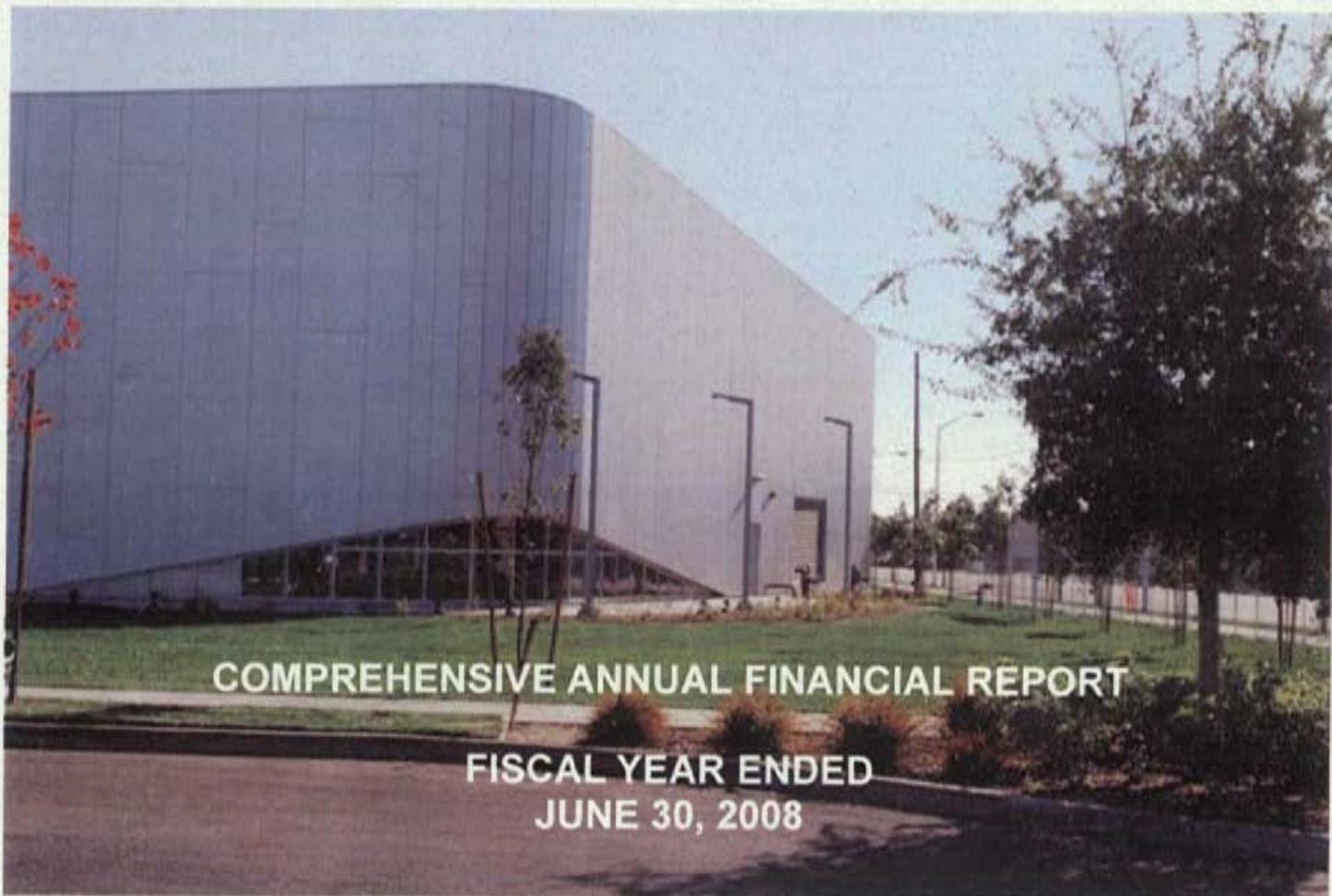


City of Downey California



CITY OF DOWNEY

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INTRODUCTORY SECTION



City of Downey

FUTURE UNLIMITED

December 19, 2008

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

In accordance with the Charter of the City of Downey (City), it is with much pride and gratitude that I submit for your consideration the Comprehensive Annual Financial Report (CAFR) of the City of Downey for the fiscal year ended June 30, 2008. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City. We believe the data, as presented, is accurate in all material aspects; that it is presented in a manner designed to fairly set forth the financial position and results of operations of the City as measured by the financial activity of its various funds; and that all disclosures necessary to enable the reader to gain the maximum understanding of the City's financial affairs have been included.

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

GENERAL INFORMATION ABOUT 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, was incorporated on December 17, 1956 and on January 14, 1965 became a Chartered City. Downey is operated under a Council-Manager form of government, and is governed by a five-member Council with four elected from designated districts and one elected at large. The City provides a full range of municipal services to its 113,607 residents. These services include, but are not limited to, police, fire, public works, recreational, 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 school 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

According to the U. S. Department of Labor, the seasonally adjusted unemployment rate for the Los

Angeles metropolitan area is 7.7% which is higher than the national rate of 6.5% but lower than the 8.2% rate in the State of California in October 2008. In addition, the collapse of the financial and credit markets, the rapid decline of housing market, reduced consumer spending and other factors deteriorate the economy of the nation, State and the City. The outlook is uncertain but the City is optimistic that it will be a relatively short-lived economic down turn. City staff has worked diligently to retain and attract existing or new business that will continue to provide an economic stimulus to our local economy. The 160 acre former Boeing property redevelopment project is in progress. The Downey Landing Retail Center has performed positively. The construction of new regional medical facilities continues as planned. Due to the cyclical fluctuation of the movie industry, the City and Industrial Realty Group (IRG) are evaluating the redevelopment of Downey Studio to a high-end retail mixed use project. Furthermore, the City Council plans to initialize the new downtown specific plan to revitalize the downtown in 2009.

MAJOR INITIATIVES

For the Year. The redevelopment of the 160 acre former Boeing property continues. The construction of the new Kaiser Permanente hospital made progress and the medical building no. 2 will break ground in 2009. The hospital facility covers over 30 acres and is designed to contain a 1 million square feet state-of-the-art hospital with 450 beds. To date, over \$20 million of property improvements have been made to the former Boeing property which required the City's involvement from various disciplines (building, planning, engineering, legal, risk management, etc.). Furthermore, the Community Development Commission acquired two parcels of properties that are being prepared for affordable housing. The following projects were either completed or commenced in the current year: \$4.8 million for the construction of the Columbia Memorial Space Science Learning Center; \$4.7 million for the Discovery Sports Complex; \$2.3 million in highway improvements to Lakewood Boulevard, a major arterial through the city; \$1.5 million in improvement in Imperial Highway; \$1 million in other highway improvements and beautification projects.

Future Initiatives. The City is involved in numerous economic development projects. The notable project is the Terra Luna mixed use project. The City is working with the Industrial Realty Group for the reuse and redevelopment the 79 acres site currently occupied by Downey Studios. It would facilitate the creation of a new community of connected neighborhood, including new residential units, high-end retail tenants, restaurants, boutique hotels, and commercial offices. In downtown area, the city proposes to undertake a specific plan to enhance opportunity for revitalize a much tired downtown area. The plan will address new opportunities in mixed use, land use, housing, and parking strategies. With a City economic incentive, Porto's Café is proposing to invest \$16 million to open a 15,000 sq. ft. bakery and restaurant in the downtown district. Along the Firestone commercial corridor, Bob's Big Boy restaurant will soon be under construction at the nostalgic Johnnies Broiler location. As part of the Downey Landing development, the Columbia Memorial Space Science Learning Center (CMSSLC) was dedicated in November 2008 and will open to the public in 2009. The \$18 million Learning Center will preserve the 70-year legacy of aviation and aerospace history through space science education programs and honor the people who worked in the aviation and aerospace industry in Downey. It also seeks to enhance the science literacy of future generations. The Discovery Sports complex, a 13-acre park facility, was dedicated in Oct 2008.

Street and traffic flow improvements will continue throughout the City. And finally, the City intends to maintain its aggressive position of assisting and attracting businesses of all sizes by offering a less intrusive business registration fee structure.

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 financial and audit committee in place.

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

As part of our internal control evaluation, the City contracts with an outside independent public accounting firm to complete a special audit, which is called a single audit, to comply with certain federal government regulations. During this audit, tests are made to determine the adequacy of the internal control structure, including that portion related to federal financial assistance programs as well as to determine that the government has complied with applicable laws and regulations. The results of the government's single audit for the fiscal year ended June 30, 2007 provided no instances of material weaknesses in the internal control structure or significant violations of applicable laws and regulations. The single audit for the current fiscal year is in progress; however, the City fully anticipates that there will also be no instances of material weaknesses in the internal controls.

Budgeting Controls. The City also maintains control of its fiscal condition through the budget. The objective of the budget is to ensure funds are expended in accordance with the wishes of the City Council. Activities of the General Fund, Special Revenue Funds, and the Capital Project Funds are included in the budget. The level of budgetary control is the department level within the fund. The City Council may amend the 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 of Downey has no general obligation debt. However, the City does have two revenue bond issues and one tax allocation bond issue. Note 9, of the Notes to Basic Financial Statements, presents more detailed information about these debt issues. The City uses various trustees as its paying agents for all bonds and coupons. The City deposits with the trustee, according to agreement, principal and interest requirements as appropriate.

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

<u>Principal Issue</u>	<u>Trustee</u>	<u>Outstanding</u>
Downey Public Facilities Financing Corporation: 2002 Certificates of Participation	U.S. Bank	\$ 8,775,000
City of Downey Civic Center Corporation: 1996 Certificates of Participation	Bank of New York Trust Co.	1,365,000
Downey Community Development Commission: 1997 Refunding Tax Allocation Bonds	U.S. Bank	8,135,000
California Statewide Communities Development Authority: 2005 Pension Obligation Bonds	Wells Fargo Trust Services	20,365,000

Cash Management. The City invests all idle funds in a pooled account pursuant to an investment program governed by a City Council adopted investment policy. This policy places certain restrictions on the City's investment program beyond those already established by State law. The major restrictions are as follows:

- (1) All banks and/or savings and loans that the City shall place money in must be located within the State of California.
- (2) All government securities, repurchase agreements, and banker's acceptances, shall be purchased through the City's primary bank or other major bank only.
- (3) Specific instruments may not be purchased without prior Council approval. Some of the instruments are inverse floaters, interest only strips, equity-linked securities, options, futures, swaps, or reverse repurchase agreements to name a few.

During 2007-08, the City directly managed the day to day investing of a portfolio averaging \$112,433,000 and yielding approximately \$4,999,100. Interest was credited to funds based on month-end cash and investment balances.

Risk Management. The City self-insures for a substantial part of its operation. Workers' Compensation, employee health benefits, and general liability are managed on a self-insured basis. The City contracts with third-party administrators to process claims and help manage these programs.

The self-insured retention, the amount payable at June 30, 2008 and the limit of excess insurance coverage are as follows:

	<u>Self-Insured Retention</u>	<u>Amount Payable 6-30-08</u>	<u>Limit of Insurance Coverage</u>
Workers' Compensation	\$ 750,000	\$ 6,497,000	\$ 50,000,000
Employee Health Benefits	85,000	905,000	1,000,000
General Liability	2,000,000	2,639,000	20,000,000

The amount payable includes the calculated (projected) value of Incurred but Not Reported (IBNR) claims. The various amounts are based upon information provided by the City's Claim Administrator and Actuary.

The City purchases all risk property insurance for its buildings and property that includes earthquake and flood protection with a \$50,000 deductible for buildings and property and 5% of value deductible for earthquake.

OTHER INFORMATION

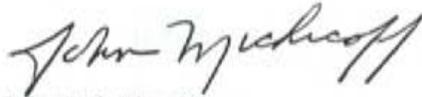
Independent Audit. The City Charter requires an annual audit of the books of account, financial records, and transactions of all administrative departments of the City by an independent certified public accountant. Accordingly, this year's audit was completed by Diehl, Evans and Company, LLP. The auditor's report has been included in this report.

Government Finance Officers Association of the United States and Canada (GFOA) Certificate of Achievement Award. The GFOA awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Downey for its comprehensive annual financial report for the fiscal year ended June 30, 2007. 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. I believe our current comprehensive annual financial report continues to conform to the Certificate of Achievement Program's requirements and I am submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgments. The preparation of this report on a timely basis could not be accomplished without the efficient and dedicated services of the entire Finance Department staff. I would like to express my sincere appreciation to all members of the Finance Department, especially the Finance Manager, Maurina Lee. Additionally, I want to thank and acknowledge the efforts of the City's audit firm Diehl, Evans and Company LLP.

In closing, without the leadership and strong support of the members of the City Council, City Manager and Assistant City Manager, the implementation of vital fiscal management policies and procedures resulting in this report would not be possible.

Respectfully submitted,



John Michicoff
Director of Finance

CITY OF DOWNEY
PRINCIPAL OFFICIALS

City Council

David R. Gafin, Mayor

Mario A. Guerra, Mayor Pro Tem

**Rick Trejo
Council Member**

**Anne M. Bayer
Council Member**

**Kirk O. Cartozian
Council Member**

APPOINTED OFFICIALS

Edward W. Lee – City Attorney

Kathleen L. Midstokke – City Clerk

MANAGEMENT TEAM

Gerald M. Caton, City Manager

Lee Powell, Assistant City Manager

Desi Alvarez, Deputy City Manager – Special Projects

**Brian Ragland
Director of Public Works**

**Mark Sauter
Fire Chief**

**Roy Campos
Chief of Police**

**Thad Phillips
Director of Community Services**

**John Michicoff
Director of Finance**

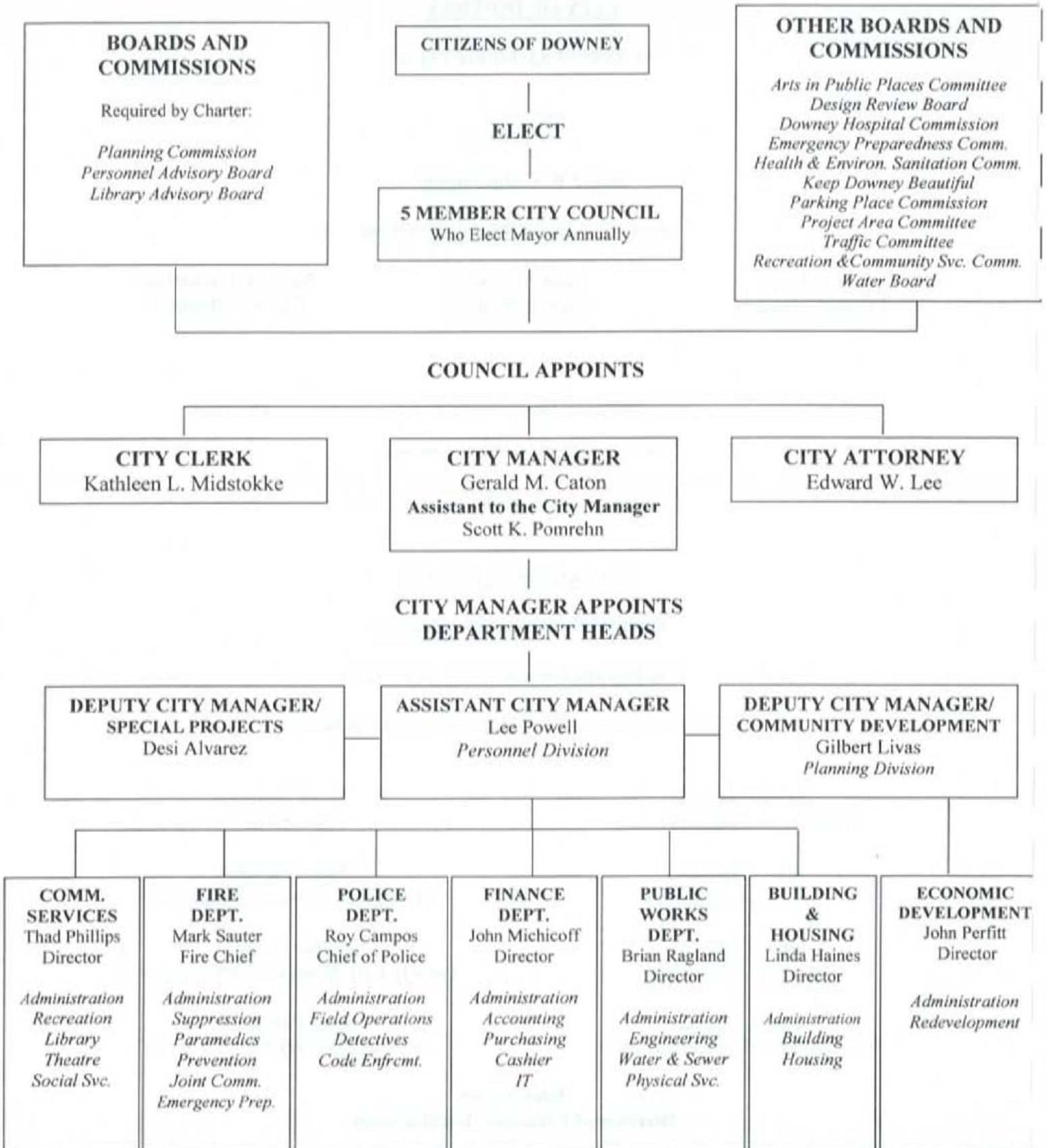
**Gilbert Livas
Deputy City Manager - Development**

**Linda Haines
Building and Housing Director**

**Scott Pomrehn
Assistant Deputy City Manager**

**John Perfitt
Director of Economic Development**

**CITY OF DOWNEY
ORGANIZATIONAL CHART - 2008**



Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Downey
California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2007

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Charles S. Cox

President

Jeffrey R. Emmer

Executive Director

FINANCIAL SECTION



DIEHL, EVANS & COMPANY, LLP
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

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*WILLIAM C. PENTZ, CPA

*A PROFESSIONAL CORPORATION

December 18, 2008

INDEPENDENT AUDITORS' REPORT

City Council Members
City of Downey
Downey, California

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, as of and for the year ended June 30, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Downey's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Downey, California, as of June 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated December 18, 2008 on our consideration of the City of Downey's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The management's discussion and analysis and the budgetary comparison schedules identified in the accompanying table of contents are not a required part of the basic financial statements but are supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures to the management's discussion and analysis, which consisted principally of inquiries of management regarding the methods of measurement and presentation of this required supplementary information. However, we did not audit the management's discussion and analysis and express no opinion on it. The budgetary comparison schedules and related note have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Downey's basic financial statements. The introductory section, other supplemental information and statistical section as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The other supplemental information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Diehl, Evans and Company, LLP

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Downey (City), we offer readers of the City's basic financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2008. It is encouraged that the readers consider the information presented here in conjunction with additional information that has been furnished in the letter of transmittal and the accompanying basic financial statements. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

FINANCIAL HIGHLIGHTS

Government-wide

- The assets of the City exceeded its liabilities at the close of the current fiscal year by \$296.3 million. Of this amount, \$60.3 million (unrestricted net assets) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net assets increased by \$5.9 million. Of this, \$7.4 million is attributable to governmental activities and offset with the net expense of \$1.5 million from operations of business-type activities.
- The City's total long-term liability increased by \$450 thousand during the current fiscal year, an increase of 0.50%

Fund based

- As of the closed of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$45.8 million, a decrease of \$5.4 million in comparison with the prior year, including a \$3.2 million transfer out to the Employee Benefit Fund for future commitments.
- At the end of the current fiscal year, unreserved General Fund balance was \$15.1 million which equates to 23.4% of the total General Fund expenditures.
- For the General Fund, actual revenues (inflows) of \$71.4 million exceeded final budgeted revenues of \$64.5 million by \$6.9 million. This favorable variance is due to increases in Charges for services revenue (\$5.4 million), Investment and rental income (\$1.9 million) and Licenses and permits revenue (\$595 thousand). The balance of the variance is attributable variances is the remaining revenue categories.
- General Fund expenditures (outflows) for the current year were \$65.0 million. This was \$3.9 million less than the final budgeted expenditures of \$68.9 million. These savings were attributable primarily to prudent management of city services and risk management. Some of the more significant departmental savings were from Police (\$2.2 million) and Public works (\$1.9 million).

See independent auditors' report.

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 assets presents information on all of the City's assets and liabilities, including capital assets and long-term liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets 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 assets changed during the most recent fiscal year. Functional activities are highlighted in this statement, whereby direct and indirect functional costs are shown net of related program revenue. This statement shows the extent to which the various functions depend on general taxes and non-program revenues for support.

The government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City included 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, golf course and transit services.

The government-wide financial statements include not only the City itself, but also the Downey Community Development Commission, the City of Downey Water Facilities Corporation, and the Downey Public Facilities Financing Corporation. Although these entities are legally separate, they function for all practical purposes as part of the City, and therefore have been included as a blended component unit as an integral part of the primary government.

Fund financial statements. The 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. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS (CONTINUED)

Governmental funds. 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 several individual governmental funds, organized by their type (Special Revenue, Debt Service, and Capital Projects). Information is presented separately in the governmental fund Balance Sheet and in the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund, Firestone Debt Service Fund, and Housing Capital Projects Fund, which are considered to be major funds. Data from the Other Governmental Funds are combined into a single, aggregated presentation. Individual fund data for each of these other governmental funds are provided in the form of supplementary combining statements elsewhere in this report.

The City adopts an annual appropriated budget to substantially cover all City expenditures with the exception of debt service on bonds. Budgetary comparison statements are not presented for the Debt Service Funds because budgets are not adopted for these funds.

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, golf course and transit services. 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 insurance, and for its equipment. Because these services predominantly benefit governmental rather than business-type functions, they have been included with governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary funds financial statements provide separate information for all of the enterprise funds, which are considered to be major funds of the City. Conversely, all of the internal service funds are combined into a single, aggregated presentation in the proprietary funds financial statements. Individual fund data for the Internal Service funds is provided in the form of combining statements elsewhere in this report.

See independent auditors' report.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS (CONTINUED)

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. 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.

Notes to basic financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information, which includes Budgetary Comparison Schedules for the General Fund and Housing Capital Projects Fund. Combining statements for other governmental funds, internal service funds, agency funds and budgetary comparison schedules for all other special revenue and capital projects funds are presented immediately following the required supplementary information. These statements and schedules can be found elsewhere in this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Downey, assets exceeded liabilities by \$239.1 million for governmental activities and \$57.2 million for business-type activities for a total of \$296.3 million at the close the most recent fiscal year.

The following summaries of net assets and changes in net assets present current and prior year amounts for comparative purposes.

NET ASSETS

	Governmental Activities		Business-type Activities	
	2008	2007	2008	2007
Current and other assets	\$ 140,453	\$ 140,020	\$ 24,342	\$ 25,377
Capital assets	188,467	177,742	44,154	44,587
Total assets	328,920	317,762	68,496	69,964
Other liabilities	22,522	20,276	2,609	2,301
Long-term liabilities	67,333	65,875	8,681	8,938
Total liabilities	89,855	86,151	11,290	11,239
Net Assets:				
Invested in capital assets, net of related debt	172,185	154,423	35,513	35,662
Restricted	28,201	31,468	-	-
Unrestricted	38,679	45,720	21,693	23,063
Total net assets	\$ 239,065	\$ 231,611	\$ 57,206	\$ 58,725

By far, the largest portion of the City's total net assets (70.1%) reflects its investment in capital assets (i.e., infrastructure, land, buildings, machinery and equipment), net of related debt used to acquire those assets that are still outstanding. The City uses these assets to provide services to citizens; consequently, they are not available for future spending. Although the City's investment in 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.

An additional portion of the City's net assets (9.52%) represents resources that are subject to external restrictions in how they may be used. The remaining balance of \$60,372 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors. Of the unrestricted assets, \$21,693 is attributable to business-type activities. The governmental activities of the City have unrestricted net assets of \$38,679.

