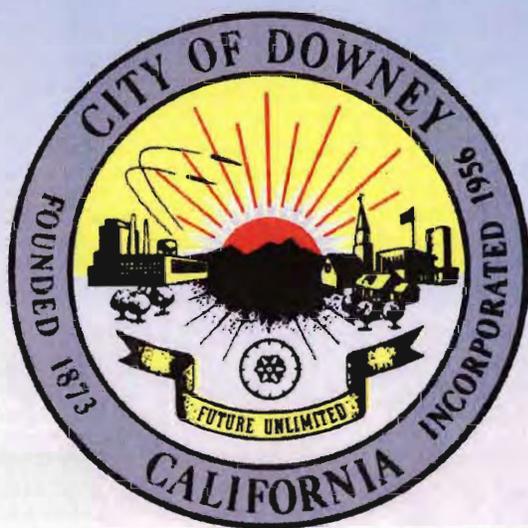


City of Downey

California

COMPREHENSIVE
ANNUAL FINANCIAL
REPORT

Fiscal Year Ended June 30, 2009



CITY OF DOWNEY, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
WITH REPORT ON AUDIT
BY INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

Prepared by:

Department of Finance

John Michicoff
Finance Director

CITY OF DOWNEY

TABLE OF CONTENTS

For the Fiscal Year Ended June 30, 2009

	<u>Page Number</u>
INTRODUCTORY SECTION:	
Letter of Transmittal	i - vi
Principal Officials	vii
Organization Chart	viii
GFOA Certificate of Achievement for Excellence in Financial Reporting	ix
FINANCIAL SECTION:	
Independent Auditors' Report	1 - 2
Management's Discussion and Analysis (Required Supplementary Information)	3 - 16
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets	17
Statement of Activities	18 - 19
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet	20 - 21
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets	23
Statement of Revenues, Expenditures and Changes in Fund Balances	24 - 25
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	27
Proprietary Funds:	
Statement of Net Assets	28 - 31
Statement of Revenues, Expenses and Changes in Fund Net Assets	32 - 33
Statement of Cash Flows	34 - 37
Fiduciary Funds:	
Statement of Fiduciary Assets and Liabilities	38
Notes to Basic Financial Statements	39 - 77

CITY OF DOWNEY

TABLE OF CONTENTS
(CONTINUED)

For the Fiscal Year Ended June 30, 2009

	<u>Page Number</u>
Required Supplementary Information:	79
Schedules of Funding Progress:	
City Employee Retirement Plan	80
Postemployment Benefits Other Than Pensions	80
Budgetary Comparison Schedules:	
General Fund	81
Gas Tax Special Revenue Fund	82
Note to Required Supplementary Information	83
Supplementary Schedules:	
Other Major Fund:	85
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual:	
Housing Capital Projects Fund	86
Other Governmental Funds:	87
Combining Balance Sheet	89
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	90
Other Special Revenue Funds:	91
Combining Balance Sheet	92 - 93
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	94 - 95
Schedules of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual:	
Waste Reduction Fund	96
Street Lighting Fund	97
CDBG Special Revenue Fund	98
Sewer and Storm Drain Fund	99
CATV Public Access Fund	100
Air Quality Fund	101
Grants	102
Other Debt Service Funds:	103
Combining Balance Sheet	104
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	105

CITY OF DOWNEY

TABLE OF CONTENTS
(CONTINUED)

For the Fiscal Year Ended June 30, 2009

	<u>Page Number</u>
Supplementary Schedules (Continued):	
Other Capital Projects Funds:	107
Combining Balance Sheet	108
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	109
Schedules of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual:	
Firestone Redevelopment Fund	110
Woodruff Redevelopment Fund	111
City Capital Projects Fund	112
Internal Service Funds:	113
Combining Statement of Net Assets	114
Combining Statement of Revenues, Expenses and Changes in Net Assets	115
Combining Statement of Cash Flows	116
Agency Funds:	117
Combining Statement of Fiduciary Assets and Liabilities	118 - 119
Combining Statement of Changes in Fiduciary Assets and Liabilities	120 - 121
STATISTICAL SECTION:	
Description of Statistical Section Contents	123
Financial Trends:	
Net Assets by Component - Last Seven Fiscal Years	124 - 125
Change in Net Assets - Expenses and Program Revenues - Last Seven Fiscal Years	126 - 127
Change in Net Assets - General Revenues - Last Seven Fiscal Years	128 - 129
Fund Balances of Governmental Funds - Last Seven Fiscal Years	130 - 131
Changes in Fund Balances of Governmental Funds - Last Seven Fiscal Years	132 - 133
Revenue Capacity:	
Assessed Valuation - Last Ten Fiscal Years	134
Assessed Value of Taxable Property - Last Ten Fiscal Years	135
Direct and Overlapping Property Tax Rates - Last Ten Fiscal Years	136 - 138
Principal Property Taxpayers - Current Year and Nine Years Ago	139
Property Tax Levies and Collections - Last Ten Fiscal Years	140

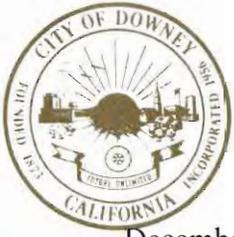
CITY OF DOWNEY

TABLE OF CONTENTS
(CONTINUED)

For the Fiscal Year Ended June 30, 2009

	<u>Page Number</u>
STATISTICAL SECTION (UNAUDITED) (CONTINUED):	
Debt Capacity:	
Ratios of Outstanding Debt by Type - Last Seven Fiscal Years	141
Ratio of General Bonded Debt to Assessed Value and Net Bonded Debt per Capita - Last Ten Fiscal Years	142
Schedule of Direct and Overlapping Debt	143
Schedule of Legal Debt Margin - Last Ten Fiscal Years	144
Pledged-Revenue Bond Coverage:	
Water Leasehold Mortgage Bond Coverage - Last Ten Fiscal Years	145
Golf Course Revenue Coverage - Last Ten Fiscal Years	146
Demographic and Economic Information:	
Demographic and Economic Statistics - Last Ten Calendar Years	147
Principal Employers - Current Year and Nine Years Ago	148
Operating Information:	
Full-Time and Part-Time City Employees by Function - Last Ten Fiscal Years	149
Operating Indicators by Function - Last Ten Fiscal Years	150
Capital Asset Statistics by Function - Last Ten Fiscal Years	151

INTRODUCTORY SECTION



City of Downey

FUTURE UNLIMITED

December 4, 2009

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, 2009. 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 special districts, the County of Los Angeles and its related agencies have not met the established criteria for inclusion in the reporting entity; they have been excluded from this report.

ECONOMIC CONDITION AND OUTLOOK

The U.S. economy had a sudden turn for the worse after the fall of Lehman Brothers on September 15, 2008. The poor performance from housing, financial and automotive related sectors severely

impacted the U. S. economy and around the world. With the shrinking incomes and household wealth, consumer confidence has been weak. According to the U. S. Department of Labor and California Employment Development Department, the seasonally adjusted unemployment rate for the City is 9.2% which is in line with the national rate of 9.5% but lower than the 11.6% rate in the State of California in June 2009. The City is cautiously optimistic with the economic recovery. While exercising fiscal conservatism, 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 vital changes show in our community - a new Kaiser Permanente Medical Center, a new park, and Columbia Memorial Space Science Learning Center. Furthermore, the City Council has initialized the new downtown specific plan to revitalize the downtown in 2009.

MAJOR INITIATIVES

For the Year. The City continued its efforts in the redevelopment of the former NASA property. The 13-acre Discovery Sports Complex, City's first park in 35 years, was dedicated in October 2008 and had grand opening on July 4th. The construction of the new Kaiser Permanente Medical Center was completed. The new six-story, 352-bed facility began serving the community on September 15, 2009. This state-of-art hospital facility meets earthquake building standards and includes an electronic health record system and a full-service emergency department. As part of the Downey Landing development, the Columbia Memorial Space Science Learning Center (CMSSLC) was dedicated in November 2008 and opened to the public in October 2009. To date, over \$20 million of property improvements have been made to the former NASA property which required the City's involvement from various disciplines (building, planning, engineering, legal, risk management, etc.).

Furthermore, the Community Development Commission has made progress to revitalize the downtown. With the Commission's economic incentive, Porto's Bakery will be investing over \$160 million into the downtown to build a 15,300 square foot bakery/restaurant. Along the Firestone commercial corridor, Bob's Big Boy restaurant opened to the public in September 2009 at the nostalgic Johnnies Broiler location.

The following projects were either completed or commenced in the current year: \$5.0 million in highway improvements to Lakewood Boulevard, a major arterial through the city; \$2.4 million for the construction of the Columbia Memorial Space Science Learning Center; \$815 thousand for the Discovery Sports Complex; \$548 thousand in Safe Route to School; \$283 thousand in improvements to Imperial Highway; \$178 thousand in improvements to Paramount Boulevard; and \$2.3 million in other highway improvements and beautification projects.

Future Initiatives. The city is involved in numerous economic development projects. The City is aggressively seeking Tesla Motors, an electric vehicle manufacturer, to build a production plant at the 79 acre site currently occupied by Downey Studios. Starting October 2009, the city operates and maintains Columbia Memorial Space Science Learning Center (CMSSLC). The center's primary mission is to inspire the future generation by the range of introductory exhibits, programs, simulators and labs on engineering, science and technology.

In the downtown area, significant progress has been undertaken on a specific plan to enhance opportunities to revitalize a much tired downtown area. The plan addressed new opportunities in mixed use, land use, housing, and parking strategies. The construction of Porto's Bakery in downtown district broke ground in November 2009. Porto's Bakery is part of a larger project that includes the purchase and rehabilitation of a five story office building, and the construction of a new parking garage. Moreover, the City initiated an affordable housing plan at the former Verizon and Avenue Theater site. The City will deliver a single family affordable unit on Blodgett Avenue in conjunction with Habitat for Humanity of Greater Los Angeles, a non-profit organization. The City plans to take the opportunity to develop the vacant lots at two former auto dealer sites - the intersection of Lakewood and Gallatin and Florence and Studebaker.

Street and traffic flow improvements will continue throughout the city. With an infusion of Federal economy stimulus funding from The American Recovery and Reinvestment Act of 2009 (ARRA) and the additional funding by voter approval of Measure R, the City will be able to continue the Lakewood Boulevard Improvement project and other traffic signal communication projects.

In order to provide efficient service to the citizens, the City begins initial stages of a computerized permit tracking system. In addition, the City is in a process of redesigning City's official website to prepare for the future need. Finally the City intends to maintain its aggressive position of assisting and attracting businesses of all sizes by developing a business friendly environment.

FINANCIAL INFORMATION

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

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

As part of our internal control evaluation, the City contracts with an outside independent public accounting firm to complete a special audit, which is called a single audit, to comply with certain federal government regulations. During this audit, tests are made to determine the adequacy of the internal control structure, including that portion related to federal financial assistance programs as well as to determine that the government has complied with applicable laws and regulations. The results of the government's single audit for the fiscal year ended June 30, 2008 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 annual 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. 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	\$ 8,470,000
Downey Community Development Commission: 1997 Refunding Tax Allocation Bonds	U.S. Bank	7,910,000
California Statewide Communities Development Authority: 2005 Pension Obligation Bonds	Wells Fargo Trust Services	20,255,000

Note 9, of the Notes to Basic Financial Statements, presents more detailed information about these debt issues.

Cash Management Policies and Practices. The City invests all idle funds in a pooled account pursuant to an investment program governed by a City Council investment policy adopted annually. This policy maintains flexibility in cash management and also 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 2008-09, the City directly managed the day to day investing of a portfolio averaging \$106,184,000 yielding approximately \$4,261,000. Interest was credited to funds based on month-end cash and investment balance. The City's pool investment as of June 30, 2009 has book value at \$109,243,000 with the market value of \$116,045,000. Despite the economic downward spiral, this 6.2% gain in book value demonstrates that the City maintained a strong portfolio yielding a reasonable and safe return on investments, while safeguarding the City's cash assets and maintaining adequate levels of liquidity.

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, 2009 and the limit of excess insurance coverage are as follows:

	<u>Self-Insured Retention</u>	<u>Amount Payable 6-30-09</u>	<u>Limit of Insurance Coverage</u>
Workers' Compensation	\$ 750,000	\$ 5,818,000	\$ 50,000,000
Employee Health Benefits	85,000	957,000	1,000,000
General Liability	2,000,000	1,597,000	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.

Relevant Financial Policies. In June of 2004, the Governmental Accounting Standards Board (GASB) issued Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The Statement establishes accounting and reporting requirements for state and local government employers that provide health care and other non-pension benefits to retirees, commonly referred to as other post employment benefits (OPEB). GASB Statement No. 45 requires that the City recognize as a liability the future costs of retiree health insurance benefits. The liability may be reduced if the City pre-funds cash into an irrevocable

trust for these benefits, which is allowed to earn interest but must not be spent on anything other than these benefits.

In implementation of GASB Statement No. 45 in June 2009, the City has established an irrevocable trust and deposited the full Annual Required Contribution (ARC) in the amount of \$2,140,000 to the trust. The City will pay into the trust account Annual Required Contribution for ten years. The investment returns on this trust account will be credited to the account balance. And an actuarial report for OPEB will be updated every two years.

