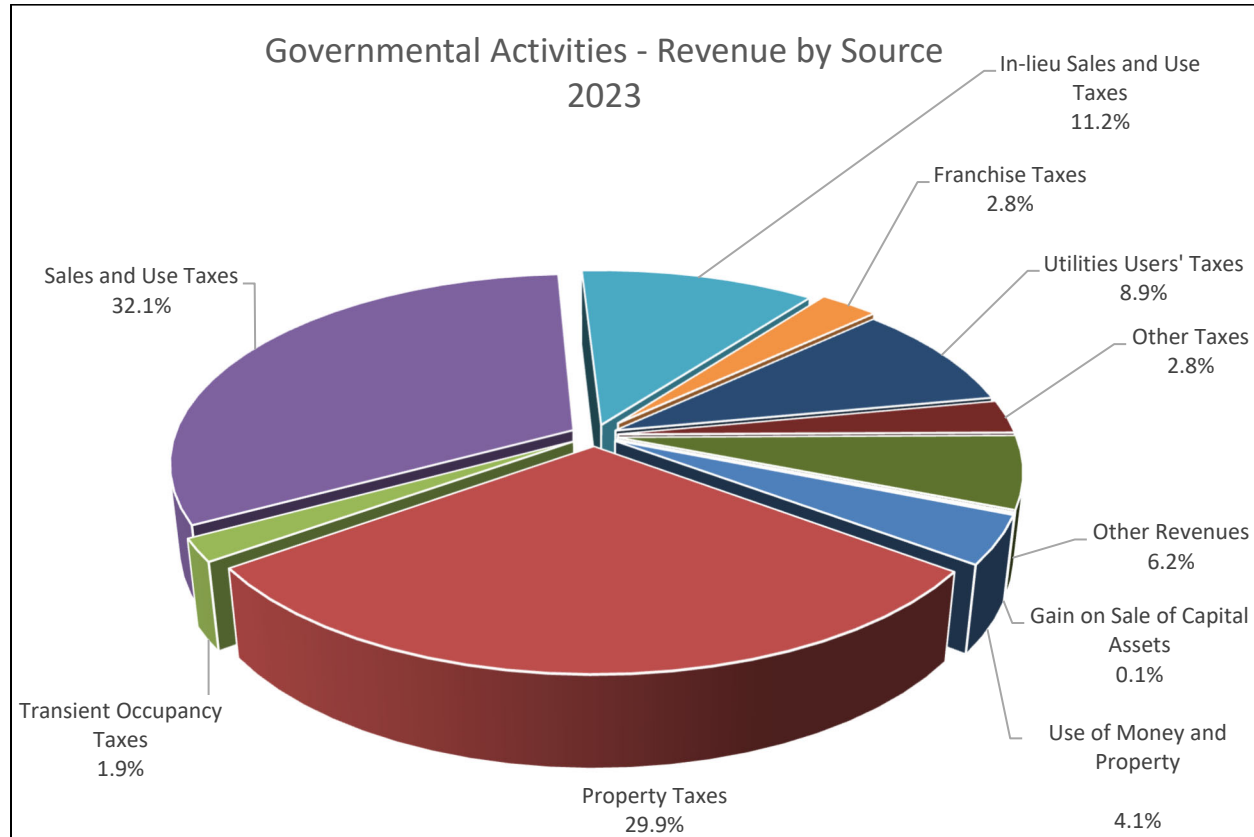
City of Downey						
Summary of Net Position						
For Fiscal Year Ended June 30, 2023 and 2022						
<i>(Amounts Expressed in Thousands)</i>						
	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
ASSETS						
Current and Other Assets	\$ 197,982	\$ 202,002	\$ 25,128	\$ 27,474	\$ 223,110	\$ 229,476
Capital Assets	291,990	278,933	86,288	84,263	378,278	363,196
Total Assets	489,972	480,935	111,416	111,737	601,388	592,672
Deferred Outflows of Resources	64,146	16,370	1,179	267	65,324	16,637
LIABILITIES						
Current Liabilities	44,764	49,204	4,807.92	6,153	49,572	55,356
Non-current Liabilities	348,640	245,730	9,094	7,397	357,734	253,128
Total Liabilities	393,404	294,934	13,902	13,550	407,306	308,484
Deferred Inflows of Resources	23,959	77,801	990	2,354	24,949	80,155
NET POSITION						
Net Investment Capital Assets	227,707	231,094	83,507	76,539	311,213	307,633
Restricted	49,059	63,539	6,522	33,854	55,582	97,393
Unrestricted	(140,012)	(170,064)	7,674	(14,293)	(132,338)	(184,357)
Total Net Position	\$ 136,754	\$ 124,569	\$ 97,703	\$ 96,100	\$ 234,457	\$ 220,669

City of Downey
Summary of Net Position
For Fiscal Year Ended June 30, 2023 and 2022
(Amounts Expressed in Thousands)

	Governmental Activities		Amount
	2023	2022	Increase (Decrease)
REVENUES:			
Program Revenues:			
Charges for Services	\$ 23,855	\$ 23,322	\$ 533
Operating Grants and Contributions	6,350	19,997	(13,647)
Capital Grants and Contributions	1,248	1,007	241
General Revenues:			
Taxes			
Property Taxes	34,555	32,699	1,856
Transient Occupancy Taxes	2,236	1,769	467
Sales and Use Taxes	37,050	37,790	(740)
Property Taxes in Lieu Sales and Use Taxes	12,865	12,421	444
Franchise Taxes	3,239	3,284	(45)
Utilities Users' Taxes	10,328	10,394	(66)
Other Taxes	3,245	2,101	1,144
Use of Money and Property	4,701	49	4,652
Gain on Sale of Capital Asset	129	9,029	(8,900)
Other Revenues	7,107	4,334	2,773
Total Revenues	146,910	158,196	(11,286)
EXPENSES:			
Program Activities			
General Government	7,310	13,930	(6,620)
Public Safety	82,248	64,532	17,716
Public Works	19,554	15,338	4,216
Community Services	13,382	9,978	3,404
Community Development	6,700	6,156	544
Interest on Long-term Debts	5,782	6,650	(868)
Total Expenses	134,975	116,584	18,391
Excess/(Shortage) of Revenues Over Expenses	11,934	41,612	(29,678)
TRANSFERS:			
Transfer-in	893	351	542
Changes in Net Position	12,828	41,963	(29,135)
Net Position at Beginning of Year (Restated)	123,927	82,606	41,321
Net Position at End of Year	\$ 136,754	\$ 124,569	\$ 12,185

Top Governmental Activity Revenue Sources

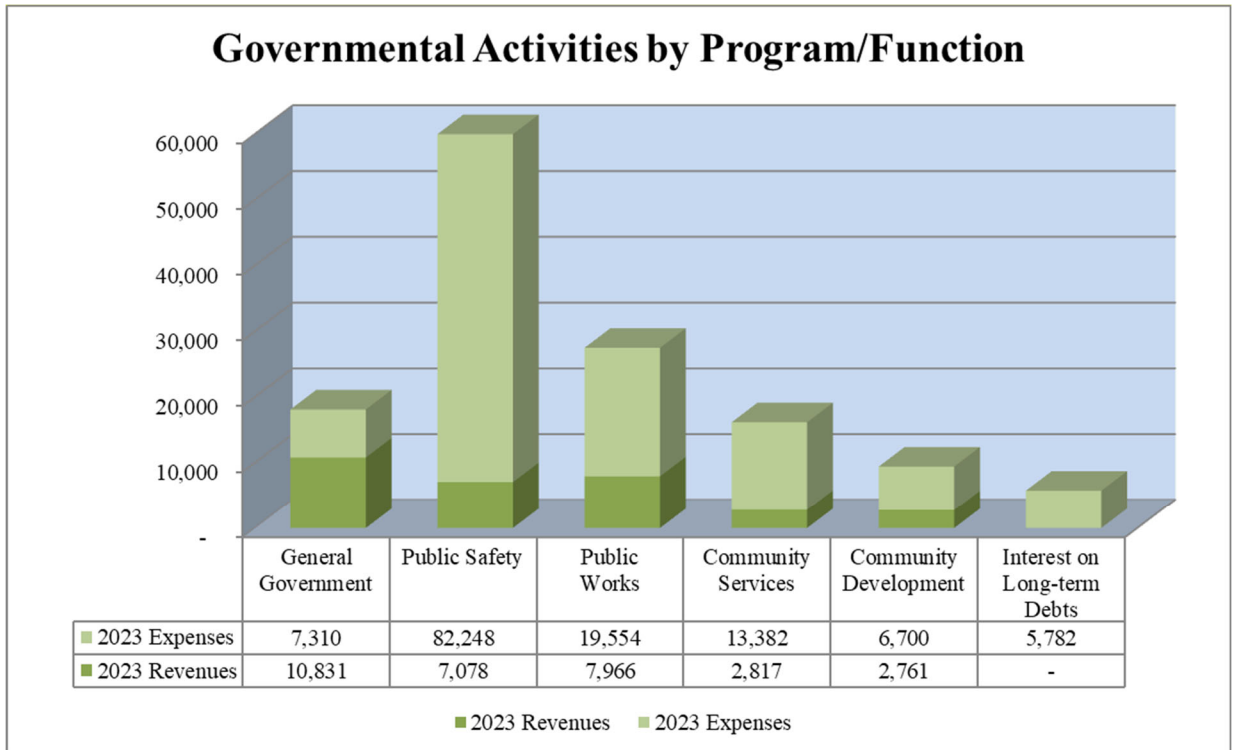
As shown below, our top four general revenues are sales tax, property tax, In-lieu sales and use tax and utility users' tax accounted for approximately 82% of total governmental activities revenues. General revenues for FY2022-23 increased by \$1.6 million from those of the prior fiscal year mainly because of rise in use of money and property, other revenue and property tax revenues.



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 \$741 thousand or 1.96% under the previous year. Consumer confidence is in decline because of inflation and rising interest rates. As a result, consumers decreased spending for higher ticket items such as cars and appliances.
2. *Gain on Sale of Capital Asset:* The revenues decreased by \$8.9 million. In the prior year the City sold 11.4 acres of land for \$9.0 million.
3. *Transient Occupancy Taxes:* TOT taxes were \$467 thousand or 26.42% over the prior year. The upsurge is as a result of opening of new SpringHill Suites in FY22-23.

4. *Property taxes:* Property tax increased by \$1.8 million over the prior year. Property taxes grew 5.68% thanks to a strong housing market. Home prices continue to rise even though there is an increase in interest rates. Homes are not being built fast enough to keep up with demand resulting in low inventory and an increase in demand.
5. *Charges for Services:* These revenues increased by approximately \$533 thousand or 2.29% from the prior year. Ambulance transportation revenue increased from previous years by \$588 thousand.
6. *Use of Money and Property:* These revenues increased by \$4.6 million over prior year. Primarily, because of interest income of \$1.9 million resulting from higher interest rates on investments. Furthermore, an adjustment of \$1.2 million was recorded to Successor Agency interest income. Finally, the adjustment completed this year to record the market value in the general fund decreased by \$1.5 million.
7. *Program Expenses:* Program activities experienced an increase of \$18.3 million or 15.78% from the prior year. Rise in expenses is attributable to the increase in pension costs and wage increase of 4% from the previous fiscal year.

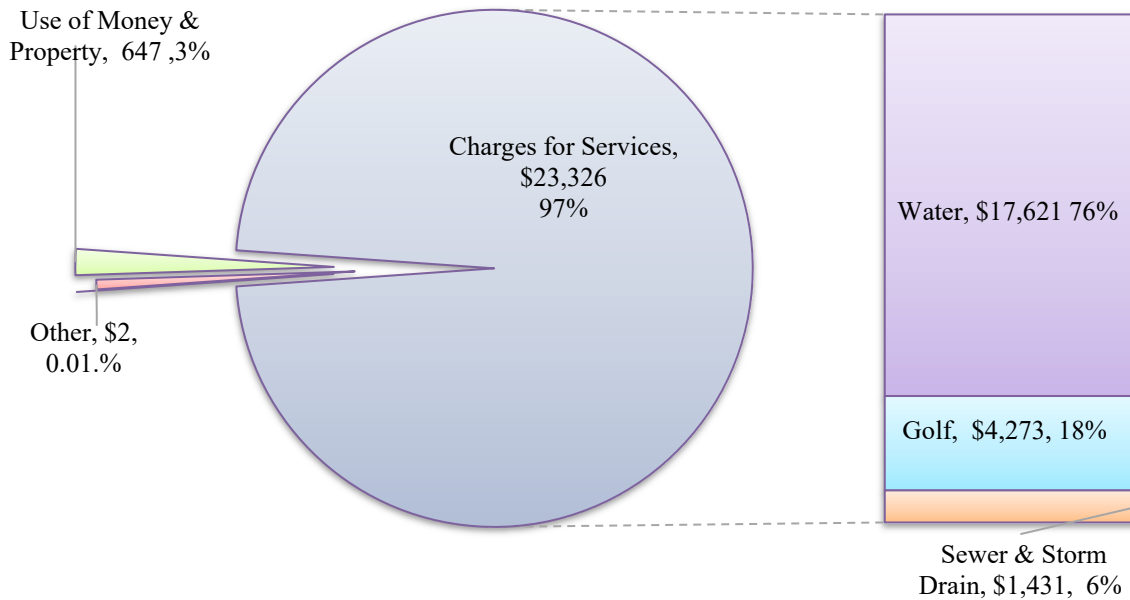


Summary of Business-Type Activities

Revenue Sources – charges for services reflect a decrease of \$900 thousand or 3.72% from the prior fiscal year. The main revenue decrease is due to a reduced amount of water consumption. This is the result of continued water conservation efforts.

1. *Water revenues* - total operating revenues decrease of \$575 thousand or 3.16% from the prior year. The city has not altered the water rates. Less water consumption because of restrictions due to the drought caused decrease in revenues.
2. *Sewer revenues* – total operating revenues decreased by \$90 thousand or 5.92% from the prior year.
3. *Golf revenues* - the overall revenue decrease by \$235 thousand over prior year. Revenues have decreased because consumers’ confidence is in decline because of high inflation. And therefore, will opt to purchase necessary goods and services.

BUSINESS-TYPE ACTIVITIES - REVENUE BY SOURCE



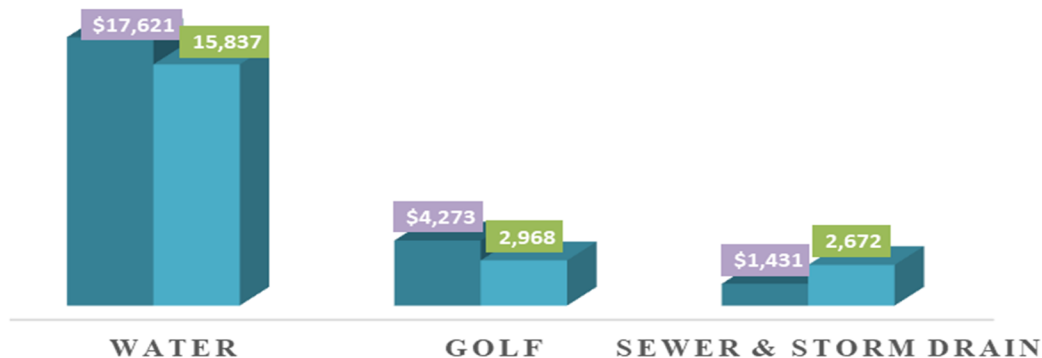
Program Expenses – the program expenses for enterprises funds have a net increase of \$349 thousand or an increase of 1.65% over the prior year. From this amount, water activities ended with an increase of \$60 thousand and Sewer had an increase of \$404 thousand.

City of Downey
Summary of Net Position
Business- Type Activities
For Fiscal Year Ended June 30, 2023 and 2022
(Amounts Expressed in Thousands)

	Business-Type Activities		Amount
	2023	2022	Increase (Decrease)
REVENUES:			
Program Revenues:			
Charges for Services	\$ 23,326	\$ 24,226	\$ (900)
General Revenues:			
Use of Money and Property	647	(149)	797
Other Revenues	<u>2</u>	<u>403</u>	<u>(401)</u>
Total Revenues	23,975	24,479	(505)
EXPENSES:			
Program Activities			
Water	15,837	15,777	60
Golf	2,968	3,083	(115)
Sewer and Storm Drain	<u>2,672</u>	<u>2,268</u>	<u>404</u>
Total Expenses	21,478	21,128	349
Excess/(Shortage) of Revenues Over Expense	2,497	3,351	(854)
TRANSFERS:			
Transfer-out	<u>(893)</u>	<u>(351)</u>	<u>(542)</u>
Changes in Net Position	1,604	3,000	(1,396)
Net Position at Beginning of year	<u>96,099</u>	<u>93,099</u>	<u>3,000</u>
Net Position at End of year	<u>\$ 97,703</u>	<u>\$ 96,099</u>	<u>\$ 1,604</u>

BUSINESS-TYPE ACTIVITIES BY PROGRAM

■ REVENUE ■ EXPENSES



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, 2023, the City's governmental funds reported combined ending fund balances of \$99.7 million, a net increase of \$2.0 million or 2.13% over the prior year. Approximately 51.46% of the City's governmental fund ending fund balances, or \$50.6 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, \$49.1 million, is either non-spendable or restricted for purposes imposed by creditors, grantors, contributors, laws or regulations of other governments or through enabling legislation. Non-spendable fund balance of \$11.2 million is not available for use and are comprised of advances to Successor Agency, notes and loans and prepaid costs. Restricted fund balance of \$37.9 million can only be used for specific purposes pursuant to constraints imposed by applicable law and regulations and external parties such as grantors and creditors.

General Fund Financial Highlights

The general fund is the chief operating fund of the City. On June 30, 2023, assigned and unassigned fund balance of the general fund was \$38.2 million, while total fund balance was \$47.2 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 36.62% of the total general fund expenditures. As mentioned above, however, the City Council has designated all the committed, assigned, and unassigned fund balance for specified purpose.

For the fiscal year ended June 30, 2023, the cash and investments balance in the general fund was \$27.1 million, a decrease of \$11.5 million from the prior fiscal year. Mainly, due to transfers to other funds that were not budget in prior year. A transfer of \$7.5 million was done to the Capital Project Funds \$4.0 million will go the construction of the Columbia Memorial Space Center Inspiration Space Shuttle Exhibit and Education Building. The remaining \$3.5 million of this transfer is for various capital projects. Additionally, \$645 thousand was transferred to Measure S Capital Projects. Furthermore, a transfer to Measure S in the amount of \$2.2 million was done for the purchase of two fire engines.

Other Financing resources decreased by \$34.0 million. The main contributing factor was the sale of land for \$13.8 million in FY21-22. And the increase of transfer out from \$3.0 million to \$19.7 million. The \$19.7 million transfer out consist of transfers to other governmental funds to provide capital expenditures, subsidize for various project operations, and to reimburse funds negative fund balance. Other Financing Sources include transfer in of \$4.3 million a decrease of \$4.1 million dollars. Prior year transfer in included a transfer of \$4.5 million from ARPA grant to reimburse General Fund for COVID related expenditures. Please see note 5 for details on interfund transfers.

Overall, General Fund revenues for the fiscal year ended June 30, 2023 decreased by \$9.9 million, or 9.5%, over the prior year. The majority of this decrease is attributed to the sale of land in prior fiscal year of \$13.8 million dollars.

Use of Money and Property Tax increased by \$3.5 million resulting from higher interest rates on investments from prior fiscal year. The General Fund had an investment earnings of \$1.1million in current fiscal year as compared to \$390 thousand in prior year. Furthermore, an adjustment of \$1.2 million was recorded to Successor Agency interest income. Finally, the adjustment completed this year to record the market value in the general decreased by \$1.4 million.

City of Downey					
General Fund Revenues and Other Financing Sources					
For Fiscal Year Ended June 30, 2023 and 2022					
<i>(Amounts Expressed in Thousands)</i>					
	2023	Percent of	2022	Percent of	Increase
	Actuals	Total	Actuals	Total	(Decrease)
Taxes	\$ 86,359	73.5%	\$ 81,181	64.5%	\$ 5,178
Licenses and Permits	2,070	1.8%	1,781	1.4%	289
Fines and Forfeitures	1,769	1.5%	1,749	1.4%	20
Use of Money and Property	3,809	3.2%	248	0.2%	3,561
Intergovernmental Revenues	1,237	1.0%	1,634	1.3%	(397)
Charges for Services	14,271	12.1%	13,007	10.3%	1,264
Other Revenues	<u>3,788</u>	<u>3.2%</u>	<u>3,831</u>	<u>3.1%</u>	<u>(43)</u>
Total Revenues	113,302	96.2%	103,431	82.2%	9,871
Other Financing Sources	<u>4,509</u>	<u>3.8%</u>	<u>22,409</u>	<u>17.8%</u>	<u>(17,900)</u>
Total Revenues & Other Financing Sources	<u>\$ 117,811</u>	<u>100.0%</u>	<u>\$ 125,840</u>	<u>100.0%</u>	<u>\$ (8,029)</u>

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

City of Downey					
General Fund Expenditures and Other Financing Uses					
For Fiscal Year Ended June 30, 2023 and 2022					
<i>(Amounts Expressed in Thousands)</i>					
	2023	Percent of	2022	Percent of	Increase
	Actuals	Total	Actuals	Total	(Decrease)
General Government	\$ 7,434	6.0%	\$ 12,912	12.1%	\$ (5,478)
Public Safety	70,935	57.1%	63,443	59.5%	7,492
Public Works	11,376	9.2%	10,315	9.7%	1,061
Community Services	9,913	8.0%	7,779	7.3%	2,135
Community Development	4,003	3.2%	3,567	3.3%	436
Capital Outlay	577	0.4%	363	0.3%	215
Principal retirement	93	0.1%	950	0.9%	(857)
Debt Services	-	0.0%	4,071	3.8%	(4,071)
Total Expenditures	104,333	84.1%	103,400	96.9%	933
Other Financing Uses	19,693	15.9%	3,427	3.2%	16,266
Total Expenditures & Other Financing Sources	\$ 124,026	100.0%	\$ 106,826	100.0%	\$ 17,199

The General Fund's total expenditures, not including Other Financing Sources, increased by \$933 thousand or 0.902%, from the previous fiscal year. All departments' expenditures increased except the expenditures in General Government and Debt Services. Changes in expenditures, by function, occurred as follows during the fiscal year ended June 30, 2023:

- General Government expenditures decreased by \$5.4 million, to \$7.4 million. The decrease is resulting from transfers to the newly created debt service fund that will account for the pension obligation bonds.
- Public Safety expenditures increased by \$7.4 million, to \$70.4 million attributable to the increase in pension costs and wage increase of 4% from the previous fiscal year.
- Public Works expenditures increased by \$1.0 million, to \$11.4 million, because of increased maintenance in land and buildings and increase in pension costs.
- Community Services expenditures increased by \$2.1 million to \$9.9 million because of the increase in pension costs and the cost-of-living increase.

- Debt Service decreased in expenditure by \$4.1 million because the payment in FY22-23 is accounted for in the debt service funds whereas in previous fiscal year the payment was recorded in the General Fund.

General Fund Budgetary Highlights

The difference between the general fund original budget expenditures and the final amended budget is \$330,440.

- Per the Agenda Memo dated July 28, 2020 City Council approved a \$30,000 grant from the California State Library. The City received the grant funds on June 7, 2022, however the funds were not expended and were rolled forward into Fiscal Year 2022-23. The grant was used for educational programming including an early-learning STEM program.
- The City Council approved August 23, 2022 a general fund appropriation of \$32,457 for the security and infrastructure improvements related to the Solar Energy Project. In addition, the Hazard Mitigation Grant from California Office of Emergency Service in the amount of \$56,250 was approved. The grant required a 25% cost share; appropriation from the general fund in the amount of \$18,750 was approved.
- The City Council approved February 28, 2023, appropriation in the general fund of \$14,441.95 for the renewal of a 5-year license agreement with Southern California Edison for the continued use of their right-of-way at Wilderness Park and Crawford Park.
- Per the Agenda Memo dated June 13, 2023, City Council approved appropriation in the General Fund in the amount of \$234,791 to reimburse Prop A, Prop C and Measure R Fund as result of the Fiscal Year 2021-2022 Program Audit.

In the functional expenditure categories actual expenditures were \$2.0 million more than final budgeted amount, totaling \$104.3 million, and \$106.4 million, respectively. The Finance department was \$6.7 million over the actual expenditures as opposed to budget.

In addition, actual revenue exceeded budgetary estimates, by \$10.1 million, bringing actual revenue at June 30, 2023 to \$171.2 million. The key reason for increase in budget is an increase in revenues from property tax, use of money and property, other taxes and transient occupancy tax.

Financial Analysis of the Other Major Funds

Housing Authority

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 2022-23 was \$435 thousand. The revenues are from housing loan repayments. Total expenditures for the Housing Authority Fund were \$80 dollars. The fund balance of \$4.1 million is restricted for low- and moderate-income housing. The fund balance increased by \$435 thousand primarily due to increased collection in subsidy loans. Increase in homeowners who sold their homes during the year also increased the number of homeowners paying off their loans.

CIP Grant Fund

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.

The CIP grant had expenditures of \$1.4 million and grant revenues of \$3.5 million. The net increase in fund balance is \$2.1 million. The increase in fund balance is primarily due to reimbursements from various agencies were received within the 90-day timeframe. Revenues not collected within the 90-day period after the city closed its books are booked as unavailable revenues.

As of June 30, 2023, the CIP Grant fund has a negative fund balance of \$2.2 million. However, this is offset by the \$2.8 million of unavailable revenues. The unavailable revenues are expected to be received in the future, which will eventually cover the negative fund balance.

Below is a description and amount of expenditures for the key projects.

- \$550 thousand Inspiration Space Shuttle Exhibit & Education Building (NRA)
- \$332 thousand Lakewood Blvd at Imperial Intersection Improvement (Metro)
- \$165 thousand Telegraph Traffic Safety Enhancement (Caltrans, Pico Rivera, Measure M)
- \$149 thousand Paramount Blvd. at Imperial Intersection Improvement (Metro)
- \$113 thousand Lakewood Blvd at Florence Intersection Improvement (Metro)

Expenditures during the year also included other projects such as Citywide Transit Priority System, Imperial Hwy Signalization & Safety, Bicycle Master Plan and Street Improvements.

COVID-19 Grant Fund

Covid-19 grant fund is used to account for all revenues and expenditures related to Covid-19 grant funding. The total grant proceeds for FY 2022-23 were \$361 thousand of these amounts \$220 thousand is from ARPA Grant. The remaining \$141 thousand are from the Covid 19 Community Development Block Grant (CDBG-CV), Justice Assistance Grant (JAG) and Behavioral Health Grant (BHJIS). These grant funds were used for rental assistance, small business support through grants, food drives, senior wellness, distance learning and personal protective equipment, water well projects and provide services for mental health and substance abuse.

As of June 30, 2023, the Covid-19 Grant Fund has a positive fund balance of \$216 thousand. The increase resulted primarily from interest income of \$199 thousand.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The City's investment in capital assets for its government and business-type activities at June 30, 2023 amounted to \$378.3 million, net of accumulated depreciation. This investment in capital assets includes land, projects in progress, buildings, equipment, fixtures and infrastructures. The total increase over prior fiscal year in the City's investment in capital assets was \$15 million or a 4% increase. The increase is primarily due to projects in progress that were capitalized during the year, mainly in the categories of infrastructures, right-to-use leased asset and the newly added right-to use subscription asset.

City of Downey Summary of Capital Assets (Net of Depreciation) For Fiscal Year Ended June 30, 2023 and 2022 (Amounts Expressed in Thousands)						
	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Land and Improvements	\$ 26,361	\$ 26,361	\$ 10,754	\$ 10,754	\$ 37,115	\$ 37,115
Projects in Progress	22,916	24,040	7,528	7,576	30,444	31,616
Water Rights	-	-	4,291	4,291	4,291	4,291
Buildings	56,647	58,510	5,247	5,419	61,894	63,929
Land Improvements	19,552	20,756	172	197	19,724	20,953
Machinery & Equipment	10,893	10,847	749	808	11,642	11,655
Furniture & Fixtures	-	-	576	630	576	630
Lease Assets	1,720	1,548	-	-	1,720	1,548
Subscription Asset	28	-	-	-	28	-
Infrastructures	153,873	136,871	56,972	54,589	210,845	191,460
Total Capital Assets	\$ 291,990	\$ 278,933	\$ 86,289	\$ 84,264	\$ 378,279	\$ 363,197

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

- Projects in progress decreased by \$1.1 million, which is net of a decrease in governmental activities.
- The projects in progress added during the year amounted to \$24 million minus the capitalized amount of \$25.1 million. The net effect is a decrease of \$1.1 million, leaving a balance of \$30.4 million in projects in progress as of June 30, 2023. The capitalized amount of \$25.1 million are:
 - Telegraph Traffic Safety Enhancement - \$7.7 million
 - Water System Improvements - \$4.9 million
 - Residential Street Pavement Rehabilitation (Area 8) - \$3.7 million
 - Residential Street Pavement Rehabilitation (Area 2) – \$3.1 million
 - Stoakes, Meldar, Manzanar & Vista del Rosa Pavement Rehab - \$1.8 million
 - Imperial Hwy Signalization & Safety - \$1.7 million
 - Fifth Street Pavement Rehabilitation – \$0.6 million
 - Lakewood Blvd Improvement Alameda-Imperial - \$.4 million
 - Alley N-O & S-O Stewart & Gray Rd Pavement Rehabilitation - \$0.3 million
 - Concrete Repairs & ADA Improvement - \$0.3 million
 - City Maintenance Yard Pavement Rehabilitation - \$0.2 million
 - Annual Residential Pavement Rehabilitation - \$0.3 million
 - Storm Drain Catch Basin Inserts - \$0.1 million
- Buildings decreased by \$2.0 million and infrastructures increased by \$19.3 million, mainly due to the fire station modernization and street/traffic safety improvements, respectively.

Additional information on the City's assets can be found in the notes to basic financial statements in note 11.

Long-Term Liabilities

Total outstanding long-term debt on June 30, 2023 is \$200.9 million, a decrease of \$8.9 million from the prior fiscal year.

City of Downey					
Summary of Changes in Long-Term Liabilities					
<i>(Amounts Expressed in Thousands)</i>					
	Balance			Balance	Due Within
	June 30,	Additions	Reduction	June 30,	One-Year
	2022			2023	
Bond	\$ 199,318	\$ -	\$ 7,786	\$ 191,532	\$ 7,580
Financed Purchases	2,683	-	543	2,140	462
Lease Payable	1,550	752	574	1,728	615
Subscription Payable	-	139	93	46	46
Loans Payable	6,348	-	868	5,480	888
Total	<u>\$ 209,899</u>	<u>\$ 891</u>	<u>\$ 9,864</u>	<u>\$ 200,926</u>	<u>\$ 9,591</u>

Long-term debt-related events during the fiscal year ended June 30, 2023 included:

- Bonded debt reductions by \$7.7 million from debt service payments and amortizations of premiums and discounts.
- Financed purchased decreased by \$543 thousand from debt payment.
- The City leases vehicles owned by Enterprise Fleet Management with terms range from 2.92 years to 5 years as of the contract commencement date. As of June 30, 2023, the value of the lease liability is \$1,728,464. The City is required to make annual fixed payments ranging from \$142 to \$1,084. The lease has an interest rate of 0.3150% to 2.3660%.
- Subscription Payable was added this fiscal year because of the implementation of GASB Statement No. 96, Subscription-Based Information Technology. On July 1, 2022, the City of Downey entered into a 15-month subscription for the use of Library Catalog Software Subscription and Hosting Services. An initial subscription liability was recorded in the amount of \$139,116. As of June 30, 2023, the value of the subscription liability is \$45,963. The City of Downey is required to make annual fixed payments of \$46,750. The subscription has an interest rate of 1.71%. The value of the right to use asset as of June 30, 2023 of \$139,116 with accumulated amortization of \$111,293
- Loans payable decreased by \$868 thousand from debt payments made during the year.