See independent auditors' report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

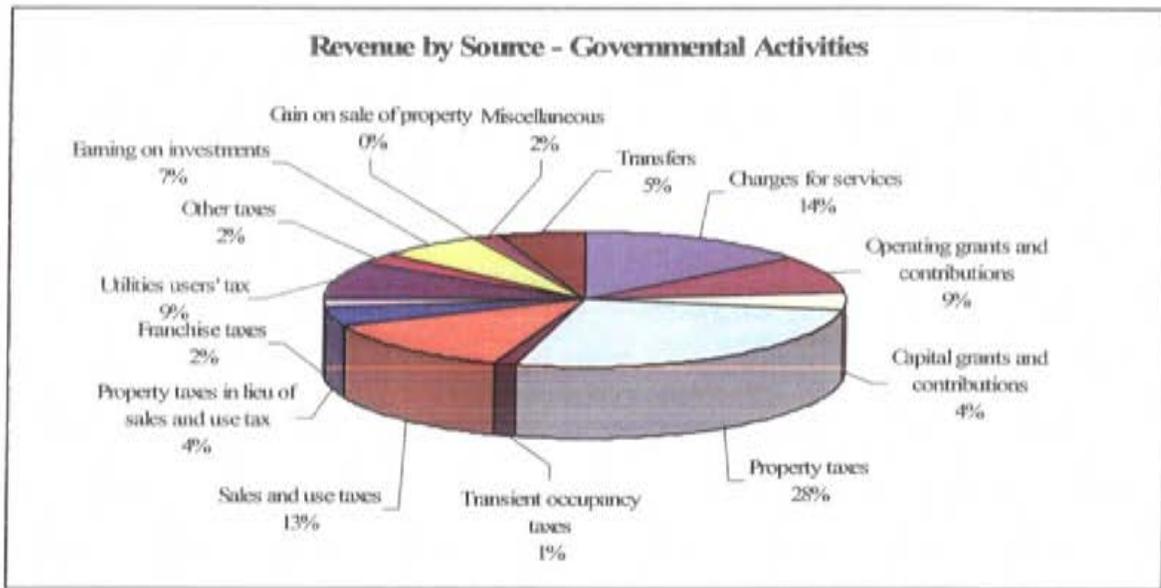
CHANGE IN NET ASSETS

	Governmental Activities		Business-type Activities	
	2008	2007	2008	2007
REVENUES:				
Program revenues:				
Charges for services	\$ 12,894	\$ 12,147	\$ 12,137	\$ 12,494
Operating grants and contributions	7,965	7,409	-	-
Capital grants and contributions	3,623	3,676	-	-
General revenues:				
Taxes				
Property taxes	23,974	22,726	-	-
Transient occupancy taxes	1,050	1,085	-	-
Sales and use taxes	11,706	11,860	3,310	3,330
Property taxes in lieu of sales and use tax	3,856	3,989	-	-
Franchise taxes	2,142	2,168	-	-
Utilities users' tax	8,002	-	-	-
Other taxes	1,819	9,489	-	-
Earning on investments	5,973	5,405	1,580	1,371
Gain on sale of property	24	-	28	-
Miscellaneous	1,443	4,126	2,012	-
Total revenues	84,471	84,080	19,067	17,195
EXPENSES:				
Program activities:				
General government	5,891	6,100	-	-
Public safety	43,510	42,379	-	-
Public works	7,460	8,466	-	-
Community services	9,390	7,903	-	-
Community development	8,898	6,556	-	-
Unallocated infrastructure depreciation	4,806	4,772	-	-
Interest on long term debt	1,823	1,801	-	-
Water	-	-	10,121	8,852
Golf	-	-	2,765	2,745
Transit	-	-	2,939	2,634
Total expenses	81,778	77,977	15,825	14,231
Excess of revenues over expenses	2,693	6,103	3,242	2,964
Transfers	4,761	1,720	(4,761)	(1,720)
Change in net assets	\$ 7,454	\$ 7,823	\$ (1,519)	\$ 1,244

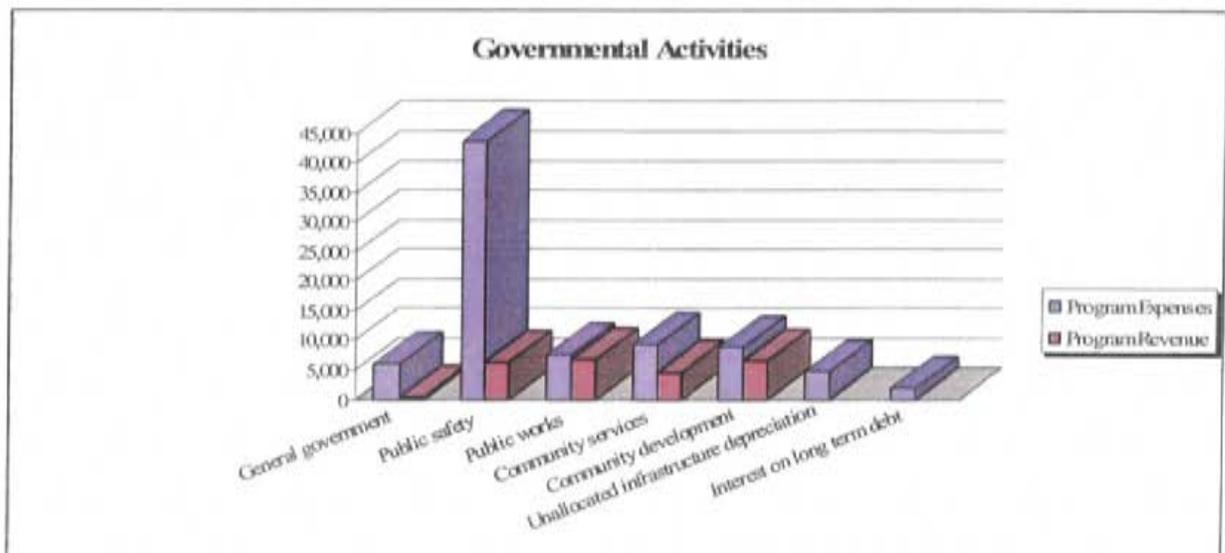
See independent auditors' report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Governmental Activities.



The most significant revenues, including transfers, of the governmental activities are taxes (59%), which included property taxes (28%), sales and use taxes (13%), and other taxes (18%). Program revenues are 27% of the total revenues of the governmental activities, which includes charges for services (14%), operating grants and contributions (9%) and capital grants and contributions (4%). The remaining 14% of total revenues is comprised of earnings on investments, miscellaneous, transfers, and gain on sale of property.

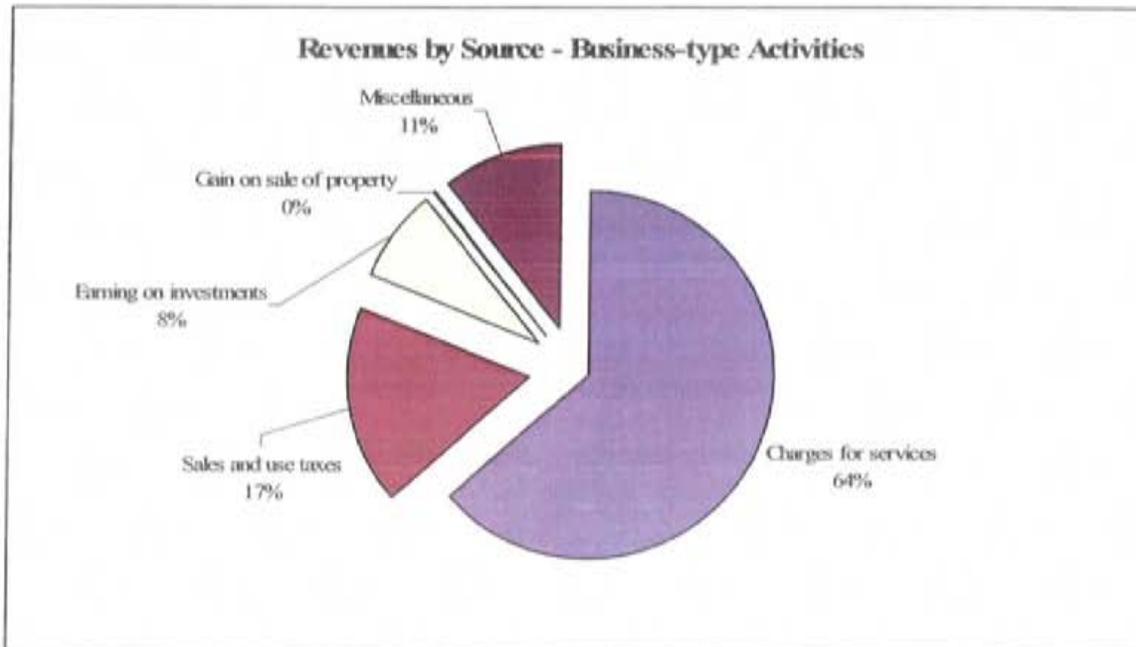


Public safety expenses, which include police and fire service, are the most significant of all governmental expenses at 53%. Thereafter, community services (11%), community development (11%), public works (9%), general government (7%), unallocated infrastructure depreciation (6%), interest on long term debt (2%).

See independent auditors' report.

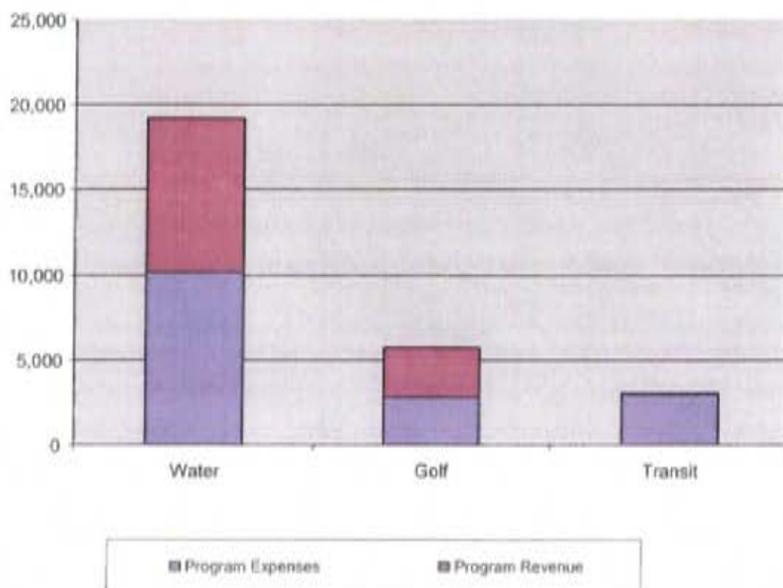
GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Business-type activities. Business-type activities decreased the City's net assets by \$1,519. The most significant revenue generated was from charges from services (64%). The balance of revenues is from sales tax (17%), miscellaneous (10%), earning on investments (8%), and gain on sale of equipment (1%). Of the charges from services, the most significant revenues generated were from the sales of water and related services (\$9,078). The second significant revenue is the revenue generated by users of the golf course (\$2,938). The balance (\$121) is attributable to transit pass sales for the city operated transit services.



Water related expenses were also the most significant at \$10,121 or 64% of total operating expenses. As with revenues, the transit was next with expenses of \$2,939 (19%) followed by the golf course operation with expenses of \$2,765 (17%).

Business-type Activities



See independent auditors' report.

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.

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. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported total ending fund balances of \$45,805, a decrease of \$5,368 in comparison with the prior year. Approximately 30.9% of this total constitutes unreserved fund balances which are considered available for appropriation. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed: 1) to liquidate contracts and purchase orders of the prior period (\$11,311), 2) to pay debt service (\$2,067), 3) to reflect land held for resale that is not available as a spendable resource (\$6,546), 4) to pay housing capital projects (3,281), and 5) to offset other non-current financial resources that are not anticipated to be liquidated in the near term (\$8,460).

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unreserved fund balance was \$15,188 which decreased by \$260 from the prior as a result of operations.

General Fund actual revenues of \$71,352 exceeded final budgeted revenues of \$64,458 by \$6,894 (10.7%). This was the result of actual revenues exceeding budget revenues in every category except intergovernmental revenue. The actual intergovernmental revenue was \$1,357 less than its final budgeted revenue. Leading the way with an increase over their respective budget was Charges for services with a \$5,416 variance. The significant increases were as follows: Investment and rental of \$1,873, License and permits of \$595, and other revenue of \$232.

General fund actual expenditures were less than the final budget. Of the total final appropriations (\$68,898), approximately 5.7% or \$3,928 went unspent. This savings is the result of an active role by management in maintaining service levels in a prudent and efficient manner. There were only three expenditure centers with an unfavorable variance: interest and fiscal charges (\$435), and general government - city management (\$133) and community development (\$13). All departments which could not be anticipated when the budget document was prepared and subsequently modified.

Transfers out of the General Fund being larger than anticipated which, in this case, is a positive event. Of the \$6,993 transfers out, \$3,152 was transferred to the Employee Benefit Fund. The 2007-08 budget approval resolution contains a provision, which allows for the transfer of these excess General Fund revenues to the Employee Benefit Fund to satisfy future requirements.

The Firestone Debt Service Fund has a total deficit fund balance of \$5,283 all of which is reserved for the payment of debt service. The net decrease in fund balance during the current year in the debt service fund was \$577.

See independent auditors' report.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS (CONTINUED)

Governmental funds (Continued). The Housing Capital Project Fund has a total fund balance of \$6,969 all of which is reserved for the affordable housing capital projects. \$3,688 of the reserved fund balance is the land held for resale. The Housing Capital Project Fund actual revenue of \$1,879 slightly exceeded final budgeted revenue of \$1,808 by \$71. Both investment and rental and other revenue have the favorable variances, \$60 and \$93, respectively. It offsets the unfavorable variances from the taxes (\$44) and intergovernmental revenue (\$38). And the actual expenditure (\$1,435) is much less than the final budgeted amount (\$5,487) which results in a saving of \$4,052.

Proprietary funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

The Water Fund's net assets decreased \$2,617 as a result of transfer out to support other capital project. Operating income of \$1,036 was supplemented by \$696 of Non-operating revenues and further reduced by a Transfer out of \$4,349.

The Golf Fund's net assets increased \$283 in the current fiscal year. The increase is mostly attributable to a smaller Transfer out to fund various community service programs comparing with 2006-07.

The Transit Fund's net assets increased \$916 in the current fiscal year. Unlike the two other business-type activities, the Transit Fund receives most of its revenues from voter approved sales and use taxes. For the current year, operating loss of \$2,785 was offset by the Non-operating revenue, including taxes of \$3,310, investment and rental of \$388 and Gain on sale of capital assets of \$3. Sales and use taxes attributed to 86.6% of total transit revenues from all sources.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. The City's investment in capital assets for its government and business-type activities at June 30, 2008 amounted to \$232,621, net of accumulated depreciation. This investment in capital assets includes land, projects in progress, buildings, equipment, fixtures and infrastructure. The total changes in the City's investment in capital assets resulted from many various projects, acquisitions and depreciation on assets located throughout the City.

CAPITAL ASSETS (net of accumulated depreciation)

	Governmental Activities		Business-type Activities	
	2008	2007	2008	2007
Land and improvements	\$ 13,890	\$ 13,351	\$ 10,436	\$ 10,436
Projects in progress	34,129	27,268	-	-
Buildings	16,428	15,760	9,717	10,040
Land improvements	4,349	4,450	9,183	9,152
Equipment	7,308	6,216	848	571
Furniture & Fixtures	127	151	140	154
Infrastructure	112,236	110,330	-	-
Water supply and distribution system	-	-	13,830	14,234
	<u>\$ 188,467</u>	<u>\$ 177,526</u>	<u>\$ 44,154</u>	<u>\$ 44,587</u>

See independent auditors' report.

CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)

TOTAL CAPITAL ASSETS
(net of accumulated depreciation)

	<u>2008</u>	<u>2007</u>
Land	\$ 24,326	\$ 23,787
Projects in progress	34,129	27,268
Buildings	26,145	25,800
Land improvements	13,532	13,602
Equipment	8,156	7,003
Furniture and fixtures	267	305
Infrastructure	112,236	110,330
Water supply and distribution system	<u>13,830</u>	<u>14,234</u>
Total capital assets	<u>\$ 232,621</u>	<u>\$ 222,329</u>

Additional information on the City's assets can be found in the notes to basic financial statement in note 8.

Long-term liabilities. The City's outstanding long-term liabilities including certificates of participation, bonds, a capital lease, advances, loans, compensated absences, self-insurance and retiree health benefits totaled \$87,324. Of this, 89.5% (\$78,166) was in governmental activities and 10.5% (\$9,158) was in business-type activities. The governmental activities long-term liabilities increased by \$12,121 from advances, loans, and compensated absences. However, since long-term liability reductions totaled \$11,436, governmental activities long-term liabilities increased in total by \$685. Business-type activities long-term liabilities increased by \$239 from compensated absences. However, due to a net reduction in the Golf Course certificates of participation of \$295, total Business-type long-term debt decreased by \$235.

LONG-TERM LIABILITIES

	Governmental Activities		Business-type Activities	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Bonds payable	\$ 28,315	\$ 28,619	\$ -	\$ -
Certificates of participation	1,365	2,650	8,641	8,925
Capital lease payable	459	525	-	-
Advances from County	11,674	9,955	-	-
Loans from Federal Government	10,100	10,055	-	-
Compensated absences	12,100	11,095	517	468
Claims payable	10,041	10,341	-	-
Retiree health benefits	4,112	4,241	-	-
Total long-term liabilities	<u>\$ 78,166</u>	<u>\$ 77,481</u>	<u>\$ 9,158</u>	<u>\$ 9,393</u>

See independent auditors' report.

TOTAL LONG-TERM LIABILITIES

	2008	2007
Bonds payable	\$ 28,315	\$ 28,619
Certificates of participation	10,006	11,575
Capital lease payable	459	525
Advances from County	11,674	9,955
Loans from Federal Government	10,100	10,055
Compensated absences	12,617	11,563
Claims payable	10,041	10,341
Retiree health benefits	4,112	4,241
Total long-term liabilities	\$ 87,324	\$ 86,874

Additional information on the City's long-term liabilities can be found in the notes to basic financial statement in note 9.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- In March 2004, California voters approved Proposition 57 which allowed the state to issue bonds to reduce the state budget deficit. The state legislature additionally enacted provisions to fund the debt repayment. This method, referred to as “the triple flip”, redistributes City Sales and use tax, City Property tax and County Property tax. Due to this financing method, the City’s fiscal year 2008-09 budget reflects \$4,336 of Sales and use tax to be retained by the state and a relatively equal amount to be returned to the City as an increased Property tax.
- The slow down in residential resale prices, sub-prime mortgage crisis, and increase in foreclosure began to impact the city’s property tax revenue in late 2008. The City’s fiscal year 2008-09 budget reflects a moderate increase of 3.4% in Property tax revenues over prior year.
- Sales tax revenue continues to be a strong revenue source for the City of Downey. The state’s economic growth is projected to decrease but remains positive through 2008 because of the decline in housing-related market and spike in energy cost. The 2008-09 budget anticipates a conservative economic growth with an increase of 4.3%.
- Due to the economic meltdown, the City freezes hiring and new equipment purchases in fiscal year 2008-09. The City’s budget includes appropriations for on-going City general and public safety services, economic development, capital projects such as improvements on Imperial Highway, Firestone Boulevard, and Lakewood Boulevard, new water well and potential property acquisitions for consolidated public works yard project.
- The City annually reviews all of its fees as part of the budget adoption process. For fiscal year 2008-09, the City keeps 464 fees unchanged, increases 145 fees, deletes 4 fees and creates 10 new fees. The City’s fee resolution covers fees that generate \$9.7 million for all city funds (\$6.4 million in the General Fund). The proposed changes are projected to increase total fee revenues by approximately \$202,200.

See independent auditors’ report.

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 Director of Finance, City of Downey, 11111 Brookshire Avenue, Downey, California 90241-0607.

This document is intended to provide a general overview of the information that is being sought. It is not intended to be a contract or a binding agreement. The information provided in this document is for informational purposes only and should not be used as a basis for any legal or financial decision. The information provided in this document is subject to change without notice.

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CITY OF DOWNEY

STATEMENT OF NET ASSETS

June 30, 2008

(amounts expressed in thousands)

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS:			
Cash and investments (Note 3)	\$ 85,725	\$ 19,991	\$ 105,716
Receivables, net of allowance:			
Taxes	5,882	-	5,882
Accounts	1,712	1,283	2,995
Interest	1,207	243	1,450
Loans (Note 6)	5,756	-	5,756
Notes	961	-	961
Internal balances	741	(741)	-
Prepaid expense	19,118	-	19,118
Due from other governments and entities	1,977	2	1,979
Restricted assets (Note 3):			
Cash and investments	7,354	2,417	9,771
Cash and investments with fiscal agents	3,183	710	3,893
Land held for resale (Note 5)	6,546	-	6,546
Inventories	111	141	252
Deferred bond issuance costs	180	296	476
Capital assets, not depreciated (Note 8)	48,019	10,436	58,455
Capital assets, net of accumulated depreciation (Note 8)	140,448	33,718	174,166
TOTAL ASSETS	328,920	68,496	397,416
LIABILITIES:			
Accounts payable and accrued liabilities	9,487	1,854	11,341
Deposits	5	112	117
Interest payable	349	166	515
Unearned revenue (Notes 6 and 10)	1,848	-	1,848
Noncurrent liabilities (Note 9):			
Due within one year	10,833	477	11,310
Due in more than one year	67,333	8,681	76,014
TOTAL LIABILITIES	89,855	11,290	101,145
NET ASSETS:			
Invested in capital assets, net of related debt	172,185	35,513	207,698
Restricted for:			
Community development	18,959	-	18,959
Public works	7,165	-	7,165
Debt service	2,077	-	2,077
Unrestricted	38,679	21,693	60,372
TOTAL NET ASSETS	\$ 239,065	\$ 57,206	\$ 296,271

See independent auditors' report and notes to basic financial statements.

CITY OF DOWNEY

STATEMENT OF ACTIVITIES

For the year ended June 30, 2008
(amounts expressed in thousands)

Functions/programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 5,891	\$ 134	\$ 189	\$ -
Public safety	43,510	4,202	2,057	-
Public works	7,460	2,247	875	3,623
Community services	9,390	2,516	2,062	-
Community development	8,898	3,795	2,782	-
Unallocated infrastructure depreciation	4,806	-	-	-
Interest on long term debt	1,823	-	-	-
Total governmental activities	<u>81,778</u>	<u>12,894</u>	<u>7,965</u>	<u>3,623</u>
Business-type activities:				
Water	10,121	9,078	-	-
Golf	2,765	2,938	-	-
Transit	2,939	121	-	-
Total business-type activities	<u>15,825</u>	<u>12,137</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 97,603</u>	<u>\$ 25,031</u>	<u>\$ 7,965</u>	<u>\$ 3,623</u>

General revenues:

Taxes:

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

- Earning on investments
- Gain on sale of property
- Miscellaneous

Transfers

Total general revenues and transfers

Change in net assets

NET ASSETS - BEGINNING OF YEAR,
AS RESTATED (NOTE 16)

NET ASSETS - END OF YEAR

See independent auditors' report and notes to basic financial statements.

Net (Expense) Revenue and
Changes in Net Assets

Governmental Activities	Business-type Activities	Total
\$ (5,568)	\$ -	\$ (5,568)
(37,251)	-	(37,251)
(715)	-	(715)
(4,812)	-	(4,812)
(2,321)	-	(2,321)
(4,806)	-	(4,806)
(1,823)	-	(1,823)
<u>(57,296)</u>	<u>-</u>	<u>(57,296)</u>
-	(1,043)	(1,043)
-	173	173
-	(2,818)	(2,818)
-	<u>(3,688)</u>	<u>(3,688)</u>
<u>(57,296)</u>	<u>(3,688)</u>	<u>(60,984)</u>
23,974	-	23,974
1,050	-	1,050
11,706	3,310	15,016
3,856	-	3,856
2,142	-	2,142
8,002	-	8,002
1,819	-	1,819
5,973	1,580	7,553
24	28	52
1,443	2,012	3,455
4,761	(4,761)	-
<u>64,750</u>	<u>2,169</u>	<u>66,919</u>
7,454	(1,519)	5,935
<u>231,611</u>	<u>58,725</u>	<u>290,336</u>
<u>\$ 239,065</u>	<u>\$ 57,206</u>	<u>\$ 296,271</u>

CITY OF DOWNEY

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2008

(amounts expressed in thousands)

	General Fund	Firestone Debt Service Fund
ASSETS		
ASSETS:		
Cash and investments	\$ 12,523	\$ 1,095
Receivables:		
Taxes	4,322	813
Accounts	1,619	-
Interest	839	12
Loans (Note 6)	-	-
Notes	-	-
Due from other governments and entities	565	-
Due from other funds (Note 4)	369	-
Restricted assets:		
Cash and investments	3,315	-
Cash and investments with fiscal agent	-	644
Advances to other funds (Note 4)	6,947	-
Land held for resale (Note 5)	-	-
	<u>30,499</u>	<u>2,564</u>
TOTAL ASSETS	\$	\$
LIABILITIES AND FUND BALANCES		
LIABILITIES:		
Accounts payable and accrued liabilities	\$ 4,647	\$ -
Due to other funds (Note 4)	31	-
Deposits	-	-
Advances from other funds (Note 4)	-	7,847
Deferred revenue (Note 10)	745	-
Claims payable	1,056	-
	<u>6,479</u>	<u>7,847</u>
TOTAL LIABILITIES	6,479	7,847
FUND BALANCES (DEFICIT):		
Reserved (Note 11)	8,832	644
Unreserved, reported in:		
General Fund	15,188	-
Special Revenue Funds	-	-
Debt Service Funds	-	(5,927)
Capital Projects Funds	-	-
	<u>24,020</u>	<u>(5,283)</u>
TOTAL FUND BALANCES (DEFICIT)	24,020	(5,283)
TOTAL LIABILITIES AND FUND BALANCES	\$ 30,499	\$ 2,564

See independent auditors' report and notes to basic financial statements.