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, 2008. 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

Mario A. Guerra, Mayor

Ann M. Bayer, Mayor Pro Tem

**David R. Gafin
Council Member**

**Roger C. Brossmer
Council Member**

**Luis H. Marquez
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

Mark Sauter, Deputy City Manager – Emergency Preparation

**Brian Ragland
Director of Public Works**

**Jeff Turner
Fire Chief**

**Roy Campos
Chief of Police**

**Thad Phillips
Director of Community Services**

**John Michicoff
Director of Finance**

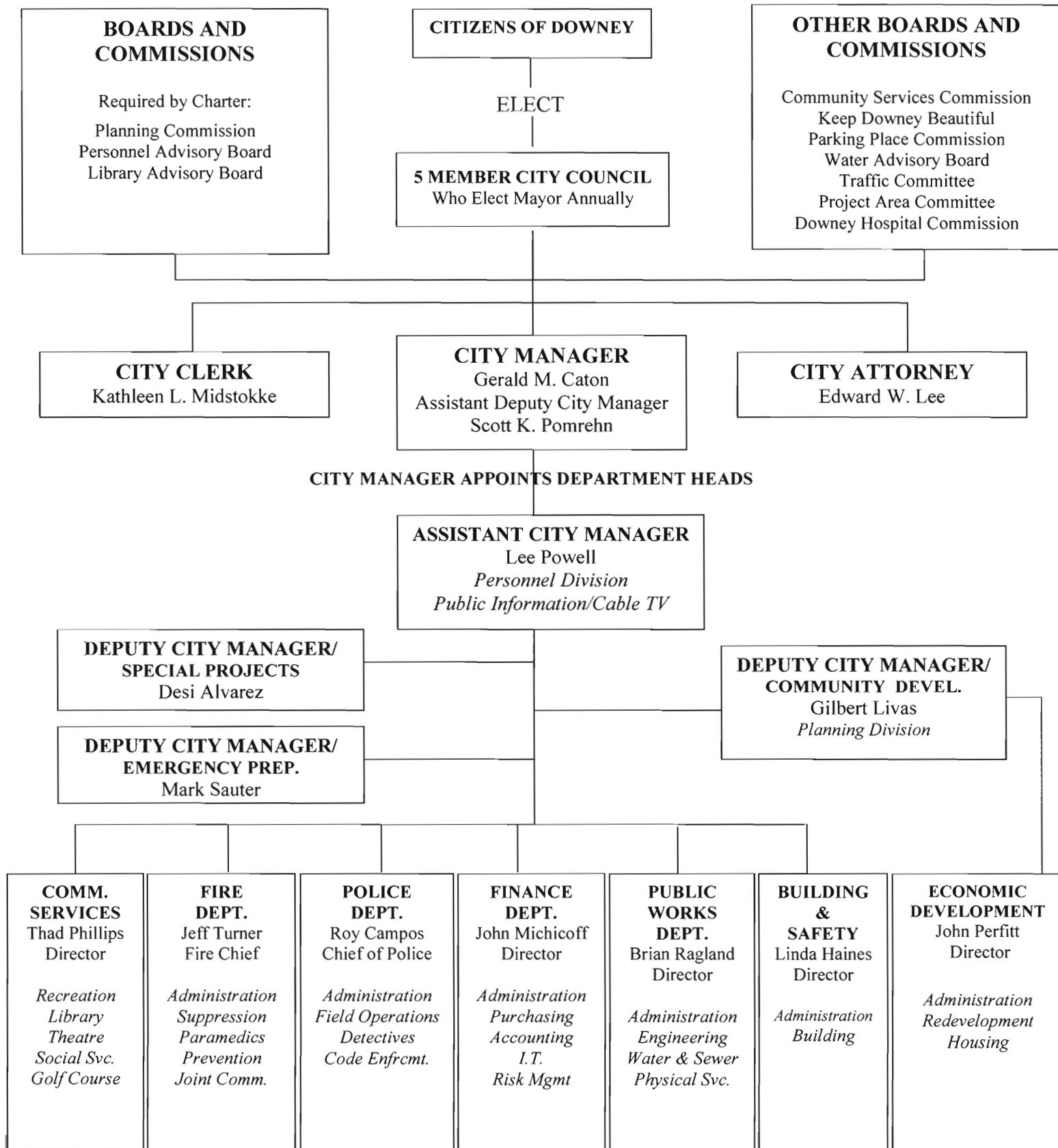
**Gilbert Livas
Deputy City Manager - Development**

**Linda Haines
Building and Housing Director**

**Scott Pomrehn
Assistant Deputy City Manager**

**John Perfitt
Director of Economic Development**

**CITY OF DOWNEY
ORGANIZATIONAL CHART**



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, 2008

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.



President

Executive Director

FINANCIAL SECTION



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A PARTNERSHIP INCLUDING ACCOUNTANCY CORPORATIONS

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*HARVEY J. SCHROEDER, CPA
KENNETH R. AMES, CPA
*WILLIAM C. PENTZ, CPA

*A PROFESSIONAL CORPORATION

December 4, 2009

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, 2009, 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, 2009, and the respective changes in financial position and where applicable, cash flows, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 13 to the basic financial statements, the City adopted the provisions of Governmental Accounting Standards Board Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions", for the year ended June 30, 2009.

- 1 -

OTHER OFFICES AT:

2965 ROOSEVELT STREET
CARLSBAD, CALIFORNIA 92008-2389
(760) 729-2343 • FAX (760) 729-2234

613 W VALLEY PARKWAY, SUITE 330
ESCONDIDO, CALIFORNIA 92025-2598
(760) 741-3141 • FAX (760) 741-9890

In accordance with Government Auditing Standards, we have also issued our report dated December 4, 2009 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, schedules of funding progress 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 schedules of funding progress, budgetary comparison schedules and related notes 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 supplementary schedules 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 supplementary schedules 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 (the 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, 2009. 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 as of June 30, 2009 by \$299.0 million. Of this amount, \$55.3 million (unrestricted net assets) may be used to meet the City's ongoing obligations to citizens and creditors; however, expenditure restrictions apply to the grant funds and much of the business-type and capital project funds.
- The City's total net assets increased by \$2.7 million. Of this, \$4.0 million is attributable to governmental activities and offset with the net expense of \$1.3 million from operations of business-type activities.
- The City's total long-term liabilities, including such items as bonds, notes, and accrued self-insured claims, decreased by \$3.8 million during the current fiscal year, a decrease of 4.3%. During fiscal year 2009, the City eliminated the retiree health benefit liability by paying into an irrevocable trust the actuarially-determined Annual Required Contribution (ARC) for Other Post Employment Benefit (OPEB) liability.

Fund based

- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$43.4 million, a decrease of \$3.5 million in comparison with the prior year. Approximately 35% (\$15.2 million) is available for spending at the government's discretion.
- At the end of the current fiscal year, unreserved fund balance for General Fund was \$13.4 million, which equates to 19.9% of the total General Fund expenditures.
- For the General Fund, actual revenues (inflows) of \$66.5 million are \$148 thousand less than final budgeted revenues of \$66.7 million. This variance is due to a decrease in Taxes (\$3.6 million) and offsetting increase in Investment and rental income (\$1.6 million) and Charge for services revenue (\$2.1 million). The balance of the variance is attributed to the decrease in remaining revenue categories.
- General Fund expenditures (outflows) for the current year were \$67.1 million. This was \$2.2 million less than the final budgeted expenditures of \$69.3 million. These savings were attributable primarily to prudent management of city services and risk management. Some of the more significant departmental savings were from Finance (\$1.0 million), Community services (\$486 thousand) and Community development (\$475 thousand).

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 fund financial statements focus on current available resources and are organized and operated on the basis of funds. A fund is a self balancing group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives in accordance with special regulations, restrictions or limitations. Like other state and local governments, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental 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.

See independent auditors' report

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS (CONTINUED)

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, Gas Tax Special Revenue 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. A budgetary comparison is provided for each of the City's governmental funds to demonstrate compliance with their budgets. However, 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 in the Supplementary Schedule section of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds include Special Deposit Fund, Cemetery District Fund, and other funds. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is similar with that used for proprietary funds. The fiduciary fund financial statements can be found in the Basic Financial Statements section of this report.

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

See independent auditors' report

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS (CONTINUED)

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension and other benefits to its employees. It includes Schedules of Funding Progress for the City Employee Retirement Plan and Postemployment Benefits Other Than Pensions, and Budgetary Comparison Schedules for the General Fund and Gas Tax Special Revenue Fund. The combining statements referred to earlier in connection with non-major governmental funds, internal service funds, and agency funds are presented immediately following the required supplementary information on employee benefit.

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 \$243.1 million for governmental activities and \$55.9 million for business-type activities for a total of \$299.0 million at the close of 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

(amounts expressed in thousands)

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	2009	2008	2009	2008	2009	2008
Current and other assets	\$ 132,618	\$ 140,453	\$ 22,750	\$ 24,342	\$ 155,368	\$ 164,795
Capital assets	192,760	188,467	43,770	44,227	236,530	232,694
Total assets	325,378	328,920	66,520	68,569	391,898	397,489
Other liabilities	16,588	22,522	2,143	2,609	18,731	25,131
Long-term liabilities	65,680	67,333	8,460	8,681	74,140	76,014
Total liabilities	82,268	89,855	10,603	11,290	92,871	101,145
Net Assets:						
Invested in capital assets, net of related debt	176,041	172,185	35,423	35,586	211,464	207,771
Restricted	32,221	28,201	0	0	32,221	28,201
Unrestricted	34,848	38,679	20,494	21,693	55,342	60,372
Total net assets	\$ 243,110	\$ 239,065	\$ 55,917	\$ 57,279	\$ 299,027	\$ 296,344

By far, the largest portion of the City's total net assets (70.7%) 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.

See independent auditors' report

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

An additional portion of the City's net assets (10.8%) represents resources that are subject to external restrictions in how they may be used. The remaining balance of \$55,342 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors. Of the unrestricted net assets for the fiscal year 2009, \$20,494 is attributable to business-type activities and \$34,848 is from governmental activities.

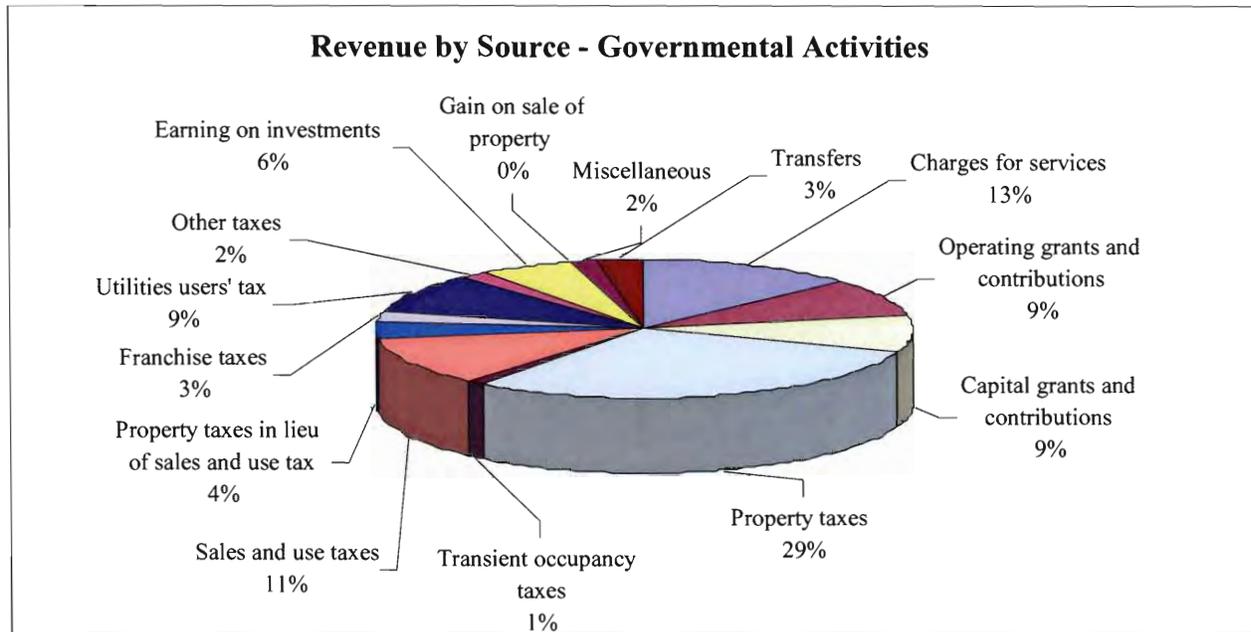
CHANGE IN NET ASSETS

(amounts expressed in thousands)