Additional information on the City's long-term liabilities can be found in Note 12 of the Notes to Basic Financial Statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

With the US economy continuing on an uncertain path, many major economic factors that are key indicators for sustaining local government revenue streams are impacted. Some of the top factors are inflation, sustained high interest rates, weakened housing market, unemployment rate, and diminished consumer confidence. As much as the effects of these factors are borne at an individual level, local Governments are also faced with its financial impacts and the City continues to assess and navigate through these to minimize the impact on City's finances.

As the housing market has slowed, the median price of a single-family home in Downey remained just under \$775,000. However, the number of home sales fell 31.7 percent to 373 when compared to prior year's total of 546. This reduction in the number of sales combined with the levelling off of the median sales price indicates a slowing of property tax revenue growth in future years.

When the budget was adopted, Sales Tax revenues for the City are expected to grow slightly from there \$26.2 million received during FY 2022-23. However, economic pressures, especially inflation and the decline in consumer confidence, has undermined this original estimate. The City now anticipates either flat or slight decline in Sale Tax revenues for FY 2023-24. With the rise in interest rates has come a rapid increase in investment revenues. This increase in revenues is expected to well exceed the \$950 thousand projected in the adopted budget. The opening of the SpringHill Suites by Marriot and other hotels in the hospitality industry brought more visitors to the City and increased TOT revenues to \$2.2 million, an increase of 26.4 percent when compared to the prior year.

In spite of all these uncertainties City has focused on strengthening its long-term Fiscal health by using a conservative approach and building its reserves to accomplish its strategic goals. To ensure long-term fiscal viability, the City has made substantial changes to compensation, retirement, and healthcare structure; sought federal, state, local and private funding for projects to support our parks, Library, police, fire, water, and community development needs; and supported state and federal legislation to increase funding for infrastructure projects.

Longstanding infrastructure and maintenance projects will update City facilities and ensure viability for the next 20-30 years, thanks to funds from Downey's Measure S, the County's Measure M, and the State's SB 1. Specifically, the 2017 transportation funds and local sales tax dollars have helped to stabilize infrastructure resources over the next twenty to thirty years. Additionally, the City's bond issuance using Measure M and Measure R funds helped accelerate projects and limit future increased construction costs. Over \$30,000,000 in street repairs were completed this past year. Additionally, the City maximized one-time federal revenue dollars such as ARPA funds, to advance City infrastructure creating generational impacts.

Downey is on a sustainable long-term path in terms of state-of-the art infrastructure repair and regional economic development opportunities that will have tremendous impacts for decades. These include the redevelopment of the Rancho Los Amigos South Campus, expansion of the

Columbia Memorial Space Center, and the development of the West Santa Ana Branch Corridor light rail line and station in Downey. Incorporating these various projects and future legacy projects, the City completes long-range revenue and expenditure projections to assist with this effort of financial stewardship.

As the City remains focused on long-term infrastructure and economic development efforts, the City is also proactively exploring methods of expanding its revenue base to support and enhance services.

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 2023, the City adopted a new fee schedule from a City-wide study which updated the rates for FY 2023-24.

Utility Rates

The City's water rates were last increased in July 2015. The water rates remain unchanged for FY 2023-24.

Fiscal Year 2023-2024 Budget Adoption

On June 27, 2023, the City Council adopted and approved FY 2023-24 budget with total appropriation of \$272.2 million. Adequate resources are available to fund the proposed expenditures. The City Council approved the FY 2023-24 budget with an increase of 3.6% over last year's general fund budget due to the expenditures related to MOU increases, the filling of vacancies and new positions.

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, 2023

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and investments	\$ 114,641,665	\$ 25,085,019	\$ 139,726,684
Receivables:			
Accounts	5,727,130	5,004,172	10,731,302
Taxes	9,175,430	-	9,175,430
Notes and loans	13,511,808	-	13,511,808
Accrued interest	914,954	-	914,954
Leases	19,884,163	940,697	20,824,860
Internal balances	6,300,915	(6,300,915)	-
Prepaid costs	2,619,410	21,714	2,641,124
Due from other governments	4,965,922	4,181	4,970,103
Inventories	94,515	373,301	467,816
Restricted assets:			
Cash with fiscal agent	11,001,653	-	11,001,653
Advances to Successor Agency	9,144,691	-	9,144,691
Capital assets not being depreciated	49,277,419	22,573,222	71,850,641
Capital assets, net of depreciation/amortization	242,712,605	63,714,375	306,426,980
Total Assets	489,972,280	111,415,766	601,388,046
Deferred Outflows of Resources:			
Deferred pension related items	61,527,797	1,178,654	62,706,451
Deferred OPEB related items	2,617,911	-	2,617,911
Total Deferred Outflows of Resources	64,145,708	1,178,654	65,324,362
Liabilities:			
Accounts payable	7,091,253	3,541,483	10,632,736
Accrued liabilities	1,770,470	347,866	2,118,336
Accrued interest	491,099	43,290	534,389
Unearned revenue	17,304,164	82,830	17,386,994
Deposits payable	3,121,097	64,610	3,185,707
Due to other governments	5,365	-	5,365
Noncurrent liabilities:			
Due within one year			
Long-term debt	8,254,310	675,917	8,930,227
Compensated absences	1,399,776	51,920	1,451,696
Claims and judgements	4,666,000	-	4,666,000
Leases payable	614,603	-	614,603
Subscriptions payable	45,963	-	45,963
Due in more than one year			
Long-term debt	184,276,309	5,945,118	190,221,427
Compensated absences	15,717,908	583,008	16,300,916
Claims and judgements	18,982,000	-	18,982,000
Leases payable	1,113,860	-	1,113,860
Net OPEB liability	6,903,787	-	6,903,787
Net pension liability	121,646,500	2,565,598	124,212,098
Total Liabilities	393,404,464	13,901,640	407,306,104
Deferred Inflows of Resources:			
Deferred pension related items	3,112,233	58,194	3,170,427
Deferred OPEB related items	1,153,037	-	1,153,037
Deferred inflow related to leases	19,694,036	931,446	20,625,482
Total Deferred Inflows of Resources	23,959,306	989,640	24,948,946
Net Position (Deficit):			
Net investment in capital assets	227,706,855	83,506,533	311,213,388
Restricted for:			
Community development	371,291	-	371,291
Public safety	37,901,857	-	37,901,857
Capital projects	2,849,499	6,522,319	9,371,818
Low and moderate income housing	7,936,685	-	7,936,685
Unrestricted (Deficit)	(140,011,969)	7,674,288	(132,337,681)
Total Net Position (Deficit)	\$ 136,754,218	\$ 97,703,140	\$ 234,457,358

CITY OF DOWNEY
Statement of Activities
For the year ended June 30, 2023

	Program Revenues			
	Expenses	Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants
Functions/Programs				
Primary Government:				
Governmental Activities:				
General government	\$ 7,309,617	\$ 9,647,470	\$ 1,183,948	\$ -
Public safety	82,247,776	6,360,650	717,539	-
Community development	6,700,226	1,512,565	-	1,248,192
Community services	13,382,222	2,817,026	-	-
Public works	19,553,981	3,517,320	4,448,603	-
Interest on long-term debt	5,781,617	-	-	-
Total Governmental Activities	134,975,439	23,855,031	6,350,090	1,248,192
Business-Type Activities:				
Water Fund	15,837,317	17,621,485	-	-
Golf Fund	2,968,497	4,273,369	-	-
Sewer and Storm Drain	2,671,907	1,430,688	-	-
Total Business-Type Activities	21,477,721	23,325,542	-	-
Total Primary Government	\$ 156,453,160	\$ 47,180,573	\$ 6,350,090	\$ 1,248,192

General Revenues:

Taxes:

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

Use of money and property

Other

Gain on sale of capital asset

Transfers

Total General Revenues and Transfers

Change in Net Position

Net Position at Beginning of Year

Restatement of Net Position

Net Position at End of Year

Net (Expenses) Revenues and Changes in Net Position		
Primary Government		
Governmental Activities	Business-Type Activities	Total
\$ 3,521,801	\$ -	\$ 3,521,801
(75,169,587)	-	(75,169,587)
(3,939,469)	-	(3,939,469)
(10,565,196)	-	(10,565,196)
(11,588,058)	-	(11,588,058)
(5,781,617)	-	(5,781,617)
(103,522,126)	-	(103,522,126)
-	1,784,168	1,784,168
-	1,304,872	1,304,872
-	(1,241,219)	(1,241,219)
-	1,847,821	1,847,821
(103,522,126)	1,847,821	(101,674,305)
34,554,878	-	34,554,878
2,236,398	-	2,236,398
37,050,193	-	37,050,193
12,864,842	-	12,864,842
3,239,477	-	3,239,477
10,328,335	-	10,328,335
3,245,191	-	3,245,191
4,700,567	647,475	5,348,042
7,107,092	1,800	7,108,892
129,431	-	129,431
893,346	(893,346)	-
116,349,750	(244,071)	116,105,679
12,827,624	1,603,750	14,431,374
124,569,360	96,099,390	220,668,750
(642,766)	-	(642,766)
\$ 136,754,218	\$ 97,703,140	\$ 234,457,358

CITY OF DOWNEY
Balance Sheet
Governmental Funds
June 30, 2023

	<u>Special Revenue Funds</u>		
	<u>General</u>	<u>Housing Authority</u>	<u>CIP Grant Fund</u>
Assets:			
Pooled cash and investments	\$ 27,063,568	\$ 2,666,990	\$ 1,500,000
Receivables:			
Accounts	796,047	-	4,277,213
Taxes	8,424,705	-	-
Notes and loans	992,014	7,388,057	-
Accrued interest	576,772	338,182	-
Leases	19,884,163	-	-
Prepaid costs	342,810	-	-
Due from other governments	1,753,761	-	1,376,559
Due from other funds	7,928,416	-	-
Inventories	-	-	-
Restricted assets:			
Cash and investments with fiscal agents	198,000	-	-
Advances to Successor Agency	7,707,214	1,437,477	-
Total Assets	\$ 75,667,470	\$ 11,830,706	\$ 7,153,772
Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficit):			
Liabilities:			
Accounts payable	\$ 4,458,175	\$ -	\$ 147,293
Accrued liabilities	982,704	-	20,753
Unearned revenues	102,938	-	1,500,000
Deposits payable	3,121,097	-	-
Due to other governments	-	-	-
Due to other funds	-	-	4,918,095
Total Liabilities	8,664,914	-	6,586,141
Deferred Inflows of Resources:			
Unavailable revenues	61,432	7,726,239	2,849,499
Deferred inflows for leases	19,694,036	-	-
Total Deferred Inflows of Resources	19,755,468	7,726,239	2,849,499
Fund Balances:			
Nonspendable:			
Nonspendable	9,042,038	-	-
Restricted	-	4,104,467	-
Assigned	38,200,050	-	-
Unassigned (Deficit)	5,000	-	(2,281,868)
Total Fund Balances (Deficit)	47,247,088	4,104,467	(2,281,868)
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficit)	\$ 75,667,470	\$ 11,830,706	\$ 7,153,772

CITY OF DOWNEY
Balance Sheet
Governmental Funds
June 30, 2023

	<u>Special Revenue Funds</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
	<u>COVID-19 Grants</u>		
Assets:			
Pooled cash and investments	\$ 15,430,242	\$ 40,737,085	\$ 87,397,885
Receivables:			
Accounts	-	650,866	5,724,126
Taxes	-	750,725	9,175,430
Notes and loans	-	5,131,737	13,511,808
Accrued interest	-	-	914,954
Leases	-	-	19,884,163
Prepaid costs	-	2,200,196	2,543,006
Due from other governments	52,863	1,777,579	4,960,762
Due from other funds	-	-	7,928,416
Inventories	-	14,247	14,247
Restricted assets:			
Cash and investments with fiscal agents	-	10,803,653	11,001,653
Advances to Successor Agency	-	-	9,144,691
Total Assets	\$ 15,483,105	\$ 62,066,088	\$ 172,201,141
Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficit):			
Liabilities:			
Accounts payable	\$ 32,513	\$ 2,230,195	\$ 6,868,176
Accrued liabilities	1,990	712,040	1,717,487
Unearned revenues	15,232,314	468,912	17,304,164
Deposits payable	-	-	3,121,097
Due to other governments	-	5,365	5,365
Due to other funds	-	3,010,321	7,928,416
Total Liabilities	15,266,817	6,426,833	36,944,705
Deferred Inflows of Resources:			
Unavailable revenues	-	5,154,966	15,792,136
Deferred inflows for leases	-	-	19,694,036
Total Deferred Inflows of Resources	-	5,154,966	35,486,172
Fund Balances:			
Nonspendable:			
Nonspendable	-	2,200,196	11,242,234
Restricted	216,288	33,581,102	37,901,857
Assigned	-	15,035,411	53,235,461
Unassigned (Deficit)	-	(332,420)	(2,609,288)
Total Fund Balances (Deficit)	216,288	50,484,289	99,770,264
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficit)	\$ 15,483,105	\$ 62,066,088	\$ 172,201,141

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CITY OF DOWNEY
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
June 30, 2023

Fund balances of governmental funds		\$ 99,770,264
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets net of depreciation/amortization have not been included as financial resources in governmental fund activity.		287,763,345
Deferred outflows related to pension items for:		
Pension related items:		
Miscellaneous contributions made subsequent to measurement date	\$ 3,610,512	
Miscellaneous changes of assumptions	3,056,525	
Safety changes of assumptions	10,630,734	
Safety contributions made subsequent to measurement date	9,971,088	
Safety differences between expected and actual experience	445,964	
Miscellaneous net difference between projected and actual earnings on pension plan investments	10,030,145	
Safety net difference between projected and actual earnings on pension plan investments	23,589,733	
OPEB related items:		
OPEB contributions made subsequent to measurement date	888,618	
OPEB changes in assumptions	957,828	
OPEB Net difference between projected and actual earnings	<u>771,465</u>	
		63,952,612
Long-term debt and claims liabilities that have not been included in the governmental fund activity:		
Bonds payable	(179,229,526)	
Unamortized bond premiums/discounts	(7,326,755)	
Loans payable	(3,225,000)	
Finance purchases	(1,689,247)	
Leases payable	(712,006)	
Subscriptions payable	(45,963)	
Claims payable	(16,272,582)	
Compensated absences	<u>(4,479,640)</u>	
		(212,980,719)
Accrued interest payable for the current portion of interest due on Bonds has not been reported in the governmental funds.		(491,099)
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.		(6,903,787)
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	(36,345,077)	
Safety net pension liability	<u>(84,881,108)</u>	
		(121,226,185)
Deferred inflows related to pension items due to:		
Pension related items:		
Miscellaneous differences between expected and actual experiences	(824,390)	
Safety differences between expected and actual experiences	(2,278,309)	
OPEB related items:		
Changes of assumptions	(417,823)	
OPEB differences between expected and actual experiences	<u>(735,214)</u>	
		(4,255,736)
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.		15,792,136
Internal service funds are used by management to charge the costs of certain activities, such as equipment management and employee benefits, to individual funds. The assets and liabilities of the internal service funds must be added to the statement of net position.		<u>15,333,387</u>
Net Position of Governmental Activities		<u>\$ 136,754,218</u>

CITY OF DOWNEY
Statement of Revenues,
Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2023

	<u>Special Revenue Funds</u>		
	<u>General</u>	<u>Housing Authority</u>	<u>CIP Grant Fund</u>
Revenues:			
Taxes	\$ 86,358,716	\$ -	\$ -
Licenses and permits	2,069,704	-	-
Intergovernmental	1,236,812	-	3,540,014
Charges for services	14,270,680	-	-
Use of money and property	3,809,090	290,405	-
Fines and forfeitures	1,769,337	-	-
Settlement	-	-	-
Developer participation	-	-	-
Miscellaneous	3,787,524	144,726	-
Total Revenues	113,301,863	435,131	3,540,014
Expenditures:			
Current:			
General government	7,434,009	-	-
Public safety	70,935,243	-	-
Community development	4,003,188	80	-
Community services	9,913,461	-	-
Public works	11,376,316	-	-
Capital outlay	577,447	-	1,431,800
Debt service:			
Principal retirement	93,153	-	-
Interest and fiscal charges	-	-	-
Total Expenditures	104,332,817	80	1,431,800
Excess (Deficiency) of Revenues Over (Under) Expenditures	8,969,046	435,051	2,108,214
Other Financing Sources (Uses):			
Transfers in	4,369,776	-	-
Transfers out	(19,692,982)	-	-
Leases financing	-	-	-
Subscriptions financing	139,116	-	-
Total Other Financing Sources (Uses)	(15,184,090)	-	-
Net Change in Fund Balances	(6,215,044)	435,051	2,108,214
Fund Balances, Beginning of Year, as Previously Reported	53,462,132	3,669,416	(4,290,949)
Restatements	-	-	(99,133)
Fund Balances, Beginning of Year, as Restated	53,462,132	3,669,416	(4,390,082)
Fund Balances (Deficit), End of Year	\$ 47,247,088	\$ 4,104,467	\$ (2,281,868)

CITY OF DOWNEY
Statement of Revenues,
Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2023

	Special Revenue Funds		Total Governmental Funds
	COVID-19 Grants	Other Governmental Funds	
Revenues:			
Taxes	\$ -	\$ 17,160,598	\$ 103,519,314
Licenses and permits	-	-	2,069,704
Intergovernmental	361,511	4,925,883	10,064,220
Charges for services	-	2,476,862	16,747,542
Use of money and property	199,862	401,210	4,700,567
Fines and forfeitures	-	1,864,232	3,633,569
Settlement	-	2,475,920	2,475,920
Developer participation	-	1,821,475	1,821,475
Miscellaneous	-	699,692	4,631,942
Total Revenues	561,373	31,825,872	149,664,253
Expenditures:			
Current:			
General government	28,728	2,250	7,464,987
Public safety	146,973	1,382,589	72,464,805
Community development	9,477	2,819,493	6,832,238
Community services	61,474	992,410	10,967,345
Public works	56,972	3,817,441	15,250,729
Capital outlay	-	19,146,042	21,155,289
Debt service:			
Principal retirement	-	8,194,364	8,287,517
Interest and fiscal charges	-	5,959,720	5,959,720
Total Expenditures	303,624	42,314,309	148,382,630
Excess (Deficiency) of Revenues Over (Under) Expenditures	257,749	(10,488,437)	1,281,623
Other Financing Sources (Uses):			
Transfers in	-	21,279,982	25,649,758
Transfers out	(5,024)	(5,058,406)	(24,756,412)
Leases financing	-	417,693	417,693
Subscriptions financing	-	-	139,116
Total Other Financing Sources (Uses)	(5,024)	16,639,269	1,450,155
Net Change in Fund Balances	252,725	6,150,832	2,731,778
Fund Balances, Beginning of Year, as Previously Reported	(36,437)	44,877,090	97,681,252
Restatements	-	(543,633)	(642,766)
Fund Balances, Beginning of Year, as Restated	(36,437)	44,333,457	97,038,486
Fund Balances (Deficit), End of Year	\$ 216,288	\$ 50,484,289	\$ 99,770,264

CITY OF DOWNEY
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ending June 30, 2023

Net change in fund balances - total governmental funds \$ 2,731,778

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	\$ 20,966,397	
Depreciation/amortization	(7,928,332)	
Gain/(loss) on sale of capital assets	8,283	13,046,348

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. 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	7,527,597	
Amortization of bond premiums/discounts	396,317	
Leases issued	(417,693)	
Lease repayments	313,767	
Subscription issued	(139,116)	
Subscription repayments	93,153	
Loan repayments	353,000	8,127,025

Accrued interest for long-term liabilities. This is the net change in accrued interest for the current period. 9,073

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. (502,113)

Claims and judgments 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. 828,000

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. 145,948

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. (7,064,614)

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. (2,883,967)

Internal service funds are used by management to charge the costs of certain activities, such as equipment management and employee benefits, to individual funds. The net revenues (expenses) of the internal service funds is reported with governmental activities. (1,609,854)

Change in Net Position of Governmental Activities \$ 12,827,624

CITY OF DOWNEY
Statement of Net Position
Proprietary Funds
June 30, 2023

	Business-Type Activities - Enterprise Funds				Governmental
	Water Fund	Golf Fund	Sewer and Storm Drain	Totals	Activities- Internal Service Funds
Assets:					
Current:					
Cash and investments	\$ 13,066,950	\$ 4,412,766	\$ 7,605,303	\$ 25,085,019	\$ 27,243,780
Receivables:					
Accounts	4,626,888	-	377,284	5,004,172	3,004
Leases	-	940,697	-	940,697	-
Prepaid costs	19,503	661	1,550	21,714	76,404
Due from other governments	1,000	3,181	-	4,181	5,160
Inventories	373,301	-	-	373,301	80,268
Total Current Assets	18,087,642	5,357,305	7,984,137	31,429,084	27,408,616
Noncurrent:					
Capital assets - net of accumulated depreciation/amortization	46,360,679	13,638,934	26,287,984	86,287,597	4,226,679
Total Noncurrent Assets	46,360,679	13,638,934	26,287,984	86,287,597	4,226,679
Total Assets	64,448,321	18,996,239	34,272,121	117,716,681	31,635,295
Deferred Outflows of Resources:					
Deferred pension related items	923,556	5,064	250,034	1,178,654	193,096
Total Deferred Outflows of Resources	923,556	5,064	250,034	1,178,654	193,096
Liabilities:					
Current:					
Accounts payable	3,309,486	188,069	43,928	3,541,483	223,077
Accrued liabilities	273,869	2,741	71,256	347,866	52,983
Accrued interest	6,657	34,765	1,868	43,290	-
Unearned revenues	-	82,830	-	82,830	-
Deposits payable	64,610	-	-	64,610	-
Accrued compensated absences	45,336	-	6,584	51,920	704,436
Accrued claims payable	-	-	-	-	3,401,000
Bonds, notes, and loans payable	110,007	535,000	30,910	675,917	169,782
Leases payable	-	-	-	-	300,448
Total Current Liabilities	3,809,965	843,405	154,546	4,807,916	4,851,726
Noncurrent:					
Accrued compensated absences	509,080	-	73,928	583,008	11,933,608
Accrued claims payable	-	-	-	-	3,974,418
Bonds, notes, loans and leases	3,298,338	1,720,000	926,780	5,945,118	890,308
Leases payable	-	-	-	-	716,010
Net pension liability	2,010,322	11,023	544,253	2,565,598	420,315
Total Noncurrent Liabilities	5,817,740	1,731,023	1,544,961	9,093,724	17,934,659
Total Liabilities	9,627,705	2,574,428	1,699,507	13,901,640	22,786,385
Deferred Inflows of Resources:					
Deferred pension related items	45,599	250	12,345	58,194	9,534
Related to leases	-	931,446	-	931,446	-
Total Deferred Inflows of Resources	45,599	931,696	12,345	989,640	9,534
Net Position:					
Net investment in capital assets	45,834,615	11,383,934	26,287,984	83,506,533	2,759,570
Restricted for capital projects	-	-	6,522,319	6,522,319	-
Unrestricted	9,863,958	4,111,245	-	13,975,203	6,272,902
Total Net Position (Deficit)	\$ 55,698,573	\$ 15,495,179	\$ 32,810,303	\$ 104,004,055	\$ 9,032,472

Reconciliation of Net Position to the Statement of Net Position

Net Position per Statement of Net Position - Proprietary Funds	\$ 104,004,055
Prior years' accumulated adjustment to reflect the consolidation of internal service funds activities related to the enterprise funds	(6,214,648)
Current years' adjustments to reflect the consolidation of internal service activities related to enterprise funds	(86,267)
Net Position per Statement of Net Position	\$ 97,703,140

CITY OF DOWNEY
Statement of Revenues, Expenses
and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2023

	Business-Type Activities - Enterprise Funds				Governmental
	Water Fund	Golf Fund	Sewer and Storm Drain	Totals	Activities- Internal Service Funds
Operating Revenues:					
Sales and service charges	\$ 17,173,107	\$ 4,273,369	\$ 1,430,688	\$ 22,877,164	\$ -
Interdepartmental charges	-	-	-	-	4,784,937
Miscellaneous	448,378	-	1,800	450,178	476,558
Total Operating Revenues	17,621,485	4,273,369	1,432,488	23,327,342	5,261,495
Operating Expenses:					
Purchased water	6,023,012	-	-	6,023,012	-
Maintenance and operations	4,703,928	2,528,847	278,143	7,510,918	2,580,860
General and administrative	3,937,402	110,628	778,540	4,826,570	250,772
Employee benefits	1,418	-	5,635	7,053	3,771,626
Depreciation/amortization expense	1,005,111	243,999	1,587,062	2,836,172	435,203
Total Operating Expenses	15,670,871	2,883,474	2,649,380	21,203,725	7,038,461
Operating Income (Loss)	1,950,614	1,389,895	(1,216,892)	2,123,617	(1,776,966)
Nonoperating Revenues (Expenses):					
Interest revenue	277,782	281,882	87,811	647,475	-
Interest expense	(80,179)	(85,023)	(22,527)	(187,729)	(51,672)
Grant subsidy	-	-	-	-	3,086
Gain (loss) on disposal of capital assets	-	-	-	-	129,431
Total Nonoperating Revenues (Expenses)	197,603	196,859	65,284	459,746	80,845
Income (Loss) Before Transfers	2,148,217	1,586,754	(1,151,608)	2,583,363	(1,696,121)
Transfers in	5,024	-	576,630	581,654	-
Transfers out	(1,475,000)	-	-	(1,475,000)	-
Changes in Net Position	678,241	1,586,754	(574,978)	1,690,017	(1,696,121)
Net Position:					
Beginning of Year	55,020,332	13,908,425	33,385,281	102,314,038	10,728,593
End of Fiscal Year	\$ 55,698,573	\$ 15,495,179	\$ 32,810,303	\$ 104,004,055	\$ 9,032,472
Reconciliation of Changes in Net Position to the Statement of Activities:					
Changes in Net Position, per the Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Funds				\$ 1,690,017	
Adjustment to reflect the consolidation of current fiscal year internal service funds activities related to enterprise funds				(86,267)	
Changes in Net Position of Business-Type Activities per Statement of Activities				\$ 1,603,750	

CITY OF DOWNEY
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2023

	Business-Type Activities - Enterprise Funds				Governmental
	Water Fund	Golf Fund	Sewer and Storm Drain	Totals	Activities- Internal Service Funds
Cash Flows from Operating Activities:					
Cash received from customers and users	\$ 16,744,234	\$ 4,322,383	\$ 1,441,867	\$ 22,508,484	\$ 4,788,358
Cash paid to suppliers for goods and services	(5,248,313)	(2,548,675)	(140)	(7,797,128)	(5,830,532)
Cash paid to employees for services	(10,621,238)	(128,048)	(1,106,271)	(11,855,557)	(246,791)
Cash received from others	448,378	-	1,800	450,178	-
Net Cash Provided (Used) by Operating Activities	1,323,061	1,645,660	337,256	3,305,977	(1,288,965)
Cash Flows from Non-Capital Financing Activities:					
Financing Activities:					
Cash transfers in	5,024	-	576,630	581,654	-
Cash transfers out	(1,475,000)	-	-	(1,475,000)	-
Principal paid on pension obligation bond	(111,400)	-	(31,302)	(142,702)	(19,920)
Interest paid on pension obligation bond	(80,206)	-	(22,537)	(102,743)	(16,618)
Advance from other funds	-	-	-	-	1,271,173
Grant subsidies	-	49,796	-	49,796	3,086
Net Cash Provided (Used) by Non-Capital Financing Activities	(1,661,582)	49,796	522,791	(1,088,995)	1,237,721
Cash Flows from Capital and Related Financing Activities:					
Acquisition and construction of capital assets	(4,859,062)	-	(2,381)	(4,861,443)	(119,785)
Principal paid on lease liability	-	-	-	-	(260,201)
Principal paid on capital debt	-	(515,000)	-	(515,000)	(242,430)
Interest paid on capital debt	-	(85,023)	-	(85,023)	(23,662)
Interest paid on lease liability	-	-	-	-	(11,392)
Proceeds(losses) from sales of capital assets	-	-	-	-	129,544
Net Cash Provided (Used) by Capital and Related Financing Activities	(4,859,062)	(600,023)	(2,381)	(5,461,466)	(527,926)
Cash Flows from Investing Activities:					
Interest received	278,616	273,943	88,090	640,649	-
Net Cash Provided (Used) by Investing Activities	278,616	273,943	88,090	640,649	-
Net Increase (Decrease) in Cash and Cash Equivalents	(4,918,967)	1,369,376	945,756	(2,603,835)	(579,170)
Cash and Cash Equivalents at Beginning of Year	17,985,917	3,043,390	6,659,547	27,688,854	27,822,950
Cash and Cash Equivalents at End of Year	\$ 13,066,950	\$ 4,412,766	\$ 7,605,303	\$ 25,085,019	\$ 27,243,780
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:					
Operating income (loss)	\$ 1,950,614	\$ 1,389,895	\$ (1,216,892)	\$ 2,123,617	\$ (1,776,966)
Adjustments to Reconcile Operating Income (loss) Net Cash Provided (used) by Operating Activities:					
Depreciation/amortization	1,005,111	243,999	1,587,062	2,836,172	435,203
(Increase) decrease in accounts receivable	(425,913)	-	(32,419)	(458,332)	3,421
(Increase) decrease in due from other governments	-	-	-	-	3,112
(Increase) decrease in inventories	(59,262)	-	-	(59,262)	7,278
(Increase) decrease in prepaid expense	(15,273)	(661)	(140)	(16,074)	(6,273)
(Increase) decrease in deferred pension related outflows	(715,458)	(4,261)	(192,381)	(912,100)	(151,783)
Increase (decrease) in accounts payable	(1,234,958)	(19,167)	43,598	(1,210,527)	34,272
Increase (decrease) in accrued liabilities	(58,828)	(1,854)	(9,115)	(69,797)	(12,694)
Increase (decrease) in deposits payable	(2,960)	-	-	(2,960)	-
Increase (decrease) in unearned revenue	-	53,439	-	53,439	-
Increase (decrease) in compensated absences	149,062	(17,465)	(31,969)	99,628	8,663
Increase (decrease) in net pension liability	1,684,042	9,764	453,858	2,147,664	355,540
Increase (decrease) in deferred pension related inflows	(953,116)	(3,604)	(264,346)	(1,221,066)	(188,738)
(Increase) decrease in leases receivable	-	138,874	-	138,874	-
Increase (decrease) in deferred leases revenue inflows	-	(143,299)	-	(143,299)	-
Total Adjustments	(627,553)	255,765	1,554,148	1,182,360	488,001
Net Cash Provided (Used) by Operating Activities	\$ 1,323,061	\$ 1,645,660	\$ 337,256	\$ 3,305,977	\$ (1,288,965)
Non-Cash Investing, Capital, and Financing Activities:					
Lease assets acquired	\$ -	\$ -	\$ -	\$ -	\$ 334,372

CITY OF DOWNEY
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2023

	<u>Private-Purpose Trust Fund</u>	<u>Custodial Funds</u>
Assets:		
Cash and investments	\$ 1,137,943	\$ 7,503,447
Receivables:		
Accounts	-	36,722
Taxes	-	3,846
Restricted cash and investments with fiscal agents	663,404	-
Accrued interest receivable	-	3,587
Due from other governments	-	97,417
Capital assets:		
Capital assets, not being depreciated	-	110,490
Capital assets, net of accumulated depreciation	-	2,934,702
Total Assets	1,801,347	10,690,211
Liabilities:		
Accounts payable	-	748,377
Accrued liabilities	-	638,150
Accrued interest	69,188	-
Unearned revenues	810,980	14,997
Deposits payable	2,500	50,464
Due to other governments	-	28,463
Long- term liabilities		
Due in one year		
Bonds payable	475,000	-
Due in more than one year		
Bonds payable	2,765,000	-
Advances from the City	9,144,691	-
Advances from the County	38,311,279	-
Total Liabilities	51,578,638	1,480,451
Net Position (Deficit):		
Restricted for organizations and other governments	-	9,209,760
Restricted for other purposes	(49,777,291)	-
Total Net Position (Deficit)	\$ (49,777,291)	\$ 9,209,760

CITY OF DOWNEY
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ending June 30, 2023

	<u>Private-Purpose Trust Fund</u>	<u>Custodial Funds</u>
Additions:		
Taxes	\$ 136,707	\$ 107,897
Intergovernmental	-	6,157,539
Investment income	20,434	99,195
Miscellaneous	2,410,095	427,975
Total Additions	2,567,236	6,792,606
Deductions:		
Benefits	-	8,514
Administrative expenses	53,682	5,486,847
Contractual services	4,682	188,307
Capital outlay	-	147,439
Interest expense	4,254,067	-
Depreciation expense	-	165,277
Total Deductions	4,312,431	5,996,384
Net Increase in Fiduciary Net Position	(1,745,195)	796,222
Net Position (Deficit) - Beginning	(48,032,096)	8,413,538
Net Position (Deficit) - Ending	\$ (49,777,291)	\$ 9,209,760

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NOTES TO BASIC FINANCIAL STATEMENTS



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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) the City of Downey Housing Authority (the Housing Authority) and the City of Downey Public Financing Authority (the Financing 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, Housing Authority, and Public Financing 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 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.