Housing Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
\$ 1,980	\$ 20,104	\$ 35,702
37	710	5,882
-	73	1,692
23	159	1,033
4,864	892	5,756
961	-	961
241	1,171	1,977
-	31	400
69	202	3,586
-	2,511	3,155
-	-	6,947
3,688	2,858	6,546
<u>\$ 11,863</u>	<u>\$ 28,711</u>	<u>\$ 73,637</u>
\$ 28	\$ 3,754	\$ 8,429
-	365	396
2	3	5
-	1,750	9,597
4,864	2,740	8,349
-	-	1,056
<u>4,894</u>	<u>8,612</u>	<u>27,832</u>
6,969	15,220	31,665
-	-	15,188
-	6,288	6,288
-	(1,390)	(7,317)
-	(19)	(19)
<u>6,969</u>	<u>20,099</u>	<u>45,805</u>
<u>\$ 11,863</u>	<u>\$ 28,711</u>	<u>\$ 73,637</u>

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CITY OF DOWNEY

RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET ASSETS

June 30, 2008

(amounts expressed in thousands)

Fund balances - total governmental funds	\$	45,805
Amounts reported for governmental activities in the Statement of Net Assets are different because:		
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds balance sheet.		181,158
Long-term receivables are not available to pay for current-period expenditures and accordingly are deferred in the governmental funds.		6,501
Internal Service funds are used by management to charge the costs of various city activities to individual governmental and business-like funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Assets. Internal Service funds net assets are		38,527
Long-term liabilities applicable to the City governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the Statement of Net Assets:		
Certificates of participation	\$	(1,365)
Tax allocation bonds payable		(8,135)
Advances from County of Los Angeles		(11,674)
Loans payable		(10,100)
Claims payable		(1,583)
		<u>(32,857)</u>
Accrued liabilities in the Statement of Net Assets differ from amounts reported in governmental funds due to accrued interest on long term debt		(243)
Interest receivable, not considered to be available to finance current expenditures is not reported in the governmental funds. For the Statement of Net Assets, this amount is accrued. Additional interest receivable at June 30, 2008 is		<u>174</u>
Net assets of governmental activities	\$	<u>239,065</u>

See independent auditors' report and notes to basic financial statements.

CITY OF DOWNEY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

For the year ended June 30, 2008
(amounts expressed in thousands)

	General Fund	Firestone Debt Service Fund
REVENUES:		
Taxes	\$ 49,254	\$ 2,761
License and permits	2,487	-
Fines and forfeitures	1,900	-
Investment and rental	5,782	59
Intergovernmental revenue	1,088	-
Charges for services	8,434	-
Other revenue	2,407	40
TOTAL REVENUES	<u>71,352</u>	<u>2,860</u>
EXPENDITURES:		
Current:		
General government	5,319	-
Public safety	42,291	-
Public works	5,563	-
Community services	7,950	-
Community development	3,412	900
Capital outlay	-	-
Debt service (Note 9):		
Principal retirement	-	215
Interest and fiscal charges	435	1,360
TOTAL EXPENDITURES	<u>64,970</u>	<u>2,475</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>6,382</u>	<u>385</u>
OTHER FINANCING SOURCES (USES):		
Transfers in (Note 4)	1,870	-
Transfers out (Note 4)	(6,993)	(1,747)
Issuance of debt (Note 9)	435	785
TOTAL OTHER FINANCING SOURCES (USES)	<u>(4,688)</u>	<u>(962)</u>
NET CHANGE IN FUND BALANCES	1,694	(577)
FUND BALANCES (DEFICIT) - BEGINNING OF YEAR, AS RESTATED (NOTE 16)	<u>22,326</u>	<u>(4,706)</u>
FUND BALANCES (DEFICIT) - END OF YEAR	<u>\$ 24,020</u>	<u>\$ (5,283)</u>

See independent auditors' report and notes to basic financial statements.

Housing Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
\$ 769	\$ 648	\$ 53,432
-	-	2,487
-	-	1,900
228	1,085	7,154
699	5,447	7,234
-	1,727	10,161
183	395	3,025
<u>1,879</u>	<u>9,302</u>	<u>85,393</u>
-	138	5,457
-	70	42,361
-	1,441	7,004
-	825	8,775
1,435	4,073	9,820
-	16,186	16,186
-	1,675	1,890
-	482	2,277
<u>1,435</u>	<u>24,890</u>	<u>93,770</u>
<u>444</u>	<u>(15,588)</u>	<u>(8,377)</u>
-	10,179	12,049
-	(1,700)	(10,440)
-	180	1,400
-	8,659	3,009
<u>444</u>	<u>(6,929)</u>	<u>(5,368)</u>
<u>6,525</u>	<u>27,028</u>	<u>51,173</u>
<u>\$ 6,969</u>	<u>\$ 20,099</u>	<u>\$ 45,805</u>

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CITY OF DOWNEY

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES

For the year ended June 30, 2008
(amounts expressed in thousands)

Net change in fund balances - total governmental funds \$ (5,368)

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 cost of those assets is allocated over
the estimated useful lives as depreciation expense. This is the amount
by which capital expenditures exceeded depreciation expense in the
current period:

Capital expenditures	\$ 15,615	
Depreciation expense	(5,768)	9,847

Repayments on long-term receivables provide current financial resources to
governmental funds, while loans provided consume the current financial
resources of governmental funds. These transactions, however, have no
effect on net assets.

664

Internal service funds are used by management to charge the costs of
certain activities, such as employee benefits and equipment
management to individual funds. The net revenue (expense) of
these internal service funds are reported as governmental activities.

3,003

The issuance of long term debt provides current financial resources to
governmental funds, while the repayment of the principal of long-term
debt and changes in other long-term liabilities effects the current
financial resources of governmental funds. Neither transaction,
however, has an effect on net assets. Debt transactions involved:

Principal payments	\$ 1,890	
Proceeds from loans from County of Los Angeles	(965)	
Accrued interest expense added to loan from County of Los Angeles	(754)	
Accretion on loan from Federal Government	(435)	
Claims payable	(69)	(333)

Some 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:

Accrued interest payable on long-term liabilities		47
---	--	----

Some revenues reported in the Statement of Activities are not considered
to be available to finance current expenditures and therefore are not
reported as revenues in the governmental funds:

Accrued interest receivable	\$ 19	
Accrued sales and use tax	(425)	(406)

Change in net assets of governmental activities \$ 7,454

See independent auditors' report and notes to basic financial statements.

CITY OF DOWNEY

STATEMENT OF NET ASSETS
 PROPRIETARY FUNDS

June 30, 2008

(amounts expressed in thousands)

	Business-type Activities Enterprise Funds	
	Water Fund	Golf Fund
ASSETS		
CURRENT ASSETS:		
Cash and investments	\$ 9,010	\$ 2,930
Accounts receivable	1,283	-
Interest receivable	102	50
Due from other governments and entities	2	-
Advances to other funds	-	-
Inventories	108	33
Restreted assets:		
Cash and investments	1,005	1,412
Cash and investments with fiscal agent	-	710
TOTAL CURRENT ASSETS	11,510	5,135
NONCURRENT ASSETS:		
Prepaid pension expense	-	-
Bond issuance costs	-	296
Capital Assets (Net of Accumulated Depreciation):		
Land	8,272	-
Land improvements	-	9,165
Buildings and improvements	23	7,121
Furniture and fixtures	140	-
Machinery and equipment	145	179
Water supply and distribution plant	13,830	-
TOTAL NONCURRENT ASSETS	22,410	16,761
TOTAL ASSETS	33,920	21,896

See independent auditors' report and notes to basic financial statements.

FINANCIAL STATEMENTS
 OF THE CITY OF CHICAGO
 ANNUAL FINANCIAL REPORT
 2014-2015
 PART II
 FINANCIAL STATEMENTS

Business-type Activities Enterprise Funds (Continued)		Governmental Activities - Internal Service Funds
Transit Fund	Totals Enterprise Funds	
\$ 8,051	\$ 19,991	\$ 50,023
-	1,283	20
91	243	-
-	2	-
-	-	2,650
-	141	111
-	2,417	3,768
-	710	28
<u>8,142</u>	<u>24,787</u>	<u>56,600</u>
-	-	19,118
-	296	180
2,164	10,436	-
18	9,183	-
2,573	9,717	-
-	140	-
524	848	7,309
-	13,830	-
<u>5,279</u>	<u>44,450</u>	<u>26,607</u>
<u>13,421</u>	<u>69,237</u>	<u>83,207</u>

(Continued)

CITY OF DOWNEY

STATEMENT OF NET ASSETS
 PROPRIETARY FUNDS
 (CONTINUED)

June 30, 2008

(amounts expressed in thousands)

	<u>Business-type Activities</u> <u>Enterprise Funds</u>	
	<u>Water</u> <u>Fund</u>	<u>Golf</u> <u>Fund</u>
LIABILITIES		
CURRENT LIABILITIES PAYABLE FROM CURRENT ASSETS:		
Accounts payable and accrued liabilities	\$ 1,408	\$ 145
Due to other funds	1	2
Deposits	62	50
Retiree health benefits payable	-	-
Compensated absences	138	-
Claims payable	-	-
Capital lease payable	-	-
Pension obligation bonds	-	-
TOTAL CURRENT LIABILITIES PAYABLE FROM CURRENT ASSETS	<u>1,609</u>	<u>197</u>
CURRENT LIABILITIES PAYABLE FROM RESTRICTED ASSETS:		
Interest payable	-	166
Certificates of participation	-	305
TOTAL CURRENT LIABILITIES PAYABLE FROM RESTRICTED ASSETS	<u>-</u>	<u>471</u>
TOTAL CURRENT LIABILITIES	<u>1,609</u>	<u>668</u>
NONCURRENT LIABILITIES:		
Retiree health benefits payable	-	-
Compensated absences	297	-
Claims payable	-	-
Capital lease payable	-	-
Pension obligation bonds	-	-
Certificates of participation	-	8,336
TOTAL NONCURRENT LIABILITIES	<u>297</u>	<u>8,336</u>
TOTAL LIABILITIES	<u>1,906</u>	<u>9,004</u>
NET ASSETS:		
Invested in capital assets, net of related debt	22,410	7,824
Unrestricted	9,604	5,068
TOTAL NET ASSETS	<u>\$ 32,014</u>	<u>\$ 12,892</u>

Adjustment to reflect the consolidation of internal fund activities related to enterprise funds

Net assets of business-type activities

See independent auditors' report and notes to basic financial statements.

STATE OF TEXAS

COMPTROLLER OF PUBLIC ACCOUNTS

REPORT OF REVENUES AND EXPENDITURES

Business-type Activities Enterprise Funds (Continued)		Governmental Activities - Internal Service Funds
Transit Fund	Totals Enterprise Funds	
\$ 301	\$ 1,854	\$ 1,058
-	3	1
-	112	-
-	-	235
34	172	4,000
-	-	3,504
-	-	88
-	-	110
<u>335</u>	<u>2,141</u>	<u>8,996</u>
-	166	106
-	<u>305</u>	-
-	471	106
<u>335</u>	<u>2,612</u>	<u>9,102</u>
-	-	3,877
48	345	8,100
-	-	3,898
-	-	371
-	-	20,070
-	8,336	-
<u>48</u>	<u>8,681</u>	<u>36,316</u>
<u>383</u>	<u>11,293</u>	<u>45,418</u>
5,279	35,513	6,850
<u>7,759</u>	<u>22,431</u>	<u>30,939</u>
<u>\$ 13,038</u>	57,944	<u>\$ 37,789</u>
	(738)	
	<u>\$ 57,206</u>	

CITY OF DOWNEY

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
 PROPRIETARY FUNDS

For the year ended June 30, 2008
 (amounts expressed in thousands)

	Business-type Activities Enterprise Funds	
	Water Fund	Golf Fund
OPERATING REVENUES:		
Charges for services:		
Water sales	\$ 9,078	\$ -
Golf fees	-	2,938
Bus fares	-	-
Other services	-	-
Miscellaneous	2,012	-
TOTAL OPERATING REVENUES	<u>11,090</u>	<u>2,938</u>
OPERATING EXPENSES:		
Purchased water	4,617	-
Maintenance and operations	1,251	1,941
General and administrative	3,570	-
Employee benefits	-	-
Amortization	-	16
Depreciation	616	393
TOTAL OPERATING EXPENSES	<u>10,054</u>	<u>2,350</u>
OPERATING INCOME (LOSS)	<u>1,036</u>	<u>588</u>
NONOPERATING REVENUES (EXPENSES):		
Grant revenue	-	-
Taxes	-	-
Investment and rental	696	496
Interest expense	-	(414)
Gain on sale of capital assets	-	25
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>696</u>	<u>107</u>
INCOME (LOSS) BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS	<u>1,732</u>	<u>695</u>
TRANSFERS IN	-	-
TRANSFERS OUT	(4,349)	(412)
CAPITAL CONTRIBUTIONS	-	-
CHANGES IN NET ASSETS	<u>(2,617)</u>	<u>283</u>
TOTAL NET ASSETS - BEGINNING OF YEAR, AS RESTATED (NOTE 16)	<u>34,631</u>	<u>12,609</u>
TOTAL NET ASSETS - END OF YEAR	<u>\$ 32,014</u>	<u>\$ 12,892</u>

Adjustment to reflect the consolidation of internal fund activities related to enterprise funds
 Change in net assets of business-type activities

See independent auditors' report and notes to basic financial statements.

UNIVERSITY OF MISSISSIPPI

FINANCIAL STATEMENTS
 JUNE 30, 2019

STATE OF MISSISSIPPI
 DEPARTMENT OF REVENUE

Business-type Activities Enterprise Funds (Continued)		Governmental Activities - Internal Service Funds
Transit Fund	Totals Enterprise Funds	
\$ -	\$ 9,078	\$ -
-	2,938	-
121	121	-
-	-	25,240
-	2,012	947
<u>121</u>	<u>14,149</u>	<u>26,187</u>
-	4,617	-
2,801	5,993	1,581
-	3,570	402
-	-	23,776
-	16	7
105	1,114	1,965
<u>2,906</u>	<u>15,310</u>	<u>27,731</u>
<u>(2,785)</u>	<u>(1,161)</u>	<u>(1,544)</u>
-	-	15
3,310	3,310	-
388	1,580	1,213
-	(414)	(1,050)
3	28	24
<u>3,701</u>	<u>4,504</u>	<u>202</u>
916	3,343	(1,342)
-	-	3,152
-	(4,761)	-
-	-	1,092
<u>916</u>	<u>(1,418)</u>	<u>2,902</u>
<u>12,122</u>		<u>34,887</u>
<u>\$ 13,038</u>		<u>\$ 37,789</u>
	(101)	
	<u>\$ (1,519)</u>	

CITY OF DOWNEY

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDSFor the year ended June 30, 2008
(amounts expressed in thousands)

	Business-type Activities Enterprise Funds	
	Water Fund	Golf Fund
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	\$ 11,433	\$ 2,969
Receipts from user departments	-	-
Payment to suppliers	(6,829)	(1,873)
Payment to employees	(2,440)	(73)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>2,164</u>	<u>1,023</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Cash received from other funds	-	-
Cash paid to other funds	(4,349)	(412)
Principal paid	-	-
Interest paid	-	-
NET CASH USED BY NONCAPITAL FINANCING ACTIVITIES	<u>(4,349)</u>	<u>(412)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition of capital assets	(148)	(189)
Proceeds from sale of capital assets	-	25
Capital contributions	-	-
Taxes received	-	-
Grants received	-	-
Principal paid on debt	-	(295)
Interest paid on debt	-	(406)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(148)</u>	<u>(865)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest received	<u>744</u>	<u>498</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>(1,589)</u>	<u>244</u>
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>11,604</u>	<u>4,808</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 10,015</u>	<u>\$ 5,052</u>

See independent auditors' report and notes to basic financial statements.

FINANCIAL STATEMENTS

STATE OF MISSISSIPPI
DEPARTMENT OF REVENUE
FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2011
UNAUDITED

Business-type Activities Enterprise Funds (Continued)		Governmental Activities - Internal Service Funds
Transit Fund	Totals Enterprise Funds	
\$ 121	\$ 14,523	\$ -
-	-	26,201
(1,977)	(10,679)	(19,600)
<u>(670)</u>	<u>(3,183)</u>	<u>(4,840)</u>
<u>(2,526)</u>	<u>661</u>	<u>1,761</u>
-	-	3,152
-	(4,761)	-
-	-	(95)
<u>-</u>	<u>-</u>	<u>(1,024)</u>
<u>-</u>	<u>(4,761)</u>	<u>2,033</u>
(344)	(681)	(2,843)
3	28	24
-	-	1,092
3,310	3,310	-
-	-	15
-	(295)	(66)
<u>-</u>	<u>(406)</u>	<u>(22)</u>
<u>2,969</u>	<u>1,956</u>	<u>(1,800)</u>
<u>395</u>	<u>1,637</u>	<u>1,213</u>
838	(507)	3,207
<u>7,213</u>	<u>23,625</u>	<u>50,612</u>
<u>\$ 8,051</u>	<u>\$ 23,118</u>	<u>\$ 53,819</u>

(Continued)

CITY OF DOWNEY

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 (CONTINUED)

For the year ended June 30, 2008
 (amounts expressed in thousands)

	Business-type Activities Enterprise Funds	
	Water Fund	Golf Fund
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Operating income (loss)	\$ 1,036	\$ 588
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation and amortization	616	409
Change in assets and liabilities:		
(Increase) decrease in accounts receivable	122	-
(Increase) decrease in due from other governments and entities	159	31
(Increase) decrease in inventories	41	1
(Increase) decrease in prepaid expenses	-	-
Increase (decrease) in accounts payable and accrued liabilities	93	(6)
Increase (decrease) in deposit payable	62	-
Increase (decrease) in retiree health payable	-	-
Increase (decrease) in claims payable	-	-
Increase (decrease) in compensated absences	35	-
	<u>\$ 2,164</u>	<u>\$ 1,023</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 2,164</u>	<u>\$ 1,023</u>
CASH AND CASH EQUIVALENTS - FINANCIAL STATEMENT CLASSIFICATION:		
Current assets	\$ 9,010	\$ 2,930
Restricted assets	1,005	2,122
	<u>\$ 10,015</u>	<u>\$ 5,052</u>
TOTAL CASH AND CASH EQUIVALENTS FINANCIAL STATEMENT CLASSIFICATION	<u>\$ 10,015</u>	<u>\$ 5,052</u>

See independent auditors' report and notes to basic financial statements.

STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED DECEMBER 31, 2014

2014

STATE OF MISSISSIPPI

Business-type Activities Enterprise Funds (Continued)		Governmental Activities - Internal Service Funds
Transit Fund	Totals Enterprise Funds	
\$ (2,785)	\$ (1,161)	\$ (1,544)
105	1,130	1,972
-	122	14
-	190	-
-	42	(38)
-	-	394
140	227	503
-	62	-
-	-	(129)
-	-	(416)
<u>14</u>	<u>49</u>	<u>1,005</u>
<u>\$ (2,526)</u>	<u>\$ 661</u>	<u>\$ 1,761</u>
\$ 8,051	\$ 19,991	\$ 50,023
-	3,127	3,796
<u>\$ 8,051</u>	<u>\$ 23,118</u>	<u>\$ 53,819</u>

CITY OF DOWNEY

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES

June 30, 2008

(amounts expressed in thousands)

ASSETS:

Cash and investments (Note 3)
Receivables

\$ 8,036
1,389

TOTAL ASSETS

\$ 9,425

LIABILITIES:

Accounts payable and accrued liabilities
Deposits payable

\$ 783
8,642

TOTAL LIABILITIES

\$ 9,425

See independent auditors' report and notes to basic financial statements.

**NOTES TO BASIC FINANCIAL
STATEMENTS**

CITY OF DOWNEY

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Reporting Entity

The basic financial statements of the City of Downey include the activities of the City and the commissions, authorities and non-profit corporations, described below, which are component units of the City.

The City of Downey was incorporated in 1956 under the General Laws of the State of California. The City 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 Community Development Commission of the City of Downey was established in January 1976 pursuant to the California Community Redevelopment Laws. The Commission's initial project area consisted of four sub-areas. Two are located in the central downtown area, one in the eastern portion of the City, and one in the southern portion of the City. The objectives of the redevelopment project are the elimination and prevention of blight, the improvement and/or construction of public facilities, roads and other public improvements, and the attraction and facilitation of new developments within the project area for purposes of increasing the City's residential, commercial and industrial resources.

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

The City of Downey 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 criteria used in determining the scope of the reporting entity are based on the provisions of Government Accounting Standards Board (GASB) Statement 14. 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 provides a financial benefit or imposes a financial burden on the City. Separate financial statements of the Commission and the Corporations may be obtained at City Hall.

See independent auditors' report.

CITY OF DOWNEY

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Description of the Reporting Entity (Continued)

The Commission and the Corporations have been accounted for as "blended" component units of the City. Despite being legally separate, the Commission and the Corporations are so intertwined with the City that they are, in substance, part of the City's operations. Accordingly, the balances and transactions of the Commission and the Corporations are reported within the funds of the City. The following specific criteria were used in determining that the Commission and Corporations are blended component units.

- The members of the City Council also act as the governing body of the Commission and the Corporations.
- The Commission and the Corporations are managed by employees of the City. A portion of the City's salary and overhead expenses are billed to the Commission each year.
- The City and Commission are financially interdependent. The City makes loans to the Commission to use for redevelopment purposes. Available property tax revenues of the Commission are used to repay the loans from the City.

The City is a participant in two joint ventures (see Note 13), which are not considered part of the reporting entity and the City does not exercise primary oversight responsibilities for their operations.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information about the reporting government as a whole, except for its fiduciary activities. 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. For the most part, the effect of interfund activity has been removed from these statements.

See independent auditors' report.

CITY OF DOWNEY

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-Wide and Fund Financial Statements (Continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are 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, liabilities, 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 includes financial information that primarily represent assets held by the City in a custodial capacity for individuals or other organizations.

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

The government-wide financial statements and the proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under the economic resources measurement focus, all assets and liabilities (whether current or noncurrent) associated with their activity are included on their balance sheets. Operating statements present increases (revenues) and decreases (expenses) in total net assets. 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.

See independent auditors' report.

CITY OF DOWNEY

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

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

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

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

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 government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, except for principal and interest on general long-term liabilities, claims and judgments, and compensated absences which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term liabilities are reported as other financing sources.

See independent auditors' report.

CITY OF DOWNEY

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

All governmental and business-type activities and enterprise funds of the City follow Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

D. Fund Classifications

The funds designated as major funds are determined by a mathematical calculation consistent with GASB Statement No. 34. The City reports the following major governmental funds:

The General Fund is the primary operating fund of the City. It is used to account for all revenues and expenditures that are not required to be accounted for in another fund.

The Firestone Debt Service Fund is used to account for tax increment revenues, bond proceeds required to be set aside for future debt service and interest related to Firestone Development Project area.

The Housing Capital Projects Fund is used to account for restricted financial resources to be used to increase the supply of available low-and moderate-income housing.

The City reports the following major enterprise funds:

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

The Golf Enterprise Fund is used to account for all revenues and expenses related to the City - operated golf course, driving range and clubhouse.

The Transit Enterprise Fund is used to account for the City - operated senior citizen and handicapped bus service and the fixed route Downey link bus system.

See independent auditors' report.

CITY OF DOWNEY

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Fund Classifications (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 designated for specific purposes.

The Debt Service Funds are used to account for the collection, and payment of, resources used to repay long-term debt and related interest.

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 Agency 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 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.

See independent auditors' report.

CITY OF DOWNEY

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Cash and Investments

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

F. Inventories and Land Held for Resale

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

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

G. Capital Assets

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

Capital assets include additions to public domain (infrastructure), certain improvements including pavement, curb and gutter, sidewalks, traffic control devices, streetlights, sewers, bridges and right-of-way corridors within the City. The City has valued and recorded all infrastructure asset data as of June 30, 2008.

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 Fund. Depreciation is charged as an expense against operations and accumulated depreciation is reported on the respective balance sheet.

See independent auditors' report.

NOTE 1 -

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CITY OF DOWNEY

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. 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 collectibility of its accounts and notes receivable, depreciation of capital assets, amounts due from other funds and amounts advanced to other funds, the valuation of property held for resale, and the ultimate outcome of claims and judgments. Actual results could differ from those estimates and assumptions.

NOTE 2 - PROPERTY TAXES

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

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

CITY OF DOWNEY

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2008

NOTE 3 - CASH AND INVESTMENTS

A. Cash and Investments

Cash and investments at June 30, 2008 are classified in the accompanying financial statements as follows (in thousands):

	Government Wide Statement of Net Assets	Fiduciary Fund Statement of Assets and Liabilities	Total
Unrestricted assets:			
Cash and investments	\$ 105,716	\$ 8,036	\$ 113,752
Restricted assets:			
Cash and investments	9,771	-	9,771
Cash and investments with fiscal agents	<u>3,893</u>	<u>-</u>	<u>3,893</u>
	<u>\$ 119,380</u>	<u>\$ 8,036</u>	<u>\$ 127,416</u>

Cash and investments at June 30, 2008 consisted of the following (in thousands):

Demand accounts	\$ 6,605
Petty cash	5
Investments	<u>120,806</u>
 Total Cash and Investments	 <u>\$ 127,416</u>

B. 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.

See independent auditors' report.