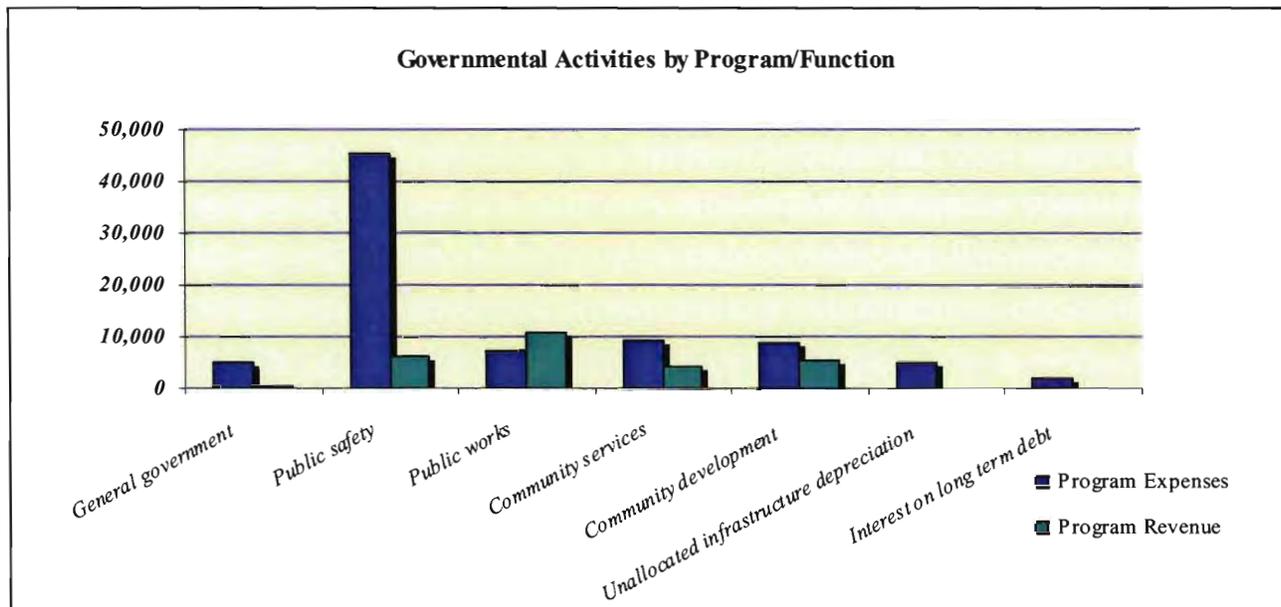
	Governmental Activities		Business-type Activities	
	2009	2008	2009	2008
REVENUES:				
Program revenues:				
Charges for services	\$ 11,401	\$ 12,894	\$ 11,692	\$ 12,137
Operating grants and contributions	7,499	7,965	762	-
Capital grants and contributions	7,634	3,623	-	-
General revenues:				
Taxes				
Property taxes	25,561	23,974	-	-
Transient occupancy taxes	934	1,050	-	-
Sales and use taxes	9,675	11,706	3,004	3,310
Property taxes in lieu of sales and use tax	3,444	3,856	-	-
Franchise taxes	2,276	2,142	-	-
Utilities users' tax	7,677	8,002	-	-
Other taxes	1,632	1,819	-	-
Earning on investments	4,889	5,973	1,436	1,580
Gain/(Loss) on sale of property	49	24	(28)	28
Miscellaneous	1,491	1,443	-	2,012
Total revenues	84,162	84,471	16,866	19,067
EXPENSES:				
Program activities:				
General government	4,881	5,891	-	-
Public safety	45,314	43,510	-	-
Public works	7,450	7,460	-	-
Community services	9,220	9,390	-	-
Community development	8,732	8,898	-	-
Unallocated infrastructure depreciation	4,965	4,806	-	-
Interest on long term debt	1,859	1,823	-	-
Water	-	-	9,739	10,121
Golf	-	-	2,699	2,765
Transit	-	-	3,486	2,939
Total expenses	82,421	81,778	15,924	15,825
Excess of revenues over expenses	1,741	2,693	942	3,242
Transfers	2,304	4,761	(2,304)	(4,761)
Change in net assets	\$ 4,045	\$ 7,454	\$ (1,362)	\$ (1,519)

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 (29%), sales and use taxes (11%), and other taxes (19%). Program revenues are 31% of the total revenues of the governmental activities, which includes charges for services (13%), operating grants and contributions (9%) and capital grants and contributions (9%). The remaining 10% of total revenues is comprised of earnings on investments, miscellaneous, transfers, and gain on sale of property.



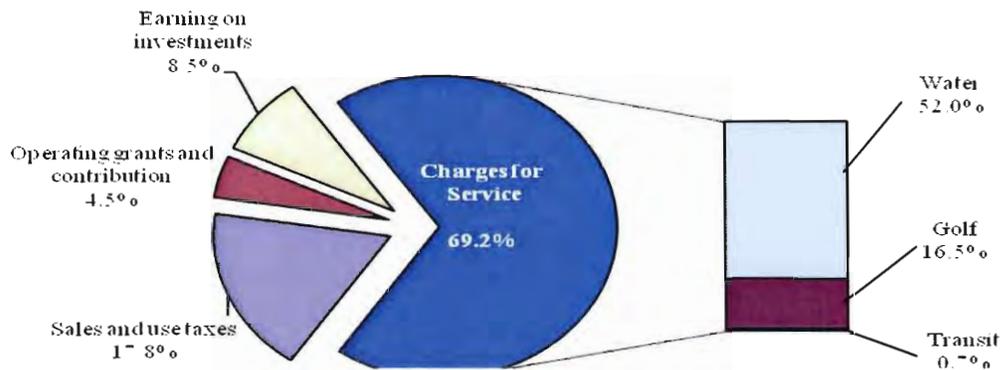
Public safety expenses, which include police and fire service, are the most significant of all governmental expenses at 55%. Thereafter, community services (11%), community development (11%), public works (9%), general government (6%), unallocated infrastructure depreciation (6%), interest on long term debt (2%).

See independent auditors' report

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

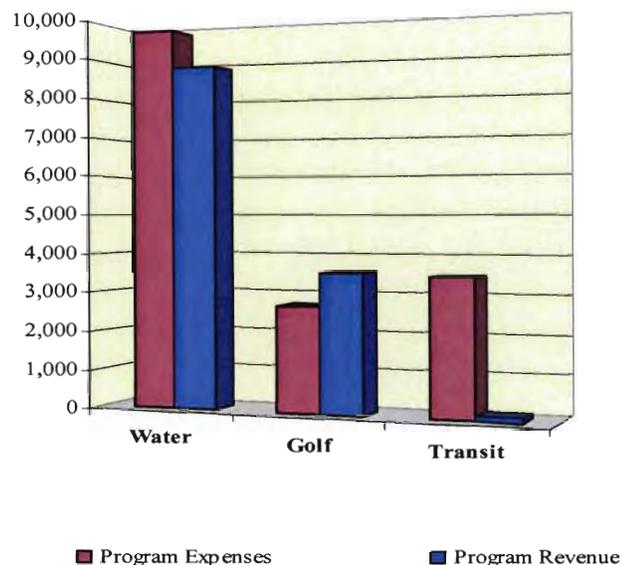
Business-type activities. Business-type activities decreased the City's net assets by \$1,362. The most significant revenue generated was from charges from services (69%). The balance of revenues is from sales tax (18%), earning on investments (8%) and operating grants and contributions (5%). Of the charges from services revenue, the most significant revenues generated were from the sales of water and related services (\$8,782). The second significant revenue is the revenue generated by users of the golf course (\$2,780). The balance (\$130) is attributable to transit pass sales for the city operated transit services.

Revenues by Source - Business-type Activities



Water related expenses were also the most significant at \$9,739 or 61% of total operating expenses. As with revenues, the transit was next with expenses of \$3,486 (22%) followed by the golf course operation with expenses of \$2,699 (17%).

Business-type Activities by Program



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 \$43,419, a net decrease of \$3,522 over the prior year. The change is the result of decreases in the fund balances of the General Fund, Firestone Debt Service Fund, and other governmental funds offset by increases in Gas Tax Special Revenue Fund and Housing Capital Project Fund. Approximately 35% of the total fund balances is unrestricted fund balance which is available for appropriation. The remaining 65%, or \$28,178, is reserved fund balances. It indicate that funds are not available as a new spendable resources because they have already been committed for: 1) liquidating contracts and purchase orders of the prior period (\$5,647), 2) debt service (\$663), 3) land held for resale (\$6,456), 4) housing capital projects (\$3,122), and 5) offsetting other non-current financial resources that are not anticipated to be liquidated in the near term (\$12,290).

The General Fund is the chief operating fund of the City. Of the total fund balance, the net unreserved fund balance is \$13,390, down approximately \$2,934 from the previous fiscal year's net unreserved fund balance of \$16,324. It is a result of decline in revenue and an adjustment from Internal Service Fund (\$1,136).

Revenue and Other Financing Sources (inflow) for the General Fund, including comparative amounts from the preceding year, are shown in the following table:

General Fund Revenues and Other Financing Sources

June 30, 2009 and 2008

(amounts expressed in thousand)

	2009	Percent of	2008	Percent of	Incr
	Actual	Total	Actual	Total	(Decr)
Taxes	\$ 47,100	68.0%	\$ 49,254	66.9%	(2,154)
Licenses and permits	1,372	2.0%	2,487	3.4%	(1,115)
Fines and forfeitures	1,625	2.3%	1,900	2.6%	(275)
Investment and rental	5,398	7.8%	5,782	7.8%	(384)
Intergovernmental revenue	2,357	3.4%	1,088	1.5%	1,269
Charges for services	6,196	8.9%	8,434	11.5%	(2,238)
Other revenue	2,474	3.6%	2,407	3.3%	67
Total Revenues	66,522	96.0%	71,352	96.9%	(4,830)
Other financing sources	2,791	4.0%	2,305	3.1%	486
Total Revenues & Other Finance Sources	\$ 69,313	100.0%	\$ 73,657	100.0%	\$ (4,344)

See independent auditors' report

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS (CONTINUED)

The General Fund's total revenues decreased \$4,830, or 6.8%, from the previous fiscal year's total revenue of \$71,352. All revenue categories declined except intergovernmental revenue and other revenue. The revenue categories with significant decreases were Charge for Services (\$2,238), Taxes (\$2,154), and License and permits (\$1,115).

The General Fund's actual revenues of \$66,522 are \$148 less than final budgeted revenues of \$66,670 due to positive variances in Charge for service, Investment and rental and Other revenue of \$2,086, \$1,636, and \$132, respectively offset by negative variances in tax revenue of \$3,566, Fine and forfeitures of \$218, License and permits of \$163, and Intergovernmental revenue of \$55.

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

General Fund Expenditures and Other Financing Uses

June 30, 2009 and 2008

(amounts expressed in thousand)

	2009 Actual	Percent of Total	2008 Actual	Percent of Total	Incr (Decr)
General government:					
Legislation	\$ 337	0.5%	\$ 259	0.4%	\$ 78
City attorney	260	0.4%	254	0.4%	6
City clerk	453	0.6%	430	0.6%	23
City management	646	0.9%	593	0.8%	53
Finance	3,346	4.8%	3,783	5.3%	(437)
Public safety:					
Police	27,588	39.6%	24,955	34.7%	2,633
Animal control	308	0.4%	308	0.4%	-
Fire	17,481	25.1%	17,028	23.7%	453
Public works	5,778	8.3%	5,563	7.7%	215
Community service	7,445	10.7%	7,950	11.0%	(505)
Community development	3,027	4.3%	3,412	4.7%	(385)
Debt Service:					
Interest and fiscal charges	459	0.7%	435	0.6%	24
Total Expenditures	67,128	96.3%	64,970	90.3%	2,158
Other financing uses	2,601	3.7%	6,993	9.7%	(4,392)
Total Expenditures & Other Finance Uses	\$ 69,729	100.0%	\$ 71,963	100.0%	\$ (2,234)

The General Fund's total expenditures increased \$2,158 or 3.3%, from the previous fiscal year's total expenditures of \$64,970. All departments' expenditures increased except the expenditures in Finance, Community service, and Community development departments. The significant increases in Police (\$2,633) and Fire (\$453) are primarily attributed to their new labor contracts with the City in 2009.

The General Fund's actual expenditures were less than the final budget. Of the total final appropriations (\$69,322), approximately 3.2% or \$2,194 went unspent. This savings is the result of a hiring freeze and a delay of new capital outlay purchases. In response to an anticipated revenue shortfall, the management actively maintained service levels in a prudent and efficient manner. There was only one expenditure center with unfavorable variance - General government - Legislation (\$51).

See independent auditors' report

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS (CONTINUED)

Transfers out of the General Fund approximated anticipated level. The 2008-09 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. However, there is no excess General Fund revenue available to be transferred to the Employee Benefit Fund this year.

The Gas Tax Special Revenue Fund has a total fund balance of \$7,620. The reserved fund balance of \$1,602 is committed for contract services and purchase order in prior years. The remaining fund balance is unreserved fund balance which is available for financing street maintenance. The Gas Tax Special Revenue Fund reflects a net positive ending fund balance variance of \$6,920, which is a result of positive variance in capital outlay of \$11,993 offsetting with a negative variance in revenue of \$5,296.

The Firestone Debt Service Fund has a total deficit net fund balance of \$5,638. Of that amount, \$663 is reserved for the payment of debt service for Downey Community Development Commission. The net decrease of \$355 in fund balance during the current year in the Debt Service Fund was due to excess of operation cost over tax revenue.

The Housing Capital Project Fund has a total fund balance of \$7,678 all of which is reserved for the affordable housing capital projects. Almost half of the total reserved fund balances, \$3,598, is committed for the land held for resale. The Housing Capital Project Fund actual revenue of \$2,277 exceeded final budgeted revenue of \$1,901 by \$376. The Investment and rental, Intergovernmental revenue and Other revenue have the favorable variances of, \$87, \$160, and \$130, respectively. They offset the unfavorable variances from the taxes (\$1). And the actual expenditure of \$1,568 is much less than the final budgeted amount of \$3,237 which results in a saving of \$1,669.

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 \$1,044 as a result of transfer out to support other capital project (\$631) and the depreciation for capital assets (\$596).

The Golf Fund's net assets increased \$390 during the current fiscal year. The operating income decreased \$104 from the previous fiscal year's net operating income of \$588. The increase in Golf Fund's net asset is mostly attributable to grant revenue of \$762 for a capital project.