The *City of Downey Public Financing Authority* was created by the City of Downey Public Financing Authority under a Joint exercise of Powers Agreement to assist the Public Financing Authority in financing capital improvement projects, through the issuance of Lease Revenue Bonds. The Authority's assets and liabilities are presented in the Measure S 2017 LRB fund and Measure M and R Bonds.

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.

NOTE 1: ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 custodial 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 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 in 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

NOTE 1: ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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 long-term liabilities, claims and judgments, and compensated absences which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of 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.

The City’s Fiduciary Funds consists of the private purpose trust fund which is reported using the economic resources measurement focus and 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 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 COVID-19 Grants Fund is used to account for special revenues from federal funding and payments from funding due to the coronavirus pandemic.

The City reports the following major proprietary funds:

- The Water Fund is used to account for the provision of water services to residential, commercial and industrial customers.
- The Golf 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.

NOTE 1: ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 Debt Service Fund is used to account for the servicing of long-term debt.
- 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.
- 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 Custodial Funds are used to account for money and property held by the City as trustee, agent, or custodian.

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 4).

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

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.

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/amortization is charged as an expense against operations and accumulated depreciation/amortization is reported on the respective Statements of Net Position.

The lives used for depreciation/amortization 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
Lease assets	Shorter of the leased asset's useful life or the lease term
Subscription assets	Shorter of the subscription asset's useful life or the lease term

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 assets 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 deferred pension related items, 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.

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 assets that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. The City has three 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 third item relates to leases where the City is the lessor and relates to the future payments that will be recognized in future years.

NOTE 1: ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 7.68 Years, 2.1 Years, and 3.6 Years, respectively at June 30, 2021)

J. Net Position Flow Assumptions

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

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

K. Fund Balance

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

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

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

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

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.

NOTE 1: ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

L. Compensated Absences

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

M. Claims and Judgments

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

N. Pensions

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position have been determined on the same basis as they are reported by the CalPERS Financial Office. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value. CalPERS audited financial statements are publicly available reports that can be obtained at CalPERS' website under Forms and Publications.

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, 2021
Measurement Date (MD):	June 30, 2022
Measurement Period (MP):	July 1, 2021 to June 30, 2022

O. Other Post-Employment 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, 2021
Measurement Date (MD)	June 30, 2022
Measurement Period (MP)	July 1, 2021 to June 30, 2022

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.

NOTE 1: ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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/amortization 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. Leases

Lessee - The City is a lessee for noncancellable leases of equipment. The City recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the financial statements. The City recognizes lease liabilities with an initial, individual value of \$10,000 or more.

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the right-to-use lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Right-to-use lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

Lessor - The City is a lessor for a noncancellable lease of a cell tower site. The City recognizes a lease receivable and a deferred inflow of resources in the financial statements.

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

NOTE 1: ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Key estimates and judgments include how the City determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The City uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

S. Subscription-Based Information Technology Arrangements

The City is a subscriber for a noncancellable subscription of information technology services. The City recognizes a subscription liability and an intangible right-to-use subscription asset (subscription asset) in the government-wide financial statements. The City of Downey recognizes subscription liabilities with an initial, individual value of \$5,000 or more.

At the commencement of a subscription, the City initially measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of subscription payments made. The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for subscription payments made at or before the subscription commencement date, plus certain initial direct costs. Subsequently, the subscription asset is amortized on a straight-line basis over its useful life. Key estimates and judgments related to subscriptions include how the City determines (1) the discount rate it uses to discount the expected subscription payments to present value, (2) lease term, and (3) subscription payments.

- The City uses the interest rate charged by the vendor as the discount rate. When the interest rate charged by the vendor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for subscriptions.
- The subscription term includes the noncancellable period of the subscription. Subscription payments included in the measurement of the subscription liability are composed of fixed payments that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its subscriptions and will remeasure the subscription asset and liability if certain changes occur that are expected to significantly affect the amount of the subscription liability.

Subscription assets are reported with other capital assets and subscription liabilities are reported with long-term debt on the statement of net position.

T. New Accounting Pronouncement

The following Government Accounting Standards Board (GASB) pronouncements were effective for and/or early implemented for the fiscal year ended June 30, 2023:

1. *GASB Statement No. 91, Conduit Debt Obligations*

The requirements of this Statement will improve financial reporting by eliminating the existing option for issuers to report conduit debt obligations as their own liabilities, thereby ending significant diversity in practice. The clarified definition will resolve stakeholders' uncertainty as to whether a given financing is, in fact, a conduit debt obligation. Requiring issuers to recognize liabilities associated with additional commitments extended by issuers and to recognize assets and deferred inflows of resources related to certain arrangements associated with conduit debt obligations also will eliminate diversity, thereby improving comparability in reporting by issuers. Revised disclosure requirements will provide financial statement users with better information regarding the commitments issuers extend and the likelihood that they will fulfill those commitments. That information will inform users of the potential impact of such commitments on the financial resources of issuers and help users assess issuers' roles in conduit debt obligations.

NOTE 1: ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. GASB Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements

The requirements of this Statement will improve financial reporting by establishing the definitions of PPPs and APAs and providing uniform guidance on accounting and financial reporting for transactions that meet those definitions. That uniform guidance will provide more relevant and reliable information for financial statement users and create greater consistency in practice. This Statement will enhance the decision usefulness of a government’s financial statements by requiring governments to report assets and liabilities related to PPPs consistently and disclose important information about PPP transactions. The required disclosures will allow users to understand the scale and important aspects of a government’s PPPs and evaluate a government’s future obligations and assets resulting from PPPs.

3. GASB Statement No. 96, Subscription-Based Information Technology Arrangements

The requirements of this Statement will improve financial reporting by establishing a definition for SBITAs and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. That definition and uniform guidance will result in greater consistency in practice. Establishing the capitalization criteria for implementation costs also will reduce diversity and improve comparability in financial reporting by governments. This Statement also will enhance the relevance and reliability of a government’s financial statements by requiring a government to report a subscription asset and subscription liability for a SBITA and to disclose essential information about the arrangement. The disclosures will allow users to understand the scale and important aspects of a government’s SBITA activities and evaluate a government’s obligations and assets resulting from SBITAs.

4. GASB Statement No. 100, Accounting Changes and Error Corrections

The requirements of this Statement will improve the clarity of the accounting and financial reporting requirements for accounting changes and error corrections, which will result in greater consistency in application in practice. In turn, more understandable, reliable, relevant, consistent, and comparable information will be provided to financial statement users for making decisions or assessing accountability. In addition, the display and note disclosure requirements will result in more consistent, decision useful, understandable, and comprehensive information for users about accounting changes and error corrections.

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

At June 30, 2023, the following funds had a deficit fund balance:

Fund Name	Fund Type	Deficit
CIP Grant Fund	Major Special Revenue Fund	\$ (2,281,868)
Hazardous Material	Nonmajor Special Revenue Fund	(973)
Grants	Nonmajor Special Revenue Fund	(13,926)
Gas Tax	Nonmajor Special Revenue Fund	(299,266)
Debt Service	Nonmajor Debt Service Fund	(8,719)
Private Purpose Trust	Fiduciary Fund	(49,777,291)

These funds will be replenished with future revenues.

CITY OF DOWNEY
Notes to the Financial Statements
For the Year Ended June 30, 2023

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.

NOTE 4: CASH AND INVESTMENTS

As of June 30, 2023, 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	\$ 139,726,684	\$ 8,641,390	\$ 148,368,074
Cash and investments with fiscal agents	11,001,653	663,404	11,665,057
Total Cash and Investments	\$ 150,728,337	\$ 9,304,794	\$ 160,033,131
Demand accounts	\$ 13,058,234		
Petty cash	7,175		
Investments	146,967,722		
Total Cash and Investments	\$ 160,033,131		

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.

CITY OF DOWNEY
Notes to the Financial Statements
For the Year Ended June 30, 2023

NOTE 4: CASH AND INVESTMENTS (CONTINUED)

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

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.

CITY OF DOWNEY
Notes to the Financial Statements
For the Year Ended June 30, 2023

NOTE 4: CASH AND INVESTMENTS (CONTINUED)

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

	Investment Maturities (in Months)			Total
	12 months or less	13 - 36 Months	37 - 60 Months	
Investments:				
Local Agency Investment Fund	\$ 58,334,865	\$ -	\$ -	\$ 58,334,865
Federal Farm Credit Bank	7,812,800	1,824,800	1,978,910	11,616,510
Federal Home Loan Bank	1,953,560	5,668,008	3,444,350	11,065,918
Federal National Mortgage Assoc.	-	2,727,750	-	2,727,750
Negotiable Certificates of Deposit	4,084,003	9,863,114	3,582,682	17,529,799
US Treasury Note	9,751,200	24,118,950	-	33,870,150
Money Market Mutual Funds Held by Bond Trustee	157,673	-	-	157,673
Money Market Mutual Funds	11,665,057	-	-	11,665,057
	<u>\$ 93,759,158</u>	<u>\$ 44,202,622</u>	<u>\$ 9,005,942</u>	<u>\$ 146,967,722</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:

	Total as of June 30, 2023	Minimum Legal Rating	Minimum		
			AA+	A+	Unrated
Investments:					
United States Government Sponsored Agency Securities					
FFCB	\$ 11,616,510	N/A	\$ 11,616,510	\$ -	\$ -
FHLB	11,065,918	N/A	11,065,918	-	-
FNMA	2,727,750	N/A	2,727,750	-	-
Negotiable Certificates of Deposit	17,529,799	N/A	-	-	17,529,799
U.S. Treasury Note	33,870,150	A	-	-	33,870,150
Local Agency Investment Fund	58,334,865	N/A	-	-	58,334,865
Money Market Mutual Funds Held by Bond Trustee	157,673	A	-	-	157,673
Money Market Mutual Funds	11,665,057	A	-	-	11,665,057
	<u>\$ 146,967,722</u>		<u>\$ 25,410,178</u>	<u>\$ -</u>	<u>\$ 121,557,544</u>

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.

CITY OF DOWNEY
Notes to the Financial Statements
For the Year Ended June 30, 2023

NOTE 4: CASH AND INVESTMENTS (CONTINUED)

Investments in any one issuer that represent 5% or more of total City's investments (excluding held by trustees) are as follows:

Issuer	Investment Type	Reported Amount	Percent of Investment
Federal Farm Credit Bank	United States Government Sponsored Agency Securities	\$11,616,510	7.90%
Federal Home Loan Bank	United States Government Sponsored Agency Securities	11,065,918	7.53%

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.

The City has the following recurring fair value measurements as of June 30, 2023:

	Total as of June 30, 2023	Level		
		1	2	N/A
Investments:				
Federal Government Agency	\$ 25,410,178	\$ -	\$ 25,410,178	\$ -
US Treasury Note	33,870,150	-	33,870,150	-
Certificate of Deposit	17,529,799	-	17,529,799	-
Money Market Funds	157,673	157,673	-	-
Local Agency Investment Fund	58,334,865	-	-	58,334,865
Total Cash Investments	<u>135,302,665</u>	<u>157,673</u>	<u>76,810,127</u>	<u>58,334,865</u>
Investments with Fiscal Agents:				
Money Market Funds	11,665,057	25,130,397	-	-
Total Investments with Fiscal Agent	<u>11,665,057</u>	<u>25,130,397</u>	<u>-</u>	<u>-</u>
Total Investments	<u>\$ 146,967,722</u>	<u>\$ 25,288,070</u>	<u>\$ 76,810,127</u>	<u>\$ 58,334,865</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.

CITY OF DOWNEY
Notes to the Financial Statements
For the Year Ended June 30, 2023

NOTE 4: CASH AND INVESTMENTS (CONTINUED)

Custodial Credit Risk

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

At June 30, 2023, the City deposits (bank balances) were all insured by the Federal Deposit Insurance Corporation or collateralized.

Investment in State Investment Pool

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the City’s investment in this pool is reported in the accompanying financial statements at amounts based upon the City’s pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

NOTE 5: INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS

As of June 30, 2023, amounts due from/to other funds were as follows:

<u>Due to Other Funds</u>	<u>Due from Other Funds General</u>
<i>Governmental Funds:</i>	
CIP Grant Fund	\$ 4,918,095
Other Nonmajor Governmental	3,010,321
Total	<u>\$ 7,928,416</u>

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

CITY OF DOWNEY
Notes to the Financial Statements
For the Year Ended June 30, 2023

NOTE 5: INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS (CONTINUED)

Interfund transfers at June 30, 2023, consisted of the following:

Transfers out	Transfers In				Total
	General	Nonmajor Governmental	Sewer and Storm Drain	Water	
<i>Governmental Funds:</i>					
General	\$ -	\$ 19,692,982	\$ -	\$ -	\$ 19,692,982
Covid 19	-	-	-	5,024	5,024
Other Nonmajor Governmental	3,469,776	1,587,000	1,630	-	5,058,406
<i>Enterprise Fund:</i>					
Water	900,000	-	575,000	-	1,475,000
Total	<u>\$ 4,369,776</u>	<u>\$ 21,279,982</u>	<u>\$ 576,630</u>	<u>\$ 5,024</u>	<u>\$ 26,231,412</u>

The General Fund transferred \$19,692,982 to Other Governmental Funds to provide for capital expenditures, subsidize for various project operations, and to reimburse funds negative fund balance.

The Covid-19 Grants fund transferred \$5,024 to cover Water Well Projects.

Other Governmental Funds transferred \$4,056,776 to the General Fund, \$1,000,000 to Other Governmental Funds, and \$1,630 to the Sewer & Storm Drain Fund for various street and related program expenditures.

The Water fund transferred \$900,000 to the General fund and \$575,000 to the Sewer and Storm Drain fund, to fund administrative costs or certain program, administrative and overhead expenditures.

NOTE 6: ADVANCES RECEIVABLE FROM SUCCESSOR AGENCY

The advances from the General Fund and Housing Authority in the amount of \$9,144,691 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 22 for additional information.

NOTE 7: LOANS RECEIVABLE

The City has provided deferred-payment rehabilitation loans to qualifying low-income households in connection with the CDBG, Home Investment Partnership and Housing Authority housing rehabilitation programs. Loans receivable totaled \$12,519,794 as of June 30, 2023.

Additionally, The City's general fund entered into loan receivable agreements with two local auto dealerships. The City loaned \$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%. In fiscal year 2019, the City entered into another operating covenant and loan receivable in agreement in the amount of \$500,000. The outstanding balance on the general fund loans receivable as of June 30, 2023, is \$992,014.

NOTE 8: DEFERRED COMPENSATION PLAN

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

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

CITY OF DOWNEY
Notes to the Financial Statements
For the Year Ended June 30, 2023

NOTE 8: DEFERRED COMPENSATION PLAN (CONTINUED)

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 annual comprehensive financial report.

NOTE 9: LEASES

A. Leases Receivable and Deferred Inflows of Resources

Leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. For additional information, refer to the following below.

The City leases land to various companies for installation of cellular towers. The term is an 8.75-year lease. The City also leases land to Discovery Park, Downey Landing and Industrial Realty Group with term ranging from 3.92 years to 38 years with an option to extend of 5 to 10 years.

As of June 30, 2023, the value of the lease receivable is \$20,824,860. The value of the deferred inflow of resources as of June 30, 2023 was \$20,625,482, and the City recognized lease revenue of \$766,602 during the fiscal year.

The principal and interest payments that are expected to maturity are as follows:

Fiscal Year	Governmental Activities		
	Principal Payments	Interest Payments	Total Payments
2024	\$ 387,928	\$ 333,703	\$ 721,631
2025	368,600	327,715	696,315
2026	376,262	321,686	697,948
2027	384,091	315,539	699,630
2028	392,092	309,270	701,362
2029 - 2033	1,986,795	1,447,447	3,434,242
2034 - 2038	2,201,942	1,272,877	3,474,819
2039 - 2043	2,568,406	1,070,105	3,638,511
2044 - 2048	2,984,522	834,050	3,818,572
2049 - 2053	3,456,414	560,226	4,016,640
2054 - 2058	3,990,917	243,597	4,234,514
2059 - 2060	786,194	7,111	793,305
	<u>\$ 19,884,163</u>	<u>\$ 7,043,326</u>	<u>\$ 26,927,489</u>

CITY OF DOWNEY
Notes to the Financial Statements
For the Year Ended June 30, 2023

NOTE 9: LEASES (CONTINUED)

Fiscal Year	Business-Type Activities		
	Principal Payments	Interest Payments	Total Payments
2024	\$ 140,403	\$ 9,597	\$ 150,000
2025	141,948	8,052	150,000
2026	143,510	6,490	150,000
2027	145,089	4,911	150,000
2028	146,686	3,314	150,000
2029 - 2033	223,061	1,939	225,000
	<u>\$ 940,697</u>	<u>\$ 34,303</u>	<u>\$ 825,000</u>

Leases Payable and Right to Use Lease Assets

The City leases vehicles owned by Enterprise Fleet Management with terms range from 2.92 years to 5 years as of the contract commencement date. As of June 30, 2023, the value of the lease liability is \$1,728,463. The City is required to make annual fixed payments ranging from \$142 to \$1,084. The lease has an interest rate of 0.3150% to 2.3660%.

Right-to-use leased assets include the following at June 30, 2023:

Lease Type	Major Class of Underlying Asset	Leased Capital	Amortization
Vehicle Lease	Right-to-Use Lease - Vehicles	\$ 3,385,018	\$ 955,169
	Total	<u>\$ 3,385,018</u>	<u>\$ 955,169</u>

Future principal and interest requirements to maturity for each lease liability are as follows:

Fiscal Year	Governmental Activities		
	Principal Payments	Interest Payments	Total Payments
2024	\$ 614,603	\$ 20,915	\$ 635,518
2025	500,989	14,756	515,745
2026	313,119	9,154	322,273
2027	229,188	4,090	233,278
2028	70,564	584	71,148
Total	<u>\$ 1,728,463</u>	<u>\$ 49,499</u>	<u>\$ 1,777,962</u>

NOTE 10: SUBSCRIPTION-BASED TECHNOLOGY ARRANGEMENTS

The City implemented GASB Statement No. 96, Subscription-Based Information Technology Arrangements in the fiscal year ended June 30, 2023. The primary objective of this statement is to enhance the relevance and consistency of information about governments' subscription activities. This statement establishes a single model for subscription accounting based on the principle that subscriptions are financings of the right to use an underlying asset. Under this Statement, an organization is required to recognize a subscription liability and an intangible right-to-use subscription asset. For additional information, refer to the disclosures below.

CITY OF DOWNEY
Notes to the Financial Statements
For the Year Ended June 30, 2023

NOTE 10: SUBSCRIPTION-BASED TECHNOLOGY ARRANGEMENTS (CONTINUED)

On July 1, 2022, the City of Downey entered into a 15-month subscription for the use of Library Catalog Software Subscription and Hosting Services. An initial subscription liability was recorded in the amount of \$139,116. As of June 30, 2023, the value of the subscription liability is \$45,963. The City of Downey is required to make annual fixed payments of \$46,750. The subscription has an interest rate of 1.71%. The value of the right to use asset as of June 30, 2023 of \$139,116 with accumulated amortization of \$111,293 is included with Software on the Subscription Class activities table found below. The City of Downey has 1 extension option for 12 months.

Governmental Activities		Subscription	Accumulated
Asset Class	Major Class of Underlying Asset	Asset Value	Amortization
Software	Right-to-Use Subscription Asset	\$ 139,116	\$ 111,293
	Total	\$ 139,116	\$ 111,293

The future principal and interest subscription payments as of June 30, 2023, were as follows:

Fiscal Year	Governmental Activities		
	Principal Payments	Interest Payments	Total Payments
2024	\$ 45,963	\$ 786	\$ 46,749
Total	\$ 45,963	\$ 786	\$ 46,749

CITY OF DOWNEY
Notes to the Financial Statements
For the Year Ended June 30, 2023

NOTE 11: CAPITAL ASSETS

A summary of changes in the Governmental Activities capital assets as of June 30, 2023, is as follows:

	<u>Balances at June 30, 2022</u>	<u>Transfers of CIP</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balances at June 30, 2023</u>
Governmental Activities:					
Capital assets, not being depreciated/amortized:					
Land and improvements	\$ 26,360,821	\$ -	\$ -	\$ -	\$ 26,360,821
Projects-in-progress	24,039,871	(20,306,979)	19,183,706	-	22,916,598
Total Capital Assets, Not Being Depreciated/amortized	<u>50,400,692</u>	<u>(20,306,979)</u>	<u>19,183,706</u>	<u>-</u>	<u>49,277,419</u>
Capital assets, being depreciated/amortized:					
Buildings	85,380,767	-	-	-	85,380,767
Land Improvements	27,436,361	-	-	-	27,436,361
Equipment	22,563,689	-	1,345,666	(785,821)	23,123,534
Lease assets	2,670,202	-	752,066	(37,250)	3,385,018
Subscription asset	-	-	139,116	-	139,116
Infrastructure	308,232,640	20,306,979	-	-	328,539,619
Total Capital Assets, Being Depreciated/amortized	<u>446,283,659</u>	<u>20,306,979</u>	<u>2,236,848</u>	<u>(823,071)</u>	<u>468,004,415</u>
Less accumulated depreciation/amortization:					
Buildings	26,870,382	-	1,862,695	-	28,733,077
Land Improvements	6,680,078	-	1,204,520	-	7,884,598
Equipment	12,427,131	-	1,291,426	(777,704)	12,940,853
Lease assets	411,888	-	560,583	(17,302)	955,169
Subscription asset	-	-	139,116	(27,823)	111,293
Infrastructure	171,361,625	-	3,305,195	-	174,666,820
Total Accumulated Depreciation/amortization	<u>217,751,104</u>	<u>-</u>	<u>8,363,535</u>	<u>(822,829)</u>	<u>225,291,810</u>
Total Capital Assets, Being Depreciated/amortized, Net	<u>207,963,067</u>	<u>20,306,979</u>	<u>(6,126,687)</u>	<u>(242)</u>	<u>242,712,605</u>
Governmental Activities Capital Assets, Net	<u>\$ 268,342,425</u>	<u>\$ -</u>	<u>\$ 13,057,019</u>	<u>\$ (242)</u>	<u>\$ 291,990,024</u>

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

General Government	\$ 263,194
Public Safety	1,808,519
Community Development	4,092
Community Services	2,257,039
Public Works	3,595,488
Internal Service Funds	435,203
Total depreciation/amortization expense governmental activities	<u>\$ 8,363,535</u>

CITY OF DOWNEY
Notes to the Financial Statements
For the Year Ended June 30, 2023

NOTE 11: CAPITAL ASSETS (CONTINUED)

A summary of changes in the Water Business-type Activities capital assets at June 30, 2023, are as follows:

	WATER FUND				
	Balances at June 30, 2022	Transfers	Additions	Deletions	Balances at June 30, 2023
<u>Business-type Activities:</u>					
Capital assets, not being depreciated:					
Land	\$ 2,459,598	\$ -	\$ -	\$ -	\$ 2,459,598
Projects-in-progress	5,293,053	(4,870,336)	4,822,645	-	5,245,362
Water Rights	4,290,880	-	-	-	4,290,880
Total Capital Assets, Not Being Depreciated	<u>12,043,531</u>	<u>(4,870,336)</u>	<u>4,822,645</u>	<u>-</u>	<u>11,995,840</u>
Capital assets, being depreciated:					
Buildings and improvements	398,073	-	-	-	398,073
Furniture and Equipment	2,394,506	-	36,417	-	2,430,923
Infrastructure	50,639,625	4,870,336	-	-	55,509,961
Total Capital Assets, Being Depreciated	<u>50,467,781</u>	<u>4,870,336</u>	<u>36,417</u>	<u>-</u>	<u>58,338,957</u>
Less accumulated depreciation:					
Buildings and improvements	269,313	-	7,269	-	276,582
Furniture and Equipment	1,765,129	-	90,148	-	1,855,277
Infrastructure	20,934,565	-	907,694	-	21,842,259
Total Accumulated Depreciation	<u>22,044,548</u>	<u>-</u>	<u>1,005,111</u>	<u>-</u>	<u>23,974,118</u>
Total Capital Assets, Being Depreciated, Net	<u>28,423,233</u>	<u>4,870,336</u>	<u>(968,694)</u>	<u>-</u>	<u>34,364,839</u>
Water Fund Capital Assets, Net	<u>\$ 39,314,324</u>	<u>\$ -</u>	<u>\$ 3,853,951</u>	<u>\$ -</u>	<u>\$ 46,360,679</u>

CITY OF DOWNEY
Notes to the Financial Statements
For the Year Ended June 30, 2023

NOTE 11: CAPITAL ASSETS (CONTINUED)

A summary of changes in the Golf Business-type Activities capital assets at June 30, 2023, are as follows:

	GOLF FUND				Balances at June 30, 2023
	Balances at June 30, 2022	Adjustments	Additions	Deletions	
Capital assets, not being depreciated:					
Land	\$ 8,294,387	\$ -	\$ -	\$ -	\$ 8,294,387
Total Capital Assets, Not Being Depreciated	<u>8,294,387</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,294,387</u>
Capital assets, being depreciated:					
Land improvements	4,710,076	-	-	-	4,710,076
Buildings and improvements	8,217,041	-	-	-	8,217,041
Machinery and equipment	476,128	-	-	-	476,128
Total Capital Assets, Being Depreciated	<u>13,396,262</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,403,245</u>
Less accumulated depreciation:					
Land improvements	4,418,685	-	119,526	-	4,538,211
Buildings and improvements	2,926,780	-	164,710	-	3,091,490
Machinery and equipment	469,234	(94,441)	54,204	-	428,997
Total Accumulated Depreciation	<u>7,548,965</u>	<u>(94,441)</u>	<u>338,440</u>	<u>-</u>	<u>8,058,698</u>
Total Capital Assets, Being Depreciated, Net	<u>5,847,297</u>	<u>94,441</u>	<u>(338,440)</u>	<u>-</u>	<u>5,344,547</u>
Golf Fund Capital Assets, Net	<u>\$ 14,141,684</u>	<u>\$ 94,441</u>	<u>\$ (338,440)</u>	<u>\$ -</u>	<u>\$ 13,638,934</u>

CITY OF DOWNEY
Notes to the Financial Statements
For the Year Ended June 30, 2023

NOTE 11: CAPITAL ASSETS (CONTINUED)

A summary of changes in the Sewer and Storm Drain Business-type Activities capital assets at June 30, 2023, are as follows:

SEWER AND STORM DRAIN FUND				
	Balances at June 30, 2022	Additions	Deletions	Balances at June 30, 2023
Capital assets, not being depreciated:				
Projects-in-progress	\$ 2,282,995	\$ -	\$ -	2,282,995
Total Capital Assets, Not Being Depreciated	2,282,995	-	-	2,282,995
Capital assets, being depreciated:				
Machinery and equipment	1,085,585	2,381	-	1,087,966
Infrastructure	77,062,223	-	-	77,062,223
Total Capital Assets, Being Depreciated	78,147,808	2,381	-	78,150,189
Less accumulated depreciation:				
Machinery and equipment	378,872	8,460	-	387,332
Infrastructure	52,179,266	1,578,602	-	53,757,868
Total Accumulated Depreciation	51,011,445	1,587,062	-	54,145,200
Total Capital Assets, Being Depreciated, Net	27,136,363	(1,584,681)	-	24,004,989
Sewer and Storm Drain Fund Capital Assets, Net	<u>\$ 29,419,358</u>	<u>\$ (1,584,681)</u>	<u>\$ -</u>	<u>\$ 26,287,984</u>

Capital Project Commitments

The City has active construction projects as of June 30, 2023. At year end, the City's projects-in-progress totaled \$30,444,955. The following material construction commitments existed at June 30, 2023.