CITY OF DOWNEY

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2008

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

B. Investments Authorized by the California Government Code and the City's Investment Policy
(Continued)

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage Allowed</u>	<u>Maximum Investment in One Issuer</u>
U.S. Treasury Bills, Bonds and Notes	5 years	None	None
U.S. Government Sponsored Enterprise Securities	5 years	None	None
California Local Agency Obligations	5 years	None	None
Certificates of Deposits (or Time Deposits)	5 years	None	None
Negotiable Certificates of Deposits	5 years	30%	None
Medium-Term Corporate Notes	5 years	30%	None
Bankers' Acceptances	180 days	20%	10%
Commercial Paper	270 days	15%	10%
Repurchase Agreements	30 days	None	None
Local Agency Bonds	5 years	None	None

C. 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, U.S. Treasury Obligations, U.S. Government Sponsored Enterprise Securities, Certificates of Deposits, Commercial Paper, Local Agency Bonds, Bankers' Acceptances, Money Market Mutual Funds, Investment Contracts 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 Banker's Acceptance and Certificates of Deposits which are limited to one year and 270 days, respectively.

See independent auditors' report.

CITY OF DOWNEY

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2008

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

D. Disclosures Relating to Interest Rate Risk

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

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

Investment Type	Remaining Maturity (in Months)				Total
	12 Months or Less	13 - 24 Months	25 - 60 Months	Over 60 Months	
U.S. Treasury Notes	\$ -	\$ -	\$ -	\$ 9,341	\$ 9,341
U.S. Government Sponsored					
Enterprise Securities:					
FFCB	-	-	6,017	-	6,017
FHLMC	1,000	-	14,011	-	15,011
FHLB	2,001	-	22,072	-	24,073
FNMA	2,028	-	21,848	-	23,876
Medium-Term Corporate Notes	2,998	998	22,828	-	26,824
Money Market Mutual Funds	157	-	-	-	157
Local Agency Investment Funds	12,742	-	-	-	12,742
Held by Bond Trustee:					
Money Market Mutual Funds	76	-	-	-	76
Federal Agency Securities	708	-	-	-	708
Investment Agreements	1,338	-	-	643	1,981
	<u>\$ 23,048</u>	<u>\$ 998</u>	<u>\$ 86,776</u>	<u>\$ 9,984</u>	<u>\$ 120,806</u>

See independent auditors' report.

CITY OF DOWNEY

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2008

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

E. 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 year end for each investment type (in thousands):

Investment Type	Total as of June 30, 2008	Minimum Legal Rating (1)	Not Required to be Rated	Rating			
				AAA	AA, AA+	A, A+, A-	Unrated
U.S. Treasury Notes	\$ 9,341	N/A	\$ 9,341	\$ -	\$ -	\$ -	\$ -
U.S. Government Sponsored							
Enterprise Securities:							
FFCB	6,017	N/A	-	6,017	-	-	-
FHLMC	15,011	N/A	-	15,011	-	-	-
FHLB	24,073	N/A	-	24,073	-	-	-
FNMA	23,876	N/A	-	23,876	-	-	-
Medium-term Corporate Notes	26,824	A	-	1,933	5,926	16,966	1,999
Money Market Mutual Funds	157	AAA	-	157	-	-	-
Local Agency Investment Funds	12,742	N/A	-	-	-	-	12,742
Held by Bond Trustee:							
Money Market Mutual Funds	76	AAA	-	76	-	-	-
Federal Agency Securities	708	N/A	-	708	-	-	-
Investment Agreements	1,981	N/A	-	-	-	-	1,981
TOTAL	\$ 120,806		\$ 9,341	\$ 71,851	\$ 5,926	\$ 16,966	\$ 16,722

N/A - Not Applicable

(1) Requirement is applicable at the time of investment purchase.

See independent auditors' report.

CITY OF DOWNEY

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2008

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

F. Concentration of Credit Risk

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

<u>Issuer</u>	<u>Investment Type</u>	<u>Reported Amount</u>	<u>Percent of Investment</u>
Federal Farm Credit Bank	U.S. Government Sponsored Enterprise Securities	\$ 6,017	5.10 %
Federal Home Loan Mortgage Corporation	U.S. Government Sponsored Enterprise Securities	15,011	12.72 %
Federal Home Loan Bank	U.S. Government Sponsored Enterprise Securities	24,073	20.39 %
Federal National Mortgage Association	U.S. Government Sponsored Enterprise Securities	23,876	20.23 %

G. 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.

See independent auditors' report.

CITY OF DOWNEY

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2008

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

G. Custodial Credit Risk (Continued)

At June 30, 2008, the City deposits (bank balances) were insured by the Federal Depository Insurance Corporation up to \$100,000 and the remaining balance of the deposits were collateralized under California Law.

H. Investment in State Investment Pool

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

NOTE 4 - INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS

As of June 30, 2008, amounts due from/to other funds were as follows (in thousands):

Due to General Fund from:		
Other Governmental Funds	\$	365
Water Enterprise Fund		1
Golf Enterprise Fund		2
Internal Service Funds		1
Due to Other Governmental Funds from:		
General Fund		<u>31</u>
	\$	<u>400</u>

The amount loaned by the General Fund to the Other Governmental Funds is to provide a short-term loan to fund operations of the various funds.

See independent auditors' report.

CITY OF DOWNEY

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2008

NOTE 4 - INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS (CONTINUED)

As of June 30, 2008, amounts advanced to and from other funds were as follows (in thousands):

Advances from General Fund to:		
Firestone Debt Service Fund	\$	5,197
Other Governmental Funds		1,750
Advances from Employee Benefits Internal Service Fund to:		
Firestone Debt Service Fund		<u>2,650</u>
	\$	<u>9,597</u>

The advances from the General Fund and Employee Benefit Internal Service Fund to the Firestone Debt Service Fund are to provide for operations of the Community Development Commission.

Interfund transfers at June 30, 2008 consisted of the following (in thousands):

<u>Transfer from</u>	<u>Transfer to</u>	<u>Amount</u>
General Fund	Other Governmental Funds	\$ 3,841
	Internal Service Fund	3,152
Firestone Debt Service Fund	Other Governmental Funds	1,747
Other Governmental Funds	General Fund	952
	Other Governmental Funds	748
Water Enterprise Fund	General Fund	506
	Other Governmental Funds	3,843
Golf Enterprise Fund	General Fund	<u>412</u>
		<u>\$ 15,201</u>

The General Fund transferred \$3,841,000 to Other Governmental Funds to provide for capital and debt service expenditures and \$3,152,000 to the Employee Benefit Internal Service Fund pursuant to budget resolutions adopted by Council.

The Water and Golf Funds transferred \$506,000 and \$412,000 to the General Fund, respectively, to reimburse the General Fund for certain program, administrative and overhead expenditures. The Water Enterprise Fund transferred \$3,843,000 to the Other Governmental Funds to provide for capital expenditures. Other Governmental Funds transferred \$952,000 to the General Fund for various street related programs expenditures.

See independent auditors' report.

CITY OF DOWNEY

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2008

NOTE 5 - LAND HELD FOR RESALE

As of June 30, 2008, the Downey Community Development Commission had acquired properties for redevelopment purposes for resale to developers at a capitalized cost of \$6,546,000.

NOTE 6 - LOANS RECEIVABLE

The City has provided deferred-payment rehabilitation loans to qualifying low-income households in connection with the CDBG Home Investment Partnership and Redevelopment Agency housing rehabilitation programs. Due to the long-term nature of the loans, the City has recorded deferred revenue as an offset to loans receivable which totaled \$5,756,000 at June 30, 2008.

NOTE 7 - DEFERRED COMPENSATION PLAN

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

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

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

CITY OF DOWNEY

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2008

NOTE 8 - CAPITAL ASSETS

A summary of changes in the Governmental Activities capital assets at June 30, 2008 is as follows (in thousands):

	Balances at June 30, 2007 as <u>Restated</u>	<u>Additions</u>	<u>Deletions</u>	Balances at June 30, <u>2008</u>
Capital assets, not being depreciated:				
Land and improvements	\$ 13,351	\$ 539	\$ -	\$ 13,890
Projects in progress	<u>27,268</u>	<u>14,605</u>	<u>(7,744)</u>	<u>34,129</u>
Total capital assets, not being depreciated	<u>40,619</u>	<u>15,144</u>	<u>(7,744)</u>	<u>48,019</u>
Capital assets, being depreciated:				
Buildings	28,261	1,234	-	29,495
Land improvements	9,311	271	-	9,582
Equipment	21,398	3,057	(911)	23,544
Furniture and fixtures	185	-	-	185
Infrastructure	<u>231,452</u>	<u>6,711</u>	<u>-</u>	<u>238,163</u>
Total capital assets, being depreciated	<u>290,607</u>	<u>11,273</u>	<u>(911)</u>	<u>300,969</u>
Less accumulated depreciation for:				
Buildings	(12,501)	(566)	-	(13,067)
Land improvements	(4,861)	(372)	-	(5,233)
Equipment	(15,182)	(1,965)	911	(16,236)
Furniture and fixtures	(34)	(24)	-	(58)
Infrastructure	<u>(121,122)</u>	<u>(4,805)</u>	<u>-</u>	<u>(125,927)</u>
Total accumulated depreciation	<u>(153,700)</u>	<u>(7,732)</u>	<u>911</u>	<u>(160,521)</u>
Total capital assets being depreciated, net	<u>136,907</u>	<u>3,541</u>	<u>-</u>	<u>140,448</u>
Governmental activities capital assets, net	<u>\$ 177,526</u>	<u>\$ 18,685</u>	<u>\$ (7,744)</u>	<u>\$ 188,467</u>

See independent auditors' report.

CITY OF DOWNEY

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2008

NOTE 8 - CAPITAL ASSETS (CONTINUED)

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

General Government	\$	307
Public Safety		141
Public Works		29
Community Services		485
Internal Service Funds depreciation charges to program		<u>1,965</u>
Allocated depreciation		2,927
Unallocated infrastructure depreciation		<u>4,805</u>
Total depreciation expense -governmental activities	\$	<u>7,732</u>

A summary of changes in the Business-type Activities capital assets at June 30, 2008 is as follows (in thousands):

	<u>WATER FUND</u>			<u>Balances at June 30, 2008</u>
	<u>Balances at June 30, 2007</u>	<u>Additions</u>	<u>Deletions</u>	
Capital assets, not being depreciated:				
Land	\$ 8,272	\$ -	\$ -	\$ 8,272
Capital assets, being depreciated:				
Buildings and improvements	217	-	-	217
Furniture and fixtures	324	-	-	324
Machinery and equipment	323	-	-	323
Water supply and distribution system	<u>27,783</u>	<u>148</u>	<u>-</u>	<u>27,931</u>
Total capital assets being depreciated	<u>28,647</u>	<u>148</u>	<u>-</u>	<u>28,795</u>
Less accumulated depreciation for:				
Buildings and improvements	(191)	(3)	-	(194)
Furniture and fixtures	(170)	(14)	-	(184)
Machinery and equipment	(131)	(47)	-	(178)
Water supply and distribution system	<u>(13,549)</u>	<u>(552)</u>	<u>-</u>	<u>(14,101)</u>
Total accumulated depreciation	<u>(14,041)</u>	<u>(616)</u>	<u>-</u>	<u>(14,657)</u>
Total capital assets being depreciated, net	<u>14,606</u>	<u>(468)</u>	<u>-</u>	<u>14,138</u>
Water Fund capital assets, net	\$ 22,878	\$ (468)	\$ -	\$ 22,410

See independent auditors' report.

CITY OF DOWNEY

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2008

NOTE 8 - CAPITAL ASSETS (CONTINUED)

A summary of changes in the Business-type Activities capital assets at June 30, 2008 is as follows (in thousands) (Continued):

	GOLF FUND			
	Balances at June 30, 2007	Additions	Deletions	Balances at June 30, 2008
Capital assets, being depreciated:				
Land improvements	\$ 10,641	\$ 46	\$ -	\$ 10,687
Buildings and improvements	8,163	54	-	8,217
Machinery and equipment	414	89	(77)	426
Total capital assets being depreciated	<u>19,218</u>	<u>189</u>	<u>(77)</u>	<u>19,330</u>
Less accumulated depreciation for:				
Land improvements	(1,508)	(14)	-	(1,522)
Buildings and improvements	(781)	(315)	-	(1,096)
Machinery and equipment	(260)	(64)	77	(247)
Total accumulated depreciation	<u>(2,549)</u>	<u>(393)</u>	<u>77</u>	<u>(2,865)</u>
Golf Fund capital assets, net	<u>\$ 16,669</u>	<u>\$ (204)</u>	<u>\$ -</u>	<u>\$ 16,465</u>
	TRANSIT FUND			
	Balances at June 30, 2007 As Restated	Additions	Deletions	Balances at June 30, 2008
Capital assets, not being depreciated:				
Land	\$ 2,164	\$ -	\$ -	\$ 2,164
Capital assets, being depreciated:				
Land improvements	277	-	-	277
Buildings and improvements	2,973	-	-	2,973
Machinery and equipment	625	344	(63)	906
Total capital assets being depreciated	<u>3,875</u>	<u>344</u>	<u>(63)</u>	<u>4,156</u>
Less accumulated depreciation for:				
Land improvements	(258)	(1)	-	(259)
Buildings and improvements	(341)	(59)	-	(400)
Machinery and equipment	(400)	(45)	63	(382)
Total accumulated depreciation	<u>(999)</u>	<u>(105)</u>	<u>63</u>	<u>(1,041)</u>
Total capital assets, being depreciated	<u>2,876</u>	<u>239</u>	<u>-</u>	<u>3,115</u>
Transit Fund capital assets, net	<u>\$ 5,040</u>	<u>\$ 239</u>	<u>\$ -</u>	<u>\$ 5,279</u>

See independent auditors' report.

CITY OF DOWNEY

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2008

NOTE 9 - LONG-TERM LIABILITIES

Noted below is a summary of changes in long-term liabilities for the year ended June 30, 2008 (in thousands):

	Balance June 30, 2007	Additions	Reductions	Balance June 30, 2008	Amount Due Within One Year
Governmental Activities:					
Bonds payable	\$ 28,810	\$ -	\$ (310)	\$ 28,500	\$ 335
Less deferred charges:					
Bond discount	(191)	-	6	(185)	-
Total bonds payable	28,619	-	(304)	28,315	335
Certificates of Participation	2,650	-	(1,285)	1,365	1,365
Capital lease payable	525	-	(66)	459	88
Advances from County	9,955	1,719	-	11,674	-
Loans from Federal					
Government	10,055	435	(390)	10,100	250
Compensated absences	11,095	4,161	(3,156)	12,100	4,000
Claims payable	10,341	5,640	(5,940)	10,041	4,560
Retiree health benefits	4,241	166	(295)	4,112	235
Total governmental activities long-term liabilities	\$ 77,481	\$ 12,121	\$ (11,436)	\$ 78,166	\$ 10,833
Business-type Activities:					
Compensated absences	\$ 468	\$ 239	\$ (190)	\$ 517	\$ 172
Golf Course Certificates of Participation	9,070	-	(295)	8,775	305
Add (less) deferred amounts:					
Bond premium	15	-	(1)	14	-
Loss on refunding	(160)	-	12	(148)	-
Total business-type activities long-term liabilities	\$ 9,393	\$ 239	\$ (474)	\$ 9,158	\$ 477

See independent auditors' report.

CITY OF DOWNEY

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2008

NOTE 9 - LONG-TERM LIABILITIES (CONTINUED)

Governmental Activities:

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, 2008 is \$8,135,000.

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>
2009	\$ 225,000	\$ 408,450	\$ 633,450
2010	235,000	397,694	632,694
2011	250,000	385,988	635,988
2012	260,000	373,363	633,363
2013	275,000	359,988	634,988
2014 - 2018	1,600,000	1,568,250	3,168,250
2019 - 2023	2,050,000	1,103,156	3,153,156
2024 - 2028	2,630,000	506,606	3,136,606
2029	<u>610,000</u>	<u>15,631</u>	<u>625,631</u>
Total	<u>\$ 8,135,000</u>	<u>\$ 5,119,126</u>	<u>\$ 13,254,126</u>

See independent auditors' report.

CITY OF DOWNEY

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2008

NOTE 9 - LONG-TERM LIABILITIES (CONTINUED)**Governmental Activities (Continued):**

Bonds Payable (Continued)

2005 Pension Obligation Bonds

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

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

<u>Year Ending</u> <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 110,000	\$ 1,018,663	\$ 1,128,663
2010	145,000	1,013,823	1,158,823
2011	185,000	1,007,298	1,192,298
2012	235,000	998,806	1,233,806
2013	280,000	987,949	1,267,949
2014 - 2018	2,320,000	4,683,720	7,003,720
2019 - 2023	4,295,000	3,934,964	8,229,964
2024 - 2028	4,580,000	2,775,009	7,355,009
2029 - 2033	6,535,000	1,481,695	8,016,695
2034	<u>1,680,000</u>	<u>85,394</u>	<u>1,765,394</u>
	20,365,000	17,987,321	38,352,321
Less deferred charges on refunding	<u>(184,826)</u>	-	<u>(184,826)</u>
Total	<u>\$ 20,180,174</u>	<u>\$ 17,987,321</u>	<u>\$ 38,167,495</u>

See independent auditors' report.

CITY OF DOWNEY

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2008

NOTE 9 - LONG-TERM LIABILITIES (CONTINUED)

Governmental Activities (Continued):

1996 Civic Center Refunding Certificates of Participation

On May 29, 1996, the City issued \$13,375,000 in Refunding Certificates of Participation with an average interest rate of 5.68% to refund \$13,085,000 of outstanding 1986 Certificates of Participation with an average rate of 6.50%. The balance outstanding at June 30, 2008 is \$1,365,000. Bank of New York serves as trustee for payment of principal and interest.

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 1,365,000	\$ 88,725	\$ 1,453,725

Capital Lease Payable

The assets acquired through capital leases are as follows:

Equipment	\$ 806,560
Less: accumulated depreciation	(87,045)
	<u>\$ 719,515</u>

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

<u>Year Ending June 30,</u>	<u>Governmental Activities</u>
2009	\$ 88,324
2010	88,324
2011	88,324
2012	88,324
2013	88,324
2014	<u>88,324</u>
Total minimum lease payments	529,944
Less: amounts representing interest	(70,682)
Present value of minimum lease payments	<u>\$ 459,262</u>

See independent auditors' report.

CITY OF DOWNEY

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2008

NOTE 9 - LONG-TERM LIABILITIES (CONTINUED)

Governmental Activities (Continued):

Advances from County

As part of the City's redevelopment program, the City and County of Los Angeles have entered into a tax increment pass-through deferral agreement. This agreement specifies that the City will defer the payment of all current tax increment pass-through due to the County, until some future date, when certain conditions are met. Until that time, the County will charge 7% interest on the outstanding deferral amount. During the year pass-through agreement amounts owed to the County totaling \$965,000 were deferred. Interest of \$754,000 was also accrued during the year on the outstanding deferral amount still owing. The amount owed the County, including accrued interest, at June 30, 2008 was \$11,674,000.

Loans from Federal Government

As part of the City's redevelopment program, the City received a Section 108 Loan from the U.S. Department of Housing and Urban Development. The payment schedule as of June 30, 2008 is as follows:

<u>Year Ending</u> <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 250,000	\$ 77,275	\$ 327,275
2010	250,000	66,875	316,875
2011	250,000	55,763	305,763
2012	250,000	44,062	294,062
2013	250,000	31,875	281,875
2014	250,000	19,325	269,325
2015	<u>250,000</u>	<u>6,488</u>	<u>256,488</u>
Total	<u>\$ 1,750,000</u>	<u>\$ 301,663</u>	<u>\$ 2,051,663</u>

In addition, on April 21, 2000, the City purchased 67 acres of land from the federal government for which the City must pay \$14,897,223 on April 21, 2019. The City has recorded this transaction as a loan valued at \$8,350,000 as of June 30, 2008.

See independent auditors' report.

CITY OF DOWNEY

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2008

NOTE 9 - LONG-TERM LIABILITIES (CONTINUED)

Governmental Activities (Continued):

Compensated Absences

For the fiscal year ended June 30, 2008, compensated absences are as follows (in thousands):

	<u>Total</u>
Vacation	\$ 3,351
Sick Leave	7,528
Compensatory Time	<u>1,738</u>
Total	<u>\$ 12,617</u>
Amount reported in governmental activities	\$ 12,100
Amount reported in business-type activities	<u>517</u>
	<u>\$ 12,617</u>

The compensated absences are predominantly associated with the General fund.

Claims Payable (Self-Insurance)

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

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

See independent auditors' report.

CITY OF DOWNEY

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2008

NOTE 9 - LONG-TERM LIABILITIES (CONTINUED)

Governmental Activities (Continued):

Claims Payable (Self-Insurance) (Continued)

Changes in the workers' compensation, employee health benefits, and general liability outstanding claims liability for the fiscal years ended June 30, 2007 and 2008 were as follows:

	Claims Payable Balance <u>June 30, 2006</u>	Current Year Claims and Changes in Estimates	Current Year Payments	Claims Payable Balance <u>June 30, 2007</u>
Workers' Compensation	\$ 7,542,000	\$ 704,000	\$ 1,408,000	\$ 6,838,000
Employee Health Benefits	900,000	4,011,000	3,931,000	980,000
General Liability	2,305,000	559,000	341,000	2,523,000

	Claims Payable Balance <u>June 30, 2007</u>	Current Year Claims and Changes in Estimates	Current Year Payments	Claims Payable Balance <u>June 30, 2008</u>
Workers' Compensation	\$ 6,838,000	\$ 1,770,000	\$ 2,111,000	\$ 6,497,000
Employee Health Benefits	980,000	3,545,000	3,620,000	905,000
General Liability	2,523,000	325,000	209,000	2,639,000

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

At June 30, 2008, in the opinion of the City Attorney, the City had no other material claims which would require loss provision in the financial statements.

See independent auditors' report.

CITY OF DOWNEY

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2008

NOTE 9 - LONG-TERM LIABILITIES (CONTINUED)

Governmental Activities (Continued):

Retiree Health Benefits

In addition to providing pension benefits, the City, in the year ended June 30, 1987, under the terms of a labor agreement with its employees, started to provide certain health care benefits for certain retired employees. In order to be eligible, the employee must retire from the City with a minimum of ten years of service. As of June 30, 2008, 200 employees had a minimum of ten years of service. The benefit is a City contribution of \$98 per month toward the cost of health insurance. The estimated future cost of such benefits are being accrued in the Employee Benefit Internal Service Fund over the working lives of eligible employees. As of June 30, 2008, 181 retired employees receive this benefit. The actual payments for the fiscal year ended June 30, 2008 were \$212,390, which is equal to the City's annual required contribution.

Also, as part of the agreement, upon retirement, retirees may choose to apply unused sick leave to offset their portion of health premiums.

Accrued costs at June 30, 2008 totaled \$4,112,000, which consists of estimated future cost of \$3,887,000 and sick leave benefit liability of \$225,000.

The estimated future cost was calculated using the following assumptions:

Actuarial cost method:	Entry age normal
Interest rate assumption:	6%
Projected salary increase assumption:	3%
Health inflation rate	4%

Business-type Activities:

2002 Golf Course Certificates of Participation

The 2002 Certificates of Participation, consisting of \$7,045,000 serial certificates and \$2,865,000 of term certificates, were issued by the City of Downey Public Facilities Financing Corporation. The proceeds were used to refund in advance the 1970 and 1993 bond issues and for improvements to the facilities. The serial certificates are payable in annual installments ranging from \$270,000 to \$495,000 through August 1, 2022. The term certificates are due on August 1, 2027. Serial certificates maturing on or after August 1, 2012 are subject to call for prepayment prior to their respective stated maturities, at the option of the Corporation, at prices ranging from 100% to 102% of the principal amount of the certificates. Interest is payable semiannually on February 1 and August 1, with rates ranging from 3.0% to 5.02%. At June 30, 2008, bonds outstanding were \$8,775,000.

See independent auditors' report.

CITY OF DOWNEY

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2008

NOTE 9 - LONG-TERM LIABILITIES (CONTINUED)

Business-type Activities (Continued):

2002 Golf Course Certificates of Participation (Continued)

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$197,756. This difference, reported in the accompanying financial statements as a reduction from bonds payable, is being charged to interest expense through the year 2020. The City completed the advance refunding to obtain an economic gain (difference between the present value of the old and new debt service payments) of approximately \$176,000. The advance refunding increased the City's debt service by approximately \$1,031,000.

Future debt service requirements on these certificates are as follows:

Year Ending June 30,	Principal	Interest	Total
2009	\$ 305,000	\$ 396,954	\$ 701,954
2010	315,000	386,485	701,485
2011	325,000	374,879	699,879
2012	340,000	362,410	702,410
2013	350,000	349,035	699,035
2014-2018	1,990,000	1,504,840	3,494,840
2019-2023	2,285,000	1,005,563	3,290,563
2024-2028	<u>2,865,000</u>	<u>371,875</u>	<u>3,236,875</u>
Subtotal	8,775,000	4,752,041	13,527,041
Add (less) deferred amounts:			
Bond premium	14,011	-	14,011
Loss on refunding	<u>(148,317)</u>	<u>-</u>	<u>(148,317)</u>
Total	<u>\$ 8,640,694</u>	<u>\$ 4,752,041</u>	<u>\$ 13,392,735</u>

NOTE 10 - DEFERRED REVENUE

Deferred revenue consists of \$5,756,000 in deferred loan payments from participants in the City's housing program (see Note 6), \$1,848,000 in grant/advances and \$745,000 in long-term receivables.

See independent auditors' report.