The Transit Fund's net assets decreased \$686 during 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 \$3,341 was offset by the Non-operating revenue, including Taxes of \$3,004 and Investment and rental of \$465. Sales and use taxes attributed to 83% 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, 2009 amounted to \$236,530, 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.

See independent auditors' report

CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)

CAPITAL ASSETS

(net of accumulated depreciation)

	Governmental activities		Business-activities		Total	
	2009	2008	2009	2008	2009	2008
Land and improvements	\$ 14,388	\$ 13,890	\$ 10,436	\$ 10,436	\$ 24,824	\$ 24,326
Projects in progress	40,462	34,129	-	-	40,462	34,129
Buildings	15,904	16,428	9,358	9,717	25,262	26,145
Land improvements	4,239	4,349	9,165	9,183	13,404	13,532
Machinery & equipment	7,044	7,308	1,031	921	8,075	8,229
Furniture & Fixtures	101	127	130	140	231	267
Infrastructure	110,622	112,236	-	-	110,622	112,236
Water sup and dist system	-	-	13,650	13,830	13,650	13,830
	\$ 192,760	\$ 188,467	\$ 43,770	\$ 44,227	\$ 236,530	\$ 232,694

Additional information on the City's assets can be found in the notes to basic financial statements 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, and self-insurance totaled \$83,549. Of this, 89.3% (\$74,582) was in governmental activities and 10.7% (\$8,967) was in business-type activities. The governmental activities long-term liabilities decreased by \$3,584 from payment on Certificates of Participation obligation, reduction in claims, elimination of retiree health benefits liability and the establishing an OPEB irrevocable trust account. The decrease of \$191 in business-type activities long-term liabilities is due to a net reduction in the Golf Course certificates of participation of \$305 and an increase of \$103 in compensated absences.

LONG-TERM LIABILITIES

(amounts expressed in thousands)

	Governmental activities		Business-type activities		Total	
	2009	2008	2009	2008	2009	2008
Bonds payable	\$ 27,987	\$ 28,315	\$ -	\$ -	\$ 27,987	\$ 28,315
Certificates of participation	-	1,365	8,347	8,641	8,347	10,006
Capital lease payable	390	459	-	-	390	459
Advances from County	13,495	11,674	-	-	13,495	11,674
Loans from Federal Gov	10,309	10,100	-	-	10,309	10,100
Compensated absences	14,027	12,100	620	517	14,647	12,617
Claims payable	8,374	10,041	-	-	8,374	10,041
Retiree health benefits	-	4,112	-	-	-	4,112
Total long-term liabilities	\$ 74,582	\$ 78,166	\$ 8,967	\$ 9,158	\$ 83,549	\$ 87,324

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

See independent auditors' report

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The decline in home values, the slump in retail sales, and the state's budget problems are concerns in every local government's finance. The City's Total General Fund revenues are projected to decrease 0.3%. Below is a closer look at two key General Fund revenue resources.

- The City's median single family home price in June 2009 was \$356 thousands, down 12.6% from January 2008. As home value continues to decline, the city's property tax revenue anticipates a modest increase of 3.6% in 2009-10 budget.
- Sales tax revenue continues to be a strong revenue source for the City. The state's economic recovery is projected to be slow through 2010. The City's 2009-10 budget anticipates a conservative economic growth with an increase of 4.3%.

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 2009-10 budget reflects \$3,818 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.

Due to the recession, the City continues to freeze non-safety employee hiring and new equipment purchases in fiscal year 2009-10. The City's 2009-10 budget includes appropriations for on-going City general and public safety services, economic development, capital projects such as improvements on Lakewood Boulevard, operating Columbia Memorial Space Science Learning Center and the specific plan for Downey Studio property and Downtown area. The fiscal year 2010 adopted budget consists of operating budget (\$101.5 million) and capital budget (\$47.2 million). The total budget amount is increased by 7.5%, or \$10.4 million from the fiscal year 2009. The significant increase is attributable to (1) the capital projects funded by Federal Economic Stimulus package from American Recovery and Reinvestment Act (ARRA) and (2) operating budget of \$1 million for Columbia Memorial Space Science Learning Center.

In addition, as part of the budget adoption process, the City annually reviews all of its fees for services to ensure, when possible, fees collected fully support the cost of providing City services. For fiscal year 2010, the City kept 582 fees unchanged, increased 19 fees, deleted 9 fees and created 19 new fees. The City's fee resolution covers fees that generate \$9.7 million for all city funds (\$6.6 million in the General Fund). The proposed changes are projected to increase total fee revenues by approximately \$68 thousand.

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.

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CITY OF DOWNEY

STATEMENT OF NET ASSETS

June 30, 2009

(amounts expressed in thousands)

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS:			
Cash and investments (Note 3)	\$ 79,710	\$ 17,411	\$ 97,121
Receivables, net of allowance:			
Taxes	4,337	-	4,337
Accounts	2,119	1,382	3,501
Interest	737	136	873
Loans (Note 6)	6,586	-	6,586
Notes	1,048	-	1,048
Internal balances	763	(763)	-
Prepaid expense (Note 12)	18,669	-	18,669
Due from other governments and entities	2,270	805	3,075
Restricted assets (Note 3):			
Cash and investments	8,063	2,659	10,722
Cash and investments with fiscal agents	1,506	727	2,233
Land held for resale (Note 5)	6,456	-	6,456
Inventories	181	114	295
Deferred bond issuance costs	173	279	452
Capital assets, not depreciated (Note 8)	54,850	10,436	65,286
Capital assets, net of accumulated depreciation (Note 8)	137,910	33,334	171,244
TOTAL ASSETS	325,378	66,520	391,898
LIABILITIES:			
Accounts payable and accrued liabilities	7,316	1,369	8,685
Deposits	6	106	112
Interest payable	299	161	460
Unearned revenue (Note 10)	65	-	65
Noncurrent liabilities (Note 9):			
Due within one year	8,902	507	9,409
Due in more than one year	65,680	8,460	74,140
TOTAL LIABILITIES	82,268	10,603	92,871
NET ASSETS:			
Invested in capital assets, net of related debt	176,041	35,423	211,464
Restricted for:			
Community development	17,901	-	17,901
Public works	10,196	-	10,196
Debt service	4,124	-	4,124
Unrestricted	34,848	20,494	55,342
TOTAL NET ASSETS	\$ 243,110	\$ 55,917	\$ 299,027

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

CITY OF DOWNEY

STATEMENT OF ACTIVITIES

For the year ended June 30, 2009
(amounts expressed in thousands)

Functions/programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 4,881	\$ 154	\$ 151	\$ -
Public safety	45,314	4,161	1,825	-
Public works	7,450	2,273	729	7,634
Community services	9,220	2,536	1,650	-
Community development	8,732	2,277	3,144	-
Unallocated infrastructure depreciation	4,965	-	-	-
Interest on long term debt	1,859	-	-	-
Total governmental activities	<u>82,421</u>	<u>11,401</u>	<u>7,499</u>	<u>7,634</u>
Business-type activities:				
Water	9,739	8,782	-	-
Golf	2,699	2,780	762	-
Transit	3,486	130	-	-
Total business-type activities	<u>15,924</u>	<u>11,692</u>	<u>762</u>	<u>-</u>
Total	<u>\$ 98,345</u>	<u>\$ 23,093</u>	<u>\$ 8,261</u>	<u>\$ 7,634</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 (loss) on sale of property

Miscellaneous

Transfers

Total general revenues and transfers

Change in net assets

NET ASSETS - BEGINNING OF YEAR,
AS RESTATED (NOTE 18)

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
\$ (4,576)	\$ -	\$ (4,576)
(39,328)	-	(39,328)
3,186	-	3,186
(5,034)	-	(5,034)
(3,311)	-	(3,311)
(4,965)	-	(4,965)
(1,859)	-	(1,859)
<u>(55,887)</u>	<u>-</u>	<u>(55,887)</u>
-	(957)	(957)
-	843	843
-	(3,356)	(3,356)
-	(3,470)	(3,470)
<u>(55,887)</u>	<u>(3,470)</u>	<u>(59,357)</u>
25,561	-	25,561
934	-	934
9,675	3,004	12,679
3,444	-	3,444
2,276	-	2,276
7,677	-	7,677
1,632	-	1,632
4,889	1,436	6,325
49	(28)	21
1,491	-	1,491
2,304	(2,304)	-
<u>59,932</u>	<u>2,108</u>	<u>62,040</u>
4,045	(1,362)	2,683
<u>239,065</u>	<u>57,279</u>	<u>296,344</u>
<u>\$ 243,110</u>	<u>\$ 55,917</u>	<u>\$ 299,027</u>

CITY OF DOWNEY

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2009

(amounts expressed in thousands)

	General Fund	Gas Tax Special Revenue Fund	Firestone Debt Service Fund
ASSETS			
ASSETS:			
Cash and investments	\$ 11,565	\$ 7,104	\$ 2,274
Receivables:			
Taxes	3,286	-	756
Accounts	1,768	-	-
Interest	426	55	16
Loans (Note 6)	-	-	-
Notes	-	-	-
Due from other governments and entities	636	584	-
Due from other funds (Note 4)	668	-	-
Restricted assets:			
Cash and investments	3,647	-	-
Cash and investments with fiscal agent	-	-	663
Advances to other funds (Note 4)	8,597	-	-
Land held for resale (Note 5)	-	-	-
	<u>30,593</u>	<u>7,743</u>	<u>3,709</u>
TOTAL ASSETS	<u>\$ 30,593</u>	<u>\$ 7,743</u>	<u>\$ 3,709</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES:			
Accounts payable and accrued liabilities	\$ 5,400	\$ 123	\$ -
Due to other funds (Note 4)	32	-	-
Deposits	-	-	-
Advances from other funds (Note 4)	-	-	9,347
Deferred revenue (Note 10)	421	-	-
	<u>5,853</u>	<u>123</u>	<u>9,347</u>
TOTAL LIABILITIES	<u>5,853</u>	<u>123</u>	<u>9,347</u>
FUND BALANCES (DEFICIT):			
Reserved (Note 11)	11,350	1,602	663
Unreserved, reported in:			
General Fund	13,390	-	-
Special Revenue Funds	-	6,018	-
Debt Service Funds	-	-	(6,301)
Capital Projects Funds	-	-	-
	<u>24,740</u>	<u>7,620</u>	<u>(5,638)</u>
TOTAL FUND BALANCES (DEFICIT)	<u>24,740</u>	<u>7,620</u>	<u>(5,638)</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 30,593</u>	<u>\$ 7,743</u>	<u>\$ 3,709</u>

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

Housing Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
\$ 2,773	\$ 7,807	\$ 31,523
42	253	4,337
-	187	1,955
18	30	545
5,702	884	6,586
1,048	-	1,048
249	801	2,270
-	32	700
69	203	3,919
-	825	1,488
-	-	8,597
3,598	2,858	6,456
<u>\$ 13,499</u>	<u>\$ 13,880</u>	<u>\$ 69,424</u>
\$ 26	\$ 1,389	\$ 6,938
-	664	696
3	3	6
-	1,900	11,247
5,792	905	7,118
<u>5,821</u>	<u>4,861</u>	<u>26,005</u>
7,678	6,885	28,178
-	-	13,390
-	2,261	8,279
-	(1,289)	(7,590)
-	1,162	1,162
<u>7,678</u>	<u>9,019</u>	<u>43,419</u>
<u>\$ 13,499</u>	<u>\$ 13,880</u>	<u>\$ 69,424</u>

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CITY OF DOWNEY

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

June 30, 2009
(amounts expressed in thousands)

Fund balances - total governmental funds		\$ 43,419
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.		185,716
Long-term receivables are not available to pay for current-period expenditures and accordingly are deferred in the governmental funds.		7,097
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:		39,554
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:		
Tax allocation bonds payable	\$ (7,910)	
Advances from County of Los Angeles	(13,495)	
Loans payable	(10,309)	
Claims payable	(959)	
	<hr/>	(32,673)
Accrued liabilities in the Statement of Net Assets differ from amounts reported in governmental funds due to accrued interest on long term debt.		(196)
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, 2009 is:		<hr/> 193
Net assets of governmental activities		<hr/> <hr/> \$ 243,110

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

CITY OF DOWNEY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDSFor the year ended June 30, 2009
(amounts expressed in thousands)

	General Fund	Gas Tax Special Revenue Fund	Firestone Debt Service Fund
REVENUES:			
Taxes	\$ 47,100	\$ -	\$ 2,838
License and permits	1,372	-	-
Fines and forfeitures	1,625	-	-
Investment and rental	5,398	358	117
Intergovernmental revenue	2,357	5,078	-
Charges for services	6,196	-	-
Other revenue	2,474	-	19
TOTAL REVENUES	66,522	5,436	2,974
EXPENDITURES:			
Current:			
General government	5,042	-	-
Public safety	45,377	-	-
Public works	5,778	-	-
Community services	7,445	-	-
Community development	3,027	-	978
Capital outlay	-	1,731	-
Debt service (Note 9):			
Principal retirement	-	-	225
Interest and fiscal charges	459	-	1,408
TOTAL EXPENDITURES	67,128	1,731	2,611
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(606)	3,705	363
OTHER FINANCING SOURCES (USES):			
Transfers in (Note 4)	2,332	-	-
Transfers out (Note 4)	(2,601)	(907)	(1,500)
Issuance of debt (Note 9)	459	-	782
TOTAL OTHER FINANCING SOURCES (USES)	190	(907)	(718)
NET CHANGE IN FUND BALANCES	(416)	2,798	(355)
FUND BALANCES (DEFICIT) - BEGINNING OF YEAR, AS RESTATED (NOTE 18)	25,156	4,822	(5,283)
FUND BALANCES (DEFICIT) - END OF YEAR	\$ 24,740	\$ 7,620	\$ (5,638)

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

Housing Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
\$ 942	\$ 1,140	\$ 52,020
-	-	1,372
-	-	1,625
242	310	6,425
873	3,958	12,266
-	1,764	7,960
220	220	2,933
<u>2,277</u>	<u>7,392</u>	<u>84,601</u>
-	202	5,244
-	52	45,429
-	1,856	7,634
-	1,336	8,781
1,568	4,859	10,432
-	8,492	10,223
-	1,615	1,840
-	385	2,252
<u>1,568</u>	<u>18,797</u>	<u>91,835</u>
<u>709</u>	<u>(11,405)</u>	<u>(7,234)</u>
-	5,512	7,844
-	(532)	(5,540)
-	167	1,408
<u>-</u>	<u>5,147</u>	<u>3,712</u>
709	(6,258)	(3,522)
<u>6,969</u>	<u>15,277</u>	<u>46,941</u>
<u>\$ 7,678</u>	<u>\$ 9,019</u>	<u>\$ 43,419</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, 2009
(amounts expressed in thousands)

Net change in fund balances - total governmental funds \$ (3,522)

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	\$ 10,522	
Depreciation expense	(5,964)	4,558
	<u> </u>	

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.