Project Name	Contract Amount	Expenditures to date as of June 30, 2023	Remaining Commitments
Professional Engineering Services	\$ 799,936	\$ 211,075	\$ 588,861
Furman Parl Stormwater Capture & Infiltration Improvements	1,043,462	330,607	712,855
Space Shuttle Exhibit and Education Building	310,515	37,403	273,113
Firestone Blvd at Lakewood Blvd Water System Improvements	2,928,508	1,414,645	1,513,863
Lakewood Blvd Traffic Signal Upgrades	1,150,545	95,431	1,055,114
Playground Equipment - Rio San Gabriel Park	1,581,947	701,926	880,021
Citywide Bus Signal Priority Project	1,972,577	-	1,972,577
Manzanar Ave and Bergman Lane Street Improvements	320,000	-	320,000
Total Construction Commitments	<u>\$ 10,107,491</u>	<u>\$ 2,791,087</u>	<u>\$ 7,316,403</u>

CITY OF DOWNEY
Notes to the Financial Statements
For the Year Ended June 30, 2023

NOTE 12: LONG-TERM DEBT

Noted below is a summary of changes in long-term debt for the year ended June 30, 2023:

	Balance June 30, 2022	Additions	Reductions	Balance June 30, 2023	Due Within One Year
Governmental Activities:					
Bond payable					
2005 Pension Obligation Bonds	\$ 13,845,000	\$ -	\$ 1,050,000	\$ 12,795,000	\$ 1,160,000
2017 Lease Revenue Bonds	38,760,000	-	1,815,000	36,945,000	1,905,000
2021 Pension Obligation Bonds	109,076,263	-	3,452,298	105,623,965	3,409,083
Sales Tax Revenue Bonds					
2021A Measure M Bond	14,610,000	-	470,000	14,140,000	485,000
2021B Measure M Bond	10,795,000	-	460,000	10,335,000	480,000
Bond premiums	7,808,381	-	403,425	7,404,956	-
Bond discount	(85,309)	-	(7,108)	(78,201)	-
Total Bonds	194,809,335		7,643,615	187,165,720	7,439,083
Direct borrowings					
Financed purchases	2,682,548	-	542,649	2,139,899	462,227
Lease payable (Note 9)	1,550,366	752,065	573,968	1,728,463	614,603
Subscription payable (Note 10)	-	139,116	93,153	45,963	45,963
HUD Section 108 Loans					
2011 - Section 108	324,000	-	81,000	243,000	81,000
2018 - Section 108	2,684,000	-	158,000	2,526,000	158,000
2019 - Section 108	570,000	-	114,000	456,000	114,000
Total governmental activities long-term liabilities	\$ 202,620,249	\$ 891,181	\$ 9,206,385	\$ 194,305,045	\$ 8,914,876
Business-type Activities:					
Bond payable					
2021 Pension Obligation Bonds	\$ 4,508,737	\$ -	\$ 142,702	\$ 4,366,035	\$ 140,917
Loans payable					
Golf Course 2014	2,770,000	-	515,000	2,255,000	535,000
Total business-type activities long-term liabilities	\$7,278,737	-	\$657,702	\$6,621,035	\$675,917

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, 2021, 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

CITY OF DOWNEY
Notes to the Financial Statements
For the Year Ended June 30, 2023

NOTE 12: LONG-TERM DEBT (CONTINUED)

option of the City, in whole or in part on any date, at the redemption price equal to the lesser of (a) 100% of the principal amount on the term bonds to be redeemed; or (b) the sum of the present value of the remaining scheduled payments of the principal and interest to be redeemed.

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

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 1,160,000	\$ 649,047	\$ 1,809,047
2025	730,000	590,896	1,320,896
2026	810,000	554,301	1,364,301
2027	895,000	513,129	1,408,129
2028	985,000	467,636	1,452,636
2029-2033	6,535,000	1,481,695	8,016,695
2034-2035	1,680,000	85,394	1,765,394
Total	\$ 12,795,000	\$ 4,342,098	\$ 17,137,098

The outstanding bonds contain a provision that if any event of default should occur, the sole legal remedy of any Holder or Beneficial Owner of the Bonds or the Participating Underwriter shall be an action to compel performance. No Bondholder or Beneficial Owner may institute such action, suit or proceeding to compel performance unless they shall have first delivered to the Local Agency satisfactory written evidence of their status as such, and a written notice of and request to cure such failure, and the Local Agency shall have refused to comply therewith within a reasonable time.

2017 Lease Revenue Bonds

In December 2017, the City issued \$45,415,000 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>
2024	\$ 1,905,000	\$ 1,544,163	\$ 3,449,163
2025	2,000,000	1,446,538	3,446,538
2026	2,100,000	1,344,038	3,444,038
2027	2,205,000	1,236,413	3,441,413
2028	2,315,000	1,123,413	3,438,413
2029-2033	13,435,000	3,713,813	17,148,813
2034-2035	12,985,000	808,256	13,793,256
Total	\$ 36,945,000	\$ 11,216,633	\$ 48,161,634

CITY OF DOWNEY
Notes to the Financial Statements
For the Year Ended June 30, 2023

NOTE 12: LONG-TERM DEBT (CONTINUED)

The outstanding bonds contain a provision that if any event of default should occur and continues to occur, the Authority is authorized under the terms of the Property Lease to exercise any and all remedies available under law or generated under the Property Lease. There is no remedy of acceleration of the total Base Rental payments due over the term of the Property Lease. The Trustee is not empowered to sell the Site and Facilities and use the proceeds of such sale to prepay the 2017 Bonds or pay debt service on the 2017 Bonds.

2021 Pension Obligation Bonds

In February 2021, the City issued \$113,585,000 pension obligation bonds. Bond proceeds will be used to refinance the City's statutory obligation to appropriate and make payments to CalPERS for certain amounts arising as a result of retirement benefits accruing to members of the System. Principal on the bonds mature in amounts from \$3,595,000 to \$7,325,000, beginning June 30, 2023 through June 30, 2044, and the interest at .317% to 2.995% is due semiannually on June 1 and December 1, ending 2045.

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

Governmental Activity

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 3,409,083	\$ 2,466,309	\$ 5,875,392
2025	3,898,839	2,442,958	6,341,797
2026	3,879,633	2,409,053	6,288,686
2027	3,874,831	2,363,714	6,238,545
2028	3,884,434	2,306,795	6,191,229
2029-2033	19,739,073	10,463,418	30,202,491
2034-2038	27,493,537	7,818,974	35,312,511
2039-2043	33,481,040	3,402,618	36,883,658
2044-2045	5,963,495	89,303	6,052,798
Total	<u>\$105,623,965</u>	<u>\$ 33,763,142</u>	<u>\$139,387,107</u>

Business Type Activity

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 140,917	\$ 101,946	\$ 242,863
2025	161,161	100,981	262,142
2026	160,367	99,580	259,947
2027	160,169	97,706	257,875
2028	160,566	95,353	255,919
2029-2032	815,927	432,512	1,248,439
2033-2037	1,136,463	323,202	1,459,665
2038-2042	1,383,960	140,649	1,524,609
2043-2045	246,505	3,691	250,196
Total	<u>\$ 4,366,035</u>	<u>\$ 1,395,620</u>	<u>\$ 5,761,655</u>

CITY OF DOWNEY
Notes to the Financial Statements
For the Year Ended June 30, 2023

NOTE 12: LONG-TERM DEBT (CONTINUED)

Year Ending June 30,	Principal	Interest	Total
Governmental	\$ 105,623,965	\$ 33,763,142	\$ 139,387,107
Business	4,366,035	1,395,620	5,761,655
Total	<u>\$ 109,990,000</u>	<u>\$ 35,158,762</u>	<u>\$ 145,148,762</u>

The outstanding bonds contain a provision that if any event of default should occur and continues to occur, the City and Trustee have no liability to the Holders of Series 2021 bonds or any other party related to or arising from such rescission of redemption.

Sales Tax Revenue Bonds Measure M Series 2021A and Measure R Series 2021B

In October 2021, the City issued \$15,275,000 Measure M Series 2021A bonds and \$11,385,000 Measure R Series 2021 bonds. The bonds are being issued to finance the design, acquisition, and construction of certain local roadway and street improvement projects in the City, purchase a debt service reserve fund insurance policy to satisfy the reserve requirement for the 2021B Bonds and pay the costs incurred in connection with the issuance of the 2021B Bonds.

Principal on the Measure M Series A bonds mature in amounts from \$470,000 to \$1,790,000, beginning June 1, 2022 through June 1, 2041, and the interest at 2.25% to 4.0% is due semiannually on June 1 and December 1. Principal on the Measure R Series 2021B bonds mature in amounts from \$460,000 to \$815,000 beginning June 1, 2022 through June 1, 2039, and the interest at 2.125% to 4.0% is due semiannually on June 1 and December 1.

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

2021A Measure M Bond – Governmental Activity

Year Ending June 30,	Principal	Interest	Total
2024	\$ 485,000	\$ 536,756	\$ 1,021,756
2025	505,000	517,356	1,022,356
2026	530,000	497,156	1,027,156
2027	545,000	475,956	1,020,956
2028	570,000	454,156	1,024,156
2029-2033	3,215,000	1,909,381	5,124,381
2033-2038	3,915,000	1,212,981	5,127,981
2039-2043	4,375,000	372,944	4,747,944
Total	<u>\$ 14,140,000</u>	<u>\$ 5,976,687</u>	<u>\$ 20,116,686</u>

CITY OF DOWNEY
Notes to the Financial Statements
For the Year Ended June 30, 2023

NOTE 12: LONG-TERM DEBT (CONTINUED)

2021B Measure R Bond – Governmental Activity

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 480,000	\$ 356,831	\$ 836,831
2025	500,000	337,631	837,631
2026	515,000	317,631	832,631
2027	540,000	297,031	837,031
2028	560,000	275,431	835,431
2029-2033	3,150,000	1,023,156	4,173,156
2033-2038	3,775,000	400,881	4,175,881
2039-2043	815,000	19,356	834,356
Total	\$ 10,335,000	\$ 3,027,949	\$ 13,362,949

Finance Purchases

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>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 462,227	\$ 76,323	\$ 538,550
2025	478,978	59,573	538,551
2026	483,386	42,206	525,592
2027	350,708	24,661	375,369
2028	364,600	10,766	375,366
Total	\$ 2,139,899	\$ 213,529	\$ 2,353,428

Loans from Federal Government

HUD Section 108 Loans

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, 2023, is as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 81,000	\$ 6,014	\$ 87,014
2025	81,000	3,637	84,637
2026	81,000	1,219	82,219
Total	\$ 243,000	\$ 10,870	\$ 253,870

CITY OF DOWNEY
Notes to the Financial Statements
For the Year Ended June 30, 2023

NOTE 12: LONG-TERM DEBT (CONTINUED)

In 2018, 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, 2023, is as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 114,000	\$ 10,916	\$ 124,916
2025	114,000	7,902	121,902
2026	114,000	4,821	118,821
2027	114,000	1,630	115,630
Total	<u>\$ 456,000</u>	<u>\$ 25,269</u>	<u>\$ 481,269</u>

In 2019, the City received a Section 108 Loan from the United States Department of Housing and Urban Development. The payment schedule as of June 30, 2023, is as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 158,000	\$ 78,185	\$ 236,185
2025	158,000	74,009	232,009
2026	158,000	69,738	227,738
2027	158,000	65,316	223,316
2028	158,000	60,789	218,789
2029-2033	790,000	230,573	1,020,573
2034-2038	790,000	97,972	887,972
2039-2040	156,000	2,835	158,835
Total	<u>\$ 2,526,000</u>	<u>\$ 679,417</u>	<u>\$ 3,205,417</u>

Business-type Activities

2014 Golf Course Loan Agreement

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

Future debt service requirements on these certificates are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 535,000	\$ 73,538	\$ 608,538
2025	550,000	53,465	603,465
2026	575,000	32,653	607,653
2027	595,000	11,008	606,008
Total	<u>\$ 2,255,000</u>	<u>\$ 170,664</u>	<u>\$ 2,425,664</u>

CITY OF DOWNEY
Notes to the Financial Statements
For the Year Ended June 30, 2023

NOTE 13: COMPENSATED ABSENCES

Compensated Absences

For the fiscal year ended June 30, 2023, compensated absences are as follows:

	Balance June 30, 2022	Additions	Reductions	Balance June 30, 2023	Due Within One Year
Compensated absences:					
Governmental activities	\$ 16,606,908	\$ 5,457,207	\$ 4,946,431	\$ 17,117,684	\$ 1,399,776
Business-type activities	535,300	202,419	102,791	634,928	51,920
Total compensated absences	\$ 17,142,208	\$ 5,659,626	\$ 5,049,222	\$ 17,752,612	\$ 1,451,696

The compensated absences are predominantly associated with the General fund.

NOTE 14: CLAIMS AND JUDGEMENTS

Claims Payable (Self-Insurance)

The City has two 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	\$ 5,000,000
General Liability	2,000,000	20,000,000

Changes in the workers' compensation, employee health benefits, and general liability outstanding claims liability for the fiscal year ended June 30, 2023, were as follows:

	General Liability	Workers' Compensation	Employee Health Benefit	Total
Claims Payable, June 30, 2021	\$ 6,365,000	\$ 17,623,000	\$ 85,000	\$ 24,073,000
Adjustments due to actuarial valuation	(461,478)	-	-	(461,478)
Claims and Changes in Estimates	-	4,199,287	-	4,199,287
Claims Payments	(553,522)	(2,781,287)	-	(3,334,809)
Claims Payable, June 30, 2022	<u>\$ 5,350,000</u>	<u>\$ 19,041,000</u>	<u>\$ 85,000</u>	<u>\$ 24,476,000</u>
Claims payable, due within one year	<u>\$ 1,132,000</u>	<u>\$ 3,372,000</u>	<u>\$ -</u>	<u>\$ 4,504,000</u>
Claims Payable, June 30, 2022	\$ 5,350,000	\$ 19,041,000	\$ 85,000	\$ 24,476,000
Adjustments due to actuarial valuation	-	(736,000)	-	(736,000)
Claims and Changes in Estimates	358,194	3,103,472	-	3,461,666
Claims Payments	(450,194)	(3,103,472)	-	(3,553,666)
Claims Payable, June 30, 2023	<u>\$ 5,258,000</u>	<u>\$ 18,305,000</u>	<u>\$ 85,000</u>	<u>\$ 23,648,000</u>
Claims payable, due within one year	<u>\$ 1,265,000</u>	<u>\$ 3,401,000</u>	<u>\$ -</u>	<u>\$ 4,666,000</u>

CITY OF DOWNEY
Notes to the Financial Statements
For the Year Ended June 30, 2023

NOTE 14: CLAIMS AND JUDGEMENTS (CONTINUED)

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

NOTE 15: 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, California 95814, or downloaded from the website at www.calpers.ca.gov.

Benefits Provided

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

Pension related balances presented on the Statement of Net Position as of June 30, 2023 by individual plan are described in the following table:

	Deferred Employer Contributions	Deferred Outflows Pension	Net Pension Liability	Deferred Inflows Pension	Pension Expense
CalPERS Miscellaneous Plan	\$ 3,907,132	\$ 14,161,800	\$ (39,330,990)	\$ (892,118)	\$ 6,876,599
CalPERS Safety Plan	9,971,088	34,666,431	(84,881,108)	(2,278,309)	13,399,195
Total pension plans	\$ 13,878,220	\$ 48,828,231	\$ (124,212,098)	\$ (3,170,427)	\$ 20,275,794

The Plans' provisions and benefits in effect at June 30, 2022, are summarized as follows:

	Miscellaneous agent plans			Safety agent plans			
	Miscellaneous Classic	Miscellaneous Classic - 2nd Tier	PEPRA Miscellaneous	Safety Classic	Safety Classic - 2nd Tier	PEPRA Safety Police	PEPRA Safety Fire
Hire date	Prior to January 1, 2013	January 11, 2012 - January 1, 2013	January 1, 2013 and after	Prior to January 1, 2013	October 10, 2012 - January 1, 2013	January 1, 2013 and after	January 1, 2013 and after
Benefit formula	2.7% @ 55	2.0% @ 60	2% @ 62	3% @ 50	3% @ 55	2.7% @ 57	2.7% @ 57
Benefit vesting schedule	5 years service monthly for life	5 years service monthly for life	5 years service monthly for life	5 years service monthly for life	5 years service monthly for life	5 years service monthly for life	5 years service monthly for life
Benefit payments	minimum 50 yrs	minimum 50 yrs	minimum 52 yrs	minimum 50 yrs	minimum 50 yrs	minimum 52 yrs	minimum 52 yrs
Retirement age	2.0% - 2.7%, 50 yrs - 55+ yrs, respectively	2.0% - 2.7%, 50 yrs - 55+ yrs, respectively	1.0% - 2.5%, 52 yrs - 67+ yrs, respectively	3.0%, 50 yrs - 55+ yrs	3.0%, 50 yrs - 55+ yrs	2.0% - 2.7%, 50 yrs - 57+ yrs, respectively	2.0% - 2.7%, 50 yrs - 57+ yrs, respectively
Monthly benefits, as a % of eligible compensation	8.000%	7.000%	6.250%	9.000%	9.000%	12.000%	12.000%
Required employee contribution rates	10.240%	10.240%	10.240%	19.990%	19.990%	19.990%	19.990%
Required employer contribution rates							
Required unfunded liability payment	\$ 2,369,896	\$ -	\$ -	\$ 4,957,335	\$ -	\$ -	\$ -

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

NOTE 15: CITY EMPLOYEE RETIREMENT PLAN (CONTINUED)

Employees Covered

At the June 30, 2022 measurement date, the following employees were covered by the benefit terms for each Plan:

	<u>Miscellaneous</u>	<u>Safety</u>
Inactive employees or beneficiaries currently receiving benefits	463	323
Inactive employees entitled to but not yet receiving benefits	559	91
Active employees	241	177
	<u>1,263</u>	<u>591</u>

Contribution Description

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

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, 2022, using an annual actuarial valuation as of June 30, 2021, rolled forward to June 30, 2022, 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, 2022, actuarial report were determined using the following actuarial assumptions:

Actuarial Cost Method	Entry Age Actuarial Cost Method
Actuarial Assumptions	
Discount Rate	6.90%
Inflation	2.30%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table (1)	Derived using CalPERS’ Membership Data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.30% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.30% thereafter

(1) The mortality table used was developed based on CalPERS’ specific data. For more details on this table, please refer to the 2017 experience study report.

Change of Assumptions - Effective with the June 30, 2021 valuation date (2022 measurement date), the accounting discount rate was reduced from 7.15% to 6.90%.

NOTE 15: CITY EMPLOYEE RETIREMENT PLAN (CONTINUED)

Subsequent Events - On July 12, 2021, CalPERS reported a preliminary 21.3% net return on investments for fiscal year 2020-21. Based on the thresholds specified in CalPERS Funding Risk Mitigation policy, the excess return of 14.3% prescribes a reduction in investment volatility that corresponds to a reduction in the discount rate used for funding purposes of 0.20%, from 7.00% to 6.80%. Since CalPERS was in the final stages of the four-year Asset Liability Management (ALM) cycle, the board elected to defer any changes to the asset allocation until the ALM process concluded, and the board could make its final decision on the asset allocation in November 2021.

On November 17, 2021, the board adopted a new strategic asset allocation. The new asset allocation along with the new capital market assumptions, economic assumptions and administrative expense assumption support a discount rate of 6.90% (net of investment expense but without a reduction for administrative expense) for financial reporting purposes. This includes a reduction in the price inflation assumption from 2.50% to 2.30% as recommended in the November 2021 CalPERS Experience Study and Review of Actuarial Assumptions. This study also recommended modifications to retirement rates, termination rates, mortality rates and rates of salary increases that were adopted by the board. These new assumptions will be reflected in the GASB 68 accounting valuation reports for the June 30, 2022, measurement date.

Discount Rate - The discount rate used to measure the total pension liability was 6.90%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Long-term Expected Rate of Return - 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, CalPERS took into account both short-term and long-term market return expectations. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the next 20 years using a building-block approach. The expected rate of return was then adjusted to account for assumed administrative expenses of 10 Basis points. The expected real rates of return by asset class are as follows:

Asset Class ¹	New Strategic Allocation	Real Return ^{1, 2}
Global Equity - Cap-weighted	30.00%	4.54%
Global Equity Non-Cap-weighted	12.00%	3.84%
Private Equity	13.00%	7.28%
Treasury	5.00%	0.27%
Mortgage-Backed Securities	5.00%	0.50%
Investment Grade Corporates	10.00%	1.56%
High Yield	5.00%	2.27%
Emerging Market Debt	5.00%	2.48%
Private Debt	5.00%	3.57%
Real Assets	15.00%	3.21%
Leverage	-5.00%	-0.59%
Total	100.00%	

¹ An expected price inflation of 2.30% used for this period.

² Figures are based on the 2021 Asset Liability Management study.

CITY OF DOWNEY
Notes to the Financial Statements
For the Year Ended June 30, 2023

NOTE 15: 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:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Assets) (c)=(a)-(b)
Miscellaneous Plan			
Balance at: 6/30/2021 (Measurement date)	\$ 215,800,173	\$ 210,016,169	\$ 5,784,004
Changes Recognized for the Measurement Period:			
Service Cost	3,157,044	-	3,157,044
Interest on the Total Pension Liability	14,909,880	-	14,909,880
Difference between Expected and Actual Experience	(1,655,691)	-	(1,655,691)
Changes of Assumptions	6,314,571	-	6,314,571
Contribution from the Employer	-	3,686,157	(3,686,157)
Contributions from Employees	-	1,246,789	(1,246,789)
Net Investment Income	-	(15,623,270)	15,623,270
Plan to Plan Resource Movement	-	(30)	30
Benefit Payments including Refunds of Employee Contributions	(11,904,687)	(11,904,687)	-
Administration Expenses	-	(130,828)	130,828
Net Changes During 2021-22	10,821,117	(22,725,869)	33,546,986
Balance at: 6/30/2022 (Measurement Date)	\$ 226,621,290	\$ 187,290,300	\$ 39,330,990
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Assets) (c)=(a)-(b)
Safety Plan			
Balance at: 6/30/2021 (Measurement date)	\$ 454,568,233	\$ 444,255,490	\$ 10,312,743
Changes Recognized for the Measurement Period:			
Service Cost	7,775,844	-	7,775,844
Interest on the Total Pension Liability	31,720,758	-	31,720,758
Difference between Expected and Actual Experience	(1,467,525)	-	(1,467,525)
Changes of Assumptions	14,719,478	-	14,719,478
Contribution from the Employer	-	9,088,696	(9,088,696)
Contributions from Employees	-	2,538,089	(2,538,089)
Net Investment Income	-	(33,169,880)	33,169,880
Plan to Plan Resource Movement	-	30	(30)
Benefit Payments including Refunds of Employee Contributions	(23,973,965)	(23,973,965)	-
Administration Expenses	-	(276,745)	276,745
Net Changes During 2021-22	28,774,590	(45,793,775)	74,568,365
Balance at: 6/30/2022 (Measurement Date)	\$ 483,342,823	\$ 398,461,715	\$ 84,881,108

NOTE 15: CITY EMPLOYEE RETIREMENT PLAN (CONTINUED)

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 6.90 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 (5.90 percent) or 1 percentage-point higher (7.90 percent) than the current rate:

Plans	Plan's Net Pension Liability		
	Discount Rate -	Discount Rate	Discount Rate +
	1% (5.90%)	(6.90%)	1% (7.90%)
Miscellaneous	\$ 68,813,244	\$ 39,330,990	\$ 15,034,786
Safety	150,439,263	84,881,108	31,232,207
	<u>\$ 219,252,507</u>	<u>\$ 124,212,098</u>	<u>\$ 46,266,993</u>

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.

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 expected average remaining service lifetime (EARSL) 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, 2022 is 3.6 years for safety and 2.1 years for Miscellaneous, which was obtained by dividing the total service years of 2,203 safety and 2,646 miscellaneous (the sum of remaining service lifetimes of the active employees) by 605 safety and 1,290 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.

CITY OF DOWNEY
Notes to the Financial Statements
For the Year Ended June 30, 2023

NOTE 15: CITY EMPLOYEE RETIREMENT PLAN (CONTINUED)

D. Changes in Net Pension Liability

For the measurement period ending June 30, 2022, the City incurred pension expense in the amount of \$6,876,599 and \$13,399,195 for the Miscellaneous and Safety Plans, respectively, totaling \$20,275,794 for all plans. The City recognized a reduction of net pension liability of \$124,212,098, \$39,330,990 from the Miscellaneous Plan and \$84,881,108 from the Safety Plan. At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Miscellaneous Plan	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 3,907,132	\$ -
Changes of Assumptions	3,307,632	-
Differences between Expected and Actual Experiences	-	(892,118)
Net difference between projected and actual earnings on pension plan investments	10,854,168	-
	<u>\$ 18,068,932</u>	<u>\$ (892,118)</u>

Safety Plan	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 9,971,088	\$ -
Changes of Assumptions	10,630,734	-
Differences between Expected and Actual Experiences	445,964	(2,278,309)
Net difference between projected and actual earnings on pension plan investments	23,589,733	-
	<u>\$ 44,637,519</u>	<u>\$ (2,278,309)</u>

Total Deferred Outflows and Inflows of resources	<u>\$ 62,706,451</u>	<u>\$ (3,170,427)</u>
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The \$3,907,132 and \$9,971,088 reported as deferred outflows of resources related to miscellaneous and safety plan contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in future pension expense as follows:

Measurement Period Ended June	Deferred Outflows/(Inflows) of Resources		
	Miscellaneous	Safety	Total Plans
2023	\$ 4,115,329	\$ 7,427,995	\$ 11,543,324
2024	2,001,477	7,340,541	9,342,018
2025	1,183,419	4,943,050	6,126,469
2026	5,969,457	12,676,536	18,645,993
	<u>\$ 13,269,682</u>	<u>\$ 32,388,122</u>	<u>\$ 45,657,804</u>

NOTE 16: POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Description

In connection with the retirement benefits for employees described in Note 13, 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 6.10%, the City’s expectation of the long-term return on trust assets.

Employees Covered

As of the June 30, 2022 actuarial valuation, the following current and former employees were covered by the benefit terms under the OPEB Plan:

Inactive members currently receiving benefits	238
Inactive members entitled to but not yet receiving benefits	210
Active members	424
Total	872

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, 2021, the City’s cash contributions were \$977,849 in total payments, which were recognized as a reduction to the OPEB liability.

Net OPEB Liability

The City’s net OPEB liability was measured as of June 30, 2022 using an actuarial valuation as of June 30, 2021. The Liability was determined based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions	
Discount Rate	6.10%
Inflation	2.50%
Salary Increases	3.00% per year
Investment Rate of Return	6.15%
Mortality Rate (1)	MacLeod Watts Scale 2022 applied generationally from 2015
Healthcare Trend Rate	5.6% in 2024 fluctuating down to 3.9% by 2076

NOTE 16: POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Notes:

(1) Mortality rates used were those published by CalPERS, adjusted to back out 15 years of Scale MP 2016 to central year 2015, 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	49.00%	6.80%
Global Debt Securities	23.00%	4.50%
Inflation Assets	5.00%	3.60%
REITs	20.00%	6.20%
Commodities	3.00%	3.50%
Total	<u>100.00%</u>	

Discount Rate

The discount rate used to measure the total OPEB liability was 6.10 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.

CITY OF DOWNEY
Notes to the Financial Statements
For the Year Ended June 30, 2023

NOTE 16: POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Changes in the OPEB Liability

The changes in the net OPEB liability are as follows:

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability/(Asset) (c) = (a) - (b)
Balance at June 30, 2021 (Measurement date)	\$ 15,711,493	\$ 10,767,675	\$ 4,943,818
Changes recognized for the measurement period:			
Service cost	434,244	-	434,244
Interest on total OPEB liability	966,883	-	966,883
Changes of assumptions	92,955	-	92,955
Contributions-employer	-	977,849	(977,849)
Net investment income	-	(1,441,009)	1,441,009
Benefit payments, including refunds of employee contributions	(848,120)	(848,120)	-
Administrative expense	-	(2,727)	2,727
Net changes during 2021-22	645,962	(1,314,007)	1,959,969
Balance at June 30, 2022 (Measurement date)	\$ 16,357,455	\$ 9,453,668	\$ 6,903,787

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, 2022:

	Discount Rate -1 Percent (5.10%)	Current Discount Rate (6.10%)	Discount Rate +1 Percent (7.10%)
Plan's net OPEB liability/(asset)	\$ 8,956,350	\$ 6,903,787	\$ 5,197,340

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, 2022:

	1 Percent Decrease	Current Healthcare Trend Rate	1 Percent Increase
Plan's net OPEB liability/(asset)	\$ 5,417,689	\$ 6,903,787	\$ 8,843,814

OPEB Plan Fiduciary Net Position

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

CITY OF DOWNEY
Notes to the Financial Statements
For the Year Ended June 30, 2023

NOTE 16: 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, 2023, the City recognized OPEB expense of \$742,670. As of fiscal year ended June 30, 2023, the City reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions subsequent to the measurement date *	\$ 888,618	\$ -
Changes of assumptions	957,828	417,823
Differences between expected and actual experience	-	735,214
Net difference between projected and actual earnings on OPEB plan investments	771,465	-
Total	\$ 2,617,911	\$ 1,153,037

* Includes implied subsidy of \$429,703

The \$888,618 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2022 measurement date will be recognized as a reduction of the net OPEB liability during the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows of resources related to OPEB will be recognized as expense as follows:

Fiscal year ended June 30,	Deferred Outflows/(Inflows) of Resources
2024	\$ 12,506
2025	(5,993)
2026	(61,402)
2027	402,540
2028	128,872
Thereafter	99,733
Total	\$ 576,256

NOTE 17: 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.

NOTE 17: 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 Whittier acts as lead agency.

NOTE 18: 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.

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.

CITY OF DOWNEY
Notes to the Financial Statements
For the Year Ended June 30, 2023

NOTE 19: SALES TAX ABATEMENT

The City has entered into a tax abatement agreement with a local businesses. The abatement may be granted to any business located within or promising to relocate to the City. For the Fiscal Year ended June 30, 2023, the City abated taxes totaling \$177,896. 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. Total tax abatements were \$142,835 for the fiscal year.
- A sales tax rebate with a local auto dealership in which the City authorized a loan in the amount of \$500,000. The sales tax base will be 100% of the sales projections and the City will retain the first 50% of the sales tax collected. The second 50% will be shared will be shared by the City and the dealership. The City will use the portion to be credited against the \$500,000 loan. Upon payment of the \$500,000 loan, the City will then disburse the sales tax collected up to a maximum of \$500,000. A combination of the sales tax credit for the loan of \$500,000 plus the sales tax rebate will not exceed \$1,000,000. Due to COVID 19 pandemic there was delay in construction and operation at the new dealership. City expects the dealership will be in operation during fiscal year 23-24, at which point abatement of sales tax will begin.
- A tax abatement to assist a new RV dealership to serve as a sales tax rebate and job creation covenant. City will rebate 26% of the sales tax portion over \$180,000 if the gross taxable sales at the property exceeds \$18,000,000. The rebate is restricted to a maximum of \$72,000 per year and shall not exceed \$504,000 over 7 year period. Tax rebated in fiscal year was \$35,061.