CITY OF DOWNEY

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2008

NOTE 11 - FUND BALANCE RESERVES

A city may establish "reserves" of fund equity to segregate fund balances which are not appropriable for expenditure in future periods, or which are legally set aside for a specific purpose.

The City's reserves at June 30, 2008 are tabulated (in thousands) below, followed by explanations as to the nature and purpose of each reserve.

	General Fund	Firestone Debt Service Fund	Housing Capital Projects Fund	Other Governmental Funds	Totals
Encumbrances	\$ 1,145	\$ -	\$ -	\$ 10,166	\$ 11,311
Park In Lieu	-	-	-	223	223
Capital Projects	725	-	-	191	916
Debt Service	-	644	-	1,423	2,067
Building Replacement	-	-	-	359	359
Land Held for Resale	-	-	3,688	2,858	6,546
Housing	-	-	3,281	-	3,281
Workers' Compensation	15	-	-	-	15
Advances to other funds	6,947	-	-	-	6,947
Total Reserves	\$ 8,832	\$ 644	\$ 6,969	\$ 15,220	\$ 31,665

A. Reserved for Encumbrances

Amounts reserved for encumbrances are commitments for materials and services on purchase orders and contracts that are unperformed.

B. Reserved for Park In Lieu

Amounts reserved for park projects. Funds collected from developer.

C. Reserved for Capital Projects

Amounts reserved for future, unspecified capital projects.

D. Reserved for Debt Service

These are reserves representing assets held by various trustees pursuant to bond covenants.

See independent auditors' report.

CITY OF DOWNEY

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2008

NOTE 11 - FUND BALANCE RESERVES (CONTINUED)

E. Reserved for Building Replacement

Amounts reserved to finance replacement project for City buildings.

F. Reserved for Land Held for Resale

This is a reserve to reflect that land held for resale by the Community Development Commission is not "available" as a spendable resource.

G. Reserved for Housing

These funds represent that portion of redevelopment tax increment revenue that must be set aside for housing programs.

H. Reserved for Workers' Compensation

Amount reserved to future workers' compensation liabilities.

I. Reserved for Advances to the Commission

This reserve is provided to indicate that amounts advanced to the Community Development Commission are not available as a spendable source to meet expenditures of the current year.

NOTE 12 - CITY EMPLOYEE RETIREMENT PLAN

Plan Description

The City of Downey contributes to the State of California Public Employees Retirement System (PERS), which is an agent multiple-employer public employee defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agency for most of the public agencies in California. Benefit provisions and all other requirements are established by state statute and city ordinance. Copies of PERS' annual financial report may be obtained from their Executive Office - 400 P Street Sacramento, CA 95814, or downloaded from the website at www.calpers.ca.gov.

See independent auditors' report.

CITY OF DOWNEY

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2008

NOTE 12 - CITY EMPLOYEE RETIREMENT PLAN (CONTINUED)

Funding Policy

Participants are required to contribute 8% (9% for safety employees) of their annual covered salary. The City makes the contributions required of City employees on their behalf and for their account. The City is required to contribute at an actuarially determined rate. The contribution rates for the year ended June 30, 2008 were 10.371% for non-safety employees and 19.245% for safety employees. The contribution requirements of plan members and the City are established and may be amended by PERS.

Annual Pension Costs

The City's annual pension cost and net pension asset to the current year were as follows (in thousands):

Annual required contribution	\$ 7,852
Interest on net pension asset	(731)
Adjustment to annual required contribution	<u>1,125</u>
Annual pension cost	8,246
Contributions made	<u>(7,852)</u>
Decrease in net pension asset	394
Net pension asset - beginning of year	<u>(19,512)</u>
Net pension asset - end of year	<u>\$ (19,118)</u>

The required contribution was determined as part of the June 30, 2005, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included: (a) a rate of return on the investment of 7.75% a year (net of administrative expenses), (b) projected annual salary increases that vary by duration of service ranging from 3.25% to 14.45% for miscellaneous members and 3.25% to 13.15% for safety members, (c) inflation of 3.00%, (d) payroll growth of 3.25% and (e) individual salary growth based on a merit scale varying by duration of employment coupled with an assumed annual inflation component of 3.00% and an annual production growth of 0.25%. The actuarial value of PERS assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a three-year period (smoothed market value). The Plans' initial unfunded liabilities are amortized over a closed period that depends on the Plans' date of entry into CalPERS. Subsequent plan amendments are amortized as a level percentage of pay over a closed 20 year period. Gains and losses that occur in the operation of the plan are amortized over a rolling period, which results in an amortization of 6% of unamortized gains and losses each year. If the Plans' accrued liability exceeds the actuarial value of plan assets, then the amortization payment on the total unfunded liability may not be lower than the payment calculated over a 30 year amortization period. The remaining amortization period at June 30, 2008 was 10 years and 27 years for the Miscellaneous Plan and Safety Plan, respectively.

See independent auditors' report.

CITY OF DOWNEY

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2008

NOTE 12 - CITY EMPLOYEE RETIREMENT PLAN (CONTINUED)

Three -year Trend Information for PERS (\$ amounts in thousands)

<u>Fiscal Year</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
June 30, 2006	\$ 8,003	96%	\$ (19,851)
June 30, 2007	7,570	96%	(19,512)
June 30, 2008	8,246	95%	(19,118)

Funded Status and Funding Progress

As of June 30, 2007, the most recent actuarial valuation date, the plan was 94.1% funded. The actuarial accrued liability for benefits was \$323.5 million, and the actuarial value of assets was \$304.5 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$19 million. The covered payroll (annual payroll of active employees covered by the plan) was \$33.1 million, and the ratio of the UAAL to the covered payroll was 57.6%.

The schedule of funding progress presented below, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Required Supplementary Information (\$ amounts in thousands)

	<u>Pension Actuarial Asset Value</u>	<u>Entry Age Actuarial Accrued Liability</u>	<u>Unfunded Actuarial Accrued Liability</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>Unfunded Actuarial Liability as Percentage of Covered Payroll</u>
2005	\$ 270,092	\$ 282,185	\$ 12,093	95.7 %	\$ 30,347	39.8 %
2006	286,203	295,892	9,689	96.7 %	30,242	32.0 %
2007	304,482	323,517	19,035	94.1 %	33,061	57.6 %

NOTE 13 - JOINT VENTURES

The City is a participant in two 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. Each participating agency in these joint ventures has proportionate control over management, budgets, and financial decisions.

See independent auditors' report.

CITY OF DOWNEY

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2008

NOTE 13 - JOINT VENTURES (CONTINUED)

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

The second joint venture is the *Joint Fire Dispatching Center* which the City operates as a cooperative program with the cities of Santa Fe Springs, Compton and Montebello. 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.

NOTE 14 - MORTGAGE REVENUE BONDS

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

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

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.

See independent auditors' report.

CITY OF DOWNEY

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2008

NOTE 14 - MORTGAGE REVENUE BONDS (CONTINUED)

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

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

NOTE 15 - OTHER REQUIRED DISCLOSURES

Expenditures in Excess of Appropriations

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

General Fund:

General Government:

City management	\$	133
Community development		13
Debt service:		
Interest and fiscal charges		435

Other Special Revenue Funds:

Waste Reduction - Community development		30
Street Lighting - Community development		309
CDBG - Capital outlay		2,956
Grants - Public safety		20

Other Capital Projects Fund:

Woodruff Redevelopment - Community development		166
--	--	-----

See independent auditors' report.

CITY OF DOWNEY

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2008

NOTE 15 - OTHER REQUIRED DISCLOSURES (CONTINUED)

Deficit Fund Balances

The following funds reported a deficit fund balance at June 30, 2008 (in thousands):

Major Fund:

Firestone Debt Service Fund	\$	5,283
Other Debt Service Fund:		
Woodruff Industrial Project Redevelopment		1,390

The deficits will be eliminated through the receipt of future tax increment revenues and grant revenues.

NOTE 16 - RESTATEMENT OF NET ASSETS/FUND BALANCES

Restatement of Net Assets - Government-wide Financial Statements:

Beginning net assets balances in the government-wide financial statements were restated as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Net assets as previously reported	\$ 232,747,000	\$ 58,565,000
Decreased to adjust prior year sales tax revenue	(1,136,000)	-
Increased to adjust due from other governments and entities	<u>-</u>	<u>160,000</u>
Net assets as restated	<u>\$ 231,611,000</u>	<u>\$ 58,725,000</u>

Restatement of Fund Balances - Governmental Fund Financial Statements:

Beginning fund balances in the governmental fund financial statements were restated as follows:

	<u>General Fund</u>
Fund balance as previously reported	\$ 23,462,000
Decreased to adjust prior year sales tax revenue	<u>(1,136,000)</u>
Fund balance as restated	<u>\$ 22,326,000</u>

See independent auditors' report.

CITY OF DOWNEY

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2008

NOTE 16 - RESTATEMENT OF NET ASSETS/FUND BALANCES (CONTINUED)

Restatement of Net Assets – Proprietary Funds Financial Statements:

Beginning net assets balances in the proprietary funds financial statements were restated as follows:

	Water Enterprise Fund
Net assets as previously reported	\$ 34,471,000
Increased to adjust due from other governments and entities	<u>160,000</u>
Net assets as restated	<u>\$ 34,631,000</u>

See independent auditors' report.

NOTES TO FINANCIAL STATEMENTS
CONTINUED

Page 10 of 10

Information on the City's financial statements is presented in the following order:

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF DOWNEY

BUDGETARY COMPARISON SCHEDULE
GENERAL FUNDFor the year ended June 30, 2008
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 49,185	\$ 49,185	\$ 49,254	\$ 69
Licenses and permits	1,892	1,892	2,487	595
Fines and forfeitures	1,834	1,834	1,900	66
Investment and rental	3,909	3,909	5,782	1,873
Intergovernmental revenue	2,439	2,445	1,088	(1,357)
Charges for services	6,610	3,018	8,434	5,416
Other revenue	2,176	2,175	2,407	232
TOTAL REVENUES	68,045	64,458	71,352	6,894
EXPENDITURES:				
Current:				
General government:				
Legislation	223	268	259	9
City attorney	310	310	254	56
City clerk	357	442	430	12
City management	460	460	593	(133)
Finance	4,100	4,100	3,783	317
Public safety:				
Police	26,927	27,157	24,955	2,202
Animal control	315	315	308	7
Fire	16,931	17,043	17,028	15
Public works	7,408	7,445	5,563	1,882
Community services	7,434	7,959	7,950	9
Community development	3,213	3,399	3,412	(13)
Debt service:				
Interest and fiscal charges	-	-	435	(435)
TOTAL EXPENDITURES	67,678	68,898	64,970	3,928
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	367	(4,440)	6,382	10,822
OTHER FINANCING SOURCES (USES):				
Transfers in	2,504	2,504	1,870	(634)
Transfers out	(2,729)	(5,198)	(6,993)	(1,795)
Issuance of debt	-	-	435	435
TOTAL OTHER FINANCING SOURCES (USES)	(225)	(2,694)	(4,688)	(1,994)
NET CHANGE IN FUND BALANCE	142	(7,134)	1,694	8,828
FUND BALANCE - BEGINNING OF YEAR, AS RESTATED	22,326	22,326	22,326	-
FUND BALANCE - END OF YEAR	\$ 22,468	\$ 15,192	\$ 24,020	\$ 8,828

See independent auditors' report and note to required supplementary information.

CITY OF DOWNEY

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2008

NOTE 1 - BUDGETARY DATA

The City is required by its charter to adopt an annual budget on or before June 30th for the ensuing fiscal year. From the effective date of the budget, the proposed expenditures become appropriations to the various City departments. This "appropriated budget" covers substantially all City expenditures, with the exception of debt service on bonds, which expenditures constitute legally authorized "non-appropriated budget." There are no significant non-budgeted activities. The City Council passes various amendments to the budget during the year. Supplementary appropriations for the year ended June 30, 2008 increased budgeted expenditures from \$137,840,114 as adopted in the original budget, to \$151,854,000.

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.

Encumbrance accounting is utilized during the fiscal year, whereby purchase orders, contracts and other commitments are recorded in order to control appropriations. At year end, all appropriations and encumbrances are canceled (allowed to lapse) and thus they are not included in reported expenditures. However, encumbrances at year end are reported as reservations of fund balance.

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OTHER MAJOR FUND

The Other major fund accounts for financial resources to be used for City projects and restricted financial resources to be used to increase supply of available low-and moderate-income housing.

Housing Capital Projects Fund is used to account for restricted financial resources to be used to increase the supply of available low-and moderate-income housing.

CITY OF DOWNEY

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

HOUSING CAPITAL PROJECTS FUND

For the year ended June 30, 2008
(amount expressed in thousands)

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 813	\$ 813	\$ 769	\$ (44)
Investment and rental	125	168	228	60
Intergovernmental revenue	737	737	699	(38)
Other revenue	90	90	183	93
TOTAL REVENUES	1,765	1,808	1,879	71
EXPENDITURES:				
Current:				
Community development	2,889	5,487	1,435	4,052
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,124)	(3,679)	444	4,123
FUND BALANCE - BEGINNING OF YEAR	6,525	6,525	6,525	-
FUND BALANCE - END OF YEAR	\$ 5,401	\$ 2,846	\$ 6,969	\$ 4,123

See independent auditors' report.

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, Debt Service Funds, Other Capital Projects Funds, Internal Service Funds and Agency Funds.

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CITY OF DOWNEY

COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS

June 30, 2008

(amounts expressed in thousands)

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total
ASSETS				
Cash and investments	\$ 12,427	\$ 196	\$ 7,481	\$ 20,104
Receivables:				
Taxes	548	162	-	710
Accounts	62	-	11	73
Interest	100	42	17	159
Loans	892	-	-	892
Due from other governments and entities	1,166	-	5	1,171
Due from other funds	31	-	-	31
Restricted assets:				
Cash and investments	202	-	-	202
Cash and investments with fiscal agents	1,071	1,383	57	2,511
Land held for resale	-	-	2,858	2,858
TOTAL ASSETS	\$ 16,499	\$ 1,783	\$ 10,429	\$ 28,711
LIABILITIES AND FUND BALANCES				
LIABILITIES:				
Accounts payable and accrued liabilities	\$ 2,255	\$ -	\$ 1,499	\$ 3,754
Due to other funds	365	-	-	365
Deposits	-	-	3	3
Advances from other funds	-	1,750	-	1,750
Deferred revenue	2,740	-	-	2,740
TOTAL LIABILITIES	5,360	1,750	1,502	8,612
FUND BALANCES:				
Reserved for:				
Encumbrances	4,851	-	5,315	10,166
Debt service	-	1,423	-	1,423
Land held for resale	-	-	2,858	2,858
Park in lieu	-	-	223	223
Capital projects	-	-	191	191
Building replacement	-	-	359	359
Unreserved reported in:				
Special revenue funds	6,288	-	-	6,288
Debt service funds	-	(1,390)	-	(1,390)
Capital projects funds	-	-	(19)	(19)
TOTAL FUND BALANCES	11,139	33	8,927	20,099
TOTAL LIABILITIES AND FUND BALANCES	\$ 16,499	\$ 1,783	\$ 10,429	\$ 28,711

See independent auditors' report.

CITY OF DOWNEY

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - OTHER GOVERNMENTAL FUNDS

For the year ended June 30, 2008
(amounts expressed in thousands)

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total
REVENUES:				
Taxes	\$ 347	\$ 301	\$ -	\$ 648
Investment and rental	826	107	152	1,085
Intergovernmental revenue	5,439	-	8	5,447
Charges for services	1,727	-	-	1,727
Other revenue	224	-	171	395
TOTAL REVENUES	8,563	408	331	9,302
EXPENDITURES:				
Current:				
General government	138	-	-	138
Public safety	70	-	-	70
Public works	1,441	-	-	1,441
Community services	825	-	-	825
Community development	2,736	214	1,123	4,073
Capital outlay	12,564	-	3,622	16,186
Debt service:				
Principal retirement	390	1,285	-	1,675
Interest and fiscal charges	91	391	-	482
TOTAL EXPENDITURES	18,255	1,890	4,745	24,890
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(9,692)	(1,482)	(4,414)	(15,588)
OTHER FINANCING SOURCES (USES):				
Transfers in	5,613	1,363	3,203	10,179
Transfers out	(1,422)	(150)	(128)	(1,700)
Issuance of debt	-	180	-	180
TOTAL OTHER FINANCING SOURCES (USES)	4,191	1,393	3,075	8,659
NET CHANGE IN FUND BALANCES	(5,501)	(89)	(1,339)	(6,929)
FUND BALANCES - BEGINNING OF YEAR	16,640	122	10,266	27,028
FUND BALANCES - END OF YEAR	\$ 11,139	\$ 33	\$ 8,927	\$ 20,099

See independent auditors' report.

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.

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.

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

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

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

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

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

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

CITY OF DOWNEY

COMBINING BALANCE SHEET
OTHER SPECIAL REVENUE FUNDS

June 30, 2008

(amounts expressed in thousands)

	Waste Reduction	Gas Tax	Street Lighting
ASSETS			
Cash and investments	\$ 55	\$ 6,242	\$ 1,903
Receivables:			
Taxes	-	482	60
Accounts	23	-	39
Interest	1	71	22
Loans	-	-	-
Due from other governments and entities	-	-	-
Due from other funds	-	-	-
Restricted assets:			
Cash and investments	-	-	-
Cash and investments with fiscal agents	-	-	-
TOTAL ASSETS	<u>\$ 79</u>	<u>\$ 6,795</u>	<u>\$ 2,024</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES:			
Accounts payable and accrued liabilities	\$ 37	\$ 146	\$ 290
Due to other funds	1	-	-
Deferred revenue	-	1,827	-
TOTAL LIABILITIES	<u>38</u>	<u>1,973</u>	<u>290</u>
FUND BALANCES:			
Reserved:			
Encumbrances	64	1,712	-
Unreserved:			
Designated:			
Special revenue purposes	-	3,110	1,734
Undesignated	(23)	-	-
TOTAL FUND BALANCES	<u>41</u>	<u>4,822</u>	<u>1,734</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 79</u>	<u>\$ 6,795</u>	<u>\$ 2,024</u>

See independent auditors' report.

MANAGEMENT STATEMENTS

These statements are prepared on the basis of the information provided by the City of Dallas and are not subject to the same level of review as the financial statements.

See Note 10 to the financial statements for a description of the management statements.

<u>CDBG</u>	<u>Sewer and Storm Drain</u>	<u>CATV Public Access</u>	<u>Air Quality</u>	<u>Grants</u>	<u>Totals</u>
\$ -	\$ 609	\$ 38	\$ 532	\$ 3,048	\$ 12,427
-	-	-	-	6	548
-	-	-	-	-	62
-	-	-	6	-	100
892	-	-	-	-	892
667	-	-	42	457	1,166
-	-	-	31	-	31
202	-	-	-	-	202
600	-	-	-	471	1,071
<u>\$ 2,361</u>	<u>\$ 609</u>	<u>\$ 38</u>	<u>\$ 611</u>	<u>\$ 3,982</u>	<u>\$ 16,499</u>
\$ 808	\$ 124	\$ 8	\$ 2	\$ 840	\$ 2,255
364	-	-	-	-	365
892	-	-	-	21	2,740
<u>2,064</u>	<u>124</u>	<u>8</u>	<u>2</u>	<u>861</u>	<u>5,360</u>
37	247	-	-	2,791	4,851
260	238	30	609	330	6,311
-	-	-	-	-	(23)
<u>297</u>	<u>485</u>	<u>30</u>	<u>609</u>	<u>3,121</u>	<u>11,139</u>
<u>\$ 2,361</u>	<u>\$ 609</u>	<u>\$ 38</u>	<u>\$ 611</u>	<u>\$ 3,982</u>	<u>\$ 16,499</u>

CITY OF DOWNEY

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
OTHER SPECIAL REVENUE FUNDS

For the year ended June 30, 2008
(amounts expressed in thousands)

	Waste Reduction	Gas Tax	Street Lighting
REVENUES:			
Taxes	\$ -	\$ -	\$ 347
Investment and rental	3	237	83
Intergovernmental revenue	64	2,525	-
Charges for services	412	-	1,176
Other revenue	1	220	-
	<u>480</u>	<u>2,982</u>	<u>1,606</u>
TOTAL REVENUES			
EXPENDITURES:			
Current:			
General government	-	-	-
Public safety	-	-	-
Public works	314	-	-
Community services	266	-	-
Community development	-	-	1,618
Capital outlay	-	2,593	-
Debt service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
	<u>580</u>	<u>2,593</u>	<u>1,618</u>
TOTAL EXPENDITURES			
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(100)</u>	<u>389</u>	<u>(12)</u>
OTHER FINANCING SOURCES (USES):			
Transfers in	70	-	-
Transfers out	-	(830)	-
	<u>70</u>	<u>(830)</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)			
NET CHANGE IN FUND BALANCES	(30)	(441)	(12)
FUND BALANCES - BEGINNING OF YEAR	<u>71</u>	<u>5,263</u>	<u>1,746</u>
FUND BALANCES - END OF YEAR	<u>\$ 41</u>	<u>\$ 4,822</u>	<u>\$ 1,734</u>

See independent auditors' report.

REVENUE BY TYPE

REVENUE BY TYPE - FISCAL YEAR 2010

CDBG	Sewer and Storm Drain	CATV Public Access	Air Quality	Grants	Totals
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 347
16	-	-	25	462	826
2,083	14	-	135	618	5,439
-	139	-	-	-	1,727
1	2	-	-	-	224
<u>2,100</u>	<u>155</u>	<u>-</u>	<u>160</u>	<u>1,080</u>	<u>8,563</u>
-	-	138	-	-	138
-	-	-	-	70	70
-	1,022	-	105	-	1,441
-	-	-	-	559	825
1,118	-	-	-	-	2,736
4,873	219	-	-	4,879	12,564
390	-	-	-	-	390
91	-	-	-	-	91
<u>6,472</u>	<u>1,241</u>	<u>138</u>	<u>105</u>	<u>5,508</u>	<u>18,255</u>
<u>(4,372)</u>	<u>(1,086)</u>	<u>(138)</u>	<u>55</u>	<u>(4,428)</u>	<u>(9,692)</u>
4,114	1,161	167	-	101	5,613
(122)	-	-	-	(470)	(1,422)
<u>3,992</u>	<u>1,161</u>	<u>167</u>	<u>-</u>	<u>(369)</u>	<u>4,191</u>
(380)	75	29	55	(4,797)	(5,501)
677	410	1	554	7,918	16,640
<u>\$ 297</u>	<u>\$ 485</u>	<u>\$ 30</u>	<u>\$ 609</u>	<u>\$ 3,121</u>	<u>\$ 11,139</u>

CITY OF DOWNEY

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

WASTE REDUCTION SPECIAL REVENUE FUND

For the year ended June 30, 2008
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment and rental	\$ 1	\$ 1	\$ 3	\$ 2
Intergovernmental revenue	66	66	64	(2)
Charges for services	405	405	412	7
Other revenue	2	2	1	(1)
	<u>474</u>	<u>474</u>	<u>480</u>	<u>6</u>
TOTAL REVENUES				
EXPENDITURES:				
Current:				
Public works	347	369	314	55
Community services	236	236	266	(30)
	<u>583</u>	<u>605</u>	<u>580</u>	<u>25</u>
TOTAL EXPENDITURES				
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(109)	(131)	(100)	31
OTHER FINANCING SOURCES:				
Transfers in	70	70	70	-
	<u>70</u>	<u>70</u>	<u>70</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(39)	(61)	(30)	31
FUND BALANCE - BEGINNING OF YEAR	71	71	71	-
	<u>71</u>	<u>71</u>	<u>71</u>	<u>-</u>
FUND BALANCE - END OF YEAR	\$ 32	\$ 10	\$ 41	\$ 31
	<u>\$ 32</u>	<u>\$ 10</u>	<u>\$ 41</u>	<u>\$ 31</u>

See independent auditors' report.

CITY OF DOWNEY

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

GAS TAX SPECIAL REVENUE FUND

For the year ended June 30, 2008
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment and rental	\$ 150	\$ 150	\$ 237	\$ 87
Intergovernmental revenue	3,358	3,358	2,525	(833)
Other revenue	-	-	220	220
TOTAL REVENUES	3,508	3,508	2,982	(526)
EXPENDITURES:				
Capital outlay	7,265	8,873	2,593	6,280
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(3,757)	(5,365)	389	5,754
OTHER FINANCING USES:				
Transfers out	(830)	(830)	(830)	-
NET CHANGE IN FUND BALANCE	(4,587)	(6,195)	(441)	5,754
FUND BALANCE - BEGINNING OF YEAR	5,263	5,263	5,263	-
FUND BALANCE - END OF YEAR	\$ 676	\$ (932)	\$ 4,822	\$ 5,754

See independent auditors' report.

CITY OF DOWNEY

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

STREET LIGHTING SPECIAL REVENUE FUND

For the year ended June 30, 2008
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ -	\$ -	\$ 347	\$ 347
Investment and rental	35	35	83	48
Charges for services	1,531	1,531	1,176	(355)
TOTAL REVENUES	1,566	1,566	1,606	40
EXPENDITURES:				
Current:				
Community development	1,305	1,309	1,618	(309)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	261	257	(12)	(269)
FUND BALANCE - BEGINNING OF YEAR	1,746	1,746	1,746	-
FUND BALANCE - END OF YEAR	<u>\$ 2,007</u>	<u>\$ 2,003</u>	<u>\$ 1,734</u>	<u>\$ (269)</u>

See independent auditors' report.