920

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.

2,163

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	\$ 1,840	
Proceeds from loans from County of Los Angeles	(949)	
Accrued interest expense added to loan from County of Los Angeles	(872)	
Accretion on loan from Federal Government	(459)	
Claims payable	624	184
	<u> </u>	

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	(324)	(305)
	<u> </u>	<u> </u>

Change in net assets of governmental activities \$ 4,045

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

CITY OF DOWNEY

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS

June 30, 2009
(amounts expressed in thousands)

		Business-type Activities Enterprise Funds	
		Water Fund	Golf Fund
ASSETS			
CURRENT ASSETS:			
Cash and investments		\$ 7,742	\$ 2,425
Accounts receivable		1,382	-
Interest receivable		58	23
Due from other governments and entities		3	770
Advances to other funds		-	-
Inventories		81	33
Restricted assets:			
Cash and investments		1,105	1,554
Cash and investments with fiscal agent		-	727
		10,371	5,532
TOTAL CURRENT ASSETS			
NONCURRENT ASSETS:			
Prepaid pension expense		-	-
Bond issuance costs		-	279
Capital Assets (Net of Accumulated Depreciation):			
Land		8,272	-
Land improvements		-	9,148
Buildings and improvements		19	6,827
Furniture and fixtures		130	-
Machinery and equipment		104	290
Water supply and distribution plant		13,650	-
		22,175	16,544
TOTAL NONCURRENT ASSETS			
		32,546	22,076
TOTAL ASSETS			

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

Business-type Activities Enterprise Funds (Continued)		Governmental Activities - Internal Service Funds
Transit Fund	Totals Enterprise Funds	
\$ 7,244	\$ 17,411	\$ 48,187
-	1,382	164
55	136	-
32	805	-
-	-	2,650
-	114	181
-	2,659	4,144
-	727	18
<u>7,331</u>	<u>23,234</u>	<u>55,344</u>
-	-	18,669
-	279	173
2,164	10,436	-
17	9,165	-
2,512	9,358	-
-	130	-
637	1,031	7,044
-	13,650	-
<u>5,330</u>	<u>44,049</u>	<u>25,886</u>
<u>12,661</u>	<u>67,283</u>	<u>81,230</u>

(Continued)

CITY OF DOWNEY

STATEMENT OF NET ASSETS
 PROPRIETARY FUNDS
 (CONTINUED)

June 30, 2009

(amounts expressed in thousands)

	Business-type Activities Enterprise Funds	
	Water Fund	Golf Fund
LIABILITIES		
CURRENT LIABILITIES PAYABLE FROM CURRENT ASSETS:		
Accounts payable and accrued liabilities	\$ 988	\$ 161
Due to other funds	1	2
Deposits	56	50
Compensated absences	153	-
Deferred revenue	-	-
Claims payable	-	-
Capital lease payable	-	-
Pension obligation bonds	-	-
TOTAL CURRENT LIABILITIES PAYABLE FROM CURRENT ASSETS	1,198	213
CURRENT LIABILITIES PAYABLE FROM RESTRICTED ASSETS:		
Interest payable	-	161
Certificates of participation	-	315
TOTAL CURRENT LIABILITIES PAYABLE FROM RESTRICTED ASSETS	-	476
TOTAL CURRENT LIABILITIES	1,198	689
NONCURRENT LIABILITIES:		
Compensated absences	378	-
Claims payable	-	-
Capital lease payable	-	-
Pension obligation bonds	-	-
Certificates of participation	-	8,032
TOTAL NONCURRENT LIABILITIES	378	8,032
TOTAL LIABILITIES	1,576	8,721
NET ASSETS:		
Invested in capital assets, net of related debt	22,175	7,918
Restricted for debt service	1,105	1,805
Unrestricted	7,690	3,632
TOTAL NET ASSETS	\$ 30,970	\$ 13,355

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.

Business-type Activities Enterprise Funds (Continued)		Governmental Activities - Internal Service Funds
Transit Fund	Totals Enterprise Funds	
\$ 220	\$ 1,369	\$ 1,018
-	3	1
-	106	-
39	192	4,276
-	-	44
-	-	3,285
-	-	72
-	-	145
<u>259</u>	<u>1,670</u>	<u>8,841</u>
-	161	103
-	315	-
-	476	103
<u>259</u>	<u>2,146</u>	<u>8,944</u>
50	428	9,751
-	-	3,491
-	-	318
-	-	19,932
-	8,032	-
<u>50</u>	<u>8,460</u>	<u>33,492</u>
<u>309</u>	<u>10,606</u>	<u>42,436</u>
5,330	35,423	6,654
-	2,910	-
<u>7,022</u>	<u>18,344</u>	<u>32,140</u>
<u>\$ 12,352</u>	<u>56,677</u>	<u>\$ 38,794</u>
	(760)	
	<u>\$ 55,917</u>	

CITY OF DOWNEY

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDSFor the year ended June 30, 2009
(amounts expressed in thousands)

	Business-type Activities Enterprise Funds	
	Water Fund	Golf Fund
OPERATING REVENUES:		
Charges for services:		
Water sales	\$ 8,736	\$ -
Golf fees	-	2,780
Bus fares	-	-
Other services	-	-
Miscellaneous	46	-
TOTAL OPERATING REVENUES	<u>8,782</u>	<u>2,780</u>
OPERATING EXPENSES:		
Purchased water	4,388	-
Maintenance and operations	1,432	1,865
General and administrative	3,315	-
Employee benefits	-	-
Amortization	-	17
Depreciation	596	414
TOTAL OPERATING EXPENSES	<u>9,731</u>	<u>2,296</u>
OPERATING INCOME (LOSS)	<u>(949)</u>	<u>484</u>
NONOPERATING REVENUES (EXPENSES):		
Grant revenue	-	762
Taxes	-	-
Investment and rental	536	435
Interest expense	-	(404)
Gain/(loss) on sale of capital assets	-	(25)
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>536</u>	<u>768</u>
INCOME (LOSS) BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS	(413)	1,252
TRANSFERS OUT	(631)	(862)
CAPITAL CONTRIBUTIONS	-	-
CHANGES IN NET ASSETS	(1,044)	390
TOTAL NET ASSETS - BEGINNING OF YEAR, AS RESTATED (NOTE 18)	<u>32,014</u>	<u>12,965</u>
TOTAL NET ASSETS - END OF YEAR	<u>\$ 30,970</u>	<u>\$ 13,355</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.

Business-type Activities Enterprise Funds (Continued)		Governmental Activities - Internal Service Funds
Transit Fund	Totals Enterprise Funds	
\$ -	\$ 8,736	\$ -
-	2,780	-
130	130	-
-	-	26,887
-	46	969
<u>130</u>	<u>11,692</u>	<u>27,856</u>
-	4,388	-
3,196	6,493	1,651
-	3,315	403
-	-	22,931
-	17	7
275	1,285	1,946
<u>3,471</u>	<u>15,498</u>	<u>26,938</u>
<u>(3,341)</u>	<u>(3,806)</u>	<u>918</u>
-	762	607
3,004	3,004	-
465	1,436	1,084
-	(404)	(1,043)
(3)	(28)	49
<u>3,466</u>	<u>4,770</u>	<u>697</u>
125	964	1,615
(811)	(2,304)	-
-	-	526
(686)	(1,340)	2,141
<u>13,038</u>		<u>36,653</u>
<u>\$ 12,352</u>		<u>\$ 38,794</u>
	(22)	
	<u>\$ (1,362)</u>	

CITY OF DOWNEY

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS

For the year ended June 30, 2009
 (amounts expressed in thousands)

	Business-type Activities Enterprise Funds	
	Water Fund	Golf Fund
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	\$ 8,676	\$ 2,010
Receipts from user departments	-	-
Payment to suppliers	(6,799)	(1,822)
Payment to employees	<u>(2,633)</u>	<u>(27)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>(756)</u>	<u>161</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Cash received from other funds	-	-
Cash paid to other funds	(631)	(862)
Principal paid	-	-
Interest paid	<u>-</u>	<u>-</u>
NET CASH USED BY NONCAPITAL FINANCING ACTIVITIES	<u>(631)</u>	<u>(862)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition of capital assets	(361)	(241)
Proceeds from sale of capital assets	-	75
Capital contributions	-	-
Taxes received	-	-
Grants received	-	762
Principal paid on debt	-	(305)
Interest paid on debt	<u>-</u>	<u>(398)</u>
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(361)</u>	<u>(107)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest received	<u>580</u>	<u>462</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,168)	(346)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR, AS RESTATED	<u>10,015</u>	<u>5,052</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 8,847</u>	<u>\$ 4,706</u>

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

Business-type Activities Enterprise Funds (Continued)		Governmental Activities - Internal Service Funds
Transit Fund	Totals Enterprise Funds	
\$ 130	\$ 10,816	\$ -
-	-	27,756
(2,493)	(11,114)	(18,541)
<u>(777)</u>	<u>(3,437)</u>	<u>(8,916)</u>
<u>(3,140)</u>	<u>(3,735)</u>	<u>299</u>
-	-	-
(811)	(2,304)	-
-	-	(110)
<u>-</u>	<u>-</u>	<u>(1,019)</u>
<u>(811)</u>	<u>(2,304)</u>	<u>(1,129)</u>
(361)	(963)	(1,703)
32	107	71
-	-	526
2,972	2,972	-
-	762	607
-	(305)	(69)
<u>-</u>	<u>(398)</u>	<u>(20)</u>
<u>2,643</u>	<u>2,175</u>	<u>(588)</u>
<u>501</u>	<u>1,543</u>	<u>1,084</u>
(807)	(2,321)	(334)
<u>8,051</u>	<u>23,118</u>	<u>52,683</u>
<u>\$ 7,244</u>	<u>\$ 20,797</u>	<u>\$ 52,349</u>

(Continued)

CITY OF DOWNEY

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 (CONTINUED)

For the year ended June 30, 2009
 (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)	\$ (949)	\$ 484
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation and amortization	596	431
Change in assets and liabilities:		
(Increase) decrease in accounts receivable	(99)	-
(Increase) decrease in due from other governments and entities	(1)	(770)
(Increase) decrease in inventories	27	-
(Increase) decrease in prepaid expenses	-	-
Increase (decrease) in accounts payable and accrued liabilities	(420)	16
Increase (decrease) in deposit payable	(6)	-
Increase (decrease) in deferred revenue	-	-
Increase (decrease) in retiree health payable	-	-
Increase (decrease) in claims payable	-	-
Increase (decrease) in compensated absences	96	-
	<u>\$ (756)</u>	<u>\$ 161</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
CASH AND CASH EQUIVALENTS - FINANCIAL STATEMENT CLASSIFICATION:		
Current assets	\$ 7,742	\$ 2,425
Restricted assets	1,105	2,281
	<u>8,847</u>	<u>4,706</u>
TOTAL CASH AND CASH EQUIVALENTS FINANCIAL STATEMENT CLASSIFICATION	<u>\$ 8,847</u>	<u>\$ 4,706</u>

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

Business-type Activities Enterprise Funds (Continued)		Governmental Activities - Internal Service Funds
Transit Fund	Totals Enterprise Funds	
\$ (3,341)	\$ (3,806)	\$ 918
275	1,302	1,953
-	(99)	(144)
-	(771)	-
-	27	(70)
-	-	449
(81)	(485)	(40)
-	(6)	-
-	-	44
-	-	(4,112)
-	-	(626)
7	103	1,927
<u>\$ (3,140)</u>	<u>\$ (3,735)</u>	<u>\$ 299</u>
\$ 7,244	\$ 17,411	\$ 48,187
-	3,386	4,162
<u>\$ 7,244</u>	<u>\$ 20,797</u>	<u>\$ 52,349</u>

CITY OF DOWNEY

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES

June 30, 2009

(amounts expressed in thousands)

ASSETS:

Cash and investments (Note 3)	\$ 8,668
Receivables	<u>839</u>
TOTAL ASSETS	<u>\$ 9,507</u>

LIABILITIES:

Accounts payable and accrued liabilities	\$ 777
Deposits payable	<u>8,730</u>
TOTAL LIABILITIES	<u>\$ 9,507</u>

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, 2009

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, 2009

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 14), 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 activities) report information on all nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government (including its blended component units) is reported separately from discretely presented component units for which the primary government is financially accountable. The City has no discretely presented component units.