NOTE 20: FUND BALANCE AND NET POSITION

A. Net investment in capital assets

The breakdown for net investment in capital assets for the year ended June 30, 2023 is as follows:

	Governmental Activities	Business-Type Activities			Total Business-Type Activities
		Water Fund	Golf Fund	Sewer and Storm Drain Fund	
Capital assets, net of accumulated depreciation	\$ 291,990,025	\$ 46,360,679	\$ 13,638,934	\$ 26,287,984	\$ 86,287,597
Less:					
Bonds, notes and finance purchase agreements	(70,964,855)	-	(2,255,000)	-	(2,255,000)
Leases payable	(1,728,464)	-	-	-	-
Subscriptions payable	(45,963)				
Capital related, non-debt payable	(1,146,535)	(526,064)	-	-	(526,064)
Add:					
Unspent bond proceeds	9,602,647				
Net investment in capital assets	<u>\$ 227,706,855</u>	<u>\$ 45,834,615</u>	<u>\$ 11,383,934</u>	<u>\$ 26,287,984</u>	<u>\$ 83,506,533</u>

CITY OF DOWNEY
Notes to the Financial Statements
For the Year Ended June 30, 2023

NOTE 20: FUND BALANCE AND NET POSITION (CONTINUED)

B. Restatements

The CIP Grant Fund and Transit Measure M and Measure W funds were restated due to the following adjustments:

	<u>CIP Grant Fund</u>	<u>Non-Major Special Revenue Funds - Transit Measure M</u>	<u>Non-Major Special Revenue Funds - Measure W Sewer & Storm Drain</u>	<u>Governmental Activities</u>
Net Position (Deficit), Beginning of Year	\$ (4,290,949)	\$ 2,322,500	\$ 1,949,786	\$ 124,569,360
Restatements	(99,133)	(221,557)	(322,076)	(642,766)
Net Position (Deficit), Beginning of Year, as Restated	<u>\$ (4,390,082)</u>	<u>\$ 2,100,943</u>	<u>\$ 1,627,710</u>	<u>\$123,926,594</u>

Beginning net position of the CIP Grant Fund and Transit Measure M Funds has been restated by \$99,133 and \$221,557, respectively due to expenditures relating to FY 21-22 which were not accrued in the prior fiscal year.

The Measure W – Sewer and Storm Drain Fund was also restated by \$322,076 to adjust unearned revenue for the Safe Clean Water Program grant.

C. Fund Balance Classifications

	<u>General</u>	<u>Housing Authority</u>	<u>CIP Grant Fund</u>	<u>Covid-19 Grants</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Nonspendable						
Notes and Loans Receivable	\$ 992,014	\$ -	\$ -	\$ -	\$ -	\$ 992,014
Prepaid Costs	342,810	-	-	-	2,200,196	2,543,006
Advances to Other Funds	7,707,214	-	-	-	-	7,707,214
Total Nonspendable	<u>9,042,038</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,200,196</u>	<u>11,242,234</u>
Restricted						
Purpose of Grant Program	-	4,104,467	-	216,288	23,962,683	28,283,438
Street Lighting	-	-	-	-	1,018,072	1,018,072
CATV Public Access	-	-	-	-	1,199,173	1,199,173
Art in Public Places	-	-	-	-	371,360	371,360
Unspent Bond Proceeds	-	-	-	-	7,029,814	7,029,814
Total Restricted	<u>-</u>	<u>4,104,467</u>	<u>-</u>	<u>216,288</u>	<u>33,581,102</u>	<u>37,901,857</u>
Assigned						
Assigned for Emergency Reserve	15,103,000	-	-	-	-	15,103,000
Assigned for Stability Reserve	20,138,000	-	-	-	-	20,138,000
Assigned for Capital Projects	356,742	-	-	-	12,379,641	12,736,383
Assigned for Measure S	2,602,308	-	-	-	2,655,770	5,258,078
Total Assigned	<u>38,200,050</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,035,411</u>	<u>53,235,461</u>
Unassigned	<u>5,000</u>	<u>-</u>	<u>(2,281,868)</u>	<u>-</u>	<u>(332,420)</u>	<u>(2,609,288)</u>
Total Fund Balance / (Deficit)	<u>\$ 47,247,088</u>	<u>\$ 4,104,467</u>	<u>\$ (2,281,868)</u>	<u>\$ 216,288</u>	<u>\$ 50,484,289</u>	<u>\$ 99,770,264</u>

NOTE 21: 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	\$ 1,137,943
Cash and investments with fiscal agent	663,404
	<u>\$ 1,801,347</u>

CITY OF DOWNEY
Notes to the Financial Statements
For the Year Ended June 30, 2023

**NOTE 21: 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, 2023, follows:

	Balance June 30, 2022	Addition	Deletion	Balance June 30, 2023	Due Within One Year
Bonds payable	\$ 3,690,000	\$ -	\$ 450,000	\$ 3,240,000	\$ 475,000
Advances from City	8,392,454	2,909,297	2,157,060	9,144,691	-
Advances from County	38,184,552	2,438,413	2,311,686	38,311,279	-
Total long-term liabilities	<u>\$ 50,267,006</u>	<u>\$ 5,347,710</u>	<u>\$ 4,918,746</u>	<u>\$ 50,695,970</u>	<u>\$ 475,000</u>

Bonds Payable

1997 Tax Allocation Bonds Payable

In 1997 the Community Development Commission issued \$9,925,000 in Tax Allocation Bonds, partially to advance refund the existing 1990 Tax Allocation bond issue, which had a balance outstanding of \$4,470,000, and to repay the City for advances of \$3,970,508 plus interest. The bonds have an average interest rate of 5.1%. U.S. Bank serves as trustee for payment of principal and interest. The balance outstanding at June 30, 2023, is \$3,240,000.

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

Year Ending June 30,	Principal	Interest	Total
2024	\$ 475,000	\$ 153,878	\$ 628,878
2025	500,000	128,894	628,894
2026	525,000	102,628	627,628
2027	550,000	75,081	625,081
2028	580,000	46,125	626,125
2029	610,000	15,631	625,631
Total	<u>\$ 3,240,000</u>	<u>\$ 522,237</u>	<u>\$ 3,762,237</u>

The outstanding bonds contain a provision that if any event of default should occur or continue to occur, the Trustee may, with the prior written consent of the Bond Insurer, and if request by the Bond Insurer and at the written direction of the Owners of a majority in aggregate principal amount of the Bonds at the time outstanding shall, (a) upon notice in writing to the Commission, declare the principal of all of the Bonds then outstanding, and the interest accrued thereon, to be due and payable immediately, of (b) enforce any rights of the Trustee under or with respect to the Owners of the Bonds for the purpose of exercising and prosecuting on their behalf such rights and remedies as may be available to such Owners under the provisions of the Bonds, the Indenture and applicable provisions of any law.

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

**NOTE 21: SUCCESSOR AGENCY TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY
(CONTINUED)**

principal and interest remaining on the debt is \$3,762,237 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 \$136,707 and the debt obligation on the bonds was \$627,582.

Advances from City

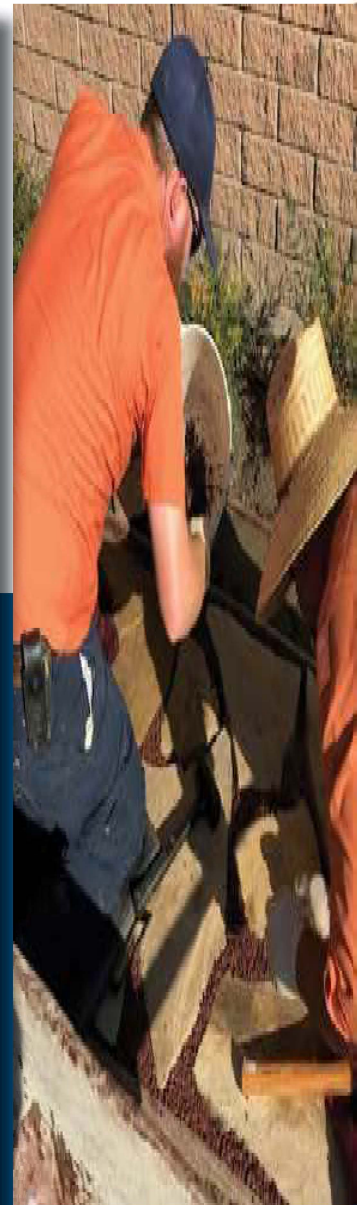
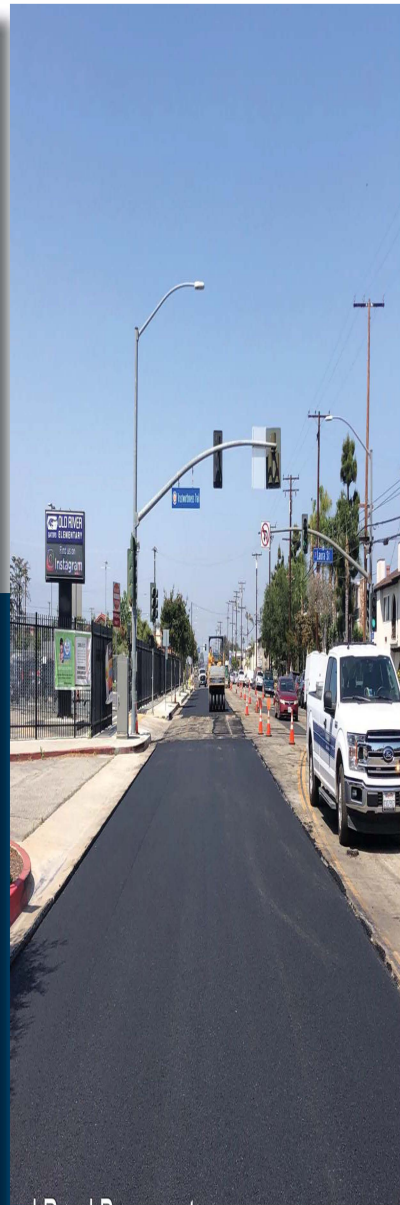
The DOF issued a Finding of Completion on May 15, 2013, in which DOF concurred that the Successor Agency has made full payments of any payments required as a result of the due diligence reviews. The Finding of Completion allows the placement of loan agreements between the former redevelopment agency 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, 2023, the long-term advances totaled \$9,144,691. As of June 30, 2023, \$7,707,214 is reported in the General Fund and \$1,437,477 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 \$2,438,413 was also accrued during the year on the outstanding deferral amount still owing. The amount owed the County, including accrued interest, at June 30, 2023, was \$38,311,279.

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REQUIRED SUPPLEMENTAL INFORMATION



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CITY OF DOWNEY
Agent Multiple-Employer Miscellaneous Plan
Schedule of Changes in the Net Pension Liability and Related Ratios
As of June 30, For the Last Ten Fiscal Years (1)

	2023	2022	2021	2020
Total Pension Liability				
Service Cost	\$ 3,157,044	\$ 2,872,012	\$ 2,859,113	\$ 2,845,628
Interest on total pension liability	14,909,880	14,690,041	14,297,751	13,871,616
Differences between expected and actual experience	(1,655,691)	(521,832)	(82,862)	279,451
Changes in assumptions	6,314,571	-	-	-
Benefit payments, including refunds of employee contributions	(11,904,687)	(11,561,991)	(10,747,851)	(10,614,492)
Net change in total pension liability	10,821,117	5,478,230	6,326,151	6,382,203
Total pension liability - beginning	215,800,173	210,321,943	203,995,792	197,613,589
Total pension liability - ending (a)	\$ 226,621,290	\$ 215,800,173	\$ 210,321,943	\$ 203,995,792
Plan fiduciary net position				
Contributions - employer	\$ 3,686,157	\$ 39,587,168	\$ 5,960,428	\$ 5,194,316
Contributions - employee	1,246,789	1,233,750	1,211,665	1,290,943
Differences in projected and actual earnings	-	-	-	-
Net investment income	(15,623,270)	35,352,353	7,030,477	8,947,221
Plan to plan resource movement	(30)	3,965	-	-
Administration expense	(130,828)	(145,392)	(200,597)	(98,174)
Benefit payments	(11,904,687)	(11,561,991)	(10,747,851)	(10,614,492)
Other miscellaneous income (expense)	-	-	-	320
Net change in plan fiduciary net position	(22,725,869)	64,469,853	3,254,122	4,720,134
Plan fiduciary net position - beginning	210,016,169	145,546,316	142,292,194	137,572,060
Plan fiduciary net position - ending (b)	\$ 187,290,300	\$ 210,016,169	\$ 145,546,316	\$ 142,292,194
Net pension liability - ending (a)-(b)	\$ 39,330,990	\$ 5,784,004	\$ 64,775,627	\$ 61,703,598
Plan fiduciary net position as a percentage of the total pension liability	82.64%	97.32%	69.20%	69.75%
Covered payroll	\$ 16,964,041	\$ 15,170,622	\$ 14,924,957	\$ 14,982,015
Net pension liability as a percentage of covered payroll	231.85%	38.13%	434.01%	411.85%

Notes to Schedule:

Benefit Changes: The figures above generally include any liability impact that may have resulted from voluntary benefit changes that occurred on or before the Measurement Date. However, offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes) that occurred after the Valuation Date are not included in the figures above, unless the liability impact is deemed to be material by the plan actuary.

Changes of Assumptions: Effective with the June 30, 2021 valuation date (2022 measurement date), the accounting discount rate was reduced from 7.15% to 6.90%. In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated, combined with risk estimates, and are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return. In addition, demographic assumptions and the inflation rate assumption were changed in accordance with the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. The accounting discount rate was 7.15% for measurement dates 2017 through 2021, 7.65% for measurement dates 2015 through 2016, and 7.50% for measurement date 2014.

(1) Fiscal Year 2015 was the first year of implementation, therefore only nine years are shown.

2019	2018	2017	2016	2015
\$ 2,747,310	\$ 2,636,289	\$ 2,361,815	\$ 2,372,336	\$ 2,312,390
13,432,640	13,024,839	12,804,332	12,400,751	12,026,911
793,693	(1,684,960)	(437,509)	(872,403)	-
(1,002,999)	10,503,420	-	(2,930,596)	-
(10,123,596)	(9,484,059)	(9,182,237)	(8,927,251)	(8,720,279)
5,847,048	14,995,529	5,546,401	2,042,837	5,619,022
191,766,541	176,771,012	171,224,611	169,181,774	163,562,752
\$ 197,613,589	\$ 191,766,541	\$ 176,771,012	\$ 171,224,611	\$ 169,181,774
\$ 4,644,243	\$ 4,191,836	\$ 3,645,344	\$ 3,324,338	\$ 2,487,187
1,259,290	1,209,428	1,158,399	1,307,613	1,333,703
-	-	-	(6,742,788)	-
10,970,946	13,489,599	600,935	9,576,038	19,329,661
(320)	(957)	-	9,214	-
(204,781)	(180,405)	(76,817)	(141,638)	-
(10,123,596)	(9,484,059)	(9,182,237)	(8,927,251)	(8,720,279)
(388,883)	-	-	-	-
6,156,899	9,225,442	(3,854,376)	(1,594,474)	14,430,272
131,415,161	122,189,719	126,044,095	127,599,058	113,168,786
\$ 137,572,060	\$ 131,415,161	\$ 122,189,719	\$ 126,004,584	\$ 127,599,058
\$ 60,041,529	\$ 60,351,380	\$ 54,581,293	\$ 45,220,027	\$ 41,582,716
69.62%	68.53%	69.12%	73.59%	75.42%
\$ 14,116,181	\$ 13,171,100	\$ 12,471,112	\$ 11,295,425	\$ 11,873,874
425.34%	458.21%	437.66%	400.34%	350.20%

CITY OF DOWNEY
Agent Multiple-Employer Miscellaneous Plan
Schedule of Plan Contributions
As of June 30, For the Last Ten Fiscal Years (1)

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
MISCELLANEOUS PLAN:				
Actuarially Determined Contribution	\$ 3,907,132	\$ 3,688,975	\$ 6,483,145	\$ 5,961,098
Contribution in Relation to the Actuarially Determined Contributions	<u>(3,907,132)</u>	<u>(3,688,975)</u>	<u>(39,588,358)</u>	<u>(5,961,098)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (33,105,213)</u>	<u>\$ -</u>
Covered payroll	\$ 16,918,780	\$ 16,964,041	\$ 15,170,622	\$ 14,924,957
Contributions as a Percentage of Covered Payroll	23.09%	21.75%	260.95%	39.94%

(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 nine years are shown.

Note to Schedule:

Valuation Date:	June 30, 2021
Covered-employee payroll	
Single and Agent Employers	Entry age normal
Amortization method	Level Percent of Payroll
Assets valuation method	Direct rate smoothing
Inflation	2.50%
Payroll growth	2.75%
Investment rate of return	7.00% net of pension investment and administrative expenses, including inflation.
Retirement age	The probabilities of retirement are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015.
Mortality	The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and post-retirement mortality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries.

2019	2018	2017	2016	2015
\$ 5,196,100	\$ 4,645,952	\$ 4,191,472	\$ 3,642,086	\$ 3,324,338
(5,196,100)	(4,645,952)	(4,191,472)	(3,642,086)	(3,324,338)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 14,982,015	\$ 14,116,181	\$ 13,171,100	\$ 12,471,112	\$ 11,295,425
34.68%	32.91%	31.82%	29.20%	29.43%

CITY OF DOWNEY
Agent Multiple-Employer Safety Plan
Schedule of Changes in the Net Pension Liability and Related Ratios
As of June 30, For the Last Ten Fiscal Years (1)

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Total Pension Liability				
Service Cost	\$ 7,775,844	\$ 7,124,490	\$ 7,169,250	\$ 6,716,100
Interest on total pension liability	31,720,758	30,838,840	29,942,370	28,659,471
Differences between expected and actual experience	(1,467,525)	(3,092,936)	2,675,792	3,650,077
Changes in assumptions	14,719,478	-	-	-
Benefit payments, including refunds of employee contributions	(23,973,965)	(22,290,600)	(20,625,915)	(20,044,668)
Net change in total pension liability	28,774,590	12,579,794	19,161,497	18,980,980
Total pension liability - beginning	454,568,233	441,988,439	422,826,942	403,845,962
Total pension liability - ending (a)	\$ 483,342,823	\$ 454,568,233	\$ 441,988,439	\$ 422,826,942
Plan fiduciary net position				
Contributions - employer	\$ 9,088,696	\$ 94,012,641	\$ 13,218,555	\$ 11,639,905
Contributions - employee	2,538,089	2,467,916	2,433,973	2,388,761
Differences in projected and actual earnings	-	-	-	-
Net investment income	(33,169,880)	73,568,416	14,351,500	18,021,079
Plan to plan resource movement	30	(3,965)	-	-
Administration expense	(276,746)	(296,482)	(405,763)	(196,971)
Benefit payments	(23,973,965)	(22,290,600)	(20,625,915)	(20,044,668)
Other miscellaneous income (expense)	-	-	-	642
Net change in plan fiduciary net position	(45,793,776)	147,457,926	8,972,350	11,808,748
Plan fiduciary net position - beginning	444,255,491	296,797,565	287,825,215	276,016,467
Plan fiduciary net position - ending (b)	\$ 398,461,715	\$ 444,255,491	\$ 296,797,565	\$ 287,825,215
Net pension liability - ending (a)-(b)	\$ 84,881,108	\$ 10,312,742	\$ 145,190,874	\$ 135,001,727
Plan fiduciary net position as a percentage of the total pension liability	82.44%	97.73%	67.15%	68.07%
Covered payroll	\$ 24,780,834	\$ 19,537,373	\$ 19,075,819	\$ 22,440,568
Net pension liability as a percentage of covered payroll	342.53%	52.78%	761.13%	601.60%

Notes to Schedule:

Benefit Changes: The figures above generally include any liability impact that may have resulted from voluntary benefit changes that occurred on or before the Measurement Date. However, offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes) that occurred after the Valuation Date are not included in the figures above, unless the liability impact is deemed to be material by the plan actuary.

Changes of Assumptions: Effective with the June 30, 2021 valuation date (2022 measurement date), the accounting discount rate was reduced from 7.15% to 6.90%. In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated, combined with risk estimates, and are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return. In addition, demographic assumptions and the inflation rate assumption were changed in accordance with the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. The accounting discount rate was 7.15% for measurement dates 2017 through 2021, 7.65% for measurement dates 2015 through 2016, and 7.50% for measurement date 2014.

(1) Fiscal Year 2015 was the first year of implementation, therefore only nine years are shown.

2019	2018	2017	2016	2015
\$ 6,437,149	\$ 6,338,175	\$ 5,590,668	\$ 5,458,319	\$ 5,427,672
27,362,871	26,270,785	25,769,928	24,744,572	23,998,427
2,585,511	(5,710,849)	160,089	(3,331,302)	-
(1,530,502)	22,209,649	-	(6,140,951)	-
(18,865,980)	(18,013,052)	(17,329,717)	(16,721,908)	(16,257,568)
15,989,049	31,094,708	14,190,968	4,008,730	13,168,531
387,856,913	356,762,205	342,571,237	338,562,507	325,393,976
\$ 403,845,962	\$ 387,856,913	\$ 356,762,205	\$ 342,571,237	\$ 338,562,507
\$ 10,227,586	\$ 8,809,223	\$ 8,092,171	\$ 6,745,873	\$ 5,817,524
2,184,777	2,003,302	1,996,000	1,919,372	1,883,501
-	-	-	(13,442,866)	-
21,925,706	26,775,670	1,189,163	18,916,599	38,057,937
(642)	-	-	(191)	-
(407,843)	(358,050)	(151,578)	(279,890)	-
(18,865,980)	(18,013,052)	(17,329,717)	(16,721,908)	(16,257,568)
(774,501)	-	-	-	-
14,289,103	19,217,093	(6,203,961)	(2,863,011)	29,501,394
261,727,364	242,510,271	248,714,232	251,581,146	222,079,752
\$ 276,016,467	\$ 261,727,364	\$ 242,510,271	\$ 248,718,135	\$ 251,581,146
\$ 127,829,495	\$ 126,129,549	\$ 114,251,934	\$ 93,853,102	\$ 86,981,361
68.35%	67.48%	67.98%	72.60%	74.31%
\$ 17,853,242	\$ 17,580,987	\$ 17,580,987	\$ 17,248,670	\$ 18,232,334
716.00%	717.42%	649.86%	544.12%	477.07%

CITY OF DOWNEY
Agent Multiple-Employer Safety Plan
Schedule of Plan Contributions
As of June 30, For the Last Ten Fiscal Years (1)

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
SAFETY PLAN:				
Actuarially Determined Contribution	\$ 9,971,088	\$ 9,058,878	\$ 14,194,005	\$ 13,217,885
Contribution in Relation to the Actuarially Determined Contributions	(9,971,088)	(9,058,878)	(94,011,449)	(13,217,885)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (79,817,444)</u>	<u>\$ -</u>
Covered payroll	\$ 24,922,578	\$ 24,780,834	\$ 19,537,373	\$ 19,075,819
Contributions as a Percentage of Covered Payroll	40.01%	36.56%	481.19%	69.29%

(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 nine years are shown.

Note to Schedule:

Valuation Date:	June 30, 2021
Methods and assumptions used to determine contribution rates	
Single and Agent Employers	Entry age normal
Amortization method	Level percentage of payroll
Assets valuation method	Direct rate smoothing
Inflation	2.50%
Payroll growth	2.75%
Investment rate of return	7.00% Net of Pension Plan Investment and Administrative Expenses; includes Inflation
Retirement age	The probabilities of retirement are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015.
Mortality	The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and post-retirement mortality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries.

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
\$ 11,638,120	\$ 10,225,876	\$ 8,809,589	\$ 8,092,171	\$ 6,745,873
<u>(11,638,120)</u>	<u>(10,225,876)</u>	<u>(8,809,589)</u>	<u>(8,092,171)</u>	<u>(6,745,873)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 22,440,568	\$ 17,853,242	\$ 17,580,987	\$ 14,881,199	\$ 11,125,500
51.86%	57.28%	50.11%	54.38%	60.63%

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)

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Total OPEB Liability			
Service cost	\$ 434,244	\$ 383,096	\$ 371,938
Interest on the total OPEB liability	966,883	985,640	953,019
Actual and expected experience difference	-	(288,995)	-
Changes in assumptions	92,955	1,185,773	-
Benefit payments	(848,120)	(911,116)	(815,594)
Net change in total OPEB liability	645,962	1,354,398	509,363
Total OPEB liability - beginning	15,711,493	14,357,095	13,847,732
Total OPEB liability - ending (a)	16,357,455	15,711,493	14,357,095
Plan Fiduciary Net Position			
Contribution - employer	977,849	911,116	1,104,427
Net investment income	(1,441,009)	2,322,102	276,981
Benefit payments	(848,120)	(911,116)	(815,594)
Administrative expense	(2,727)	(3,196)	(3,937)
Other expenses	-	-	-
Net change in plan fiduciary net position	(1,314,007)	2,318,906	561,877
Plan fiduciary net position - beginning	10,767,675	8,448,769	7,886,892
Plan fiduciary net position - ending (b)	9,453,668	10,767,675	8,448,769
Net OPEB Liability/(Assets) - ending (a) - (b)	\$ 6,903,787	\$ 4,943,818	\$ 5,908,326
Plan fiduciary net position as a percentage of the total OPEB liability	57.79%	68.53%	58.85%
Covered Payroll	\$ 48,236,864	\$ 46,751,162	\$ 46,420,079
Net OPEB liability as a percentage of covered payroll	14.31%	10.57%	12.73%

(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: The discount rate decreased from 6.15% to 6.10%, reflecting updated long term rates of return described above, the municipal bond index rate as of the measurement date and the results of analysis described in GASB 75 paragraphs 36-41. The mortality improvement scale was updated from MacLeod Watts Scale 2018 to MacLeod Watts Scale 2022, reflecting continued updates in available information (see Addendum 3). Updated the base healthcare trend scale from Getzen Model 2019_b to Getzen Model 2022_b, as published by the Society of Actuaries.

2020	2019	2018
\$ 359,310	\$ 347,999	\$ 337,046
1,102,708	1,056,820	1,015,622
(1,107,411)	-	-
(887,283)	-	-
(814,729)	(756,887)	(838,553)
(1,347,405)	647,932	514,115
15,195,137	14,547,205	14,033,090
13,847,732	15,195,137	14,547,205
814,729	966,887	1,008,553
458,848	532,762	623,878
(814,729)	(756,887)	(838,553)
(1,591)	(3,569)	(3,167)
-	(8,860)	-
457,257	730,333	790,711
7,429,635	6,699,302	5,908,591
7,886,892	7,429,635	6,699,302
\$ 5,960,840	\$ 7,765,502	\$ 7,847,903
56.95%	48.89%	46.05%
\$ 44,034,470	\$ 36,149,553	\$ 34,730,877
13.54%	21.48%	22.60%

CITY OF DOWNEY
Schedule of Contributions - OPEB
As of June 30, For the Last Ten Fiscal Years (1)

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Actuarially Determined Contribution	\$ 1,098,290	\$ 977,849	\$ 958,316
Contribution in Relation to the Actuarially Determined Contributions	(888,618)	(977,849)	(911,116)
Contribution Deficiency (Excess)	<u>\$ 209,672</u>	<u>\$ -</u>	<u>\$ 47,200</u>
Covered payroll	\$ 45,140,019	\$ 48,236,864	\$ 46,751,162
Contributions as a percentage of covered payroll	1.97%	2.03%	2.05%

(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 2023 were from the June 30, 2021 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	2.50%
Payroll Growth	3.00%
Investment Rate of Return	6.15% net of plan investment expenses and including inflation
Healthcare cost-trend rates	5.6% in 2024 fluctuating down to 3.9% by 2076
Retirement Age	50 to 75
Mortality	2017 CalPERS Experience study; Improvement using MacLeod Watts Scale

2020	2019	2018
\$ 1,112,086	\$ 1,103,345	\$ 957,045
(1,104,427)	(814,699)	(966,887)
<u>\$ 7,659</u>	<u>\$ 288,646</u>	<u>\$ (9,842)</u>
\$ 46,420,079	\$ 44,034,470	\$ 36,149,553
2.40%	2.51%	2.65%

CITY OF DOWNEY
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2023

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 53,462,132	\$ 53,462,132	\$ 53,462,132	\$ -
Revenues				
Taxes:				
Property	33,578,037	33,578,037	34,554,878	976,841
Transient occupancy	2,150,000	2,150,000	2,236,398	86,398
Sales	28,127,214	28,127,214	27,088,508	(1,038,706)
Franchise and other	17,753,510	17,753,510	22,478,932	4,725,422
Licenses and permits	1,623,800	1,623,800	2,069,704	445,904
Intergovernmental	1,110,070	1,140,070	1,236,812	96,742
Charges for services	11,792,561	11,792,561	14,270,680	2,478,119
Use of money and property	1,849,695	1,849,695	3,809,090	1,959,395
Fines and forfeitures	1,560,700	1,560,700	1,769,337	208,637
Miscellaneous	2,722,830	2,722,830	3,787,524	1,064,694
Transfers In	5,672,799	5,372,799	4,369,776	(1,003,023)
Subscriptions financing	-	-	139,116	139,116
Total Revenues	161,403,348	161,133,348	171,272,887	10,139,539
Expenditures				
General Government:				
General Government Administration	1,106,716	1,106,716	1,019,851	86,865
City Council	377,984	377,984	338,508	39,476
City Attorney	225,969	225,969	808,555	(582,586)
City Clerk	863,974	863,974	1,600,017	(736,043)
City Manager	1,440,929	1,440,929	1,092,540	348,389
Human Resources	1,621,750	1,621,750	1,593,358	28,392
Finance	7,731,356	7,731,356	981,180	6,750,176
Total General Government	13,368,678	13,368,678	7,434,009	5,934,669
Public Safety:				
Police	41,843,060	41,843,060	42,993,227	(1,150,167)
Fire	26,077,771	26,077,771	27,942,016	(1,864,245)
Total Public Safety	67,920,831	67,920,831	70,935,243	(3,014,412)
Public Works:				
Public Works Administration	923,005	923,005	892,993	30,012
Engineering	1,921,459	1,921,459	1,359,047	562,412
Maintenance	4,656,089	4,656,089	6,188,498	(1,532,409)
Utilities	2,680,820	2,695,262	2,935,778	(240,516)
Total Public Works	10,181,373	10,195,815	11,376,316	(1,180,501)
Community Development:				
Building and Safety	1,280,511	1,280,511	1,441,154	(160,643)
Code Enforcement	1,336,956	1,336,956	1,316,382	20,574
Planning	2,714,430	2,714,430	1,245,652	1,468,778
Total Community Development	5,331,897	5,331,897	4,003,188	1,328,709
Community Services:				
Recreation Department	9,327,520	9,357,520	9,913,461	(555,941)
Total Community Services	9,327,520	9,357,520	9,913,461	(555,941)
Capital Outlay	245,526	245,526	577,447	(331,921)
Debt service:				
Principal retirement	-	-	93,153	(93,153)
Total Debt Service	-	-	93,153	(93,153)
Total Expenditures	106,375,825	106,420,267	104,332,817	2,087,450
Other Financing Uses:				
Transfers out	10,240,819	10,526,817	19,692,982	(9,166,165)
Total Financing Uses	10,240,819	10,526,817	19,692,982	(9,166,165)
Budgetary Fund Balance, June 30	\$ 44,786,704	\$ 44,186,264	\$ 47,247,088	\$ 3,060,824

CITY OF DOWNEY
Budgetary Comparison Schedule
Housing Authority
For the Year Ended June 30, 2023

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 3,669,416	\$ 3,669,416	\$ 3,669,416	\$ -
Revenues				
Use of money and property	14,000	14,000	290,405	276,405
Miscellaneous	50,000	50,000	144,726	94,726
Total Revenues	3,733,416	3,733,416	4,104,547	371,131
Expenditures				
Economic Dev & Housing	82,000	82,000	80	81,920
Total Expenditures	82,000	82,000	80	81,920
Budgetary Fund Balance, June 30	\$ 3,651,416	\$ 3,651,416	\$ 4,104,467	\$ 453,051

CITY OF DOWNEY
Budgetary Comparison Schedule
CIP Grant Fund
For the Year Ended June 30, 2023

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Deficit, July 1	\$ (4,390,082)	\$ (4,390,082)	\$ (4,390,082)	\$ -
Revenues				
Intergovernmental	23,883,321	26,248,738	3,540,014	(22,708,724)
Total Revenues	19,493,239	21,858,656	(850,068)	(22,708,724)
Expenditures				
Capital outlay	23,883,321	26,248,738	1,431,800	24,816,938
Total Expenditures	23,883,321	26,248,738	1,431,800	24,816,938
Budgetary Fund Deficit, June 30	\$ (4,390,082)	\$ (4,390,082)	\$ (2,281,868)	\$ 2,108,214

CITY OF DOWNEY
Budgetary Comparison Schedule
COVID-19 Grants
For the Year Ended June 30, 2023

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Deficit, July 1	\$ (36,437)	\$ (36,437)	\$ (36,437)	\$ -
Revenues				
Intergovernmental	-	-	361,511	361,511
Use of money and property	-	-	199,862	199,862
Total Revenues	(36,437)	(36,437)	524,936	561,373
Expenditures				
General government	-	-	28,728	(28,728)
Public safety	-	409,656	146,973	262,683
Community development	-	-	9,477	(9,477)
Parks and recreation	-	-	61,474	(61,474)
Public works	-	-	56,972	(56,972)
Transfers out	-	-	5,024	(5,024)
Total Expenditures	-	409,656	308,648	101,008
Budgetary Fund Balance, June 30	\$ (36,437)	\$ (446,093)	\$ 216,288	\$ 662,381

CITY OF DOWNEY
Notes to Required Supplementary Information
For the Year Ended June 30, 2023

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.