CITY OF DOWNEY

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

CDBG SPECIAL REVENUE FUND

For the year ended June 30, 2008
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment and rental	\$ 40	\$ 40	\$ 16	\$ (24)
Intergovernmental revenue	4,257	1,542	2,083	541
Other revenue	50	1,265	1	(1,264)
TOTAL REVENUES	4,347	2,847	2,100	(747)
EXPENDITURES:				
Current:				
Community development	1,168	1,170	1,118	52
Capital outlay	1,896	1,917	4,873	(2,956)
Debt service:				
Principal retirement	390	390	390	-
Interest and fiscal charges	91	91	91	-
TOTAL EXPENDITURES	3,545	3,568	6,472	(2,904)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	802	(721)	(4,372)	(3,651)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	4,114	4,114
Transfers out	(324)	(324)	(122)	202
TOTAL OTHER FINANCING SOURCES (USES)	(324)	(324)	3,992	4,316
NET CHANGE IN FUND BALANCE	478	(1,045)	(380)	665
FUND BALANCE - BEGINNING OF YEAR	677	677	677	-
FUND BALANCE - END OF YEAR	\$ 1,155	\$ (368)	\$ 297	\$ 665

See independent auditors' report.

CITY OF DOWNEY

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

SEWER AND STORM DRAIN SPECIAL REVENUE FUND

For the year ended June 30, 2008
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental revenue	\$ -	\$ -	\$ 14	\$ 14
Charges for services	135	135	139	4
Other revenue	-	-	2	2
TOTAL REVENUES	135	135	155	20
EXPENDITURES:				
Current:				
Public works	1,262	1,293	1,022	271
Capital outlay	551	560	219	341
TOTAL EXPENDITURES	1,813	1,853	1,241	612
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,678)	(1,718)	(1,086)	632
OTHER FINANCING SOURCES:				
Transfers in	1,432	1,432	1,161	(271)
NET CHANGE IN FUND BALANCE	(246)	(286)	75	361
FUND BALANCE - BEGINNING OF YEAR	410	410	410	-
FUND BALANCE - END OF YEAR	\$ 164	\$ 124	\$ 485	\$ 361

See independent auditors' report.

CITY OF DOWNEY

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

CATV PUBLIC ACCESS SPECIAL REVENUE FUND

For the year ended June 30, 2008
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment and rental	\$ 1	\$ 1	\$ -	\$ (1)
EXPENDITURES:				
Current:				
General government	167	167	138	29
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(166)	(166)	(138)	28
OTHER FINANCING SOURCES:				
Transfers in	169	169	167	(2)
NET CHANGE IN FUND BALANCE	3	3	29	26
FUND BALANCE - BEGINNING OF YEAR	1	1	1	-
FUND BALANCE - END OF YEAR	<u>\$ 4</u>	<u>\$ 4</u>	<u>\$ 30</u>	<u>\$ 26</u>

See independent auditors' report.

CITY OF DOWNEY

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

AIR QUALITY SPECIAL REVENUE FUND

For the year ended June 30, 2008
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment and rental	\$ 5	\$ 5	\$ 25	\$ 20
Intergovernmental revenue	130	130	135	5
TOTAL REVENUES	135	135	160	25
EXPENDITURES:				
Current:				
Public works	108	108	105	3
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	27	27	55	28
FUND BALANCE - BEGINNING OF YEAR	554	554	554	-
FUND BALANCE - END OF YEAR	\$ 581	\$ 581	\$ 609	\$ 28

See independent auditors' report.

CITY OF DOWNEY

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

GRANTS SPECIAL REVENUE FUND

For the year ended June 30, 2008
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment and rental	\$ -	\$ -	\$ 462	\$ 462
Intergovernmental revenue	1,946	1,996	618	(1,378)
TOTAL REVENUES	1,946	1,996	1,080	(916)
EXPENDITURES:				
Current:				
Public safety	-	50	70	(20)
Community services	1,140	1,200	559	641
Capital outlay	7,837	7,837	4,879	2,958
TOTAL EXPENDITURES	8,977	9,087	5,508	3,579
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(7,031)	(7,091)	(4,428)	2,663
OTHER FINANCING SOURCES (USES):				
Transfers in	435	435	101	(334)
Transfers out	-	-	(470)	(470)
TOTAL OTHER FINANCING SOURCES (USES)	435	435	(369)	(804)
NET CHANGE IN FUND BALANCE	(6,596)	(6,656)	(4,797)	1,859
FUND BALANCE - BEGINNING OF YEAR	7,918	7,918	7,918	-
FUND BALANCE - END OF YEAR	\$ 1,322	\$ 1,262	\$ 3,121	\$ 1,859

See independent auditors' report.

STATEMENTS

THE STATE OF TEXAS, COUNTY OF DALLAS, SS. I, _____, County Clerk, do hereby certify that the within and foregoing is a true and correct copy of the original as the same appears in the records of the County of Dallas, State of Texas.

WITNESSED my hand and the seal of said County at Dallas, Texas, this _____ day of _____, 20__.

County Clerk

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OTHER DEBT SERVICE FUNDS

Downey Civic Center Fund is used to account for the debt payments made on the Civic Center Bonds.

Woodruff Industrial Project Redevelopment Fund is used to account for tax increment revenue from the Woodruff Industrial Project redevelopment project area. This revenue is used for the repayment of debt.

CITY OF DOWNEY

COMBINING BALANCE SHEET
OTHER DEBT SERVICE FUNDS

June 30, 2008
(amounts expressed in thousands)

	Downey Civic Center	Woodruff Industrial Project Redevelopment	Totals
ASSETS			
Cash and investments	\$ -	\$ 196	\$ 196
Receivables:			
Taxes	-	162	162
Interest	40	2	42
Restricted assets:			
Cash and investments with fiscal agents	<u>1,383</u>	<u>-</u>	<u>1,383</u>
TOTAL ASSETS	<u>\$ 1,423</u>	<u>\$ 360</u>	<u>\$ 1,783</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES:			
Advance from other funds	<u>\$ -</u>	<u>\$ 1,750</u>	<u>\$ 1,750</u>
FUND BALANCES (DEFICIT):			
Reserved:			
Debt service	1,423	-	1,423
Unreserved - undesignated	<u>-</u>	<u>(1,390)</u>	<u>(1,390)</u>
TOTAL FUND BALANCES (DEFICIT)	<u>1,423</u>	<u>(1,390)</u>	<u>33</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,423</u>	<u>\$ 360</u>	<u>\$ 1,783</u>

See independent auditors' report.

CITY OF DOWNEY

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
OTHER DEBT SERVICE FUNDS

For the year ended June 30, 2008
(amounts expressed in thousands)

	Downey Civic Center	Woodruff Industrial Project Redevelopment	Totals
REVENUES:			
Taxes	\$ -	\$ 301	\$ 301
Investment and rental	90	17	107
TOTAL REVENUES	90	318	408
EXPENDITURES:			
Community development	-	214	214
Debt service:			
Principal retirement	1,285	-	1,285
Interest and fiscal charges	172	219	391
TOTAL EXPENDITURES	1,457	433	1,890
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,367)	(115)	(1,482)
OTHER FINANCING SOURCES (USES):			
Transfers in	1,363	-	1,363
Transfers out	-	(150)	(150)
Issuance of debt	-	180	180
TOTAL OTHER FINANCING SOURCES (USES)	1,363	30	1,393
NET CHANGE IN FUND BALANCES	(4)	(85)	(89)
FUND BALANCES (DEFICIT) - BEGINNING OF YEAR	1,427	(1,305)	122
FUND BALANCES (DEFICIT) - END OF YEAR	<u>\$ 1,423</u>	<u>\$ (1,390)</u>	<u>\$ 33</u>

See independent auditors' report.

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OTHER CAPITAL PROJECTS FUNDS

Firestone Redevelopment Fund is used to account for the administration, capital projects and land transactions of the City's Firestone Boulevard Redevelopment Project Area.

Woodruff Redevelopment Fund is used to account for the administration, capital projects and land transactions of the City's Woodruff Industrial Redevelopment Project Area.

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

CITY OF DOWNEY

COMBINING BALANCE SHEET
OTHER CAPITAL PROJECTS FUNDS

June 30, 2008

(amounts expressed in thousands)

	Firestone Redevelopment	Woodruff Redevelopment	City	Totals
ASSETS				
Cash and investments	\$ 1,367	\$ 209	\$ 5,905	\$ 7,481
Receivables:				
Accounts	-	-	11	11
Interest	15	2	-	17
Due from other governments and entities	-	-	5	5
Restricted assets:				
Cash and investments with fiscal agent	-	-	57	57
Land held for resale	2,858	-	-	2,858
TOTAL ASSETS	\$ 4,240	\$ 211	\$ 5,978	\$ 10,429
LIABILITIES AND FUND BALANCES				
LIABILITIES:				
Accounts payable and accrued liabilities	\$ 85	\$ -	\$ 1,414	\$ 1,499
Deposits	3	-	-	3
TOTAL LIABILITIES	88	-	1,414	1,502
FUND BALANCES:				
Reserved:				
Encumbrances	471	-	4,844	5,315
Land held for resale	2,858	-	-	2,858
Park in lieu	-	-	223	223
Capital projects	-	-	191	191
Building replacement	-	-	359	359
Unreserved - undesignated	823	211	(1,053)	(19)
TOTAL FUND BALANCES	4,152	211	4,564	8,927
TOTAL LIABILITIES AND FUND BALANCES	\$ 4,240	\$ 211	\$ 5,978	\$ 10,429

See independent auditors' report.

CITY OF DOWNEY

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
OTHER CAPITAL PROJECTS FUNDSFor the year ended June 30, 2008
(amounts expressed in thousands)

	Firestone Redevelopment	Woodruff Redevelopment	City	Totals
REVENUES:				
Investment and rental	\$ 60	\$ 10	\$ 82	\$ 152
Intergovernmental revenue	-	-	8	8
Other revenue	11	-	160	171
TOTAL REVENUES	71	10	250	331
EXPENDITURES:				
Current:				
Community development	957	166	-	1,123
Capital outlay	-	-	3,622	3,622
TOTAL EXPENDITURES	957	166	3,622	4,745
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(886)	(156)	(3,372)	(4,414)
OTHER FINANCING SOURCES (USES):				
Transfers in	1,747	150	1,306	3,203
Transfers out	-	-	(128)	(128)
TOTAL OTHER FINANCING SOURCES (USES)	1,747	150	1,178	3,075
NET CHANGE IN FUND BALANCES	861	(6)	(2,194)	(1,339)
FUND BALANCES - BEGINNING OF YEAR	3,291	217	6,758	10,266
FUND BALANCES - END OF YEAR	\$ 4,152	\$ 211	\$ 4,564	\$ 8,927

See independent auditors' report.

CITY OF DOWNEY

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

FIRESTONE REDEVELOPMENT CAPITAL PROJECTS FUND

For the year ended June 30, 2008
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment and rental	\$ 10	\$ 10	\$ 60	\$ 50
Intergovernmental revenue	1,800	1,800	-	(1,800)
Other revenue	48	48	11	(37)
TOTAL REVENUES	1,858	1,858	71	(1,787)
EXPENDITURES:				
Current:				
Community development	1,391	1,841	957	884
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	467	17	(886)	(903)
OTHER FINANCING SOURCES:				
Transfers in	-	-	1,747	1,747
NET CHANGE IN FUND BALANCE	467	17	861	844
FUND BALANCE - BEGINNING OF YEAR	3,291	3,291	3,291	-
FUND BALANCE - END OF YEAR	\$ 3,758	\$ 3,308	\$ 4,152	\$ 844

See independent auditors' report.

CITY OF DOWNEY

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

WOODRUFF REDEVELOPMENT CAPITAL PROJECTS FUND

For the year ended June 30, 2008
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment and rental	\$ -	\$ -	\$ 10	\$ 10
EXPENDITURES:				
Current:				
Community development	-	-	166	(166)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	-	(156)	(156)
OTHER FINANCING SOURCES:				
Transfers in	-	-	150	150
NET CHANGE IN FUND BALANCE	-	-	(6)	(6)
FUND BALANCE - BEGINNING OF YEAR	217	217	217	-
FUND BALANCE - END OF YEAR	<u>\$ 217</u>	<u>\$ 217</u>	<u>\$ 211</u>	<u>\$ (6)</u>

See independent auditors' report.

CITY OF DOWNEY

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

CITY CAPITAL PROJECTS FUND

For the year ended June 30, 2008
(amount expressed in thousands)

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment and rental	\$ 197	\$ 197	\$ 82	\$ (115)
Intergovernmental revenue	2,000	2,000	8	(1,992)
Other revenue	525	772	160	(612)
TOTAL REVENUES	2,722	2,969	250	(2,719)
EXPENDITURES:				
Capital outlay	7,645	9,774	3,622	6,152
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(4,923)	(6,805)	(3,372)	3,433
OTHER FINANCING SOURCES (USES):				
Transfers in	748	748	1,306	558
Transfers out	-	-	(128)	(128)
TOTAL OTHER FINANCING SOURCES (USES)	748	748	1,178	430
NET CHANGE IN FUND BALANCE	(4,175)	(6,057)	(2,194)	3,863
FUND BALANCE - BEGINNING OF YEAR	6,758	6,758	6,758	-
FUND BALANCE - END OF YEAR	\$ 2,583	\$ 701	\$ 4,564	\$ 3,863

See independent auditors' report.

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 ASSETS
INTERNAL SERVICE FUNDS

June 30, 2008

(amounts expressed in thousands)

ASSETS	Employee Benefits	Equipment	Totals
CURRENT ASSETS:			
Cash and investments	\$ 46,639	\$ 3,384	\$ 50,023
Accounts receivable	-	20	20
Advances to other funds	2,650	-	2,650
Inventories	-	111	111
Restricted assets:			
Cash and investments	1,884	1,884	3,768
Cash and investments with fiscal agent	28	-	28
TOTAL CURRENT ASSETS	<u>51,201</u>	<u>5,399</u>	<u>56,600</u>
NONCURRENT ASSETS:			
Prepaid pension expense	19,118	-	19,118
Bond issuance costs	180	-	180
Capital Assets (Net of Accumulated Depreciation):			
Machinery and equipment	-	7,309	7,309
TOTAL NONCURRENT ASSETS	<u>19,298</u>	<u>7,309</u>	<u>26,607</u>
TOTAL ASSETS	<u>70,499</u>	<u>12,708</u>	<u>83,207</u>
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES:			
Accounts payable and accrued liabilities	722	336	1,058
Due to other funds	-	1	1
Interest payable	86	20	106
Retiree health benefits payable	235	-	235
Compensated absences	4,000	-	4,000
Claims payable	3,504	-	3,504
Capital lease payable	-	88	88
Pension obligation bonds	110	-	110
TOTAL CURRENT LIABILITIES	<u>8,657</u>	<u>445</u>	<u>9,102</u>
NONCURRENT LIABILITIES:			
Retiree health benefits payable	3,877	-	3,877
Compensated absences	8,100	-	8,100
Claims payable	3,898	-	3,898
Capital lease payable	-	371	371
Pension obligation bonds	20,070	-	20,070
TOTAL NONCURRENT LIABILITIES	<u>35,945</u>	<u>371</u>	<u>36,316</u>
TOTAL LIABILITIES	<u>44,602</u>	<u>816</u>	<u>45,418</u>
NET ASSETS:			
Invested in capital assets, net of related debt	-	6,850	6,850
Unrestricted	25,897	5,042	30,939
TOTAL NET ASSETS	<u>\$ 25,897</u>	<u>\$ 11,892</u>	<u>\$ 37,789</u>

See independent auditors' report.

CITY OF DOWNEY

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
INTERNAL SERVICE FUNDS

For the year ended June 30, 2008
(amounts expressed in thousands)

	Employee Benefits	Equipment	Totals
OPERATING REVENUES:			
Charges for services	\$ 22,748	\$ 2,492	\$ 25,240
Miscellaneous	921	26	947
TOTAL OPERATING REVENUES	23,669	2,518	26,187
OPERATING EXPENSES:			
Maintenance and operations	-	1,581	1,581
General and administration	-	402	402
Employee benefits	23,776	-	23,776
Amortization	7	-	7
Depreciation	-	1,965	1,965
TOTAL OPERATING EXPENSES	23,783	3,948	27,731
OPERATING LOSS	(114)	(1,430)	(1,544)
NONOPERATING REVENUES (EXPENSES):			
Grant revenue	-	15	15
Investment and rental	986	227	1,213
Interest expense	(1,030)	(20)	(1,050)
Gain on sale of capital assets	-	24	24
TOTAL NONOPERATING REVENUES (EXPENSES)	(44)	246	202
NET LOSS BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS	(158)	(1,184)	(1,342)
TRANSFERS IN	3,152	-	3,152
CAPITAL CONTRIBUTIONS	-	1,092	1,092
CHANGE IN NET ASSETS	2,994	(92)	2,902
TOTAL NET ASSETS - BEGINNING OF YEAR, AS RESTATED	22,903	11,984	34,887
TOTAL NET ASSETS - END OF YEAR	\$ 25,897	\$ 11,892	\$ 37,789

See independent auditors' report.

CITY OF DOWNEY

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDSFor the year ended June 30, 2008
(amounts expressed in thousands)

	Employee Benefits	Equipment	Totals
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from user departments	\$ 23,673	\$ 2,528	\$ 26,201
Payment to suppliers	(18,216)	(1,384)	(19,600)
Payment to employees	(4,299)	(541)	(4,840)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>1,158</u>	<u>603</u>	<u>1,761</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Cash received from other funds	3,152	-	3,152
Principal paid	(95)	-	(95)
Interest paid	(1,024)	-	(1,024)
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	<u>2,033</u>	<u>-</u>	<u>2,033</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition of capital assets	-	(2,843)	(2,843)
Proceeds from sale of capital assets	-	24	24
Interest paid on debt	-	(22)	(22)
Capital contributions	-	1,092	1,092
Grants received	-	15	15
Principal paid on debt	-	(66)	(66)
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>-</u>	<u>(1,800)</u>	<u>(1,800)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest received	<u>986</u>	<u>227</u>	<u>1,213</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	4,177	(970)	3,207
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>44,374</u>	<u>6,238</u>	<u>50,612</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 48,551</u>	<u>\$ 5,268</u>	<u>\$ 53,819</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:			
Operating loss	\$ (114)	\$ (1,430)	\$ (1,544)
Depreciation and amortization	7	1,965	1,972
Changes in operating assets and liabilities:			
(Increase) decrease in accounts receivable	4	10	14
(Increase) decrease in inventories	-	(38)	(38)
(Increase) decrease in prepaid expenses	394	-	394
Increase (decrease) in accounts payable and accrued liabilities	407	96	503
Increase (decrease) in retiree health payable	(129)	-	(129)
Increase (decrease) in claims payable	(416)	-	(416)
Increase (decrease) in compensated absences payable	1,005	-	1,005
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 1,158</u>	<u>\$ 603</u>	<u>\$ 1,761</u>

See independent auditors' report.

AGENCY FUNDS

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

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

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

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

Columbia Memorial Space Learning Center Foundation 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.

CITY OF DOWNEY

COMBINING STATEMENT OF FIDUCIARY
ASSETS AND LIABILITIES

June 30, 2008

(amounts expressed in thousands)

	Special Deposits	Cemetery District	1913 Act Bond Fund
ASSETS			
Cash and investments	\$ 6,829	\$ 121	\$ 106
Receivables	70	5	1
TOTAL ASSETS	<u>\$ 6,899</u>	<u>\$ 126</u>	<u>\$ 107</u>
LIABILITIES			
LIABILITIES:			
Accounts payable and accrued liabilities	\$ 44	\$ 126	\$ -
Deposits payable	6,855	-	107
TOTAL LIABILITIES	<u>\$ 6,899</u>	<u>\$ 126</u>	<u>\$ 107</u>

See independent auditors' report.

CITY OF DALLAS

DEPARTMENT OF FINANCIAL MANAGEMENT
 COMMUNITY DEVELOPMENT DEPARTMENT

STATE OF TEXAS
 COUNTY OF DALLAS

Elm Vista	Columbia Memorial Space Learning Center Foundation	SEAACA	Totals
\$ 2	\$ 6	\$ 972	\$ 8,036
3	-	1,310	1,389
<u>\$ 5</u>	<u>\$ 6</u>	<u>\$ 2,282</u>	<u>\$ 9,425</u>
\$ 5	\$ -	\$ 608	\$ 783
-	6	1,674	8,642
<u>\$ 5</u>	<u>\$ 6</u>	<u>\$ 2,282</u>	<u>\$ 9,425</u>

CITY OF DOWNEY

COMBINING STATEMENT OF CHANGES IN
FIDUCIARY ASSETS AND LIABILITIES

For the year ended June 30, 2008
(amounts expressed in thousands)

	Balance July 1, 2007	Additions	Deletions	Balance June 30, 2008
SPECIAL DEPOSITS				
ASSETS:				
Cash and investments	\$ 5,961	\$ 2,587	\$ 1,719	\$ 6,829
Receivables	56	445	431	70
TOTAL ASSETS	<u>\$ 6,017</u>	<u>\$ 3,032</u>	<u>\$ 2,150</u>	<u>\$ 6,899</u>
LIABILITIES:				
Accounts payable and accrued liabilities	\$ 49	\$ 1,471	\$ 1,476	\$ 44
Deposits payable	5,968	2,009	1,122	6,855
TOTAL LIABILITIES	<u>\$ 6,017</u>	<u>\$ 3,480</u>	<u>\$ 2,598</u>	<u>\$ 6,899</u>
CEMETERY DISTRICT				
ASSETS:				
Cash and investments	\$ -	\$ 201	\$ 80	\$ 121
Receivables	6	4	5	5
TOTAL ASSETS	<u>\$ 6</u>	<u>\$ 205</u>	<u>\$ 85</u>	<u>\$ 126</u>
LIABILITIES:				
Accounts payable and accrued liabilities	\$ 6	\$ 205	\$ 85	\$ 126
1913 ACT BOND FUND				
ASSETS:				
Cash and investments	\$ 101	\$ 5	\$ -	\$ 106
Receivables	1	1	1	1
TOTAL ASSETS	<u>\$ 102</u>	<u>\$ 6</u>	<u>\$ 1</u>	<u>\$ 107</u>
LIABILITIES:				
Deposits payable	\$ 102	\$ 6	\$ 1	\$ 107
ELM VISTA				
ASSETS:				
Cash and investments	\$ 2	\$ -	\$ -	\$ 2
Receivables	3	-	-	3
TOTAL ASSETS	<u>\$ 5</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5</u>
LIABILITIES:				
Accounts payable and accrued liabilities	\$ 5	\$ -	\$ -	\$ 5

See independent auditors' report.

(Continued)

CITY OF DOWNEY

COMBINING STATEMENT OF CHANGES IN
FIDUCIARY ASSETS AND LIABILITIES
(CONTINUED)

For the year ended June 30, 2008
(amounts expressed in thousands)

	Balance July 1, 2007	Additions	Deletions	Balance June 30, 2008
COLUMBIA MEMORIAL SPACE LEARNING CENTER				
ASSETS:				
Cash and investments	\$ 6	\$ -	\$ -	\$ 6
LIABILITIES:				
Deposits payable	\$ 6	\$ -	\$ -	\$ 6
SEAACA				
ASSETS:				
Cash and investments	\$ 914	\$ 4,595	\$ 4,537	\$ 972
Receivables	957	2,412	2,059	1,310
TOTAL ASSETS	\$ 1,871	\$ 7,007	\$ 6,596	\$ 2,282
LIABILITIES:				
Accounts payable and accrued liabilities	\$ 464	\$ 5,053	\$ 4,909	\$ 608
Deposits payable	1,407	1,954	1,687	1,674
TOTAL LIABILITIES	\$ 1,871	\$ 7,007	\$ 6,596	\$ 2,282
TOTAL - ALL AGENCY FUNDS				
ASSETS:				
Cash and investments	\$ 6,984	\$ 7,388	\$ 6,336	\$ 8,036
Receivables	1,023	2,862	2,496	1,389
TOTAL ASSETS	\$ 8,007	\$ 10,250	\$ 8,832	\$ 9,425
LIABILITIES:				
Accounts payable and accrued liabilities	\$ 524	\$ 6,729	\$ 6,470	\$ 783
Deposits payable	7,483	3,969	2,810	8,642
TOTAL LIABILITIES	\$ 8,007	\$ 10,698	\$ 9,280	\$ 9,425

See independent auditors' report.