See independent auditors’ report.

CITY OF DOWNEY

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2009

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 Statements of Net Assets. 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, 2009

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, 2009

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

The 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, 2009

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. Agency funds are custodial in nature and do not involve measurement of results of operations.

The City's fund structure also includes the following departmental classifications:

Operating expenditures of the City are classified by department. Departmental classifications are defined as follows:

General Government Department includes the legislative, city clerk, city attorney, city manager, personnel, finance, purchasing, and information technology divisions.

Public Safety Department includes police, fire and paramedic, and animal control operations.

Public Works Department includes maintenance and engineering divisions.

Community Services Department includes the recreation, theatre, social services, and the library divisions.

Community Development Department includes planning, redevelopment and building safety divisions.

See independent auditors' report.

CITY OF DOWNEY

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2009

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, 2009.

Capital assets used in operations are depreciated over their estimated useful lives using the straight-line method in the Government-wide Financial Statements and in the Fund Financial Statements of the Enterprise Funds. Depreciation is charged as an expense against operations and accumulated depreciation is reported on the respective Statements of Net Assets.

See independent auditors' report.

CITY OF DOWNEY

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Capital Assets (Continued)

The lives used for depreciation purposes of each capital asset class are:

Buildings	50 years
Improvements other than buildings	20 years
Water distribution lines	50 years
Water tanks, meters, hydrants, and other equipment	15 to 40 years
Vehicles	3 to 15 years
Machinery and equipment	5 to 10 years
Office furniture, computers and equipment	10 years
Infrastructure	20 to 50 years

H. Compensated Absences

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

I. Claims and Judgments

Expenditures for claims and judgments are recognized when it is probable that the liability has been incurred at year-end and the amount of the loss can be reasonably estimated. Claims payable include a provision for Incurred But Not Reported (IBNR) claims. Claims payable, which will be liquidated from current resources, are recorded in the General Fund and Internal Service Funds.

J. Statement of Cash Flows

A substantial portion of the City's investments are in short-term, highly liquid instruments, with original maturities of three months or less (excluding fiscal agent investments). The Enterprise and Internal Service Funds participate in the pooling of City-wide cash and investments. Amounts from the pool are available to these funds on demand. As a result, the cash and investments for the Enterprise and Internal Services Funds are considered to be cash and cash equivalents for the statement of cash flows purposes.

See independent auditors' report.

CITY OF DOWNEY

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2009

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.

See independent auditors' report.

CITY OF DOWNEY

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2009

NOTE 3 - CASH AND INVESTMENTS

A. Cash and Investments

Cash and investments at June 30, 2009 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	\$ 97,121	\$ 8,668	\$ 105,789
Restricted assets:			
Cash and investments	10,722	-	10,722
Cash and investments with fiscal agents	<u>2,233</u>	<u>-</u>	<u>2,233</u>
	<u>\$ 110,076</u>	<u>\$ 8,668</u>	<u>\$ 118,744</u>

Cash and investments at June 30, 2009 consisted of the following (in thousands):

Demand accounts	\$ 14,529
Petty cash	5
Investments	<u>104,210</u>
 Total Cash and Investments	 <u>\$ 118,744</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, 2009

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>
United States Treasury Bills, Bonds and Notes	5 years	None	None
United States Government Sponsored Enterprise Securities	5 years	None	None
Small Business Administration Loans	5 years	None	None
California Local Agency Obligations	5 years	None	None
Certificates of Deposits (or Time Deposits)	5 years	None	None
Negotiable Certificates of Deposits	5 years	30%	None
Medium-Term Corporate Notes	5 years	30%	None
Bankers' Acceptances	180 days	20%	10%
Commercial Paper	270 days	15%	10%
Repurchase Agreements	30 days	None	None
Municipal Bonds	5 years	None	None

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, United States Treasury Obligations, United States 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, 2009

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	
United States Treasury Notes	\$ -	\$ -	\$ -	\$ 10,292	\$ 10,292
United States Government Sponsored					
Enterprise Securities:					
FFCB	-	-	2,034	-	2,034
FHLMC	-	-	2,057	-	2,057
FHLB	-	-	9,286	-	9,286
FNMA	-	2,044	11,443	-	13,487
Medium-Term Corporate Notes	1,012	6,769	16,484	-	24,265
Money Market Mutual Funds	157	-	-	-	157
Local Agency Investment Funds	41,223	-	-	-	41,223
Held by Bond Trustee:					
Money Market Mutual Funds	766	-	-	-	766
Investment Agreements	-	-	-	643	643
	<u>\$ 43,158</u>	<u>\$ 8,813</u>	<u>\$ 41,304</u>	<u>\$ 10,935</u>	<u>\$ 104,210</u>

See independent auditors' report.

CITY OF DOWNEY

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2009

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, 2009	Minimum Legal Rating (1)	Not Required to be Rated	AAA	Other	Unrated
United States Treasury Notes	\$ 10,292	N/A	\$ 10,292	\$ -	\$ -	\$ -
United States Government Sponsored						
Enterprise Securities:						
FFCB	2,034	N/A	-	2,034	-	-
FHLMC	2,057	N/A	-	2,057	-	-
FHLB	9,286	N/A	-	9,286	-	-
FNMA	13,487	N/A	-	13,487	-	-
Medium-term Corporate Notes	24,265	A	-	-	24,265	-
Money Market Mutual Funds	157	AAA	-	157	-	-
Local Agency Investment Funds	41,223	N/A	-	-	-	41,223
Held by Bond Trustee:						
Money Market Mutual Funds	766	AAA	-	766	-	-
Investment Agreements	643	N/A	-	-	-	643
TOTAL	\$ 104,210		\$ 10,292	\$ 27,787	\$ 24,265	\$ 41,866

N/A - Not Applicable

The actual ratings for the Medium Term Corporate Notes (MTN) are as follows:

Other:

AA, AA+, AA-	\$ 2,019
A, A+, A-	17,587
BBB+, BBB-	3,902
BB+	757
	<u>\$ 24,265</u>

(1) Requirement is applicable at the time of investment purchase. All investments at June 30, 2009 were in compliance with the minimum legal rating requirement at time of purchase.

See independent auditors' report.

CITY OF DOWNEY

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2009

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 Home Loan Bank	United States Government Sponsored Enterprise Securities	\$ 9,286	8.91 %
Federal National Mortgage Association	United States Government Sponsored Enterprise Securities	13,487	12.94 %

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.

At June 30, 2009, the City deposits (bank balances) were insured by the Federal Depository Insurance Corporation up to \$250,000 and the remaining balance of the deposits were collateralized under California Law.

See independent auditors' report.

CITY OF DOWNEY

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2009

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

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, 2009, amounts due from/to other funds were as follows (in thousands):

Due to General Fund from:

Other Governmental Funds	\$	664
Water Enterprise Fund		1
Golf Enterprise Fund		2
Internal Service Funds		1

Due to Other Governmental Funds from:

General Fund		32
	\$	<u>700</u>

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

As of June 30, 2009, amounts advanced to and from other funds were as follows (in thousands):

Advances from General Fund to:

Firestone Debt Service Fund	\$	6,697
Other Governmental Funds		1,900

Advances from Employee Benefits

Internal Service Fund to:		
Firestone Debt Service Fund		2,650
	\$	<u>11,247</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.

See independent auditors' report.

CITY OF DOWNEY

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2009

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

Interfund transfers at June 30, 2009 consisted of the following (in thousands):

<u>Transfer from</u>	<u>Transfer to</u>	<u>Amount</u>
General Fund	Other Governmental Funds	\$ 2,601
Gas Tax Special Revenue Fund	General Fund	830
	Other Governmental Funds	77
Firestone Debt Service Fund	Other Governmental Funds	1,500
Other Governmental Funds	General Fund	134
	Other Governmental Funds	398
Water Enterprise Fund	General Fund	506
	Other Governmental Funds	125
Golf Enterprise Fund	General Fund	862
Transit Enterprise Fund	Other Governmental Funds	<u>811</u>
		<u>\$ 7,844</u>

The General Fund transferred \$2,601,000 to Other Governmental Funds to provide for capital and debt service expenditures.

The Gas Tax Special Revenue Fund transferred \$830,000 to the General Fund to provide for infrastructure and street maintenance reimbursement and \$77,000 to Other Governmental Funds to provide for capital improvement projects.

The Firestone Debt Service Fund transferred \$1,500,000 to Other Governmental Funds to provide funding for various capital projects.

The Water and Golf Funds transferred \$506,000 and \$862,000 to the General Fund, respectively, to reimburse the General Fund for certain program, administrative and overhead expenditures. The Water Enterprise Fund transferred \$125,000 to Other Governmental Funds to provide for capital expenditures. Other Governmental Funds transferred \$134,000 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, 2009

NOTE 5 - LAND HELD FOR RESALE

As of June 30, 2009, the Downey Community Development Commission had acquired properties for redevelopment purposes for resale to developers at a capitalized cost of \$6,456,000.

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 \$6,586,000 at June 30, 2009.

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.

See independent auditors' report.

CITY OF DOWNEY

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2009

NOTE 8 - CAPITAL ASSETS

A summary of changes in the Governmental Activities capital assets at June 30, 2009 is as follows (in thousands):

	Balances at June 30, <u>2008</u>	<u>Additions</u>	<u>Deletions</u>	Balances at June 30, <u>2009</u>
Capital assets, not being depreciated:				
Land and improvements	\$ 13,890	\$ 498	\$ -	\$ 14,388
Projects in progress	<u>34,129</u>	<u>9,687</u>	<u>(3,354)</u>	<u>40,462</u>
Total capital assets, not being depreciated	<u>48,019</u>	<u>10,185</u>	<u>(3,354)</u>	<u>54,850</u>
Capital assets, being depreciated:				
Buildings	29,495	66	-	29,561
Land improvements	9,582	273	-	9,855
Equipment	23,544	1,703	(2,354)	22,893
Furniture and fixtures	185	-	-	185
Infrastructure	<u>238,163</u>	<u>3,351</u>	<u>-</u>	<u>241,514</u>
Total capital assets, being depreciated	<u>300,969</u>	<u>5,393</u>	<u>(2,354)</u>	<u>304,008</u>
Less accumulated depreciation for:				
Buildings	(13,067)	(590)	-	(13,657)
Land improvements	(5,233)	(383)	-	(5,616)
Equipment	(16,236)	(1,946)	2,333	(15,849)
Furniture and fixtures	(58)	(26)	-	(84)
Infrastructure	<u>(125,927)</u>	<u>(4,965)</u>	<u>-</u>	<u>(130,892)</u>
Total accumulated depreciation	<u>(160,521)</u>	<u>(7,910)</u>	<u>2,333</u>	<u>(166,098)</u>
Total capital assets being depreciated, net	<u>140,448</u>	<u>(2,517)</u>	<u>(21)</u>	<u>137,910</u>
Governmental activities capital assets, net	<u>\$ 188,467</u>	<u>\$ 7,668</u>	<u>\$ (3,375)</u>	<u>\$ 192,760</u>

See independent auditors' report.

CITY OF DOWNEY

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2009

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	\$ 318
Public Safety	147
Public Works	30
Community Services	504
Internal Service Funds depreciation charges to program	1,946
Allocated depreciation	<u>2,945</u>
Unallocated infrastructure depreciation	<u>4,965</u>
Total depreciation expense -governmental activities	<u>\$ 7,910</u>

A summary of changes in the Business-type Activities capital assets at June 30, 2009 is as follows (in thousands):

	WATER FUND			
	Balances at June 30, 2008	Additions	Deletions	Balances at June 30, 2009
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>27,931</u>	<u>361</u>	<u>-</u>	<u>28,292</u>
Total capital assets being depreciated	<u>28,795</u>	<u>361</u>	<u>-</u>	<u>29,156</u>
Less accumulated depreciation for:				
Buildings and improvements	(194)	(4)	-	(198)
Furniture and fixtures	(184)	(10)	-	(194)
Machinery and equipment	(178)	(41)	-	(219)
Water supply and distribution system	<u>(14,101)</u>	<u>(541)</u>	<u>-</u>	<u>(14,642)</u>
Total accumulated depreciation	<u>(14,657)</u>	<u>(596)</u>	<u>-</u>	<u>(15,253)</u>
Total capital assets being depreciated, net	<u>14,138</u>	<u>(235)</u>	<u>-</u>	<u>13,903</u>
Water Fund capital assets, net	<u>\$ 22,410</u>	<u>\$ (235)</u>	<u>\$ -</u>	<u>\$ 22,175</u>

See independent auditors' report.