The LSTA Grant, Asset Forfeiture-State, and Debt Service funds did not adopt budgets for fiscal year 2022-23 and therefore budgetary information is not presented.

Expenditures in Excess of Appropriations

The following funds reported expenditures in excess of appropriations:

Other Governmental Funds - Other Special Revenue Funds:	
Hazardous Material	\$ 3,779
CDBG	208,143
Gas Tax	266,335
Measure S	102,011
Art in Public Places	32,094

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

Major Fund:	
<u>General Fund</u>	
City Attorney	\$ (582,586)
City Clerk	(736,043)
Police	(1,150,167)
Fire	(1,864,245)
Maintenance	(1,532,409)
Utilities	(240,516)
Building and Safety	(160,643)
Recreation Department	(639,879)
	<u>\$ (6,906,488)</u>

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, another 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 streetlights, traffic signals and street trees.

HOME Fund is used to account for the operations of the HOME Investment Partnership Program. Major sources of revenues are repayments received on rehab loans.

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 revenues 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.

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

Gas Tax Fund is required by state law to account for gas taxes allocated by the State. The State levies various taxes on gasoline and other motor fuels, which are allocated among the State, cities and counties by formula.

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

Measure S 2017 LRB Fund is used to account for Measure S funded infrastructure improvements and public safety related capital acquisitions.

SB1 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.

OTHER SPECIAL REVENUE FUNDS (CONTINUED)

Measure S Sales Tax Fund is used to account for debt related transactions for debt secured by the Measure S half cent sales tax revenues. This includes the debt service for the 2017 Lease Revenue Bonds and various lease payments made for the acquisition of Public Safety equipment and vehicles.

Transit 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 walkways and paths, Measure M increases to 1% once Measure R expires in 2039.

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

Measure W -Sewer & Storm Drain Fund This revenue is derived from a County voter approved parcel tax to provide funding for projects to improve sewer and storm drain filtration.

Art in Public Places Fund is used to account for revenues and expenditures for the original artworks that are accessible to the public throughout the City.

Measure M Bond 2021A Fund is used to track the issuances of new bonds to be used to finance street projects funded by Measure M and Measure R sales tax revenues.

Measure R Bond 2021A Fund is used to track the issuances of new bonds to be used to finance street projects funded by Measure M and Measure R sales tax revenues.

CAPITAL PROJECTS FUND

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

DEBT SERVICE FUND

Debt Service Fund is used to account for the Pension obligation bonds.

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CITY OF DOWNEY
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2023

	<u>Special Revenue Funds</u>			
	<u>Waste Reduction</u>	<u>Street Lighting</u>	<u>HOME</u>	<u>Hazardous Material</u>
Assets:				
Pooled cash and investments	\$ 32,303	\$ 1,181,243	\$ 647,120	\$ 9,248
Receivables:				
Accounts	49,555	-	-	-
Taxes	-	55,435	-	-
Notes and loans	-	-	4,760,446	-
Prepaid costs	-	-	-	-
Due from other governments	-	-	123,755	1,415
Inventories	-	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Total Assets	<u>\$ 81,858</u>	<u>\$ 1,236,678</u>	<u>\$ 5,531,321</u>	<u>\$ 10,663</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficit):				
Liabilities:				
Accounts payable	\$ 12,376	\$ 216,663	\$ 44,892	\$ 2,006
Accrued liabilities	43,816	1,943	1,019	9,630
Unearned revenues	-	-	-	-
Due to other governments	-	-	5,365	-
Due to other funds	-	-	-	-
Total Liabilities	<u>56,192</u>	<u>218,606</u>	<u>51,276</u>	<u>11,636</u>
Deferred Inflows of Resources:				
Unavailable revenues	-	-	4,760,446	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>4,760,446</u>	<u>-</u>
Fund Balances:				
Nonspendable	-	-	-	-
Restricted	25,666	1,018,072	719,599	-
Assigned	-	-	-	-
Unassigned	-	-	-	(973)
Total Fund Balances (Deficit)	<u>25,666</u>	<u>1,018,072</u>	<u>719,599</u>	<u>(973)</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficit)	<u>\$ 81,858</u>	<u>\$ 1,236,678</u>	<u>\$ 5,531,321</u>	<u>\$ 10,663</u>

CITY OF DOWNEY
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2023

(CONTINUED)

	<u>Special Revenue Funds</u>			
	<u>CATV Public Access</u>	<u>Air Quality</u>	<u>Grants</u>	<u>CDBG</u>
Assets:				
Pooled cash and investments	\$ 1,168,171	\$ 382,184	\$ 118,721	\$ -
Receivables:				
Accounts	-	-	132,942	-
Taxes	-	-	-	-
Notes and loans	-	-	-	371,291
Prepaid costs	-	-	9,536	-
Due from other governments	31,002	37,548	18,316	1,034,225
Inventories	-	-	14,247	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	949,900
Total Assets	<u>\$ 1,199,173</u>	<u>\$ 419,732</u>	<u>\$ 293,762</u>	<u>\$ 2,355,416</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficit):				
Liabilities:				
Accounts payable	\$ -	\$ 1,060	\$ 52,643	\$ 151,884
Accrued liabilities	-	9,595	30,429	37,796
Unearned revenues	-	-	143,699	-
Due to other governments	-	-	-	-
Due to other funds	-	-	78,688	918,708
Total Liabilities	<u>-</u>	<u>10,655</u>	<u>305,459</u>	<u>1,108,388</u>
Deferred Inflows of Resources:				
Unavailable revenues	-	-	2,229	371,291
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>2,229</u>	<u>371,291</u>
Fund Balances:				
Nonspendable	-	-	9,536	-
Restricted	1,199,173	409,077	-	875,737
Assigned	-	-	-	-
Unassigned	-	-	(23,462)	-
Total Fund Balances (Deficit)	<u>1,199,173</u>	<u>409,077</u>	<u>(13,926)</u>	<u>875,737</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficit)	<u>\$ 1,199,173</u>	<u>\$ 419,732</u>	<u>\$ 293,762</u>	<u>\$ 2,355,416</u>

CITY OF DOWNEY
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2023

	Special Revenue Funds			
	Asset Forfeiture	Transit Prop C	Transit Prop A	Transit Measure R
Assets:				
Pooled cash and investments	\$ 21,218	\$ 2,930,015	\$ 5,085,229	\$ 2,017,206
Receivables:				
Accounts	-	317,697	137,937	-
Taxes	-	-	-	-
Notes and loans	-	-	-	-
Prepaid costs	-	-	-	-
Due from other governments	-	21,000	-	-
Inventories	-	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Total Assets	\$ 21,218	\$ 3,268,712	\$ 5,223,166	\$ 2,017,206
Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficit):				
Liabilities:				
Accounts payable	\$ 4,572	\$ 32,858	\$ 155,467	\$ 23,566
Accrued liabilities	13,185	5,150	70,923	35,336
Unearned revenues	3,137	-	-	-
Due to other governments	-	-	-	-
Due to other funds	-	-	-	-
Total Liabilities	20,894	38,008	226,390	58,902
Deferred Inflows of Resources:				
Unavailable revenues	-	21,000	-	-
Total Deferred Inflows of Resources	-	21,000	-	-
Fund Balances:				
Nonspendable	-	-	-	-
Restricted	324	3,209,704	4,996,776	1,958,304
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balances (Deficit)	324	3,209,704	4,996,776	1,958,304
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficit)	\$ 21,218	\$ 3,268,712	\$ 5,223,166	\$ 2,017,206

CITY OF DOWNEY
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2023

(CONTINUED)

	<u>Special Revenue Funds</u>			
	<u>Gas Tax</u>	<u>LSTA Grant</u>	<u>Measure S 2017 LRB</u>	<u>SB1 Transportation</u>
Assets:				
Pooled cash and investments	\$ -	\$ 384	\$ -	\$ 3,752,089
Receivables:				
Accounts	12,735	-	-	-
Taxes	249,663	-	-	445,627
Notes and loans	-	-	-	-
Prepaid costs	-	-	2,190,660	-
Due from other governments	-	-	-	-
Inventories	-	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Total Assets	<u>\$ 262,398</u>	<u>\$ 384</u>	<u>\$ 2,190,660</u>	<u>\$ 4,197,716</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficit):				
Liabilities:				
Accounts payable	\$ 896	\$ -	\$ -	\$ 17,545
Accrued liabilities	6,985	-	-	2,687
Unearned revenues	-	-	-	-
Due to other governments	-	-	-	-
Due to other funds	553,783	-	-	-
Total Liabilities	<u>561,664</u>	<u>-</u>	<u>-</u>	<u>20,232</u>
Deferred Inflows of Resources:				
Unavailable revenues	-	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:				
Nonspendable	-	-	2,190,660	-
Restricted	-	384	-	4,177,484
Assigned	-	-	-	-
Unassigned	(299,266)	-	-	-
Total Fund Balances (Deficit)	<u>(299,266)</u>	<u>384</u>	<u>2,190,660</u>	<u>4,177,484</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficit)	<u>\$ 262,398</u>	<u>\$ 384</u>	<u>\$ 2,190,660</u>	<u>\$ 4,197,716</u>

CITY OF DOWNEY
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2023

	<u>Special Revenue Funds</u>			
	<u>Measure S (Sales Tax)</u>	<u>Transit Measure M</u>	<u>Asset Forfeiture - State</u>	<u>Measure W - Sewer & Storm Drain</u>
Assets:				
Pooled cash and investments	\$ 2,823,655	\$ 2,687,923	\$ 50,485	\$ 5,269,788
Receivables:				
Accounts	-	-	-	-
Taxes	-	-	-	-
Notes and loans	-	-	-	-
Prepaid costs	-	-	-	-
Due from other governments	-	-	-	-
Inventories	-	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	702	-	-	-
Total Assets	<u>\$ 2,824,357</u>	<u>\$ 2,687,923</u>	<u>\$ 50,485</u>	<u>\$ 5,269,788</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficit):				
Liabilities:				
Accounts payable	\$ 35,938	\$ 27,397	\$ -	\$ 23,458
Accrued liabilities	132,649	45,637	-	-
Unearned revenues	-	-	-	322,076
Due to other governments	-	-	-	-
Due to other funds	-	-	-	-
Total Liabilities	<u>168,587</u>	<u>73,034</u>	<u>-</u>	<u>345,534</u>
Deferred Inflows of Resources:				
Unavailable revenues	-	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:				
Nonspendable	-	-	-	-
Restricted	-	2,614,889	50,485	4,924,254
Assigned	2,655,770	-	-	-
Unassigned	-	-	-	-
Total Fund Balances (Deficit)	<u>2,655,770</u>	<u>2,614,889</u>	<u>50,485</u>	<u>4,924,254</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficit)	<u>\$ 2,824,357</u>	<u>\$ 2,687,923</u>	<u>\$ 50,485</u>	<u>\$ 5,269,788</u>

CITY OF DOWNEY
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2023

(CONTINUED)

	Special Revenue Funds			Capital Projects Funds
	Art In Public Places	Measure M Bond 2021A	Measure R Bond 2021B	City Capital Projects
Assets:				
Pooled cash and investments	\$ 371,360	\$ -	\$ -	\$ 12,188,743
Receivables:				
Accounts	-	-	-	-
Taxes	-	-	-	-
Notes and loans	-	-	-	-
Prepaid costs	-	-	-	-
Due from other governments	-	-	-	510,318
Inventories	-	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	5,443,452	4,159,195	-
Total Assets	\$ 371,360	\$ 5,443,452	\$ 4,159,195	\$ 12,699,061
Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficit):				
Liabilities:				
Accounts payable	\$ -	\$ 952,775	\$ 156,724	\$ 317,475
Accrued liabilities	-	2,571	1,621	1,945
Unearned revenues	-	-	-	-
Due to other governments	-	-	-	-
Due to other funds	-	1,281,405	177,737	-
Total Liabilities	-	2,236,751	336,082	319,420
Deferred Inflows of Resources:				
Unavailable revenues	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-
Fund Balances:				
Nonspendable	-	-	-	-
Restricted	371,360	3,206,701	3,823,113	-
Assigned	-	-	-	12,379,641
Unassigned	-	-	-	-
Total Fund Balances (Deficit)	371,360	3,206,701	3,823,113	12,379,641
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficit)	\$ 371,360	\$ 5,443,452	\$ 4,159,195	\$ 12,699,061

CITY OF DOWNEY
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2023

	<u>Debt Service Funds</u>		<u>Total Nonmajor Governmental Funds</u>
	<u>Debt Service</u>		<u>Funds</u>
Assets:			
Pooled cash and investments	\$ -	\$	40,737,085
Receivables:			
Accounts	-		650,866
Taxes	-		750,725
Notes and loans	-		5,131,737
Prepaid costs	-		2,200,196
Due from other governments	-		1,777,579
Inventories	-		14,247
Restricted assets:			
Cash and investments with fiscal agents	250,404		10,803,653
	<u>250,404</u>		<u>10,803,653</u>
Total Assets	<u>\$ 250,404</u>	<u>\$</u>	<u>62,066,088</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficit):			
Liabilities:			
Accounts payable	\$ -	\$	2,230,195
Accrued liabilities	259,123		712,040
Unearned revenues	-		468,912
Due to other governments	-		5,365
Due to other funds	-		3,010,321
	<u>259,123</u>		<u>6,426,833</u>
Total Liabilities	<u>259,123</u>		<u>6,426,833</u>
Deferred Inflows of Resources:			
Unavailable revenues	-		5,154,966
	<u>-</u>		<u>5,154,966</u>
Total Deferred Inflows of Resources	<u>-</u>		<u>5,154,966</u>
Fund Balances:			
Nonspendable	-		2,200,196
Restricted	-		33,581,102
Assigned	-		15,035,411
Unassigned	(8,719)		(332,420)
	<u>(8,719)</u>		<u>(332,420)</u>
Total Fund Balances (Deficit)	<u>(8,719)</u>		<u>50,484,289</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficit)	<u>\$ 250,404</u>	<u>\$</u>	<u>62,066,088</u>

CITY OF DOWNEY
Combining Statement of Revenues,
Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ending June 30, 2023

	Special Revenue Funds			
	Waste Reduction	Street Lighting	HOME	Hazardous Material
Revenues:				
Taxes	\$ -	\$ 1,449,466	\$ -	\$ -
Intergovernmental	17,242	-	339,078	-
Charges for services	422,589	1,691,285	-	177,806
Use of money and property	(72)	2,916	8,380	-
Fines and forfeitures	-	-	-	-
Settlement	-	-	-	-
Developer participation	-	-	-	-
Miscellaneous	-	10,536	-	-
Total Revenues	439,759	3,154,203	347,458	177,806
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	214,297
Community development	-	-	560,522	-
Community services	-	-	-	-
Public works	552,121	2,333,804	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	552,121	2,333,804	560,522	214,297
Excess (Deficiency) of Revenues Over (Under) Expenditures	(112,362)	820,399	(213,064)	(36,491)
Other Financing Sources (Uses):				
Transfers in	138,000	-	-	35,518
Transfers out	-	-	-	-
Leases financing	-	-	-	-
Total Other Financing Sources (Uses)	138,000	-	-	35,518
Net Change in Fund Balances	25,638	820,399	(213,064)	(973)
Fund Balances (Deficit), Beginning of Year	28	197,673	932,663	-
Restatements	-	-	-	-
Fund Balances, Beginning of Year, as Restated	28	197,673	932,663	-
Fund Balances (Deficit), End of Year	\$ 25,666	\$ 1,018,072	\$ 719,599	\$ (973)

CITY OF DOWNEY
Combining Statement of Revenues,
Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ending June 30, 2023

(CONTINUED)

	Special Revenue Funds			
	CATV Public Access	Air Quality	Grants	CDBG
Revenues:				
Taxes	\$ 131,664	\$ -	\$ -	\$ -
Intergovernmental	-	148,617	304,089	1,218,605
Charges for services	-	-	180,418	-
Use of money and property	-	5,092	542	-
Fines and forfeitures	-	-	-	-
Settlement	-	-	-	-
Developer participation	-	-	-	-
Miscellaneous	-	-	51,824	-
Total Revenues	131,664	153,709	536,873	1,218,605
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	251,936	-
Community development	-	-	1,521,776	737,195
Community services	-	-	-	-
Public works	-	141,419	-	-
Capital outlay	-	9,070	35,830	-
Debt service:				
Principal retirement	-	-	-	353,000
Interest and fiscal charges	-	-	-	105,611
Total Expenditures	-	150,489	1,809,542	1,195,806
Excess (Deficiency) of Revenues Over (Under) Expenditures	131,664	3,220	(1,272,669)	22,799
Other Financing Sources (Uses):				
Transfers in	-	-	1,371,051	-
Transfers out	-	-	-	(26,907)
Leases financing	-	-	-	-
Total Other Financing Sources (Uses)	-	-	1,371,051	(26,907)
Net Change in Fund Balances	131,664	3,220	98,382	(4,108)
Fund Balances (Deficit), Beginning of Year	1,067,509	405,857	(112,308)	879,845
Restatements	-	-	-	-
Fund Balances, Beginning of Year, as Restated	1,067,509	405,857	(112,308)	879,845
Fund Balances (Deficit), End of Year	\$ 1,199,173	\$ 409,077	\$ (13,926)	\$ 875,737

CITY OF DOWNEY
Combining Statement of Revenues,
Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ending June 30, 2023

	Special Revenue Funds			
	Asset Forfeiture	Transit Prop C	Transit Prop A	Transit Measure R
Revenues:				
Taxes	\$ -	\$ 2,429,333	\$ 2,928,772	\$ -
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Use of money and property	277	22,423	41,850	20,862
Fines and forfeitures	-	-	-	-
Settlement	-	-	-	-
Developer participation	-	-	-	1,821,475
Miscellaneous	-	-	550,347	-
Total Revenues	277	2,451,756	3,520,969	1,842,337
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Community development	-	-	-	-
Community services	-	-	992,410	-
Public works	-	17,500	307,977	14,433
Capital outlay	-	50,029	1,083,371	550,131
Debt service:				
Principal retirement	-	-	300,219	460,000
Interest and fiscal charges	-	-	70,737	373,698
Total Expenditures	-	67,529	2,754,714	1,398,262
Excess (Deficiency) of Revenues Over (Under) Expenditures	277	2,384,227	766,255	444,075
Other Financing Sources (Uses):				
Transfers in	-	31,006	1,191,719	12,066
Transfers out	-	(1,000,000)	-	-
Leases financing	-	-	-	-
Total Other Financing Sources (Uses)	-	(968,994)	1,191,719	12,066
Net Change in Fund Balances	277	1,415,233	1,957,974	456,141
Fund Balances (Deficit), Beginning of Year	47	1,794,471	3,038,802	1,502,163
Restatements	-	-	-	-
Fund Balances, Beginning of Year, as Restated	47	1,794,471	3,038,802	1,502,163
Fund Balances (Deficit), End of Year	\$ 324	\$ 3,209,704	\$ 4,996,776	\$ 1,958,304

CITY OF DOWNEY
Combining Statement of Revenues,
Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ending June 30, 2023

(CONTINUED)

	Special Revenue Funds			
	Gas Tax	LSTA Grant	Measure S 2017 LRB	SB1 Transportation
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ 2,543,103
Intergovernmental	2,848,542	-	-	-
Charges for services	-	-	-	-
Use of money and property	-	5	-	16,923
Fines and forfeitures	-	-	-	-
Settlement	-	-	-	-
Developer participation	-	-	-	-
Miscellaneous	-	-	-	-
Total Revenues	2,848,542	5	-	2,560,026
Expenditures:				
Current:				
General government	-	-	2,250	-
Public safety	-	-	-	-
Community development	-	-	-	-
Community services	-	-	-	-
Public works	26,760	-	-	-
Capital outlay	106,465	-	141,760	419,567
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	133,225	-	144,010	419,567
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,715,317	5	(144,010)	2,140,459
Other Financing Sources (Uses):				
Transfers in	587,000	-	2,838,997	-
Transfers out	(2,794,499)	-	-	-
Leases financing	-	-	-	-
Total Other Financing Sources (Uses)	(2,207,499)	-	2,838,997	-
Net Change in Fund Balances	507,818	5	2,694,987	2,140,459
Fund Balances (Deficit), Beginning of Year	(807,084)	379	(504,327)	2,037,025
Restatements	-	-	-	-
Fund Balances, Beginning of Year, as Restated	(807,084)	379	(504,327)	2,037,025
Fund Balances (Deficit), End of Year	\$ (299,266)	\$ 384	\$ 2,190,660	\$ 4,177,484

CITY OF DOWNEY
Combining Statement of Revenues,
Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ending June 30, 2023

	Special Revenue Funds			
	Measure S (Sales Tax)	Transit Measure M	Asset Forfeiture - State	Measure W - Sewer & Storm Drain
Revenues:				
Taxes	\$ 4,181,989	\$ 2,060,477	\$ -	\$ 1,435,794
Intergovernmental	-	-	49,710	-
Charges for services	-	-	-	-
Use of money and property	41,720	32,623	775	12,624
Fines and forfeitures	-	-	-	-
Settlement	-	-	-	2,475,920
Developer participation	-	-	-	-
Miscellaneous	-	468	-	-
Total Revenues	4,223,709	2,093,568	50,485	3,924,338
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	916,356	-	-	-
Community development	-	-	-	-
Community services	-	-	-	-
Public works	-	83,927	-	151,941
Capital outlay	518,476	471,705	-	475,853
Debt service:				
Principal retirement	2,128,767	470,000	-	-
Interest and fiscal charges	1,629,600	553,990	-	-
Total Expenditures	5,193,199	1,579,622	-	627,794
Excess (Deficiency) of Revenues Over (Under) Expenditures	(969,490)	513,946	50,485	3,296,544
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	(650,000)	-	-	-
Leases financing	417,693	-	-	-
Total Other Financing Sources (Uses)	(232,307)	-	-	-
Net Change in Fund Balances	(1,201,797)	513,946	50,485	3,296,544
Fund Balances (Deficit), Beginning of Year	3,857,567	2,322,500	-	1,949,786
Restatements	-	(221,557)	-	(322,076)
Fund Balances, Beginning of Year, as Restated	3,857,567	2,100,943	-	1,627,710
Fund Balances (Deficit), End of Year	\$ 2,655,770	\$ 2,614,889	\$ 50,485	\$ 4,924,254

CITY OF DOWNEY
Combining Statement of Revenues,
Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ending June 30, 2023

(CONTINUED)

	Special Revenue Funds			Capital Projects Funds
	Art In Public Places	Measure M Bond 2021A	Measure R Bond 2021B	City Capital Projects
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Charges for services	-	-	-	4,764
Use of money and property	-	575	344	3,319
Fines and forfeitures	-	-	-	1,864,232
Settlement	-	-	-	-
Developer participation	-	-	-	-
Miscellaneous	86,517	-	-	-
Total Revenues	86,517	575	344	1,872,315
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Community development	-	-	-	-
Community services	-	-	-	-
Public works	32,094	-	139,118	16,347
Capital outlay	-	10,638,916	3,638,402	1,006,467
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	32,094	10,638,916	3,777,520	1,022,814
Excess (Deficiency) of Revenues Over (Under) Expenditures	54,423	(10,638,341)	(3,777,176)	849,501
Other Financing Sources (Uses):				
Transfers in	-	-	-	7,564,914
Transfers out	-	-	-	(587,000)
Leases financing	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	6,977,914
Net Change in Fund Balances	54,423	(10,638,341)	(3,777,176)	7,827,415
Fund Balances (Deficit), Beginning of Year	316,937	13,845,042	7,600,289	4,552,226
Restatements	-	-	-	-
Fund Balances, Beginning of Year, as Restated	316,937	13,845,042	7,600,289	4,552,226
Fund Balances (Deficit), End of Year	\$ 371,360	\$ 3,206,701	\$ 3,823,113	\$ 12,379,641

CITY OF DOWNEY
Combining Statement of Revenues,
Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ending June 30, 2023

	<u>Debt Service Funds</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>Debt Service</u>	<u>Funds</u>
Revenues:		
Taxes	\$ -	\$ 17,160,598
Intergovernmental	-	4,925,883
Charges for services	-	2,476,862
Use of money and property	190,032	401,210
Fines and forfeitures	-	1,864,232
Settlement	-	2,475,920
Developer participation	-	1,821,475
Miscellaneous	-	699,692
Total Revenues	190,032	31,825,872
Expenditures:		
Current:		
General government	-	2,250
Public safety	-	1,382,589
Community development	-	2,819,493
Community services	-	992,410
Public works	-	3,817,441
Capital outlay	-	19,146,042
Debt service:		
Principal retirement	4,482,378	8,194,364
Interest and fiscal charges	3,226,084	5,959,720
Total Expenditures	7,708,462	42,314,309
Excess (Deficiency) of Revenues Over (Under) Expenditures	(7,518,430)	(10,488,437)
Other Financing Sources (Uses):		
Transfers in	7,509,711	21,279,982
Transfers out	-	(5,058,406)
Leases financing	-	417,693
Total Other Financing Sources (Uses)	7,509,711	16,639,269
Net Change in Fund Balances	(8,719)	6,150,832
Fund Balances (Deficit), Beginning of Year	-	44,877,090
Restatements	-	(543,633)
Fund Balances, Beginning of Year, as Restated	-	44,333,457
Fund Balances (Deficit), End of Year	\$ (8,719)	\$ 50,484,289

CITY OF DOWNEY
Budgetary Comparison Schedule
Waste Reduction
For the Year Ended June 30, 2023

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Deficit, July 1	\$ 28	\$ 28	\$ 28	\$ -
Revenues				
Intergovernmental	60,000	60,000	17,242	(42,758)
Charges for services	422,000	422,000	422,589	589
Use of money and property	-	-	(72)	(72)
Transfers in	138,000	138,000	138,000	-
Total Revenues	620,028	620,028	577,787	(42,241)
Expenditures				
Public works	595,090	595,090	552,121	42,969
Total Expenditures	595,090	595,090	552,121	42,969
Budgetary Fund Balance, June 30	\$ 24,938	\$ 24,938	\$ 25,666	\$ 728

CITY OF DOWNEY
Budgetary Comparison Schedule
Street Lighting
For the Year Ended June 30, 2023

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 197,673	\$ 197,673	\$ 197,673	\$ -
Revenues				
Taxes	573,000	573,000	1,449,466	876,466
Charges for services	1,501,600	1,501,600	1,691,285	189,685
Use of money and property	2,500	2,500	2,916	416
Miscellaneous	1,000	1,000	10,536	9,536
Total Revenues	2,275,773	2,275,773	3,351,876	1,076,103
Expenditures				
Public works	2,206,243	2,206,243	2,333,804	(127,561)
Capital outlay	400,000	400,000	-	400,000
Total Expenditures	2,606,243	2,606,243	2,333,804	272,439
Budgetary Fund Balance, June 30	\$ (330,470)	\$ (330,470)	\$ 1,018,072	\$ 1,348,542

CITY OF DOWNEY
Budgetary Comparison Schedule
Home
For the Year Ended June 30, 2023

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 932,663	\$ 932,663	\$ 932,663	\$ -
Revenues				
Intergovernmental	426,788	426,788	339,078	(87,710)
Use of money and property	-	-	8,380	8,380
Total Revenues	1,359,451	1,359,451	1,280,121	(79,330)
Expenditures				
Economic Dev & Housing	686,138	686,138	560,522	125,616
Total Expenditures	686,138	686,138	560,522	125,616
Budgetary Fund Balance, June 30	\$ 673,313	\$ 673,313	\$ 719,599	\$ 46,286

CITY OF DOWNEY
Budgetary Comparison Schedule
Hazardous Material
For the Year Ended June 30, 2023

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Deficit, July 1	\$ -	\$ -	\$ -	\$ -
Revenues				
Charges for services	175,000	175,000	177,806	2,806
Transfers in	35,518	35,518	35,518	-
Total Revenues	210,518	210,518	213,324	2,806
Expenditures				
Public safety	210,518	210,518	214,297	(3,779)
Total Expenditures	210,518	210,518	214,297	(3,779)
Budgetary Fund Balance (Deficit), June 30	\$ -	\$ -	\$ (973)	\$ (973)

CITY OF DOWNEY
Budgetary Comparison Schedule
CATV Public Access
For the Year Ended June 30, 2023

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 1,067,509	\$ 1,067,509	\$ 1,067,509	\$ -
Revenues				
Taxes	150,000	150,000	131,664	18,336
Total Revenues	1,217,509	1,217,509	1,199,173	18,336
Budgetary Fund Balance, June 30	\$ 1,217,509	\$ 1,217,509	\$ 1,199,173	\$ 18,336

CITY OF DOWNEY
Budgetary Comparison Schedule
Air Quality
For the Year Ended June 30, 2023

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 405,857	\$ 405,857	\$ 405,857	\$ -
Revenues				
Intergovernmental	145,000	145,000	148,617	3,617
Use of money and property	2,500	2,500	5,092	2,592
Total Revenues	553,357	553,357	559,566	6,209
Expenditures				
Public works	133,545	133,545	141,419	(7,874)
Capital outlay	180,000	180,000	9,070	170,930
Total Expenditures	313,545	313,545	150,489	163,056
Budgetary Fund Balance, June 30	\$ 239,812	\$ 239,812	\$ 409,077	\$ 169,265