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STATISTICAL SECTION

DESCRIPTION OF STATISTICAL SECTION CONTENTS

June 30, 2008

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

Contents:	<u>Pages</u>
<u>Financial Trends</u> - These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	122 - 131
<u>Revenue Capacity</u> - These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	132 - 138
<u>Debt Capacity</u> - These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	139 - 144
<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.	145 - 146
<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.	147 - 149

CITY OF DOWNEY

NET ASSETS BY COMPONENT
(amounts expressed in thousands)

Last Six Fiscal Years
(accrual basis of accounting)

	Fiscal Year			
	2002-03	2003-04	2004-05	2005-06
Governmental Activities:				
Invested in capital assets, net of related debt	\$ 144,453	\$ 140,035	\$ 158,433	\$ 150,882
Restricted	8,853	16,888	24,225	28,039
Unrestricted	52,050	45,558	30,035	44,867
Total governmental activities net assets	205,356	202,481	212,693	223,788
Business-type Activities:				
Invested in capital assets, net of related debt	31,329	32,802	33,550	35,976
Restricted	-	-	-	-
Unrestricted	21,890	23,333	24,438	21,345
Total business-type activities net assets	53,219	56,135	57,988	57,321
Primary Government:				
Invested in capital assets, net of related debt	175,782	172,837	191,983	186,858
Restricted	8,853	16,888	24,225	28,039
Unrestricted	73,940	68,891	54,473	66,212
Total primary government net assets	\$ 258,575	\$ 258,616	\$ 270,681	\$ 281,109

The City of Downey implemented GASB 34 for the fiscal year ended June 30, 2003.
Information prior to the implementation of GASB 34 is not available.

YTD 2007-08

STATE OF TEXAS DEPARTMENT OF TRANSPORTATION

FINANCIAL STATEMENTS

STATEMENT OF REVENUES

STATE OF TEXAS DEPARTMENT OF TRANSPORTATION

Fiscal Year	
2006-07	2007-08
\$ 154,423	\$ 172,185
31,468	28,201
<u>46,856</u>	<u>38,679</u>
232,747	239,065
35,662	35,513
-	-
<u>22,903</u>	<u>21,693</u>
<u>58,565</u>	<u>57,206</u>
190,085	207,698
31,468	28,201
<u>69,759</u>	<u>60,372</u>
<u>\$ 291,312</u>	<u>\$ 296,271</u>

CITY OF DOWNEY

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

Last Six Fiscal Years
(accrual basis of accounting)

	Fiscal Year			
	2002-03	2003-04	2004-05	2005-06
Expenses:				
Governmental Activities:				
General government	\$ 1,839	\$ 2,784	\$ 5,633	\$ 4,510
Public safety	32,314	34,990	37,122	40,767
Public works	11,456	5,424	7,642	8,079
Community services	5,694	6,298	6,179	8,927
Community development	7,430	7,028	6,673	6,269
Unallocated infrastructure depreciation	3,846	4,569	4,614	4,614
Interest on long term debt	1,461	2,109	1,745	1,767
Total governmental activities net expenses	<u>64,040</u>	<u>63,202</u>	<u>69,608</u>	<u>74,933</u>
Business-type Activities:				
Water	7,147	7,255	7,238	7,977
Golf	2,287	2,232	2,501	2,516
Transit	2,149	1,980	2,170	2,577
Total business-type activities net assets	<u>11,583</u>	<u>11,467</u>	<u>11,909</u>	<u>13,070</u>
Total primary government expenses	<u>\$ 75,623</u>	<u>\$ 74,669</u>	<u>\$ 81,517</u>	<u>\$ 88,003</u>
Program Revenues:				
Governmental Activities:				
Charges for services:				
General government	\$ 146	\$ 150	\$ 146	\$ 153
Public safety	3,724	4,176	4,584	3,996
Public works	2,237	5,037	1,860	2,092
Community services	1,448	1,718	2,100	2,648
Community development	1,883	2,577	2,972	3,030
Operating grants and contributions	8,513	7,784	10,901	9,826
Capital grants and contributions	112	3,829	6,342	4,548
Total governmental activities program revenues	<u>18,063</u>	<u>25,271</u>	<u>28,905</u>	<u>26,293</u>
Business-type Activities:				
Charges for services:				
Water	8,888	9,526	8,819	9,095
Golf	3,110	3,207	2,649	2,864
Transit	8	9	10	9
Operating grants and contributions	160	18	-	-
Total business-type activities program revenues	<u>12,166</u>	<u>12,760</u>	<u>11,478</u>	<u>11,968</u>
Primary government program revenues	<u>\$ 30,229</u>	<u>\$ 38,031</u>	<u>\$ 40,383</u>	<u>\$ 38,261</u>
Net (Expense)/Revenue:				
Governmental activities	\$ (45,977)	\$ (37,931)	\$ (40,703)	\$ (48,640)
Business-type activities	583	1,293	(431)	(1,102)
Total primary government net expense	<u>\$ (45,394)</u>	<u>\$ (36,638)</u>	<u>\$ (41,134)</u>	<u>\$ (49,742)</u>

The City of Downey implemented GASB 34 for the fiscal year ended June 30, 2003.
Information prior to the implementation of GASB 34 is not available.

Source: Finance Department, City of Downey

TRUSTEES REPORT

STATE OF CALIFORNIA OFFICE OF THE ATTORNEY GENERAL
 DEPARTMENT OF REVENUE

STATE OF CALIFORNIA
 DEPARTMENT OF REVENUE

Fiscal Year	
2006-07	2007-08
\$ 6,100	\$ 5,891
42,379	43,510
8,466	7,460
7,903	9,390
6,556	8,898
4,772	4,806
1,801	1,823
<u>77,977</u>	<u>81,778</u>
8,852	10,121
2,745	2,765
2,634	2,939
<u>14,231</u>	<u>15,825</u>
<u>\$ 92,208</u>	<u>\$ 97,603</u>
\$ 150	\$ 134
4,156	4,202
2,236	2,247
2,904	2,516
2,701	3,795
7,409	7,965
3,676	3,623
<u>23,232</u>	<u>24,482</u>
9,543	9,078
2,944	2,938
7	121
-	-
<u>12,494</u>	<u>12,137</u>
<u>\$ 35,726</u>	<u>\$ 36,619</u>
\$ (54,745)	\$ (57,296)
<u>(1,737)</u>	<u>(3,688)</u>
<u>\$ (56,482)</u>	<u>\$ (60,984)</u>

CITY OF DOWNEY

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

Last Six Fiscal Years
(accrual basis of accounting)

	Fiscal Year			
	2002-03	2003-04	2004-05	2005-06
General Revenues and Other Changes in Net Assets:				
Governmental Activities:				
Property taxes, levied for general purposes	\$ 10,247	\$ 11,059	\$ 16,668	\$ 19,813
Transient occupancy taxes	781	814	863	1,022
Sales taxes and use taxes	13,271	12,922	10,475	11,372
Property taxes in lieu of sales and use tax	-	-	3,511	3,819
Franchise taxes	1,887	1,952	1,985	2,076
Utility users tax	5,965	-	-	-
Other taxes	-	13,957	8,873	8,574
Business operation tax	988	-	-	-
Motor vehicle taxes	6,282	-	-	-
Earning on investments	5,281	81	3,265	2,070
Gain (loss) on sale of capital assets	(149)	8,396	1,549	-
Miscellaneous	2,052	1,482	1,616	7,459
Transfers	1,201	1,474	1,341	3,530
Total governmental activities	47,806	52,137	50,146	59,735
Business-type Activities:				
Sales taxes	2,664	2,806	2,978	3,383
Earning on investments	1,749	291	1,166	562
Gain (loss) on sale of capital assets	-	-	4	20
Miscellaneous	1	-	-	-
Transfers	(1,201)	(1,474)	(1,341)	(3,530)
Total business-type activities	3,213	1,623	2,807	435
Total primary government	\$ 51,019	\$ 53,760	\$ 52,953	\$ 60,170
Change in Net Assets:				
Governmental activities	\$ 1,829	\$ 14,206	\$ 9,443	\$ 11,095
Business-type activities	3,796	2,916	2,376	(667)
Total primary government	\$ 5,625	\$ 17,122	\$ 11,819	\$ 10,428

The City of Downey implemented GASB 34 for the fiscal year ended June 30, 2003.
Information prior to the implementation of GASB 34 is not available.

Fiscal Year	
2006-07	2007-08
\$ 22,726	\$ 23,974
1,085	1,050
12,996	11,706
3,989	3,856
2,168	2,142
-	8,002
9,489	1,819
-	-
-	-
5,405	5,973
-	24
4,126	1,443
1,720	4,761
<u>63,704</u>	<u>64,750</u>
3,330	3,310
1,371	1,580
-	28
-	2,012
<u>(1,720)</u>	<u>(4,761)</u>
<u>2,981</u>	<u>2,169</u>
<u>\$ 66,685</u>	<u>\$ 66,919</u>
\$ 8,959	\$ 7,454
<u>1,244</u>	<u>(1,519)</u>
<u>\$ 10,203</u>	<u>\$ 5,935</u>

CITY OF DOWNEY

FUND BALANCES OF GOVERNMENTAL FUNDS
(amounts expressed in thousands)

Last Six Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year			
	2002-03	2003-04	2004-05	2005-06
General Fund:				
Reserved	\$ 883	\$ 1,239	\$ 7,756	\$ 7,850
Unreserved	22,795	20,905	14,377	15,194
Total general fund	<u>\$ 23,678</u>	<u>\$ 22,144</u>	<u>\$ 22,133</u>	<u>\$ 23,044</u>
All Other Governmental Funds:				
Reserved	\$ 12,020	\$ 12,884	\$ 20,723	\$ 16,986
Unreserved, reported in:				
Special revenue funds	304	4,012	10,699	12,535
Debt service funds	(923)	(7,195)	(1,140)	(7,059)
Capital projects funds	7,197	14,274	(3,089)	4,169
Total all other governmental funds	<u>\$ 18,598</u>	<u>\$ 23,975</u>	<u>\$ 27,193</u>	<u>\$ 26,631</u>

The City of Downey has elected to show only six years of data for this schedule.

Fiscal Year	
2006-07	2007-08
\$ 8,014	\$ 8,832
<u>15,448</u>	<u>15,188</u>
\$ 23,462	\$ 24,020
<u>\$ 27,267</u>	<u>\$ 22,833</u>
3,832	6,288
(6,655)	(7,317)
<u>4,403</u>	<u>(19)</u>
<u>\$ 28,847</u>	<u>\$ 21,785</u>

CITY OF DOWNEY

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

	Fiscal Years			
	2002-03	2003-04	2004-05	2005-06
Revenues:				
Taxes	\$ 34,076	\$ 34,626	\$ 41,641	\$ 47,113
License and permits	885	1,043	1,768	1,852
Fines and forfeitures	1,809	1,739	1,878	1,751
Investment and rental	5,689	2,957	4,429	3,719
Intergovernmental revenue	13,257	14,758	14,618	10,103
Charges for services	5,859	6,303	7,574	7,788
Other revenue	6,535	9,782	6,171	10,962
Total revenues	<u>68,110</u>	<u>71,208</u>	<u>78,079</u>	<u>83,288</u>
Expenditures:				
Current:				
General government	3,825	4,292	4,658	3,953
Public safety	32,254	34,128	35,979	37,613
Public works	7,585	7,540	6,987	7,343
Community services	5,719	5,848	5,639	7,929
Community development	7,715	8,275	6,821	7,148
ERAF payment	-	395	494	271
Capital outlay	9,021	34,040	13,805	8,935
Debt service:				
Principal	1,300	1,360	1,415	1,730
Interest and fiscal charges	2,173	1,969	2,355	2,383
Total expenditures	<u>69,592</u>	<u>97,847</u>	<u>78,153</u>	<u>77,305</u>
Excess of revenues over (under) expenditures	<u>(1,482)</u>	<u>(26,639)</u>	<u>(74)</u>	<u>5,983</u>
Other Financing Sources (Uses):				
Transfers in	5,907	6,106	12,205	8,446
Transfers out	(8,443)	(9,609)	(15,819)	(15,200)
Proceeds from long-term debt	1,071	3,567	-	-
Sale of property	-	30,418	-	-
Issuance of debt	-	-	1,002	1,120
Sale of capital assets	-	-	5,893	-
Total other financing sources (uses)	<u>(1,465)</u>	<u>30,482</u>	<u>3,281</u>	<u>(5,634)</u>
Net change in fund balances	(2,947)	3,843	3,207	349
Fund balances - July 1	<u>45,223</u>	<u>42,276</u>	<u>46,119</u>	<u>49,326</u>
Fund balances - June 30	<u>\$ 42,276</u>	<u>\$ 46,119</u>	<u>\$ 49,326</u>	<u>\$ 49,675</u>
Debt service as a percentage of noncapital expenditures	4.99%	3.42%	4.85%	5.34%

The City of Downey has elected to show only six years of data for this schedule.

Source: Finance Department, City of Downey

STATE OF TEXAS

COMPTROLLER OF PUBLIC ACCOUNTS
 REPORT OF REVENUES

FOR THE YEAR ENDING SEPTEMBER 30, 2008

Fiscal Year	
2006-07	2007-08
\$ 52,682	\$ 53,432
2,147	2,487
1,911	1,900
7,002	7,154
9,370	7,234
7,804	10,161
3,416	3,025
<u>84,332</u>	<u>85,393</u>
4,905	5,457
39,555	42,361
7,902	7,004
6,769	8,775
7,589	9,820
-	-
9,105	16,186
1,800	1,890
2,370	2,277
<u>79,995</u>	<u>93,770</u>
<u>4,337</u>	<u>(8,377)</u>
10,653	12,049
(13,742)	(10,440)
-	-
-	-
1,386	1,400
-	-
<u>(1,703)</u>	<u>3,009</u>
2,634	(5,368)
<u>49,675</u>	<u>51,173</u>
<u>\$ 52,309</u>	<u>\$ 45,805</u>
5.21%	4.44%

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)
1998-99	\$ 4,502,648	\$ 2,780	\$ 198,812	\$ 4,306,616	\$ 286,842	\$ 27,945	\$ 258,897	\$ 4,565,513	2.4
1999-00	4,583,866	2,675	162,973	4,423,568	247,841	268	247,573	4,671,141	2.3
2000-01	4,714,619	2,190	77,526	4,639,283	248,440	29,029	219,411	4,858,694	4.0
2001-02	4,994,720	2,210	70,792	4,926,138	318,705	87,533	231,172	5,157,310	6.1
2002-03	5,289,560	963	86,492	5,204,031	251,512	37,603	213,909	5,417,940	5.1
2003-04	5,718,335	995	73,582	5,645,748	278,562	68,544	210,018	5,855,766	8.1
2004-05	6,162,620	1,057	97,880	6,065,797	267,325	66,568	200,757	6,266,554	7.0
2005-06	6,880,678	1,036	83,406	6,798,308	261,287	57,661	203,626	7,001,934	11.7
2006-07	7,679,717	984	120,776	7,559,925	324,711	110,373	214,338	7,774,263	11.0
2007-08	8,513,613	830	267,374	8,247,069	334,761	103,999	230,762	8,477,831	9.0

Exemptions include Homeowners and Business Inventory Exemptions.

CITY OF DOWNEY

ASSESSED VALUE OF TAXABLE PROPERTY

(amounts expressed in thousands)

Last Ten Fiscal Years

Category	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
Residential	\$ 3,388,338	\$ 3,495,146	\$ 3,669,647	\$ 3,945,644	\$ 4,188,365	\$ 4,549,637	\$ 4,943,763	\$ 5,520,668	\$ 6,166,427	\$ 6,785,442
Commercial	583,178	592,546	607,101	591,267	616,149	674,123	697,370	767,578	866,508	908,864
Industrial	186,062	195,429	216,454	229,982	246,460	241,028	251,521	285,442	303,035	308,223
Government	-	-	-	-	-	-	-	-	109	-
Institutional	21,811	23,622	37,180	46,835	29,854	45,214	36,441	37,942	35,979	40,268
Miscellaneous	344	1,650	1,683	3,501	4,431	7,102	12	12	12	12
Recreational	8,168	8,207	8,456	17,898	22,568	28,986	27,639	23,017	26,408	24,413
Vacant Land	20,724	22,662	34,459	22,146	18,355	22,991	29,424	50,204	51,513	86,950
SBE Nonunitary	2,780	2,675	2,190	2,210	964	995	1,057	1,036	984	830
Possessory Int.	92,814	79,440	59,878	63,390	66,875	66,491	69,220	101,136	99,401	78,879
Unsecured	258,897	247,573	219,410	231,172	213,908	210,018	200,757	203,626	214,338	230,763
Exempt	(74,328)	(74,577)	(72,806)	(86,676)	(75,216)	(75,415)	(75,405)	(74,632)	(75,495)	(79,364)
Unknown	2,397	2,192	2,236	3,266	10,012	9,181	9,352	11,732	9,548	13,187
TOTALS	\$ 4,565,513	\$ 4,671,142	\$ 4,858,694	\$ 5,157,311	\$ 5,417,941	\$ 5,855,766	\$ 6,266,556	\$ 7,002,393	\$ 7,774,262	\$ 8,477,831

Total Direct Rate	0.1860%	0.1909%	0.1800%	0.1816%	0.1804%	0.1802%	0.1806%	0.1852%	0.1853%	0.1845%
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Note: Exempt values are not included in Total.

Source: HdL Coren & Cone, L.A. County Assessor 1998/99 - 2007/08 Combined Tax Rolls

CITY OF DOWNEY

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

Last Ten Fiscal Years

	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
Rate producing Revenue for City and Redevelopment Agency										
City General Fund Direct Rate	0.14125	0.14125	0.14125	0.14125	0.14125	0.14125	0.14125	0.14125	0.14125	0.14125
RDA Incremental Rate	0.01230	0.01209	0.01167	0.00990	0.00861	0.00755	0.00697	0.00604	0.00541	0.00450
Total Direct Rate	0.18603	0.19094	0.18000	0.18163	0.18044	0.18016	0.18064	0.18518	0.18530	0.18454
Taxpayer Rates for Largest General Fund Tax Rate										
City of Downey Tax District 1	0.14125	0.14125	0.14125	0.14125	0.14125	0.14125	0.14125	0.14125	0.14125	0.14125
Cerritos Community College District	0.02625	0.02625	0.02625	0.02625	0.02625	0.02625	0.02625	0.02625	0.02625	0.02625
Childrens Institutional Tuition Fund	0.00291	0.00291	0.00291	0.00291	0.00291	0.00291	0.00291	0.00291	0.00291	0.00291
County Sanitation District No. 2 Operating	0.01395	0.01395	0.01395	0.01395	0.01395	0.01395	0.01395	0.01395	0.01395	0.01395
County School Service Fund-Downey	0.00743	0.00743	0.00743	0.00743	0.00743	0.00743	0.00743	0.00743	0.00743	0.00743
County School Service	0.00146	0.00146	0.00146	0.00146	0.00146	0.00146	0.00146	0.00146	0.00146	0.00146
Development Ctr For Handicapped Minors	0.00052	0.00052	0.00052	0.00052	0.00052	0.00052	0.00052	0.00052	0.00052	0.00052
Downey Cemetery District	0.00089	0.00089	0.00089	0.00089	0.00089	0.00089	0.00089	0.00089	0.00089	0.00089
Downey Unified School District	0.21536	0.21536	0.21536	0.21536	0.21536	0.21536	0.21536	0.21536	0.21536	0.21536
Educational Augmentation Fund Impound	0.16308	0.16308	0.16308	0.16308	0.16308	0.16308	0.16308	0.16308	0.16308	0.16308
Educational Revenue Augmentation	0.07154	0.07154	0.07154	0.07154	0.07154	0.07154	0.07154	0.07154	0.07154	0.07154
Great L.A. County Vector Control Dist	0.00039	0.00039	0.00039	0.00039	0.00039	0.00039	0.00039	0.00039	0.00039	0.00039
L. A. County Accum Cap Outlay	0.00012	0.00012	0.00012	0.00012	0.00012	0.00012	0.00012	0.00012	0.00012	0.00012
L. A. County Fire	0.00768	0.00768	0.00768	0.00768	0.00768	0.00768	0.00768	0.00768	0.00768	0.00768
L. A. County Flood Ctrl Drain Imp Dun Maint	0.00183	0.00183	0.00183	0.00183	0.00183	0.00183	0.00183	0.00183	0.00183	0.00183
L. A. County Flood Ctrl Maintenance	0.01035	0.01035	0.01035	0.01035	0.01035	0.01035	0.01035	0.01035	0.01035	0.01035
L. A. County General	0.33481	0.33481	0.33481	0.33481	0.33481	0.33481	0.33481	0.33481	0.33481	0.33481
Water Replenishment District of Southern Calif	0.00018	0.00018	0.00018	0.00018	0.00018	0.00018	0.00018	0.00018	0.00018	0.00018
Total Prop. 13 Rate	1.00000									
Detention Facilities 1987 Debt Svc	0.00145	0.00142	0.00131	0.00113	0.00103	0.00099	0.00092	0.00080	0.00066	-
L. A. County Fld Ctrl Storm Drainage #4 Debt Svc	0.00050	0.00097	0.00092	0.00066	0.00062	0.00043	0.00021	0.00002	0.00005	-
Flood Com Refunding Bonds 1993 Debt Svc	0.00145	0.00079	0.00064	0.00041	0.00026	0.00004	0.00003	0.00003	-	-
Central Basin MWD	0.00890	0.00890	0.00880	0.00770	0.00670	0.00610	0.00580	0.00520	0.00470	0.00450
Little Lake City Sd Ds 2000 Ser-A	-	-	0.03489	0.02773	0.03946	0.03629	0.03155	-	0.00563	-
Little Lake City Sd Ds 2000 Ser-B	-	-	-	-	0.02936	0.02465	0.02158	0.01854	0.01701	0.01630
Little Lake City Ds 2005 Ref Bonds	-	-	-	-	-	-	-	0.02140	0.00535	0.02655
Little Lake City Sd Ds 2000 Ser-c	-	-	-	-	-	-	-	-	0.00682	0.03215
Whittier UN High Sch Ds 99 Ser A	-	0.01390	0.01085	0.00999	0.00952	0.00924	0.00855	0.00729	0.00729	-
Whittier UN Had Ds 2000 Ser B	-	-	0.00774	0.00601	0.00567	0.00553	0.00510	0.00439	0.00439	-
Whittier UN Had Ds 1999 Ser C	-	-	-	0.01327	0.01112	0.01029	0.00951	0.00814	0.00814	-
Whittier UN Had Ds 1999 Ser D	-	-	-	-	-	0.01287	0.00769	0.00798	0.00798	-
Whittier Union High Ds 1999 Series E	-	-	-	-	-	-	-	0.01710	0.01710	-
Whittier UN Had Ds 2005 Ref Bids	-	-	-	-	-	-	-	-	0.04428	0.04359
Cerritos Comm College 2004 Ser A Debt Svc	-	-	-	-	-	-	0.01908	0.01279	0.00251	0.00407
Cerritos Comm College 2005 Ref Bonds Debt Svc	-	-	-	-	-	-	-	0.01144	0.00429	0.00412
Cerritos Col Ds 2004 Series 2006	-	-	-	-	-	-	-	-	0.01713	0.00253
Compton Col Ds 2002 Ser A	-	-	-	-	-	0.02714	0.00396	0.02051	0.01975	0.01763