CITY OF DOWNEY

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2009

NOTE 8 - CAPITAL ASSETS (CONTINUED)

A summary of changes in the Business-type Activities capital assets at June 30, 2009 is as follows (in thousands) (Continued):

	GOLF FUND			
	Balances at June 30, 2008	Additions	Deletions	Balances at June 30, 2009
	As Restated			As Restated
Capital assets, being depreciated:				
Land improvements	\$ 10,687	\$ -	\$ -	\$ 10,687
Buildings and improvements	8,217	-	-	8,217
Machinery and equipment	491	241	(176)	556
Total capital assets being depreciated	19,395	241	(176)	19,460
Less accumulated depreciation for:				
Land improvements	(1,522)	(17)	-	(1,539)
Buildings and improvements	(1,096)	(294)	-	(1,390)
Machinery and equipment	(239)	(103)	76	(266)
Total accumulated depreciation	(2,857)	(414)	76	(3,195)
Golf Fund capital assets, net	\$ 16,538	\$ (173)	\$ (100)	\$ 16,265

	TRANSIT FUND			
	Balances at June 30, 2008	Additions	Deletions	Balances at June 30, 2009
	As Restated			As Restated
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	906	361	(389)	878
Total capital assets being depreciated	4,156	361	(389)	4,128
Less accumulated depreciation for:				
Land improvements	(259)	(1)	-	(260)
Buildings and improvements	(400)	(61)	-	(461)
Machinery and equipment	(382)	(213)	354	(241)
Total accumulated depreciation	(1,041)	(275)	354	(962)
Total capital assets, being depreciated	3,115	86	(35)	3,166
Transit Fund capital assets, net	\$ 5,279	\$ 86	\$ (35)	\$ 5,330

See independent auditors' report.

CITY OF DOWNEY

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2009

NOTE 9 - LONG-TERM LIABILITIES

Noted below is a summary of changes in long-term liabilities for the year ended June 30, 2009 (in thousands):

	Balance June 30, 2008	Additions	Reductions	Balance June 30, 2009	Amount Due Within One Year
Governmental Activities:					
Bonds payable	\$ 28,500	\$ -	\$ (335)	\$ 28,165	\$ 380
Less deferred charges:					
Bond discount	(185)	-	7	(178)	-
Total bonds payable	28,315	-	(328)	27,987	380
Certificates of Participation	1,365	-	(1,365)	-	-
Capital lease payable	459	-	(69)	390	72
Advances from County	11,674	1,821	-	13,495	-
Loans from Federal					
Government	10,100	459	(250)	10,309	250
Compensated absences	12,100	5,187	(3,260)	14,027	4,276
Claims payable	10,041	3,615	(5,282)	8,374	3,924
Retiree health benefits	4,112	-	(4,112)	-	-
Total governmental activities long-term liabilities	<u>\$ 78,166</u>	<u>\$ 11,082</u>	<u>\$ (14,666)</u>	<u>\$ 74,582</u>	<u>\$ 8,902</u>
Business-type Activities:					
Compensated absences	\$ 517	\$ 276	\$ (173)	\$ 620	\$ 192
Golf Course Certificates of Participation	8,775	-	(305)	8,470	315
Add (less) deferred changes:					
Bond premium	14	-	(1)	13	-
Loss on refunding	(148)	-	12	(136)	-
Total business-type activities long-term liabilities	<u>\$ 9,158</u>	<u>\$ 276</u>	<u>\$ (467)</u>	<u>\$ 8,967</u>	<u>\$ 507</u>

See independent auditors' report.

CITY OF DOWNEY

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2009

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, 2009 is \$7,910,000.

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>
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	290,000	345,681	635,681
2015 - 2019	1,680,000	1,484,200	3,164,200
2020 - 2024	2,155,000	995,403	3,150,403
2025 - 2029	<u>2,765,000</u>	<u>368,360</u>	<u>3,133,360</u>
Total	<u>\$ 7,910,000</u>	<u>\$ 4,710,677</u>	<u>\$ 12,620,677</u>

See independent auditors' report.

CITY OF DOWNEY

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2009

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 June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	335,000	974,957	1,309,957
2015 - 2019	2,665,000	4,571,275	7,236,275
2020 - 2024	4,775,000	3,721,499	8,496,499
2025 - 2029	4,505,000	2,543,531	7,048,531
2030 - 2034	<u>7,130,000</u>	<u>1,149,520</u>	<u>8,279,520</u>
	20,255,000	16,968,658	37,223,658
Less deferred charges on refunding	<u>(177,718)</u>	<u>-</u>	<u>(177,718)</u>
Total	<u>\$ 20,077,282</u>	<u>\$ 16,968,658</u>	<u>\$ 37,045,940</u>

See independent auditors' report.

CITY OF DOWNEY

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2009

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 Certificates were paid off during the fiscal year.

Capital Lease Payable

The assets acquired through capital leases are as follows:

	<u>Governmental Activities</u>
Equipment	\$ 806,560
Less: accumulated depreciation	<u>(127,204)</u>
	<u>\$ 679,356</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>
2010	\$ 88,324
2011	88,324
2012	88,324
2013	88,324
2014	<u>88,324</u>
Total minimum lease payments	441,620
Less: amounts representing interest	<u>(51,163)</u>
Present value of minimum lease payments	<u>\$ 390,457</u>

See independent auditors' report.

CITY OF DOWNEY

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2009

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 \$949,000 were deferred. Interest of \$872,000 was also accrued during the year on the outstanding deferral amount still owing. The amount owed the County, including accrued interest, at June 30, 2009 was \$13,495,000.

Loans from Federal Government

As part of the City's redevelopment program, the City received a Section 108 Loan from the United States Department of Housing and Urban Development. The payment schedule as of June 30, 2009 is as follows:

<u>Year Ending</u> <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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>\$ 1,500,000</u>	<u>\$ 224,388</u>	<u>\$ 1,724,388</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 \$8,809,000 as of June 30, 2009.

See independent auditors' report.

CITY OF DOWNEY

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2009

NOTE 9 - LONG-TERM LIABILITIES (CONTINUED)

Governmental Activities (Continued)

Compensated Absences

For the fiscal year ended June 30, 2009, compensated absences are as follows (in thousands):

	<u>Total</u>
Vacation	\$ 3,758
Sick Leave	9,199
Compensatory Time	<u>1,690</u>
Total	<u>\$ 14,647</u>
Amount reported in governmental activities	\$ 14,027
Amount reported in business-type activities	<u>620</u>
	<u>\$ 14,647</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, 2009

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, 2008 and 2009 were as follows:

	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

	Claims Payable Balance <u>June 30, 2008</u>	Current Year Claims and Changes in Estimates	Current Year Payments	Claims Payable Balance <u>June 30, 2009</u>
Workers' Compensation	\$ 6,497,000	\$ 493,000	\$ 1,171,000	\$ 5,819,000
Employee Health Benefits	905,000	3,881,000	3,829,000	957,000
General Liability	2,639,000	(759,000)	282,000	1,598,000

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, 2009, 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, 2009

NOTE 9 - LONG-TERM LIABILITIES (CONTINUED)

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, 2009, bonds outstanding were \$8,470,000.

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
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	365,000	334,553	699,553
2015-2019	2,075,000	1,414,568	3,489,568
2020-2024	2,355,000	891,533	3,246,533
2025-2028	<u>2,345,000</u>	<u>300,250</u>	<u>2,645,250</u>
Subtotal	8,470,000	4,413,713	12,883,713
Add (less) deferred amounts:			
Bond premium	13,085	-	13,085
Loss on refunding	<u>(136,332)</u>	<u>-</u>	<u>(136,332)</u>
Total	<u>\$ 8,346,753</u>	<u>\$ 4,413,713</u>	<u>\$ 12,760,466</u>

See independent auditors' report.

CITY OF DOWNEY

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2009

NOTE 10 - DEFERRED REVENUE

Deferred revenue consists of \$6,586,000 in deferred loan payments from participants in the City's housing program (see Note 6), \$90,000 in notes receivable, \$21,000 in grant/advances and \$421,000 in long-term receivables.

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, 2009 are tabulated (in thousands) below, followed by explanations as to the nature and purpose of each reserve.

	General Fund	Gas Tax Special Revenue Fund	Firestone Debt Service Fund	Housing Capital Projects Fund	Other Governmental Funds	Totals
Encumbrances	\$ 646	\$ 1,602	\$ -	\$ -	\$ 3,399	\$ 5,647
Park In Lieu	-	-	-	-	74	74
Capital Projects	725	-	-	-	195	920
Debt Service	-	-	663	-	-	663
Building Replacement	-	-	-	-	359	359
Land Held for Resale	-	-	-	3,598	2,858	6,456
Housing	-	-	-	3,122	-	3,122
Workers' Compensation	15	-	-	-	-	15
Advances to other funds	8,597	-	-	-	-	8,597
Records management	900	-	-	-	-	900
General plan	467	-	-	-	-	467
Long-term receivable	-	-	-	958	-	958
Total Reserves	\$ 11,350	\$ 1,602	\$ 663	\$ 7,678	\$ 6,885	\$ 28,178

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.

See independent auditors' report.

CITY OF DOWNEY

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2009

NOTE 11 - FUND BALANCE RESERVES (CONTINUED)

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.

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 Other Funds

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.

J. Reserved for Records Management

Amount reserved to finance future records management.

K. Reserved for General Plan

Amount reserved to finance the general plan.

L. Long-term Receivable

This is a reserve to reflect that long-term receivable is not available as a spendable source to meet expenditures of the current year.

See independent auditors' report.

CITY OF DOWNEY

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2009

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.

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, 2009 were 10.779% for non-safety employees and 18.068% 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	\$	7,981
Interest on net pension asset		(718)
Adjustment to annual required contribution		<u>1,167</u>
Annual pension cost		8,430
Contributions made		<u>(7,981)</u>
Decrease in net pension asset		449
Net pension asset - beginning of year		<u>(19,118)</u>
Net pension asset - end of year	\$	<u>(18,669)</u>

The net pension asset is reported as part of prepared expense in the Statement of Net Assets.

See independent auditors' report.

CITY OF DOWNEY

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2009

NOTE 12 - CITY EMPLOYEE RETIREMENT PLAN (CONTINUED)

Annual Pension Costs (Continued)

The required contribution was determined as part of the June 30, 2006, 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, 2009 was 20 years and 32 years for the Miscellaneous Plan and Safety Plan, respectively.

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, 2007	\$ 7,570	96%	\$ (19,512)
June 30, 2008	8,246	95%	(19,118)
June 30, 2009	8,431	95%	(18,668)

See independent auditors' report.

CITY OF DOWNEY

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2009

NOTE 12 - CITY EMPLOYEE RETIREMENT PLAN (CONTINUED)

Funded Status and Funding Progress

As of June 30, 2008, the most recent actuarial valuation date, the plan was 92.3% funded. The actuarial accrued liability for benefits was \$347.8 million, and the actuarial value of assets was \$321.1 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$26.7 million. The covered payroll (annual payroll of active employees covered by the plan) was \$35.4 million, and the ratio of the UAAL to the covered payroll was 75.3%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about rates of employee turnover, retirement, mortality, as well as economic assumptions regarding claim costs per retiree, healthcare inflation and interest rates. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

NOTE 13 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Description

In connection with the retirement benefits for employees described in Note 12, the City provides post-retirement medical benefits to retirees. These benefits are available to employees who retire with the City with at least 10 years of service or those who satisfy certain disability requirements. The retiree is entitled to participate in the City sponsored medical plan and the City contributes up to \$98.00 (\$270 for sworn police and fire employees) per month toward the premium for employee only coverage under the City sponsored medical plans. A surviving spouse may continue coverage after the retiree's death, but does so entirely at his or her own expenses. The Plan does not issue a publicly available financial report.

See independent auditors' report.

CITY OF DOWNEY

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2009

NOTE 13 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Funding Policy

The contribution requirements of plan members and the City are established and may be amended by the City, City council, and/or the employee associations. Currently, contributions are not required from plan members. During the fiscal year ended June 30, 2009, the City elected to fund 100% of the annual required contribution of the employer (ARC) an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The ARC for fiscal year 2008-09 was \$2,140,585.

Annual OPEB Cost

For fiscal year 2009, the City's annual OPEB cost was \$2,140,585 and was equal to the City's required and actual contribution. The required contribution for the fiscal year 2009 was determined as part of the July 1, 2008, actuarial valuation, the entry age normal cost method was used. The actuarial assumptions included: (a) 7.75% investment rate of return (net of administrative expenses), (b) projected annual salary increase of 3.25%, and (c) medical plan premium cost will increase at a rate ranging from 4.5% to 9.5%. The City's unfunded actuarial accrued liability will be amortized as a level percentage of pay over closed period of 10 years.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and the plan members at that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets consistent with the long-term perspective of the calculations.

Three-Year Trend Information

For fiscal year 2009, the City's annual OPEB cost (expense) of \$2,141,000 was equal to the ARC. Since this fiscal year is the transition year, information on the annual OPEB costs, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation is only available for the current fiscal year, as presented below:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Asset</u>
6/30/09	\$ 2,140,585	100%	\$ -

See independent auditors' report.

CITY OF DOWNEY

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2009

NOTE 13 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Funded Status and Funding Progress

As of July 1, 2008, the most current actuarial valuation date, the plan was zero percent funded. The actuarial accrued liability for benefits was \$12.07 million and the actuarial value of assets was zero, resulting in an unfunded actuarial accrued liability (UAAL) of \$12.07 million. The covered payroll (annual payroll of active employees covered by the plan) was \$28.4 million and the ratio of the UAAL to the covered payroll was 42.5%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about rates of employee turnover, retirement, mortality, as well as economic assumptions regarding claim costs per retiree, healthcare inflation and interest rates. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

NOTE 14 - 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.

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.

See independent auditors' report.

CITY OF DOWNEY

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2009

NOTE 14 - JOINT VENTURES (CONTINUED)

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 15 - MORTGAGE REVENUE BONDS

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

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

On May 15, 1985, the City of Downey issued, in conjunction with the cities of El Monte and San Jacinto, Single-Family Residential Mortgage Revenue Bonds, Issue of 1985, to provide funds in the amount of \$1,950,000 to purchase loans to be secured by single-family condominium units in the City. The bonds are special obligations of the El Monte-Downey-San Jacinto Housing Finance Agency. Seattle First National Bank serves as trustee.