CITY OF DOWNEY
Budgetary Comparison Schedule
Grants
For the Year Ended June 30, 2023

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Deficit, July 1	\$ (112,308)	\$ (112,308)	\$ (112,308)	\$ -
Revenues				
Intergovernmental	310,000	1,195,800	304,089	(891,711)
Charges for services	122,200	122,200	180,418	58,218
Use of money and property	-	-	542	542
Miscellaneous	30,600	30,600	51,824	21,224
Transfers in	1,352,301	1,371,051	1,371,051	-
Total revenues	1,702,793	2,607,343	1,795,616	(811,727)
Expenditures				
Public safety	-	730,000	251,936	478,064
Community development	1,462,547	1,537,547	1,521,776	15,771
Capital outlay	7,990	407,540	35,830	371,710
Total expenditures	1,470,537	2,675,087	1,809,542	865,545
Budgetary Fund Deficit, June 30	\$ 232,256	\$ (67,744)	\$ (13,926)	\$ 53,818

CITY OF DOWNEY
Budgetary Comparison Schedule
CDBG
For the Year Ended June 30, 2023

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 879,845	\$ 879,845	\$ 879,845	\$ -
Revenues				
Intergovernmental	1,038,156	1,038,156	1,218,605	180,449
Total Revenues	1,918,001	1,918,001	2,098,450	180,449
Expenditures				
Community development	557,162	557,162	737,195	(180,033)
Debt service:				
Principal retirement	353,000	353,000	353,000	-
Interest and fiscal charges	104,408	104,408	105,611	(1,203)
Transfers out	-	-	26,907	(26,907)
Total Expenditures	1,014,570	1,014,570	1,222,713	(208,143)
Budgetary Fund Balance, June 30	\$ 903,431	\$ 903,431	\$ 875,737	\$ (27,694)

CITY OF DOWNEY
Budgetary Comparison Schedule
Asset Forfeiture
For the Year Ended June 30, 2023

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 47	\$ 47	\$ 47	\$ -
Revenues				
Intergovernmental	75,000	75,000	-	(75,000)
Use of money and property	500	500	277	(223)
Transfers in	395,000	395,000	-	(395,000)
Total Revenues	470,547	470,547	324	(470,223)
Charges to Appropriation (Outflow):				
Public safety	289,140	289,140	-	289,140
Total Expenditures	289,140	289,140	-	289,140
Budgetary Fund Balance, June 30	\$ 181,407	\$ 181,407	\$ 324	\$ (181,083)

CITY OF DOWNEY
Budgetary Comparison Schedule
Transit Prop C
For the Year Ended June 30, 2023

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 1,794,471	\$ 1,794,471	\$ 1,794,471	\$ -
Revenues				
Taxes	2,254,851	2,254,851	2,429,333	174,482
Use of money and property	5,000	5,000	22,423	17,423
Transfers in	-	31,006	31,006	-
Total Revenues	4,054,322	4,085,328	4,277,233	191,905
Expenditures				
Public works	339,636	339,636	17,500	322,136
Capital outlay	1,850,000	1,850,000	50,029	1,799,971
Transfers out	1,000,000	1,000,000	1,000,000	-
Total Expenditures	3,189,636	3,189,636	1,067,529	2,122,107
Budgetary Fund Balance, June 30	\$ 864,686	\$ 895,692	\$ 3,209,704	\$ 2,314,012

CITY OF DOWNEY
Budgetary Comparison Schedule
Transit Prop A
For the Year Ended June 30, 2023

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 3,038,802	\$ 3,038,802	\$ 3,038,802	\$ -
Revenues				
Taxes	2,718,412	2,718,412	2,928,772	210,360
Use of money and property	5,000	5,000	41,850	36,850
Miscellaneous	10,000	10,000	550,347	540,347
Transfers in	1,000,000	1,191,719	1,191,719	-
Total Revenues	6,772,214	6,963,933	7,751,490	787,557
Expenditures				
Parks and recreation	1,543,819	1,543,819	992,410	551,409
Public works	357,040	357,040	307,977	49,063
Capital outlay	1,359,692	1,359,692	1,083,371	276,321
Debt service:				
Principal retirement	277,770	277,770	300,219	(22,449)
Interest and fiscal charges	150,300	150,300	70,737	79,563
Total Expenditures	3,688,621	3,688,621	2,754,714	933,907
Budgetary Fund Balance, June 30	\$ 3,083,593	\$ 3,275,312	\$ 4,996,776	\$ 1,721,464

CITY OF DOWNEY
Budgetary Comparison Schedule
Transit Measure R
For the Year Ended June 30, 2023

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 1,502,163	\$ 1,502,163	\$ 1,502,163	\$ -
Revenues				
Use of money and property	15,000	15,000	20,862	5,862
Developer participation	1,691,138	1,691,138	1,821,475	130,337
Transfers in	-	12,066	12,066	-
Total Revenues	3,208,301	3,220,367	3,356,566	136,199
Expenditures				
Public works	354,910	354,910	14,433	340,477
Capital outlay	1,530,884	1,530,884	550,131	980,753
Debt service:				
Principal retirement	460,000	460,000	460,000	-
Interest and fiscal charges	375,232	375,232	373,698	1,534
Total Expenditures	2,721,026	2,721,026	1,398,262	1,322,764
Budgetary Fund Balance, June 30	\$ 487,275	\$ 499,341	\$ 1,958,304	\$ 1,458,963

CITY OF DOWNEY
Budgetary Comparison Schedule
Gas Tax
For the Year Ended June 30, 2023

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Deficit, July 1	\$ (807,084)	\$ (807,084)	\$ (807,084)	\$ -
Revenues				
Intergovernmental	2,891,948	2,891,948	2,848,542	(43,406)
Use of money and property	100	100	-	(100)
Transfers in	587,000	587,000	587,000	-
Total Revenues	2,671,964	2,671,964	2,628,458	(43,506)
Expenditures				
Public works	27,953	27,953	26,760	1,193
Capital outlay	110,637	110,637	106,465	4,172
Transfers out	2,522,799	2,522,799	2,794,499	(271,700)
Total Expenditures	2,661,389	2,661,389	2,927,724	(266,335)
Budgetary Fund Deficit, June 30	\$ 10,575	\$ 10,575	\$ (299,266)	\$ (309,841)

CITY OF DOWNEY
Budgetary Comparison Schedule
Measure S 2017 LRB
For the Year Ended June 30, 2023

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Deficit, July 1	\$ (504,327)	\$ (504,327)	\$ (504,327)	\$ -
Revenues				
Transfers in	1,215,000	1,215,000	2,838,997	1,623,997
Total Revenues	710,673	710,673	2,334,670	1,623,997
Expenditures				
General government	-	-	2,250	(2,250)
Capital outlay	642,653	2,833,313	141,760	2,691,553
Total Expenditures	642,653	2,833,313	144,010	2,689,303
Budgetary Fund Deficit, June 30	\$ 68,020	\$ (2,122,640)	\$ 2,190,660	\$ 4,313,300

CITY OF DOWNEY
Budgetary Comparison Schedule
SB1 Transportation
For the Year Ended June 30, 2023

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 2,037,025	\$ 2,037,025	\$ 2,037,025	\$ -
Revenues				
Taxes	2,315,077	2,315,077	2,543,103	228,026
Use of money and property	-	-	16,923	16,923
Total Revenues	4,352,102	4,352,102	4,597,051	244,949
Expenditures				
Capital outlay	4,260,000	4,260,000	419,567	3,840,433
Total Expenditures	4,260,000	4,260,000	419,567	3,840,433
Budgetary Fund Balance, June 30	\$ 92,102	\$ 92,102	\$ 4,177,484	\$ 4,085,382

CITY OF DOWNEY
Budgetary Comparison Schedule
Measure S (Sales Tax)
For the Year Ended June 30, 2023

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 3,857,567	\$ 3,857,567	\$ 3,857,567	\$ -
Revenues				
Taxes	6,298,500	6,298,500	4,181,989	(2,116,511)
Use of money and property	25,000	25,000	41,720	16,720
Other financing sources - leases	-	-	417,693	417,693
Total Revenues	10,181,067	10,181,067	8,498,969	(1,682,098)
Expenditures				
Public safety	205,762	205,762	916,356	(710,594)
Capital outlay	1,038,263	1,038,263	518,476	519,787
Debt service:				
Principal retirement	1,815,000	1,815,000	2,128,767	(313,767)
Interest and fiscal charges	1,637,163	1,637,163	1,629,600	7,563
Transfers out	1,345,000	1,045,000	650,000	395,000
Total Expenditures	6,041,188	5,741,188	5,843,199	(102,011)
Budgetary Fund Balance, June 30	\$ 4,139,879	\$ 4,439,879	\$ 2,655,770	\$ (1,784,109)

CITY OF DOWNEY
Budgetary Comparison Schedule
Transit Measure M
For the Year Ended June 30, 2023

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1, as restated	\$ 2,100,943	\$ 2,100,943	\$ 2,100,943	\$ -
Revenues				
Taxes	1,916,624	1,916,624	2,060,477	143,853
Use of money and property	15,000	15,000	32,623	17,623
Miscellaneous	-	-	468	468
Total Revenues	4,032,567	4,032,567	4,194,511	161,944
Expenditures				
Public works	-	-	83,927	(83,927)
Capital outlay	2,893,060	2,893,060	471,705	2,421,355
Debt service:				
Principal retirement	470,000	470,000	470,000	-
Interest and fiscal charges	555,557	555,557	553,990	1,567
Total Expenditures	3,918,617	3,918,617	1,579,622	2,338,995
Budgetary Fund Balance, June 30	\$ 113,950	\$ 113,950	\$ 2,614,889	\$ 2,500,939

CITY OF DOWNEY
Budgetary Comparison Schedule
Measure W - Sewer & Storm Drain
For the Year Ended June 30, 2023

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1, as restated	\$ 1,627,710	\$ 1,627,710	\$ 1,627,710	\$ -
Revenues				
Taxes	1,500,000	1,500,000	1,435,794	(64,206)
Use of money and property	5,000	5,000	12,624	7,624
Miscellaneous	-	-	2,475,920	2,475,920
Total Revenues	3,132,710	3,132,710	5,552,048	2,419,338
Expenditures				
Public works	270,300	270,300	151,941	118,359
Capital outlay	3,345,000	3,345,000	475,853	2,869,147
Total Expenditures	3,615,300	3,615,300	627,794	2,987,506
Budgetary Fund Balance, June 30	\$ (482,590)	\$ (482,590)	\$ 4,924,254	\$ 5,406,844

CITY OF DOWNEY
Budgetary Comparison Schedule
Art in Public Places
For the Year Ended June 30, 2023

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 316,937	\$ 316,937	\$ 316,937	\$ -
Revenues				
Miscellaneous	35,000	35,000	86,517	51,517
Total Revenues	351,937	351,937	403,454	51,517
Expenditures				
Public works	-	-	32,094	(32,094)
Total Expenditures	-	-	32,094	(32,094)
Budgetary Fund Balance, June 30	\$ 351,937	\$ 351,937	\$ 371,360	\$ 19,423

CITY OF DOWNEY
Budgetary Comparison Schedule
Measure M Bond 2021A
For the Year Ended June 30, 2023

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 13,845,042	\$ 13,845,042	\$ 13,845,042	\$ -
Revenues				
Use of money and property	100	100	575	475
Total Revenues	13,845,142	13,845,142	13,845,617	475
Expenditures				
Capital outlay	13,025,000	15,386,139	10,638,916	4,747,223
Total Expenditures	13,025,000	15,386,139	10,638,916	4,747,223
Budgetary Fund Balance, June 30	\$ 820,142	\$ (1,540,997)	\$ 3,206,701	\$ 4,747,698

CITY OF DOWNEY
Budgetary Comparison Schedule
Measure R Bond 2021B
For the Year Ended June 30, 2023

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 7,600,289	\$ 7,600,289	\$ 7,600,289	\$ -
Revenues				
Use of money and property	-	-	344	344
Total Revenues	7,600,289	7,600,289	7,600,633	344
Expenditures				
Public works	-	-	139,118	(139,118)
Capital outlay	6,350,000	6,535,000	3,638,402	2,896,598
Total Expenditures	6,350,000	6,535,000	3,777,520	2,757,480
Budgetary Fund Balance, June 30	\$ 1,250,289	\$ 1,065,289	\$ 3,823,113	\$ 2,757,824

CITY OF DOWNEY
Budgetary Comparison Schedule
City Capital Projects
For the Year Ended June 30, 2023

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 4,552,226	\$ 4,552,226	\$ 4,552,226	\$ -
Revenues				
Charges for services	-	-	4,764	4,764
Use of money and property	-	-	3,319	3,319
Fines and forfeitures	1,800,000	1,800,000	1,864,232	64,232
Transfers in	7,500,000	7,532,457	7,564,914	32,457
Total Revenues	13,852,226	13,884,683	13,989,455	104,772
Expenditures				
Public works	-	-	16,347	(16,347)
Capital outlay	11,861,000	12,110,467	1,006,467	11,104,000
Transfers out	587,000	587,000	587,000	-
Total Expenditures	12,448,000	12,697,467	1,609,814	11,087,653
Budgetary Fund Balance, June 30	\$ 1,404,226	\$ 1,187,216	\$ 12,379,641	\$ 11,192,425

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, 2023

	Governmental Activities - Internal Service Funds		
	Employee Benefits	Equipment	Totals
Assets:			
Current:			
Cash and investments	\$ 26,455,437	\$ 788,343	\$ 27,243,780
Receivables:			
Accounts	-	3,004	3,004
Prepaid costs	76,404	-	76,404
Due from other governments	-	5,160	5,160
Inventories	-	80,268	80,268
Total Current Assets	26,531,841	876,775	27,408,616
Noncurrent:			
Capital assets - net of accumulated depreciation/amortization	-	4,226,679	4,226,679
Total Noncurrent Assets	-	4,226,679	4,226,679
Total Assets	26,531,841	5,103,454	31,635,295
Deferred Outflows of Resources:			
Deferred pension related items	-	193,096	193,096
Total Deferred Outflows of Resources	-	193,096	193,096
Liabilities:			
Current:			
Accounts payable	6,276	216,801	223,077
Accrued liabilities	128	52,855	52,983
Accrued compensated absences	695,340	9,096	704,436
Accrued claims payable	3,401,000	-	3,401,000
Bonds, notes, loans payable	-	169,782	169,782
Leases payable	-	300,448	300,448
Total Current Liabilities	4,102,744	748,982	4,851,726
Noncurrent:			
Accrued compensated absences	11,831,473	102,135	11,933,608
Accrued claims payable	3,974,418	-	3,974,418
Bonds, notes, loans payable	-	890,308	890,308
Leases payable	-	716,010	716,010
Net pension liability	-	420,315	420,315
Total Noncurrent Liabilities	15,805,891	2,128,768	17,934,659
Total Liabilities	19,908,635	2,877,750	22,786,385
Deferred Inflows of Resources:			
Deferred pension related items	-	9,534	9,534
Total Deferred Inflows of Resources	-	9,534	9,534
Net Position (Deficit):			
Net investment in capital assets	-	2,759,570	2,759,570
Unrestricted	6,623,206	(350,304)	6,272,902
Total Net Position (Deficit)	\$ 6,623,206	\$ 2,409,266	\$ 9,032,472

CITY OF DOWNEY
Combining Statement of Revenues, Expenses
and Changes in Fund Net Position
Internal Service Funds
For the Year Ended June 30, 2023

	Governmental Activities - Internal Service Funds		
	Employee Benefits	Equipment	Totals
Operating Revenues:			
Interdepartmental charges	\$ 2,204,956	\$ 2,579,981	\$ 4,784,937
Miscellaneous	406,674	69,884	476,558
Total Operating Revenues	2,611,630	2,649,865	5,261,495
Operating Expenses:			
Maintenance and operations	-	2,580,860	2,580,860
General and administrative	-	250,772	250,772
Employee benefits	3,771,626	-	3,771,626
Depreciation/amortization expense	-	435,203	435,203
Total Operating Expenses	3,771,626	3,266,835	7,038,461
Operating Income (Loss)	(1,159,996)	(616,970)	(1,776,966)
Nonoperating Revenues (Expenses):			
Interest expense	-	(51,672)	(51,672)
Grant subsidy	-	3,086	3,086
Gain (loss) on disposal of capital assets	-	129,431	129,431
Total Nonoperating Revenues (Expenses)	-	80,845	80,845
Changes in Net Position	(1,159,996)	(536,125)	(1,696,121)
Net Position:			
Beginning of Year	7,783,202	2,945,391	10,728,593
End of Fiscal Year	\$ 6,623,206	\$ 2,409,266	\$ 9,032,472

CITY OF DOWNEY
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2023

	Governmental Activities - Internal Service Funds		
	Employee Benefits	Equipment	Totals
Cash Flows from Operating Activities:			
Cash received from customers and users	\$ 2,204,956	\$ 2,583,402	\$ 4,788,358
Cash paid to suppliers for goods and services	(3,371,225)	(2,459,307)	(5,830,532)
Cash paid to employees for services	(7,007)	(239,784)	(246,791)
Net Cash Provided (Used) by Operating Activities	(1,173,276)	(115,689)	(1,288,965)
Cash Flows from Non-Capital Financing Activities:			
Principal paid on pension obligation bond	-	(19,920)	(19,920)
Interest paid on pension obligation bond	-	(16,618)	(16,618)
Advance received from other funds	1,271,173	-	1,271,173
Grant subsidies	-	3,086	3,086
Net Cash Provided (Used) by Non-Capital Financing Activities	1,271,173	(33,452)	1,237,721
Cash Flows from Capital and Related Financing Activities:			
Acquisition and construction of capital assets	-	(119,785)	(119,785)
Principal paid on lease liability	-	(260,201)	(260,201)
Principal paid on capital debt	-	(242,430)	(242,430)
Interest paid on capital debt	-	(23,662)	(23,662)
Interest paid on lease liability	-	(11,392)	(11,392)
Proceeds from sales of capital assets	-	129,544	129,544
Net Cash Provided (Used) by Capital and Related Financing Activities	-	(527,926)	(527,926)
Net Increase (Decrease) in Cash and Cash Equivalents	97,897	(677,067)	(579,170)
Cash and Cash Equivalents at Beginning of Year	26,357,540	1,465,410	27,822,950
Cash and Cash Equivalents at End of Year	\$ 26,455,437	\$ 788,343	\$ 27,243,780
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	\$ (1,159,996)	\$ (616,970)	\$ (1,776,966)
Adjustments to Reconcile Operating Income (loss) Net Cash Provided (used) by Operating Activities:			
Depreciation/ amortization	-	435,203	435,203
(Increase) decrease in accounts receivable	-	3,421	3,421
(Increase) decrease in due from other governments	-	3,112	3,112
(Increase) decrease in inventories	-	7,278	7,278
(Increase) decrease in prepaid expense	(6,273)	-	(6,273)
(Increase) decrease in deferred pension related outflows	-	(151,783)	(151,783)
Increase (decrease) in accounts payable	(7,007)	41,279	34,272
Increase (decrease) in accrued liabilities	-	(12,694)	(12,694)
Increase (decrease) in compensated absences	-	8,663	8,663
Increase (decrease) in net pension liability	-	355,540	355,540
Increase (decrease) in deferred pension related inflows	-	(188,738)	(188,738)
Total Adjustments	(13,280)	501,281	488,001
Net Cash Provided (Used) by Operating Activities	\$ (1,173,276)	\$ (115,689)	\$ (1,288,965)
Non-Cash Investing, Capital, and Financing Activities:			
Lease assets acquired	\$ -	\$ 334,372	\$ 334,372

CUSTODIAL 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 Net Position
All Custodial Funds
June 30, 2023

	Cemetery District	1913 Act Bond	Elm Vista	Columbia Memorial Space Learning Center Foundation
Assets:				
Cash and investments	\$ 601,428	\$ 120,098	\$ 1,765	\$ 296,655
Receivables:				
Accounts	10,400	-	3,256	-
Taxes	3,846	-	-	-
Accrued interest receivable	3,587	-	-	-
Due from other governments	3,295	-	-	-
Capital Assets - not being depreciated	29,967	-	-	-
Capital Assets - net of accumulated depreciation	285,595	-	-	-
Total Assets	938,118	120,098	5,021	296,655
Liabilities:				
Accounts payable	1,965	-	-	19,617
Accrued liabilities	-	-	-	-
Unearned revenues	-	-	-	-
Deposits payable	-	-	-	-
Due to other governments	22,628	-	5,000	-
Total Liabilities	24,593	-	5,000	19,617
Net Position:				
Restricted for organizations and other governments	913,525	120,098	21	277,038
Total Net Position	\$ 913,525	\$ 120,098	\$ 21	\$ 277,038

CITY OF DOWNEY
Combining Statement of Net Position
All Custodial Funds
June 30, 2023

	SEAACA	Southeast Water Coalition	Totals
Assets:			
Cash and investments	\$ 6,480,914	\$ 2,587	\$ 7,503,447
Receivables:			
Accounts	23,066	-	36,722
Taxes	-	-	3,846
Accrued interest receivable	-	-	3,587
Due from other governments	94,122	-	97,417
Capital Assets - not being depreciated	80,523	-	110,490
Capital Assets - net of accumulated depreciation	2,649,107	-	2,934,702
Total Assets	9,327,732	2,587	10,690,211
Liabilities:			
Accounts payable	726,795	-	748,377
Accrued liabilities	638,150	-	638,150
Unearned revenues	14,997	-	14,997
Deposits payable	50,464	-	50,464
Due to other governments	835	-	28,463
Total Liabilities	1,431,241	-	1,480,451
Net Position:			
Restricted for organizations and other governments	7,896,491	2,587	9,209,760
Total Net Position	\$ 7,896,491	\$ 2,587	\$ 9,209,760

CITY OF DOWNEY
Combining Statement of Changes in Fiduciary Net Position
All Custodial Funds
For the Year Ending June 30, 2023

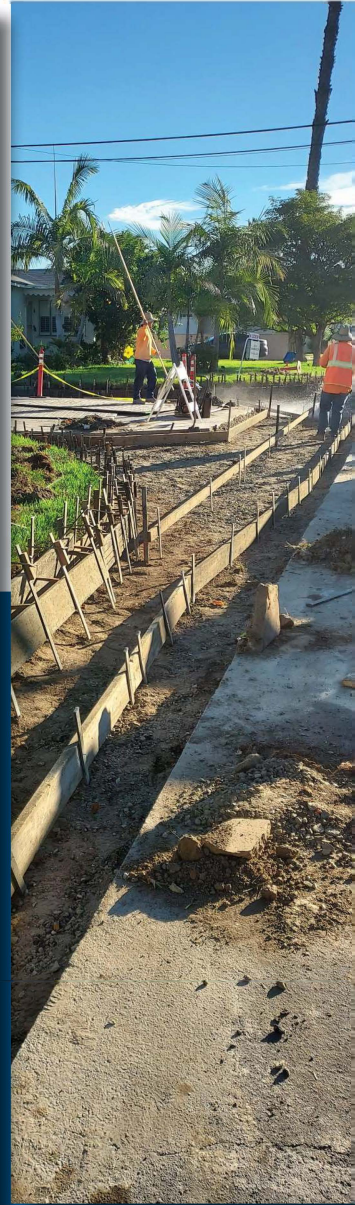
	<u>Cemetery District</u>	<u>1913 Act Bond</u>	<u>Elm Vista</u>	<u>Columbia Memorial Space Learning Center Foundation</u>
Additions:				
Investment earnings:				
Interest	\$ 16,080	\$ -	\$ -	\$ 3,842
Taxes	107,897	-	-	-
Intergovernmental	-	-	-	85,469
Miscellaneous	48,276	-	-	194,777
Total Additions	172,253	-	-	284,088
Deductions:				
Benefits	-	-	-	-
Administrative expenses	54,088	-	-	133,948
Contractual services	-	-	-	118,596
Capital outlay	-	-	-	-
Depreciation expense	9,887	-	-	-
Total Deductions	63,975	-	-	252,544
Net Increase (Decrease) in Fiduciary Net Position	108,278	-	-	31,544
Net Position - Beginning	805,247	120,098	21	245,494
Net Position - End of the Year	\$ 913,525	\$ 120,098	\$ 21	\$ 277,038

CITY OF DOWNEY
Combining Statement of Changes in Fiduciary Net Position
All Custodial Funds
For the Year Ending June 30, 2023

	<u>SEAACA</u>	<u>Southeast Water Coalition</u>	<u>Totals</u>
Additions:			
Investment earnings:			
Interest	\$ 79,239	\$ 34	\$ 99,195
Taxes	-	-	107,897
Intergovernmental	6,072,070	-	6,157,539
Miscellaneous	184,922	-	427,975
Total Additions	6,336,231	34	6,792,606
Deductions:			
Benefits	8,514	-	8,514
Administrative expenses	5,298,811	-	5,486,847
Contractual services	69,711	-	188,307
Capital outlay	147,439	-	147,439
Depreciation expense	155,390	-	165,277
Total Deductions	5,679,865	-	5,996,384
Net Increase (Decrease) in Fiduciary Net Position	656,366	34	796,222
Net Position - Beginning	7,240,125	2,553	8,413,538
Net Position - End of the Year	\$ 7,896,491	\$ 2,587	\$ 9,209,760

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STATISTICAL INFORMATION



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DESCRIPTION OF STATISTICAL SECTION CONTENTS

June 30, 2023

This part of the City of Downey's annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information say about the government's overall financial health.

Contents:	<u>Pages</u>
<u>Financial Trends</u> - These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time	163-172
<u>Revenue Capacity</u> - These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax	173-180
<u>Debt Capacity</u> - These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.....	181-187
<u>Demographic and Economic Information</u> - These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place	188-190
<u>Operating Information</u> - These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs	191-196

CITY OF DOWNEY

NET POSITION BY COMPONENT
(amounts expressed in thousands)

Last Ten Fiscal Years
(modified accrual basis of accounting)

	2013-14	2014-15	2015-16	2016-17	2017-18
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	48,162	(98,403)	(103,853)	(109,605)	(173,874)
Total governmental activities	267,436	131,765	137,176	133,292	60,165
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	5,941	1,084	6,032	11,124	(23,706)
Total business-type activities	49,138	36,297	42,078	46,858	76,701
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	54,103	(97,319)	(97,821)	(98,481)	(197,580)
Total primary government	\$ 316,574	\$ 168,062	\$ 179,254	\$ 180,150	\$ 136,866

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)

	2018-19	2019-20	2020-21	2021-22	2022-23
Governmental Activities:					
Net investment in capital assets	\$ 191,436	\$ 246,763	\$ 216,976	\$ 231,094	\$ 227,707
Restricted	78,437	44,502	36,143	63,539	49,059
Unreserved	(184,334)	(208,799)	(170,512)	(170,064)	(140,012)
Total governmental activities	85,539	82,466	82,607	124,569	136,754
Business-type Activities:					
Net investment in capital assets	73,287	77,286	74,989	76,539	83,507
Restricted	35,064	34,007	34,130	33,854	6,522
Unrestricted	(25,220)	(26,669)	(16,020)	(14,293)	7,674
Total business-type activities	83,131	84,624	93,099	96,100	97,703
Primary Government:					
Net investment in capital assets	264,723	324,049	291,965	307,633	311,214
Restricted	113,501	78,509	70,273	97,393	55,581
Unassigned	(209,554)	(235,468)	(186,532)	(184,357)	(132,338)
Total primary government	\$ 168,670	\$ 167,090	\$ 175,706	\$ 220,669	\$ 234,457

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	-	-	-	-
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	5,244
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>29,521</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>\$ 52,389</u>
Net (Expenses)/Revenues:					
Governmental activities	\$ (63,985)	\$ (62,489)	\$ (66,365)	\$ (75,861)	\$ (87,001)
Business-type activities	<u>5,713</u>	<u>4,619</u>	<u>5,671</u>	<u>5,504</u>	<u>(13)</u>
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 - EXPENSES AND PROGRAM REVENUES
(amounts expressed in thousands)

Last Ten Fiscal Years
(modified accrual basis of accounting)

	2018-19	2019-20	2020-21	2021-22	2022-23
Expenses					
Governmental Activities:					
General government	\$ 13,340	\$ 15,763	\$ 19,271	\$ 13,930	\$ 7,310
Public safety	74,434	82,960	83,139	64,532	82,248
Public works	13,289	14,320	15,176	15,338	19,554
Community services	13,171	11,050	9,281	9,978	13,383
Community development	6,856	6,187	6,636	6,156	6,700
Interest on long term debt	3,298	2,773	3,209	6,650	5,780
Total expenses for governmental activities	<u>124,388</u>	<u>133,053</u>	<u>136,712</u>	<u>116,584</u>	<u>134,975</u>
Business-type Activities:					
Water	14,157	14,789	10,825	15,778	15,837
Golf	2,853	2,979	3,119	3,081	2,968
Sewer and Storm Drain	3,657	3,812	1,933	2,268	2,672
Total expenses for business-type activities	<u>20,667</u>	<u>21,580</u>	<u>15,877</u>	<u>21,127</u>	<u>21,477</u>
Total expenses for primary government	<u>\$ 145,055</u>	<u>\$ 154,633</u>	<u>\$ 152,589</u>	<u>\$ 137,711</u>	<u>\$ 156,452</u>
Program Revenues					
Governmental Activities:					
Charges for services:					
General government	\$ 8,477	\$ 8,226	\$ 8,206	\$ 9,190	\$ 9,647
Public safety	5,102	5,128	5,295	5,759	6,361
Public works	3,566	3,305	3,467	4,461	3,517
Community services	2,137	1,119	723	2,177	2,817
Community development	1,025	1,004	1,149	1,735	1,513
Operating grants and contributions	11,678	13,151	22,366	19,997	6,350
Capital grants and contributions	8,281	2,301	1,288	1,007	1,248
Total revenues for governmental activities	<u>40,266</u>	<u>34,234</u>	<u>42,494</u>	<u>44,326</u>	<u>31,453</u>
Business-type Activities:					
Charges for services:					
Water	17,711	18,132	18,875	18,197	17,621
Golf	2,853	2,687	4,248	4,508	4,273
Sewer and Storm Drain	1,471	1,477	1,497	1,521	1,431
Total revenues for business-type activities	<u>22,035</u>	<u>22,296</u>	<u>24,620</u>	<u>24,226</u>	<u>23,325</u>
Total revenues for primary government	<u>\$ 62,301</u>	<u>\$ 56,530</u>	<u>\$ 67,114</u>	<u>\$ 68,552</u>	<u>\$ 54,778</u>
Net (Expenses)/Revenues:					
Governmental activities	\$ (84,122)	\$ (98,819)	\$ (94,218)	\$ (72,258)	\$ (103,522)
Business-type activities	<u>1,368</u>	<u>716</u>	<u>8,743</u>	<u>3,099</u>	<u>1,848</u>
Total net position for primary government	<u>\$ (82,754)</u>	<u>\$ (98,103)</u>	<u>\$ (85,475)</u>	<u>\$ (69,159)</u>	<u>\$ (101,674)</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
General Revenues and Other Changes in Net Position:					
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
Transfer-in	1,311	1,777	1,359	1,051	148
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)	(147)
Total business-type activities	<u>4,511</u>	<u>972</u>	<u>169</u>	<u>(724)</u>	<u>529</u>
Total primary government	<u>\$ 77,746</u>	<u>\$ 70,568</u>	<u>\$ 71,553</u>	<u>\$ 71,297</u>	<u>\$ 84,359</u>
Changes in Net Position					
Governmental activities	\$ 9,250	\$ 69,596	\$ 71,384	\$ (14,980)	\$ (292)
Business-type activities	10,224	972	169	(737)	1,897
Total net position for primary government	<u>\$ 19,474</u>	<u>\$ 70,568</u>	<u>\$ 71,553</u>	<u>\$ (15,717)</u>	<u>\$ 1,605</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)

	2018-19	2019-20	2020-21	2021-22	2022-23
General Revenues and Other Changes in Net Position:					
Governmental Activities:					
Property taxes, levied for general purposes	\$ 28,817	\$ 30,184	\$ 32,209	\$ 32,699	\$ 34,555
Transient occupancy taxes	1,537	1,348	1,298	1,769	2,236
Sales and use taxes	31,673	30,055	32,777	37,791	37,050
Property tax in lieu of sales and use taxes	10,384	9,937	11,192	12,421	12,865
Franchise taxes	2,778	2,854	2,981	3,284	3,240
Utility taxes	6,411	6,303	6,617	10,394	10,328
Other taxes	2,516	2,404	2,012	2,101	3,245
Earning on investments	4,173	3,481	1,416	48	4,701
Gain/(loss) on sales of capital assets	1,345	4,712	91	9,029	129
Miscellaneous	4,396	4,263	4,708	4,334	7,107
Transfer-in	153	205	898	351	893
Total governmental activities	<u>108,446</u>	<u>95,746</u>	<u>96,199</u>	<u>114,221</u>	<u>116,349</u>
Business-type Activities:					
Earning on investments	1,076	779	138	(149)	647
Gain/(loss) on sales of capital assets	14	-	16	6	-
Miscellaneous	249	202	477	397	2
Transfer-in	(153)	(205)	(898)	(351)	(893)
Total business-type activities	<u>1,186</u>	<u>776</u>	<u>(267)</u>	<u>(97)</u>	<u>(244)</u>
Total primary government	<u>\$ 109,632</u>	<u>\$ 96,522</u>	<u>\$ 95,932</u>	<u>\$ 114,124</u>	<u>\$ 116,105</u>
Changes in Net Position					
Governmental activities	\$ 24,324	\$ (3,073)	\$ 1,981	\$ 41,963	\$ 12,828
Business-type activities	<u>2,554</u>	<u>1,492</u>	<u>8,476</u>	<u>3,002</u>	<u>1,603</u>
Total net position for primary government	<u>\$ 26,878</u>	<u>\$ (1,581)</u>	<u>\$ 10,457</u>	<u>\$ 44,965</u>	<u>\$ 14,431</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)

	2013-14	2014-15	2015-16	2016-17	2017-18
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

FUND BALANCES OF GOVERNMENTAL FUNDS
(amounts expressed in thousands)

Last Ten Fiscal Years
(modified accrual basis of accounting)

	2018-19	2019-20	2020-21	2021-22	2022-23
General Fund:					
Nonspendable	\$ 8,503	\$ 8,240	\$ 8,093	\$ 6,882	\$ 9,042
Assigned	-	-	-	-	38,200
Unassigned	29,732	25,896	26,355	46,580	5
Total general fund	<u>\$ 38,235</u>	<u>\$ 34,136</u>	<u>\$ 34,448</u>	<u>\$ 53,462</u>	<u>\$ 47,247</u>
All Other Governmental Funds:					
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ 2,200
Restricted	62,336	26,797	18,513	45,418	37,902
Assigned	3,362	4,392	4,412	4,552	15,035
Unassigned	(1,565)	(4,527)	(5,824)	(5,751)	(2,614)
Total all other governmental funds	<u>\$ 64,133</u>	<u>\$ 26,662</u>	<u>\$ 17,101</u>	<u>\$ 44,219</u>	<u>\$ 52,523</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)

	2013-14	2014-15	2015-16	2016-17	2017-18
Revenues:					
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	13,262
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>115,293</u>
Expenditures:					
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	7,236
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>111,500</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>
Other Financing Sources (Uses):					
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
Issuance of debt	600	-	668	705	744
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>
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.