CITY OF DOWNEY

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

Last Ten Fiscal Years

	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
L.A. Ccd Ds 2001 Ser-A	-	-	-	0.01600	0.01460	0.00835	0.00569	0.00030	0.00115	0.00141
L.A. Ccd Ds 2003 Ser B	-	-	-	-	-	0.00041	0.00101	0.00084	0.00128	-
L.A. Ccd Ds 2003 Taxable S-C	-	-	-	-	-	0.00098	0.00084	0.00072	-	-
L.A. Ccd Ds 2003 Ref Bond S-A	-	-	-	-	-	0.01012	0.00874	0.00648	-	-
L.A. Ccd Ds 2003 Taxable Ser 2004B	-	-	-	-	-	-	0.00132	0.00046	0.00079	0.00073
L.A. Ccd Ds 2003 Taxable Ser 2004A	-	-	-	-	-	-	0.00050	0.00004	0.00079	0.00067
Late Ds Ref 2001 Series 2005 A	-	-	-	-	-	-	-	0.00546	0.00449	0.00393
La Ccd Ds 2001, 2006 Series B	-	-	-	-	-	-	-	-	0.00437	-
La Ccd Ds 2003, 2006 Series C	-	-	-	-	-	-	-	-	0.00859	0.00204
Rio Honda Ce Ds Ser 2004A	-	-	-	-	-	-	0.02170	0.01802	0.00585	0.00644
Rio Honda Ccd Ds 2005 Ref Bonds	-	-	-	-	-	-	-	-	0.00884	0.00726
Downey Unified Ds 1996 Ser A	0.00395	-	-	-	-	-	-	-	-	-
Downey Unified Ds 1996 Ser B	0.00943	-	-	-	-	-	-	-	-	-
Downey Unif SD 1996 Ser C Debt Svc	0.00766	0.00608	0.00605	0.00540	0.00524	0.00497	0.00442	0.00394	0.00354	0.00339
Downey Unif SD Ref Bond 1999 Ser A Debt Svc	-	0.01318	0.01291	0.01103	0.01198	0.01026	0.00929	0.00809	0.00799	0.00690
Downey Unif SD 1996 Ser D Debt Svc	-	0.00450	0.00384	0.00351	0.00330	0.00319	0.00287	0.00252	0.00225	-
Downey Unif SD 1996 Ser E Debt Svc	-	-	-	0.01230	0.01081	0.00951	0.00861	0.00761	0.00694	0.00217
Downey Unif SD 2002 Ser A Debt Svc	-	-	-	-	-	0.02337	0.01849	0.01529	0.01374	0.01238
Downey Unif SD 2002 Ser B Debt Svc	-	-	-	-	-	-	0.02198	0.01902	0.01620	0.00687
Downey Unif SD 2002 Ser C Debt Svc	-	-	-	-	-	-	-	0.02073	0.01082	0.02405
Downey Unif Ds 2006 Ref Bonds	-	-	-	-	-	-	-	-	-	0.00665
Downey Unif Ds 2007 Ref Bids	-	-	-	-	-	-	-	-	-	0.01329
Los Angeles Unified School District	0.00033	0.00037	0.00036	-	0.00011	0.00016	0.00014	0.00011	0.00008	0.00004
Los Angeles Unif Ds 1997 Ser A	0.01202	0.01050	0.00994	0.00908	0.00860	0.00816	0.00773	0.00422	0.00434	0.00447
Los Angeles Unif Ds 1997 Ser B	0.01241	0.00983	0.00935	0.00870	0.00627	0.00610	0.00558	0.00273	0.00292	0.00266
Los Angeles U.S.D. Ds 1997 Ser C	-	0.01082	0.00796	0.00745	0.00563	0.00546	0.00498	0.00228	0.00244	0.00227
Los Angeles U.S.D. Ds 1997 Ser D	-	-	0.01315	0.01026	0.00716	0.00715	0.00637	0.00208	0.00310	0.00273
Los Angeles Unif Ds 1997 Ser E	-	-	-	0.01265	0.00369	0.01200	0.01036	0.00780	0.00711	0.00363
Los Angeles Unif Ds 2002 Ref/Bd	-	-	-	-	0.00551	0.00449	0.00394	0.00354	0.00324	0.00466
Los Angeles Unif Ds 1997 Ser F	-	-	-	-	-	0.00370	0.01200	0.00986	0.00850	0.00636
Los Angeles Unif Ds 2002 Ser A	-	-	-	-	-	0.03001	0.03197	0.02916	0.02508	0.00689
Los Angeles Unif Ds 2004 Ser A	-	-	-	-	-	-	0.00618	0.00358	0.00489	0.00444
Los Angeles Unified Ds 2004 Series B 2004	-	-	-	-	-	-	-	0.00420	0.00342	0.00300
Los Angeles Unified Ds 2004 Series C 2004	-	-	-	-	-	-	-	0.00102	0.00083	0.00073
Los Angeles Unified Ds 2004 Series D 2004	-	-	-	-	-	-	-	0.00140	0.00112	0.00096
Los Angeles Unified Ds 2004 Ref Bonds A-1	-	-	-	-	-	-	-	0.00138	0.00119	0.00099
Los Angeles Unified Ds 2004 Ref Bonds A-2	-	-	-	-	-	-	-	0.00197	0.00167	0.00143
Los Angeles Unified Ds 2004 Series E	-	-	-	-	-	-	-	0.00215	0.00899	0.00555
Los Angeles Unified Ds 2005 Ref Bonds A-1	-	-	-	-	-	-	-	0.00512	0.00420	0.00390
Los Angeles Unified Ds 2005 Ref Bonds A-2	-	-	-	-	-	-	-	0.00178	0.00137	0.00136
La Unif Ds 2004 Series F	-	-	-	-	-	-	-	-	0.00998	0.00778
La Unif Ds 2006 Ref Bd Series A	-	-	-	-	-	-	-	-	0.00152	0.00227
La Unif Ds 2005 Series A (2006)	-	-	-	-	-	-	-	-	0.00077	0.00185
La Unif Ds 2005 Series B (2006)	-	-	-	-	-	-	-	-	0.00105	0.00388

CITY OF DOWNEY

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

Last Ten Fiscal Years

	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
La Usd Ds 2005 Series C (2006)	-	-	-	-	-	-	-	-	0.00087	0.00440
La Usd Ds 2005 Series D (2006)	-	-	-	-	-	-	-	-	0.00076	0.00149
La Usd Ds 2004 Series G (2006)	-	-	-	-	-	-	-	-	0.00738	0.00562
Los Angeles Unif Ds 2006 Ref Bds Ser B	-	-	-	-	-	-	-	-	-	0.00729
Los Angeles Unif Ds 2007 Ref Bds Ser A-1	-	-	-	-	-	-	-	-	-	0.01410
Los Angeles Unif Ds 2007 Ref Bds Ser A-2	-	-	-	-	-	-	-	-	-	0.00133
Los Angeles Unif Ds 2002 Ser B (2007)	-	-	-	-	-	-	-	-	-	0.00796
Los Angeles Unif Ds Ref Bds Ser B	-	-	-	-	-	-	-	-	-	0.00015
Los Angeles Unif Ds 2002 Ser C	-	-	-	-	-	-	-	-	-	0.00152
Los Angeles Unif Ds 2004 Ser H	-	-	-	-	-	-	-	-	-	0.00558
Los Angeles Unif Ds 2005 Ser E	-	-	-	-	-	-	-	-	-	0.00305
Los Angeles Unif Ds 2005 Ser E	-	-	-	-	-	-	-	-	-	0.00305
Montebello Unif Ds 1998 Ser 98	0.01030	0.02023	0.01894	0.01815	0.01691	0.01702	0.01621	0.01524	0.01438	0.01359
Montebello Unif Sd 98 Ser 99	-	0.01026	0.01529	0.01456	0.01337	0.01360	0.01298	0.01207	0.01160	0.01095
Montebello Unif Ds 1998 Ser 2001	-	-	-	0.01099	0.00955	0.01015	0.00949	0.00898	0.00854	0.00812
Montebello Unif Ds 1998 Ser 2004	-	-	-	-	-	-	0.00304	0.00526	0.00676	0.00859
Montebello Unif Ds 1998 Ser 2002	-	-	-	-	-	-	-	0.00691	0.00824	0.01014
Montebello Unif Ds 2004 Ser 2005	-	-	-	-	-	-	-	0.02207	0.01779	0.01542
Montebello Unif Ds 2004 Ser 2005	-	-	-	-	-	-	-	-	-	-
Nor-La Mirada Unif Ds 2002 S-03A	-	-	-	-	-	0.05560	0.04841	-	-	-
Nor-La Mirada Unif Ds 2002 S-05A	-	-	-	-	-	-	0.00475	0.00071	0.00085	0.00101
Norwalk-La Mirada Unif Ds 2005 Ref Bds	-	-	-	-	-	-	-	0.05297	0.04951	0.04817
Norwalk-La Mirada Unif Ds 2002 Ser 2007A	-	-	-	-	-	-	-	-	-	0.00309

Total Voter Approved Rate	0.06840	0.11175	0.16294	0.20707	0.22617	0.37833	0.40317	0.45374	0.49522	0.49204
TOTAL TAX RATE	1.06840	1.11175	1.16294	1.20707	1.22617	1.37833	1.40317	1.45374	1.49522	1.49204

Source: H&L Corcoran & Co., L.A. County Assessor 1998-99 - 2007/08 Tax Rate Table

CITY OF DOWNEY

PRINCIPAL PROPERTY TAX PAYERS

Current Year and Nine Years Ago

Taxpayer	No. of Parcels	2007-08		No. of Parcels	1998-99	
		Taxable Assessed Value	% of Total City Taxable Assessed Value		Taxable Assessed Value	% of Total City Taxable Assessed Value
Sanwa Jutaku Company Limited	4	\$ 37,193,865	0.44%	5	\$ 27,206,334	0.60%
Downey Regional Medical Center Inc.	3	20,984,713	0.25%		-	-
Gary L. Ball Trust, Et. Al.	13	98,041,553	1.16%	15	71,172,000	1.56%
Coca Cola Bottling Company of Los Angeles	2	82,577,077	0.97%	6	45,639,786	1.00%
Brookshire Partners	2	12,137,324	0.14%	3	8,756,901	0.19%
8255 Firestone LLC	2	11,352,600	0.13%		-	0.00%
PT Enterprises LLC	1	12,588,840	0.15%		-	0.00%
Showprop Downey LLC	3	12,057,853	0.14%		-	-
Downey Marketplace	1	11,102,988	0.13%		-	-
BCI Cocal Cola Bottling Company of LA	1	10,937,152	0.13%		-	-
Boeing North American		-	0.00%	7	104,936,793	2.30%
Downey Land Company Limited		-	-	16	68,658,000	1.50%
Macerich Stonewood Limited Partnership		-	-	13	43,170,363	0.95%
Pacific Gulf Properties, Inc.		-	-	3	11,500,000	0.25%
Toyota Motor Credit Corporation		-	-	1	10,631,829	0.23%
Calsan, Inc.		-	-	1	6,984,514	0.15%
		<u>\$ 308,973,965</u>	<u>3.64%</u>		<u>\$ 398,656,520</u>	<u>8.73%</u>

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

<u>Fiscal Year</u>	<u>Total Tax Levy</u>	<u>Current Tax Collections</u>	<u>Percent of Levy Collected</u>	<u>Delinquent Tax Collections</u>	<u>Total Tax Collections</u>	<u>Percent of Total Tax Collections</u>
1998-99	\$ 5,643	\$ 5,582	\$ 99	\$ 174	\$ 5,756	102.00
1999-00	5,734	5,794	101.05	153	5,947	103.71
2000-01	6,141	6,045	98.44	105	6,150	100.15
2001-02	6,505	6,412	98.57	151	6,563	100.89
2002-03	6,942	6,684	96.28	313	6,997	100.79
2003-04	7,533	7,459	99.02	205	7,664	101.74
2004-05	8,079	8,306	102.81	212	8,518	105.43
2005-06	8,707	9,286	106.65	598	9,884	113.52
2006-07	9,762	10,592	108.50	64	10,656	109.16
2007-08	9,762	10,592	108.50	64	10,656	109.16

CITY OF DOWNEY

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

Last Six Fiscal Years

Fiscal Year	Governmental Activities				Business-type Activities				Total Primary Government	Percentage of Personal Income	Debt Per Capita
	Bonds	Certificates of Participation	Other	Total Governmental Activities	Certificates of Participation	Other	Business-type Activities	Total			
2002-03	\$ 9,135,000	\$ 7,110	\$ 36,337	\$ 52,582	\$ 9,910	\$ -	\$ 9,910	\$ 62,492	14.6%	560	
2003-04	8,950	6,075	37,653	52,678	9,910	135	10,045	62,723	13.9%	556	
2004-05	29,189	4,990	41,526	75,705	9,640	214	9,854	85,559	17.8%	758	
2005-06	28,906	3,850	44,676	77,432	9,360	257	9,617	87,049	17.0%	770	
2006-07	28,618	2,650	46,213	77,481	9,070	323	9,393	86,874	16.1%	765	
2007-08	28,315	1,365	48,486	78,166	8,775	383	9,158	87,324	Not available	769	

The City of Downey implemented GASB 34 for the fiscal year ended June 30, 2003. Information prior to the implementation of GASB 34 is not available.

CITY OF DOWNEY

RATIO OF GENERAL BONDED DEBT TO ASSESSED VALUE
AND NET BONDED DEBT PER CAPITA

Last Ten Fiscal Years

Fiscal Year	Population	Assessed Value (in thousands)	Gross Bonded Debt	Debt Service Monies Available	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita
1998-99	101,095	\$ 4,565,513	\$ -	\$ -	\$ -	0.0%	0.0%
1999-00	107,323	4,671,141	-	-	-	0.0%	0.0%
2000-01	108,729	4,858,694	-	-	-	0.0%	0.0%
2001-02	110,441	5,157,310	-	-	-	0.0%	0.0%
2002-03	111,687	5,417,940	-	-	-	0.0%	0.0%
2003-04	112,817	5,855,766	-	-	-	0.0%	0.0%
2004-05	112,938	6,266,554	-	-	-	0.0%	0.0%
2005-06	113,063	7,001,934	-	-	-	0.0%	0.0%
2006-07	113,587	7,774,263	-	-	-	0.0%	0.0%
2007-08	113,607	8,477,831	-	-	-	0.0%	0.0%

Source: Finance Department, City of Downey

CITY OF DOWNEY

SCHEDULE OF DIRECT AND OVERLAPPING DEBT

June 30, 2008

City Assessed Valuation	\$8,449,298,661
Redevelopment Agency Incremental Valuation	405,145,692
Total Assessed Valuation	<u>\$8,044,152,969</u>

	Gross Bonded Debt Balance 06/30/08	Percent Applicable to City of Downey	Net Bonded Debt
Metropolitan Water District*	\$ 150,054,336	1.014	\$ 1,521,009
Little Lake City Elem SD 2000 Ser B Debt Svc	6,095,000	4.002	243,937
Little Lake County SD 2005 Refunding Bonds	8,555,000	4.002	342,393
Little Lake City Elem SD 2000 Ser C	9,000,000	4.002	360,203
Whittier Union High SD 2005 Refunding Bonds	93,857,133	0.649	608,925
Cerritos CCD 2004 Ser 2004 A Debt Svc	5,455,000	23.713	1,293,566
Cerritos CCD 2005 Refunding Bonds Debt Svc	24,265,994	23.713	5,754,294
Cerritos CCD 2004 Ser 2006 A Debt Svc	30,645,000	23.713	7,266,973
Compton Comm College Dist 2002 Ser A Debt Svc	37,420,000	0.763	285,644
LA City Community College 2001 Ser A Debt Svc	34,590,000	0.003	1,029
LA City Community College 2003 Ser 2004 B Debt Svc	79,545,000	0.003	2,365
LA City Community College 2001 Ser 2004 A Debt Svc	101,235,000	0.003	3,010
LA City Community College Ref 2001 Ser 2005 A Debt Svc	432,950,000	0.003	12,874
LA City Community College 2001 Ser 2006 B Debt Svc	322,500,000	0.003	9,605
LA City Community College 2003 Ser 2006 C Debt Svc	400,000,000	0.003	11,894
Rio Hondo Comm College Dist Ser 2004A	11,335,000	0.416	47,125
Rio Hondo Comm College Dist Refunding Bond	46,482,244	0.416	193,249
Downey Unified SD 1996 Ser C Debt Svc	4,170,000	91.300	3,807,215
Downey Unified SD Refund Bds 1999 Ser A Debt Svc	7,545,256	91.300	6,888,827
Downey Unified SD 1996 Ser E Debt Svc	1,750,000	91.300	1,597,752
Downey Unified SD 2002 Ser A Debt Svc	15,350,000	91.300	14,014,568
Downey Unified SD 2002 Ser B Debt Svc	6,680,000	91.300	6,098,848
Downey Unified SD 2002 Ser C Debt Svc	49,545,000	91.300	45,234,643
Downey Unified SD 2006 Ref. Bonds Debt Svc	10,000,000	91.300	9,130,012
Downey Unified SD 2007 Ref. Bonds Debt Svc	20,695,000	91.300	18,894,559
Montebello Unified SD 1998 Ser 98 Debt Svc	15,614,698	0.134	20,957
Montebello Unified SD 1998 Ser 99 Debt Svc	14,187,854	0.134	19,042
Montebello Unified SD 1998 Ser 2001 Debt Svc	13,902,827	0.134	18,660
Montebello Unified SD 1998 Ser 2004 Debt Svc	15,170,273	0.134	20,361
Montebello Unified SD 1998 Ser 2002 Debt Svc	14,654,649	0.134	19,669
Montebello Unified SD 2004 Ser 2005 Debt Svc	28,445,000	0.134	38,177
Nor-La Mrda USD DS 2005 Ref BDS Debt Svc	44,720,644	0.001	338
Norwalk-La Mrda USD DS 2005 Ref Bds Debt Svc	51,475,000	0.001	389
Norwalk-La Mrda USD DS 2002 Ser 2007A Debt Svc	29,200,602	0.001	221
Total Overlapping Debt repaid through voter-approved property tax indebtedness			123,762,333
City Direct Debt			<u>32,500,003</u>
Total Direct and Overlapping Debt			<u>\$ 156,262,336</u>

Notes:

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

Source: HdL Coren & Cone, Los Angeles County Assessor Combined 2007/08 Lien Date Tax Rolls

CITY OF DOWNEY

SCHEDULE OF LEGAL DEBT MARGIN
(amounts expressed in thousands)

Last Ten Fiscal Years

	Fiscal Year									
	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
Assessed Valuation	\$ 4,565,513	\$4,671,141	\$4,858,694	\$ 5,157,311	\$ 5,417,940	\$ 5,855,766	\$ 6,266,555	\$ 7,002,394	\$ 214,338	\$ 8,477,831
Charter Debt Limited (15% of Assessed Valuation)	684,827	700,671	728,804	773,597	812,691	878,365	939,983	1,050,359	32,151	1,271,675
Amount of debt applicable to debt limit	-	-	-	-	-	-	-	-	-	-
Legal Debt Margin	\$ 684,827	\$ 700,671	\$ 728,804	\$ 773,597	\$ 812,691	\$ 878,365	\$ 939,983	\$ 1,050,359	\$ 32,151	\$ 1,271,675

Total Debt applicable to the limit as a percentage of debt limit	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
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The Government Code of the State of California provides for a legal debt limit of 15% of gross assessed valuation.

CITY OF DOWNEY

WATER LEASEHOLD MORTGAGE BOND COVERAGE
(amounts expressed in thousands)

Last Ten Fiscal Years

Fiscal Year	Gross Revenue	Direct Operating Expenses	Net Available for Debt Service	Debt Service Requirement			Coverage
				Principal	Interest	Total	
1998-99	\$ 10,689	\$ 6,790	\$ 3,899	\$ 450	\$ 132	\$ 582	6.70
1999-00	9,333	7,754	1,579	475	105	580	2.72
2000-01	9,633	7,706	1,927	500	77	577	3.34
2001-02	9,395	7,495	1,900	530	47	577	3.29
2002-03	9,727	7,647	2,080	560	16	576	3.61
2003-04	9,653	7,221	2,432	-	-	-	-
2004-05	9,329	7,177	2,152	-	-	-	-
2005-06	9,340	7,754	1,586	-	-	-	-
2006-07	10,167	8,676	1,491	-	-	-	-
2007-08	11,090	10,054	1,036	-	-	-	-

Source: Finance Department, City of Downey

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	
1998-99	\$ 3,373	\$ 2,093	\$ 1,280	\$ 305	\$ 392	\$ 697	1.84
1999-00	3,501	2,221	1,280	325	368	693	1.85
2000-01	3,671	2,183	1,488	350	356	706	2.11
2001-02	3,509	2,283	1,226	370	312	682	1.80
2002-03	3,880	2,547	1,333	395	379	774	1.72
2003-04	3,218	1,795	1,423	-	436	436	3.26
2004-05	3,091	2,044	1,047	270	482	752	1.39
2005-06	2,993	2,085	908	280	429	709	1.28
2006-07	3,361	2,319	1,042	290	422	712	1.46
2007-08	2,938	2,350	588	295	406	701	0.84

Source: Finance Department, City of Downey

CITY OF DOWNEY

DEMOGRAPHIC AND ECONOMIC STATISTICS

Last Ten Calendar Years

<u>Calendar Year</u>	<u>Population ¹</u>	<u>Calif. Metropolitan Personal Income (in thousands)²</u>	<u>Calif. Metropolitan Per Capita Personal Income²</u>	<u>Unemployment Rate³</u>
1999	101,095	\$ 360,275,382	\$ 29,402	5.9%
2000	107,323	385,053,436	31,045	5.4%
2001	108,729	403,518,592	32,155	5.7%
2002	110,441	412,753,239	32,544	6.8%
2003	111,687	427,549,556	33,435	7.0%
2004	112,817	452,200,899	35,170	6.5%
2005	112,938	482,011,274	37,441	5.3%
2006	113,063	513,123,392	39,880	5.4%
2007	113,587	539,163,000	41,875	4.9%
2008	113,607	Not Available	Not Available	7.1%

Sources:

¹ State Department of Finance

² Bureau of Economic Analysis (data shown is for the metropolitan area of L.A.-Long Beach-Santa Ana)

³ State of California Employment Development Department (data shown is for the metropolitan area of L. Long Beach-Glendale in June 2008)

CITY OF DOWNEY

PRINCIPAL EMPLOYERS

Current Year and Nine Years Ago

Employer	2007-08		1998-99	
	Number of Employees	Percent of Total Employment	Number of Employees	Percent of Total Employment
Office of Education, County of Los Angeles	4,400		800	
Downey Unified School District	2,500	N	1,500	N
Stonewood Shopping Center	2,168	O	1,608	O
Rancho Los Amigos Hospital	1,400	T	2,600	T
Kaiser Permanente	1,000		-	
Coca-Cola	860	A	-	A
Los Angeles County Library Department	450	V	-	V
Transcontinental Direct (formerly CC3)	410	A	-	A
Lakewood Park Health Center	350	I	-	I
All American Home Center	260	L	-	L
Downey Regional Community Hospital	-	A	1,300	A
Rockwell International	-	B	3,250	B
Internal Service Dept., County of Los Angeles	-	L	723	L
Kirk Paper Company	-	E	484	E
General Telephone Company	-		453	

Source: City of Downey, Community Development Department

CITY OF DOWNEY

FULL-TIME AND PART-TIME CITY EMPLOYEES BY FUNCTION

Last Ten Fiscal Years

Function	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
General government	33	33	33	33	33	32	32	33	33	33
Police	164	164	165	166	167	167	166	169	169	169
Fire	86	87	87	86	87	87	86	85	85	85
Parks and recreation	328	328	336	337	335	339	338	338	338	338
Public works	84	84	83	83	83	83	81	81	81	81
Community development	29	29	29	30	30	31	32	34	34	34
Total	724	725	733	735	735	739	735	740	740	740

CITY OF DOWNEY

OPERATING INDICATORS

Last Ten Fiscal Years

	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
Police:										
Number of arrests	4,751	4,327	5,056	4,667	4,785	3,351	4,228	4,402	4,984	4,519
Number of collision reports issued	1,132	999	844	901	861	1,272	1,596	1,601	1,473	1,402
Number of traffic citations issued	39,701	45,050	45,462	40,741	47,981	45,611	42,479	41,499	47,508	43,188
Number of reported crimes & incidents	14,241	14,385	13,941	13,891	12,297	13,933	14,129	14,139	15,016	13,543
Fire:										
Number of emergency incidents	4,834	5,085	4,985	5,086	5,057	5,700	5,413	5,474	5,451	5,983
Number of fire & other incidents	2,910	2,783	2,545	2,892	2,710	2,683	2,344	2,530	2,567	1,881
Number of trauma incidents	164	152	152	183	175	165	170	156	167	n/a
Number of traffic accidents	351	312	344	312	265	350	350	540	752	735
Parks and recreation:										
Number of general park attendance	500,750	500,000	484,000	436,000	506,374	499,576	445,984	513,059	676,731	520,340
Number of participants in theatre	40,000	40,000	40,000	40,000	40,000	40,000	41,000	41,000	40,738	54,114
Number of library attendance	335,784	366,505	387,656	387,656	423,177	428,561	400,700	371,445	359,502	397,002
Public works:										
Street striping (no. of lineal ft)	295,858	375,000	400,000	400,000	401,000	339,169	453,757	368,109	375,471	191,707
Asphalt repair (no. of tons)	276	425	350	400	400	500	550	575	587	466
Graffiti removed (square feet)	165,000	182,000	250,297	200,000	277,658	380,000	516,093	503,704	627,970	755,485
Trees trimmed (each)	7,318	6,785	8,886	10,208	11,349	5,550	9,503	7,697	8,870	9,870
Trees planted (each)	130	174	213	240	296	769	718	434	200	239
Trees removed (each)	256	252	256	290	263	159	227	350	234	320
Vehicles serviced - Preventative	368	299	342	152	216	310	265	326	441	469
Vehicles serviced - Repairs (each)	493	414	438	545	655	683	541	397	597	612
Water:										
Number of customers	23,000	23,000	23,080	22,339	22,910	22,955	22,955	22,734	22,356	22,806
Annual supply (acre feet)	16,680	18,069	18,306	18,347	17,643	18,925	17,571	18,043	19,313	18,402
Maximum Daily Capacity (thousands of gallons)	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000
Sewer:										
Sewer main cleaned (no. of miles)	50	275	59	25	187	187	198	187	18	18
Golf course:										
Golf rounds played	81,421	82,857	78,830	74,159	66,744	65,449	64,784	70,071	68,980	67,050

CITY OF DOWNEY

CAPITAL ASSET STATISTICS BY FUNCTION

Last Ten Fiscal Years

Function	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
Public Safety										
Number of Police stations	1	1	1	1	1	1	1	1	1	1
Number of Fire stations	4	4	4	4	4	4	4	4	4	4
Highways and streets										
Miles of streets	210	210	210	210	210	210	210	210	210	210
Traffic signals	80	80	80	80	102	102	115	115	115	115
No. of street lights	5,072	5,072	5,072	5,072	5,430	5,430	5,430	5,430	5,430	5,430
Water										
Number of active water wells	20	20	20	20	20	20	20	20	20	20
Number of reservoirs	1	1	1	1	1	1	1	1	1	1
Miles of lines & mains	304	304	304	315	320	320	320	263	263	263
Sewer										
Miles of sanitary sewer	187	187	187	187	187	187	187	187	187	187
Culture and Recreation										
Number of parks	11	11	11	11	11	11	11	11	11	11
Number of community centers	1	1	1	1	1	1	1	1	1	1
Number of golf course	1-18-hole									

Source: Finance Department, City of Downey