CITY OF DOWNEY

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

Last Ten Fiscal Years
(modified accrual basis of accounting)

	2018-19	2019-20	2020-21	2021-22	2022-23
Revenues:					
Taxes	\$ 84,299	\$ 82,993	\$ 89,097	\$ 100,213	\$ 103,519
License and permits	1,486	1,536	1,681	1,781	2,069
Fines and forfeitures	3,456	3,586	3,469	3,725	3,634
Investment and rental	4,769	3,726	1,416	48	4,701
Intergovernmental revenue	13,325	13,615	23,742	20,477	10,064
Charges for services	13,535	12,104	12,093	15,924	16,748
Other revenue	12,579	5,819	6,305	6,226	8,929
Total revenues	<u>133,449</u>	<u>123,379</u>	<u>137,803</u>	<u>148,394</u>	<u>149,664</u>
Expenditures:					
Current:					
General government	11,649	13,661	10,822	13,424	7,465
Public safety	62,543	65,129	70,062	65,372	72,465
Public works	11,781	13,565	13,812	14,453	15,251
Community services	11,950	10,295	8,178	9,261	10,968
Community development	6,929	5,969	8,586	6,534	6,832
Capital outlay	36,176	58,254	29,345	26,733	21,155
Debt service:					
Principal	2,844	2,822	3,346	5,230	8,288
Interest and fiscal charges	3,513	2,958	3,447	6,669	5,959
Total expenditures	<u>147,385</u>	<u>172,653</u>	<u>147,598</u>	<u>147,676</u>	<u>148,383</u>
Excess of revenues over (under) expenditures	<u>(13,936)</u>	<u>(49,274)</u>	<u>(9,795)</u>	<u>718</u>	<u>1,281</u>
Other Financing Sources (Uses):					
Transfers in	11,126	11,455	18,734	12,682	25,650
Transfers out	(5,148)	(11,250)	(17,336)	(12,457)	(24,756)
Proceeds from long-term debt	3,000	-	-	-	-
Leases	3,433	192	356	854	417
Issuance of debt	-	-	108,446	30,465	139
Sale of capital assets	2,514	5,404	-	13,870	-
Total other financing sources (uses)	<u>14,925</u>	<u>5,801</u>	<u>110,200</u>	<u>45,414</u>	<u>1,450</u>
Special Item: Pension contribution due to bond issuanc	<u>-</u>	<u>-</u>	<u>(107,814)</u>	<u>-</u>	<u>-</u>
Net change in fund balances	989	(43,473)	(7,409)	46,132	2,731
Fund balances - July 1, as restated	<u>101,378</u>	<u>102,367</u>	<u>58,958</u>	<u>51,549</u>	<u>97,039</u>
Fund balances - June 30	<u>\$ 102,367</u>	<u>\$ 58,894</u>	<u>\$ 51,549</u>	<u>\$ 97,681</u>	<u>\$ 99,770</u>
Debt service as a percentage of noncapital expenditures	5.76%	4.56%	4.26%	10.05%	11.12%

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

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)
2013-14	9,558,959	560	722,297	8,837,222	415,315	154,317	260,998	9,098,220	5.22%
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%
2018-19	12,239,422	1,011	786,926	11,453,507	428,769	117,407	311,362	11,764,869	5.75%
2019-20	12,981,632	1,011	870,877	12,111,766	441,308	29,325	411,983	12,523,749	6.45%
2020-21	13,593,718	1,011	880,312	12,714,417	453,911	32,007	421,904	13,136,321	4.89%
2022-23	14,694,624	1,619	783,581	13,912,662	467,399	62,342	405,057	14,317,719	8.99%

Note: Homeowner Exemptions are not included in Total Exemptions.

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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	61,299	46,663
SBE Nonunitary	560	560	560	560	1,011
Possessory Int.	130,482	132,961	-	138,570	140,024
Unsecured	260,999	321,263	394,680	395,266	379,260
Exempt	-	-	(83,552)	(82,326)	(82,336)
TOTALS	\$ 9,098,221	\$ 9,525,614	\$ 9,863,577	\$ 10,584,462	\$ 11,125,559
Total Direct Rate	0.1387%	0.1390%	0.1393%	0.1396%	0.1396%

Note: Exempt values are not included in Total.

CITY OF DOWNEY

ASSESSED VALUE OF TAXABLE PROPERTY
(amounts expressed in thousands)

Last Ten Fiscal Years

	2018-19	2019-20	2020-21	2021-22	2022-23
Residential	\$ 9,232,913	\$ 9,738,633	\$ 10,218,058	\$ 10,585,620	\$ 11,219,901
Commercial	1,447,981	1,617,909	1,690,314	1,681,952	1,797,756
Industrial	396,068	394,148	426,171	450,432	503,719
Government owned	1,025	1,178	1,202	1,078	1,238
Institutional	96,087	72,370	86,243	90,881	85,852
Miscellaneous	3,619	3,692	3,765	3,804	13
Recreational	98,867	99,407	101,478	96,659	103,031
Unknown	-	-	-	-	-
Vacant Land	39,308	42,486	41,149	53,494	54,125
SBE Nonunitary	1,011	1,011	1,011	1,620	1,620
Possessory Int.	136,628	140,933	145,026	149,775	145,408
Unsecured	311,363	411,983	421,904	395,251	405,057
Exempt	(82,245)	(82,245)	(81,846)	(81,558)	(81,558)
TOTALS	\$ 11,764,870	\$ 12,523,750	\$ 13,136,321	\$ 13,510,566	\$ 14,317,720
Total Direct Rate	0.1401%	0.1411%	0.1419%	0.1414%	0.1417%

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

	2013-14	2014-15	2015-16	2016-17	2017-18
Basic Levy 1					
City of Downey Tax District 1	0.13970	0.13970	0.13970	0.13970	0.13970
Cerritos Community College District	0.02620	0.02620	0.02620	0.02620	0.02620
Childrens Institutional Tuition Fund	0.00291	0.00291	0.00291	0.00291	0.00291
County Sanitation District No. 2 Operating	0.01394	0.01394	0.01394	0.01394	0.01394
County School Service Fund-Downey	0.00743	0.00743	0.00743	0.00743	0.00743
County School Service	0.00146	0.00146	0.00146	0.00146	0.00146
Development Ctr For Handicapped Minors	0.00052	0.00052	0.00052	0.00052	0.00052
Downey Cemetery District	0.00089	0.00089	0.00089	0.00089	0.00089
Downey Unified School District	0.21540	0.21540	0.21540	0.21540	0.21540
Educational Augmentation Fund Impound	0.16310	0.16310	0.16310	0.16310	0.16310
Educational Revenue Augmentation	0.07340	0.07340	0.07340	0.07340	0.07340
Great L.A. County Vector Control Dist	0.00039	0.00039	0.00039	0.00039	0.00039
L. A. County Accum Cap Outlay	0.00012	0.00012	0.00012	0.00012	0.00012
L. A. County Fire	0.00768	0.00768	0.00768	0.00768	0.00768
L. A. County Flood Ctrl Drain Imp Dist Maint	0.00183	0.00183	0.00183	0.00183	0.00183
L. A. County Flood Ctrl Maintenance	0.01035	0.01035	0.01035	0.01035	0.01035
L. A. County General	0.33450	0.33450	0.33450	0.33450	0.33450
Water Replenishment District of Southern Calif	0.00018	0.00018	0.00018	0.00018	0.00018
Total Basic Levy Rate	1.00000	1.00000	1.00000	1.00000	1.00000
Cerritos Community College Dist	0.02502	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
Total Voter Approved Rate	0.62113	0.63268	0.71244	0.78621	0.76768
TOTAL DIRECT & OVERLAPPING2 TAX RATE	1.62113	1.63268	1.71244	1.78621	1.76768
Rate producing Revenue for City and Redevelopment Agency (RDA)					
City General Fund Direct Rate 3	0.013973	0.013973	0.013973	0.013973	0.013973
Total Direct Rate5	0.138740	0.139020	0.139290	0.139600	0.139590

Notes:

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

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

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

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

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

CITY OF DOWNEY

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

Last Ten Fiscal Years

	2018-19	2019-20	2020-21	2021-22	2022-23
Basic Levy 1					
City of Downey Tax District 1	0.13970	0.13970	0.13970	0.13970	0.13970
Cerritos Community College District	0.02620	0.02620	0.02620	0.02620	0.02620
Childrens Institutional Tuition Fund	0.00291	0.00291	0.00291	0.00291	0.00291
County Sanitation District No. 2 Operating	0.01394	0.01394	0.01394	0.01394	0.01394
County School Service Fund-Downey	0.00743	0.00743	0.00743	0.00743	0.00743
County School Service	0.00146	0.00146	0.00146	0.00146	0.00146
Development Ctr For Handicapped Minors	0.00052	0.00052	0.00052	0.00052	0.00052
Downey Cemetery District	0.00089	0.00089	0.00089	0.00089	0.00089
Downey Unified School District	0.21540	0.21540	0.21540	0.21540	0.21540
Educational Augmentation Fund Impound	0.16310	0.16310	0.16310	0.16310	0.16310
Educational Revenue Augmentation	0.07340	0.07340	0.07340	0.07340	0.07340
Great L.A. County Vector Control Dist	0.00039	0.00039	0.00039	0.00039	0.00039
L. A. County Accum Cap Outlay	0.00012	0.00012	0.00012	0.00012	0.00012
L. A. County Fire	0.00768	0.00768	0.00768	0.00768	0.00768
L. A. County Flood Ctrl Drain Imp Dist Maint	0.00183	0.00183	0.00183	0.00183	0.00183
L. A. County Flood Ctrl Maintenance	0.01035	0.01035	0.01035	0.01035	0.01035
L. A. County General	0.33450	0.33450	0.33450	0.33450	0.33450
Water Replenishment District of Southern Calif	0.00018	0.00018	0.00018	0.00018	0.00018
Total Basic Levy Rate	1.00000	1.00000	1.00000	1.00000	1.00000
Cerritos Community College Dist	0.04446	0.44490	0.04348	0.04251	0.04361
Compton Community College Dist	0.02335	0.02323	0.00899	0.00906	0.01575
County Detention Facilities 1987 Debt	0.00000	0.00000	0.00000	0.00000	0.00000
Downey Unified School District	0.10113	0.09708	0.08771	0.09504	0.09106
LA Community College District	0.04621	0.02717	0.04016	0.04376	0.02488
LA County Flood Control	0.00000	0.00000	0.00000	0.00000	0.00000
Little Lake City School District	0.07611	0.06532	0.06606	0.06200	0.06811
Los Angeles Unified School District	0.12323	0.12552	0.13993	0.11323	0.12107
Metropolitan Water District	0.00350	0.00350	0.00350	0.00350	0.00350
Montebello Unified School District	0.13921	0.09306	0.09706	0.09031	0.12770
Norwalk-La Mirada Unified	0.13425	0.14019	0.12220	0.14250	0.13301
Rio Hondo Community College Dist	0.02554	0.02571	0.01361	0.01526	0.01535
Whittier Union High School Dist	0.05822	0.05502	0.05433	0.05395	0.05342
Total Voter Approved Rate	0.77521	1.10070	0.67703	0.67112	0.69746
TOTAL DIRECT & OVERLAPPING ² TAX RATE	1.77521	1.70029	1.67702	1.67113	1.69746
Rate producing Revenue for City and Redevelopment Agency (RDA)					
City General Fund Direct Rate 3	0.013973	0.13973	0.13973	0.13973	0.13973
Total Direct Rate ⁵	0.140130	0.14112	0.14185	0.14142	0.14169

Notes:

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

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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	2022-23		2013-14	
	Taxable Assessed Value	% of Total City Taxable Assessed Value	Taxable Assessed Value	% of Total City Taxable Assessed Value
US VI Downey LLC	\$ 180,803	1.26%	\$ -	-
Gary L. Ball Trust	121,551	0.85%	102,731	1.13%
Downey Landing LLC	105,929	0.74%	69,913	0.77%
Reyes Coca-Cola Bottling LLC	100,388	0.70%	122,094	1.34%
PRC Multi-Family LLC	93,855	0.66%	32,281	0.35%
Macerich Stonewood LLC	65,303	0.46%	56,387	0.62%
Kaiser Foundation Health Plan, Inc.	60,524	0.42%	68,027	0.75%
Lone Oak-Downey, LLC	55,347	0.39%	-	0.00%
Fremont Rancho Limited	51,492	0.36%	44,374	0.49%
Hall Stewart and Gray Road LLC	50,393	0.35%	-	0.00%
Top Ten Total	<u>\$ 885,585</u>	<u>6.34%</u>	<u>\$ 495,807</u>	<u>5.45%</u>

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

CITY OF DOWNEY

PROPERTY TAX LEVIES AND COLLECTIONS
(amounts expressed in thousands)

Last Ten Fiscal Years

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year	Current Tax Collected Amount	Percent of Levy Collected	Collections in Subsequent Fiscal Year	Total Collections to Date	
					Tax Collected Amount	Percent of Total Tax Collections
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%
2018-19	16,050	15,301	95.33%	4	15,305	95.36%
2019-20	17,099	16,252	95.05%	17	16,269	95.15%
2020-21	18,009	17,266	95.87%	-	17,266	95.87%
2021-22	18,465	17,798	96.39%	14	17,812	96.46%
2022-23	19,580	18,765	95.84%	10	18,775	95.89%

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	Other	Total Governmental Activities	Capital Lease Agreement*	Other	Total Business-type Activities			
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%	788
2018-19	64,691	9,321	74,012	4,200	213	4,413	78,425	2697.5%	687
2019-20	62,368	9,168	71,536	3,740	144	3,884	75,420	2440.7%	664
2020-21	168,675	8,593	177,268	3,265	4,581	7,846	185,114	5725.5%	1,661
2021-22	194,809	7,811	202,620	2,770	4,509	7,279	209,899	6165.0%	1,864
2022-23	187,165	7,139	194,304	2,255	4,366	6,621	200,925	5525.1%	1,806

* 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	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita
2013-14	113,363	9,098	32,826	32,826	360.8%	29.0%
2014-15	113,417	9,526	32,494	32,494	341.1%	28.7%
2015-16	114,181	9,998	34,257	34,257	342.6%	30.0%
2016-17	113,832	10,585	34,199	34,199	323.1%	30.0%
2017-18	114,146	11,126	85,050	85,050	764.5%	74.5%
2018-19	114,212	11,765	74,012	74,012	629.1%	64.8%
2019-20	113,529	12,524	71,536	71,536	571.2%	63.0%
2020-21	111,425	13,136	177,268	177,268	1349.5%	159.1%
2021-22	112,584	13,511	202,620	202,620	1499.7%	180.0%
2022-23	111,261	14,318	194,304	194,304	1357.1%	174.6%

* Gross Bonded Debt Restated for prior years due to exclusion of Business Type Activities

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CITY OF DOWNEY

SCHEDULE OF DIRECT AND OVERLAPPING DEBT

2022-23 Assessed Valuation: \$14,317,719,833

	Total Debt 6/30/2023	Percent Applicable (1)	City's Share of Debt 6/30/2023
Overlapping Tax and Assessment Debt:			
Metropolitan Water District	\$ 19,215,000	0.394%	\$ 75,707
Cerritos Community College District	445,232,887	24.008	106,891,512
Compton Community College District	104,371,964	0.643	671,112
Los Angeles Community District	4,500,730,000	0.002	90,015
Rio Honda Community College District	170,234,080	0.367	624,759
Whittier Union High School District	127,929,361	0.571	730,477
Downey Unified School District	371,698,240	91.552	340,297,173
Montebello Unified School District	248,196,585	0.117	290,390
Little Lake City School District	57,449,901	3.413	1,960,765
Total Overlapping Tax and Assessment Debt			\$ 451,631,910
Direct and Overlapping General Fund Debt:			
Los Angeles County General Fund Obligation	\$ 2,601,551,282	0.756%	\$ 19,667,728
Los Angeles County Superintendent of Schools Certificates of Participation	3,403,487	0.756	25,730
Los Angeles County Sanitation District No. 2 Authority	776,732	18.577	144,294
Los Angeles County Sanitation District No. 18 Authority	434,236	0.338	1,468
Montebello Unified School District Certificates of Participation	4,615,000	0.117	5,400
City of Downey General Fund Obligations	39,200,000	100	39,200,000
City of Downey Pension Obligation Bonds	122,785,000	100	122,785,000
Total Gross Direct and Overlapping General Fund Debt			\$ 181,829,620
Less: City of Downey Lease Agreement supported by golf course revenue			2,255,000
Total Net Direct and Overlapping General Fund Debt			\$ 179,574,620
Overlapping Tax Increment Debt (Successor Agency):	\$ 3,240,000	0.756%	\$ 3,240,000
TOTAL GROSS DIRECT DEBT			\$ 161,985,000
TOTAL NET DIRECT DEBT			\$ 159,730,000
TOTAL OVERLAPPING DEBT			\$ 474,716,530
GROSS COMBINED TOTAL DEBT (2)			\$ 636,701,530
NET COMBINED TOTAL DEBT			\$ 634,446,530

(1) The percentage of overlapping debt applicable to the city is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the city divided by the district's total taxable assessed value.

(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations

Ratios to 2022-23 Assessed Valuation

Total Overlapping Tax and Assessment Debt.....	3.15%
Total Gross Direct Debt (\$161,985,000).....	1.13%
Total Net Direct Debt (\$159,730,000).....	1.12%
Gross Combined Total Debt.....	4.45%
Net Combined Total Debt.....	4.43%

Ratios to Redevelopment Successor Agency Incremental Valuation (\$885,898,136):

Total Overlapping Tax and Assessment Debt	0.37%
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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
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

SCHEDULE OF LEGAL DEBT MARGIN
(amounts expressed in thousands)

Last Ten Fiscal Years

	2018-19	2019-20	2020-21	2021-22	2022-23
Assessed Valuation	\$ 11,764,870	\$ 12,523,750	\$ 13,136,321	\$ 13,510,567	\$ 14,317,719
Charter Debt Limited (15% of Assessed Valuation)	1,764,731	1,878,563	1,970,448	2,026,585	2,147,658
Legal Debt Margin	<u>\$ 1,764,731</u>	<u>\$ 1,878,563</u>	<u>\$ 1,970,448</u>	<u>\$ 2,026,585</u>	<u>\$ 2,147,658</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	
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
2018-19	3,213	2,703	510	445	163	609	0.84
2019-20	2,776	2,832	(56)	460	147	607	(0.09)
2020-21	4,313	2,991	1,322	475	130	605	2.19
2021-22	4,694	2,978	1,716	495	112	607	2.83
2022-23	4,555	2,883	1,672	515	93	608	2.75

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

CITY OF DOWNEY

DEMOGRAPHIC AND ECONOMIC STATISTICS

Last Ten Calendar Years

<u>Calendar Year</u>	<u>Population</u>	<u>Personal Income (in thousands)</u>	<u>Per Capita Personal Income</u>	<u>Unemployment Rate</u>
2013-14	113,363	2,544,773	22,448	7.6%
2014-15	113,417	2,589,877	22,835	6.3%
2015-16	114,181	2,625,354	22,992	6.0%
2016-17	113,832	2,642,801	23,216	4.6%
2017-18	114,146	2,761,333	24,191	3.5%
2018-19	114,212	2,907,308	25,455	4.5%
2019-20	113,529	3,090,130	27,218	4.1%
2020-21	111,425	3,233,140	29,016	12.6%
2021-22	112,584	3,404,669	30,241	8.9%
2022-23	111,261	3,636,609	32,685	4.7%

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CITY OF DOWNEY

PRINCIPAL EMPLOYERS

Current Year and Nine Years Prior

Employer	2022-23		2013-14	
	Number of Employees	Percent of Total Employment	Number of Employees	Percent of Total Employment
Kaiser Permanente	5,400	14.24%	4,500	8.20%
Stonewood Shopping Center	1,800	4.75%	1,765	3.20%
Rancho Los Amigos Medical Center	1,630	4.30%	1,410	2.60%
PIH Health (formally Downey Regional Medical Center)	1,500	3.95%	1,250	2.30%
Office of Education, County of Los Angeles	1,425	3.76%	2,262	4.10%
Downey Unified School District	1,360	3.59%	2,693	4.90%
Coca-Cola Bottling Company	800	2.11%	800	1.50%
County of Los Angeles, Internal Service Department	712	1.88%	712	1.30%
City of Downey	723	1.91%	766	1.40%
Lakewood Health Center	400	1.05%	314	0.60%

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 ¹	98 ²	89	94	115
Community Services	379	469 ³	477	373	441
Public Works	74	76	81	79	79
Community Development	21	21	21	21	23
Total	766	857	870	771	878

Notes:

1. Fire department was authorized to hire 12 paramedic operators upon receipt of Federal grant.
2. Increase to Fire Dept during FY14 & FY15 is due to having Ambulance Operators hired as employees rather than using an Ambulance Contract Service.
3. 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	2018-19	2019-20	2020-21	2021-22	2022-23
General Government	41	40	40	38	35
Police	189	195	188	185	184
Fire	105	125	120	113	110
Community Services	402	369	249	275	304
Public Works	81	83	83	72	74
Community Development	23	22	20	20	16
Total	<u>841</u>	<u>834</u>	<u>700</u>	<u>703</u>	<u>723</u>

Notes:

1. Fire department was authorized to hire 12 paramedic operators upon receipt of Federal grant.
2. Increase to Fire Dept during FY14 & FY15 is due to having Ambulance Operators hired in as employees rather than using an Ambulance Contract Service
3. 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

	2013-14	2014-15	2015-16	2016-17	2017-18
Police:					
Number of arrests	3,368	3,942	3,947	3,498	3,471
Number of collision reports issued	1,170	1,199	1,280	1,112	1,023
Number of traffic citations issued	35,643	16,008	14,696	14,111	14,085
Number of reported crimes & incidents	8,198	9,331	9,729	8,576	12,839
Fire:					
Number of emergency incidents	6,996	7,346	8,081	7,915	8,114
Number of fire & other incidents	1,363	1,339	1,635	1,689	1,424
Number of special service & other incidents	312	410	374	449	416
Number of traffic accidents	853	1,026	1,121	1,073	907
Parks and Recreation:					
Number of general park attendance	1,404,361	1,652,469	2,004,311	1,620,000	1,954,297
Number of participants in theatre	42,219	45,869	51,762	45,500	107,130
Number of library attendance	363,640	360,211	371,625	326,941	320,311
Public works:					
Engineering (CIP related improvement)					
Street striping (lineal feet)	39,750	39,218	55,392	93,640	40,205
Asphalt replacement (tons)	21,484	19,998	30,728	39,730	23,150
Trees planted (each)	n/a	437	105	118	106
Trees removed (each)	220	100	332	89	46
Maintenance					
Pavement markings (square feet)	57,229	38,485	24,985	48,070	41,640
Street striping (linear feet)	29,751	8,721	2,084	803,231	792
Asphalt repair (tons)	375	403	422	450	417
Graffiti removed (square feet)	645,000	676,623	752,655	581,479	568,449
Trees trimmed (each)	8,169	3,677	8,034	8,889	8,220
Trees planted (each)	204	81	95	473	129
Trees removed (each)	228	205	185	145	124
Vehicles serviced - preventative maintenance (each)	455	1,604	1,494	550	1,031
Vehicles serviced - repairs (each)	660	656	547	646	532
Water:					
Number of customers	22,961	23,039	23,341	23,314	23,336
Annual supply (acre feet)	17,279	15,768	13,911	14,352	14,796
Maximum daily capacity (thousands of gallons)	45,000	45,000	45,000	45,000	40,000
Sanitary Sewer:					
Sewer main cleaned (no. of miles)	45	35	70	78	77
Vector coating applied to sewer manholes	1,350	1,650	25	1,650	1,650
Golf course:					
Golf rounds played	60,152	52,828	58,576	65,658	63,574

CITY OF DOWNEY
OPERATING INDICATORS
Last Ten Fiscal Years

	2018-19	2019-20	2020-21	2021-22	2022-23
Police:					
Number of arrests	4,516	3,016	2,464	2,535	2,492
Number of collision reports issued	1,055	1,075	831	957	1,023
Number of traffic citations issued	16,017	13,004	13,175	12,048	9,896
Number of reported crimes & incidents	9,736	7,555	7,625	8,834	8,666
Fire:					
Number of emergency incidents	8,054	9,027	8,314	8,916	9,042
Number of fire & other incidents	1,335	1,260	1,161	1,748	1,621
Number of special service & other incidents	377	464	395	345	337
Number of traffic accidents	1,004	632	475	581	575
Parks and Recreation:					
Number of general park attendance	1,950,000	2,250,000	1,764,865	2,592,959	2,792,920
Number of participants in theatre	110,000	115,000	-	97,092	95,897
Number of library attendance	181,821	-	11,629	150,030	211,721
Public works:					
Engineering (CIP related improvement)					
Street striping (lineal feet)	19,805	887,509	4,360	69,101	70,062
Asphalt replacement (tons)	11,957	28,566	18,923	73,658	61,517
Trees planted (each)	16	214	138	35	129
Trees removed (each)	-	19	26	156	137
Maintenance					
Pavement markings (square feet)	12,386	7,154	2,639	2,933	2,933
Street stripping (linear feet)	-	896	-	-	1,001
Asphalt repair (tons)	274	355	311	256	244
Graffiti removed (square feet)	378,070	408,418	444,339	390,236	388,260
Trees trimmed (each)	8,873	8,646	7,183	6,990	7,820
Trees planted (each)	544	2,034	117	81	67
Trees removed (each)	239	212	122	205	63
Vehicles serviced - preventative maintenance (each)	1,113	921	827	836	823
Vehicles serviced - repairs (each)	537	379	267	272	276
Water:					
Number of customers	23,482	23,555	23,010	23,044	23,489
Annual supply (acre feet)	14,298	13,802	14,289	14,456	13,228
Maximum daily capacity (thousands of gallons)	40,000	40,000	40,000	40,000	40,000
Sanitary Sewer:					
Sewer main cleaned (no. of miles)	91	85	86	100	120
Vector coating applied to sewer manholes	1,650	1,650	1,750	1,800	1,750
Golf course:					
Golf rounds played	63,500	62,000	85,027	86,645	79,515

CITY OF DOWNEY

CAPITAL ASSET STATISTICS BY FUNCTION

Last Ten Fiscal Years

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

CITY OF DOWNEY

CAPITAL ASSET STATISTICS BY FUNCTION

Last Ten Fiscal Years

Function	2018-19	2019-20	2020-21	2021-22	2022-23
Highways and streets					
Miles of streets	210	210	210	215	215
Traffic signals	116	116	118	118	118
No. of street lights	5430	5436	5440	5440	5440
Water					
Number of active water wells	20	20	20	20	20
Number of reservoirs	1	1	1	1	1
Miles of lines & mains	276	276	276	276	276
Sewer					
Miles of sanitary sewer	193	193	193	193	193
Sewer lift station	1	1	1	1	1
Culture and Recreation					
Number of parks	12	12	12	13	13
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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