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

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

See independent auditors' report.

CITY OF DOWNEY

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2009

NOTE 16 - OTHER REQUIRED DISCLOSURES

Expenditures in Excess of Appropriations

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

General Fund:

General Government:

Legislation	\$	51
Debt service:		
Interest and fiscal charges		459

Other Special Revenue Funds:

CDBG - Community development		126
CDBG - Capital outlay		26
Grants - Public safety		36
Grants - Public works		33
Grants - Community services		264
Grants - Capital outlay		2,258

Other Capital Projects Fund:

Woodruff Redevelopment - Community development	\$	233
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Deficit Fund Balances

The following funds reported a deficit fund balance at June 30, 2009 (in thousands):

Major Fund:

Firestone Debt Service Fund	\$	5,638
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Other Debt Service Fund:

Woodruff Industrial Project Redevelopment		1,289
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The deficits will be eliminated through the receipt of future tax increment revenues and grant revenues.

See independent auditors' report.

CITY OF DOWNEY

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2009

NOTE 17 - COMMITMENTS AND CONTINGENCIES

Pursuant to AB 26 4x, a budget trailer bill, California redevelopment agencies will be required to make Supplemental Education Revenue Augmentation Fund (SERAF) contributions totaling \$1.7 billion for the fiscal year 2009-2010 and \$350 million for the fiscal year 2010-2011. Under AB 26 4x, agencies may borrow a portion of the required contributions from their low and moderate income housing fund. Alternatively, sponsoring governmental agencies (the cities or counties) may elect to pay the SERAF contributions on behalf of their redevelopment agencies. On October 20, 2009, the California Redevelopment Association filed a class action lawsuit on behalf of all California redevelopment agencies, challenging the SERAF obligations as unconstitutional.

The Agency's proposed SERAF contributions under AB 26 4x are \$1,423,825 for the fiscal year 2009-2010 and \$292,862 for the fiscal year 2010-2011. It is the position of Agency officials that the SERAF contributions required by AB 26 4x are unconstitutional, and that the Agency is not obligated to make these contributions. However, if the class action lawsuit is unsuccessful, and if the Agency were required to make these SERAF contributions, Agency officials have estimated that the Agency would have sufficient funds to make the required contributions.

NOTE 18 - 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>Business-type Activities</u>
Net assets as previously reported	\$ 57,206,000
Increased to adjust capital assets	<u>73,000</u>
Net assets as restated	<u>\$ 57,279,000</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>	<u>Internal Service Funds</u>
Fund balance as previously reported	\$ 24,020,000	\$ 37,789,000
Increase (decrease) to adjust beginning cash balance	<u>1,136,000</u>	<u>(1,136,000)</u>
Fund balance/net assets as restated	<u>\$ 25,156,000</u>	<u>\$ 36,653,000</u>

See independent auditors' report.

CITY OF DOWNEY

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2009

NOTE 18 - 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:

	Golf Enterprise Fund
Net assets as previously reported	\$ 12,892,000
Increased to adjust capital assets	<u>73,000</u>
Net assets as restated	<u>\$ 12,965,000</u>

See independent auditors' report.

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF DOWNEY

SCHEDULES OF FUNDING PROGRESS

For the year ended June 30, 2009

CITY EMPLOYEE RETIREMENT PLAN

Note 12

Actuarial Valuation Date	Pension Actuarial Asset Value (a)	Entry Age Actuarial Accrued Liability (b)	Unfunded Actuarial Accrued Liability (b) - (a)	Funded Ratio (a)/(b)	Covered Payroll (c)	Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll [(b)-(a)]/(c)
06/30/06	\$ 286,203,000	\$ 295,892,000	\$ 9,689,000	96.73%	\$ 30,242,000	32.04%
06/30/07	304,482,000	323,517,000	19,035,000	94.12%	33,061,000	57.58%
06/30/08	321,179,000	347,846,000	26,667,000	92.33%	35,425,000	75.28%

POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

Note 13

Actuarial Valuation Date	Actuarial Asset Value (a)	Entry Age Actuarial Accrued Liability (b)	Unfunded Actuarial Accrued Liability (b) - (a)	Funded Ratio (a)/(b)	Covered Payroll (c)	Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll [(b)-(a)]/(c)
07/01/08	\$ -	\$ 12,070,000	\$ 12,070,000	0.00%	\$ 28,419,000	42.47%

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

CITY OF DOWNEY

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

For the year ended June 30, 2009
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 50,661	\$ 50,666	\$ 47,100	\$ (3,566)
Licenses and permits	1,535	1,535	1,372	(163)
Fines and forfeitures	1,843	1,843	1,625	(218)
Investment and rental	3,762	3,762	5,398	1,636
Intergovernmental revenue	2,390	2,412	2,357	(55)
Charges for services	5,123	4,110	6,196	2,086
Other revenue	2,342	2,342	2,474	132
TOTAL REVENUES	67,656	66,670	66,522	(148)
EXPENDITURES:				
Current:				
General government:				
Legislation	231	286	337	(51)
City attorney	306	315	260	55
City clerk	451	484	453	31
City management	614	651	646	5
Finance	4,209	4,353	3,346	1,007
Public safety:				
Police	27,137	27,829	27,588	241
Animal control	325	325	308	17
Fire	17,533	17,588	17,481	107
Public works	5,934	6,058	5,778	280
Community services	7,705	7,931	7,445	486
Community development	3,393	3,502	3,027	475
Debt service:				
Interest and fiscal charges	-	-	459	(459)
TOTAL EXPENDITURES	67,838	69,322	67,128	2,194
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(182)	(2,652)	(606)	2,046
OTHER FINANCING SOURCES (USES):				
Transfers in	2,574	2,574	2,332	(242)
Transfers out	(2,129)	(2,602)	(2,601)	1
Issuance of debt	-	-	459	459
TOTAL OTHER FINANCING SOURCES (USES)	445	(28)	190	218
NET CHANGE IN FUND BALANCE	263	(2,680)	(416)	2,264
FUND BALANCE - BEGINNING OF YEAR, AS RESTATED	25,156	25,156	25,156	-
FUND BALANCE - END OF YEAR	\$ 25,419	\$ 22,476	\$ 24,740	\$ 2,264

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

CITY OF DOWNEY

BUDGETARY COMPARISON SCHEDULE

GAS TAX SPECIAL REVENUE FUND

For the year ended June 30, 2009
 (amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment and rental	\$ 135	\$ 135	\$ 358	\$ 223
Intergovernmental revenue	12,201	10,374	5,078	(5,296)
TOTAL REVENUES	12,336	10,509	5,436	(5,073)
EXPENDITURES:				
Capital outlay	12,876	13,724	1,731	11,993
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(540)	(3,215)	3,705	6,920
OTHER FINANCING USES:				
Transfers out	(830)	(907)	(907)	-
NET CHANGE IN FUND BALANCE	(1,370)	(4,122)	2,798	6,920
FUND BALANCE - BEGINNING OF YEAR	4,822	4,822	4,822	-
FUND BALANCE - END OF YEAR	\$ 3,452	\$ 700	\$ 7,620	\$ 6,920

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

CITY OF DOWNEY

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2009

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, 2009 increased budgeted expenditures from \$136,653,004 as adopted in the original budget, to \$187,606,240.

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.

See independent auditors' report.

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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, 2009
(amount expressed in thousands)

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 943	\$ 943	\$ 942	\$ (1)
Investment and rental	155	155	242	87
Intergovernmental revenue	713	713	873	160
Other revenue	90	90	220	130
	<u>1,901</u>	<u>1,901</u>	<u>2,277</u>	<u>376</u>
TOTAL REVENUES				
EXPENDITURES:				
Current:				
Community development	<u>3,237</u>	<u>3,237</u>	<u>1,568</u>	<u>1,669</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,336)	(1,336)	709	2,045
FUND BALANCE - BEGINNING OF YEAR	<u>6,969</u>	<u>6,969</u>	<u>6,969</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 5,633</u>	<u>\$ 5,633</u>	<u>\$ 7,678</u>	<u>\$ 2,045</u>

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, Other 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 FUNDSJune 30, 2009
(amounts expressed in thousands)

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total
ASSETS				
Cash and investments	\$ 3,714	\$ 475	\$ 3,618	\$ 7,807
Receivables:				
Taxes	120	133	-	253
Accounts	49	-	138	187
Interest	17	3	10	30
Loans	884	-	-	884
Due from other governments and entities	637	-	164	801
Due from other funds	32	-	-	32
Restricted assets:				
Cash and investments	203	-	-	203
Cash and investments with fiscal agents	636	-	189	825
Land held for resale	-	-	2,858	2,858
TOTAL ASSETS	\$ 6,292	\$ 611	\$ 6,977	\$ 13,880
LIABILITIES AND FUND BALANCES				
LIABILITIES:				
Accounts payable and accrued liabilities	\$ 1,046	\$ -	\$ 343	\$ 1,389
Due to other funds	664	-	-	664
Deposits	-	-	3	3
Advances from other funds	-	1,900	-	1,900
Deferred revenue	905	-	-	905
TOTAL LIABILITIES	2,615	1,900	346	4,861
FUND BALANCES (DEFICIT):				
Reserved for:				
Encumbrances	1,416	-	1,983	3,399
Land held for resale	-	-	2,858	2,858
Park in lieu	-	-	74	74
Capital projects	-	-	195	195
Building replacement	-	-	359	359
Unreserved reported in:				
Special revenue funds	2,261	-	-	2,261
Debt service funds	-	(1,289)	-	(1,289)
Capital projects funds	-	-	1,162	1,162
TOTAL FUND BALANCES (DEFICIT)	3,677	(1,289)	6,631	9,019
TOTAL LIABILITIES AND FUND BALANCES	\$ 6,292	\$ 611	\$ 6,977	\$ 13,880

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, 2009
(amounts expressed in thousands)

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total
REVENUES:				
Taxes	\$ 343	\$ 797	\$ -	\$ 1,140
Investment and rental	109	71	130	310
Intergovernmental revenue	2,508	-	1,450	3,958
Charges for services	1,764	-	-	1,764
Other revenue	207	-	13	220
TOTAL REVENUES	4,931	868	1,593	7,392
EXPENDITURES:				
Current:				
General government	202	-	-	202
Public safety	52	-	-	52
Public works	1,856	-	-	1,856
Community services	1,336	-	-	1,336
Community development	2,608	514	1,737	4,859
Capital outlay	3,576	-	4,916	8,492
Debt service:				
Principal retirement	250	1,365	-	1,615
Interest and fiscal charges	77	308	-	385
TOTAL EXPENDITURES	9,957	2,187	6,653	18,797
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(5,026)	(1,319)	(5,060)	(11,405)
OTHER FINANCING SOURCES (USES):				
Transfers in	2,596	-	2,916	5,512
Transfers out	(210)	(170)	(152)	(532)
Issuance of debt	-	167	-	167
TOTAL OTHER FINANCING SOURCES (USES)	2,386	(3)	2,764	5,147
NET CHANGE IN FUND BALANCES	(2,640)	(1,322)	(2,296)	(6,258)
FUND BALANCES - BEGINNING OF YEAR	6,317	33	8,927	15,277
FUND BALANCES (DEFICIT) - END OF YEAR	\$ 3,677	\$ (1,289)	\$ 6,631	\$ 9,019

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.

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, 2009
(amounts expressed in thousands)

	<u>Waste Reduction</u>	<u>Street Lighting</u>
ASSETS		
Cash and investments	\$ 134	\$ 1,954
Receivables:		
Taxes	-	61
Accounts	25	24
Interest	-	13
Loans	-	-
Due from other governments and entities	9	-
Due from other funds	-	-
Restricted assets:		
Cash and investments	-	-
Cash and investments with fiscal agents	-	-
	<u> </u>	<u> </u>
TOTAL ASSETS	<u>\$ 168</u>	<u>\$ 2,052</u>

LIABILITIES AND FUND BALANCES

LIABILITIES:		
Accounts payable and accrued liabilities	\$ 48	\$ 132
Due to other funds	1	-
Deferred revenue	-	-
	<u> </u>	<u> </u>
TOTAL LIABILITIES	<u>49</u>	<u>132</u>
FUND BALANCES:		
Reserved:		
Encumbrances	36	-
Unreserved:		
Designated:		
Special revenue purposes	83	1,920
Undesignated	-	-
	<u> </u>	<u> </u>
TOTAL FUND BALANCES	<u>119</u>	<u>1,920</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 168</u>	<u>\$ 2,052</u>

See independent auditors' report.

<u>CDBG</u>	<u>Sewer and Storm Drain</u>	<u>CATV Public Access</u>	<u>Air Quality</u>	<u>Grants</u>	<u>Totals</u>
\$ -	\$ 764	\$ 43	\$ 589	\$ 230	\$ 3,714
-	-	-	-	59	120
-	-	-	-	-	49
-	-	-	4	-	17
884	-	-	-	-	884
593	-	-	35	-	637
-	-	-	32	-	32
203	-	-	-	-	203
-	-	-	-	636	636
<u>\$ 1,680</u>	<u>\$ 764</u>	<u>\$ 43</u>	<u>\$ 660</u>	<u>\$ 925</u>	<u>\$ 6,292</u>

\$ 79	\$ 99	\$ 13	\$ 4	\$ 671	\$ 1,046
663	-	-	-	-	664
884	-	-	-	21	905
<u>1,626</u>	<u>99</u>	<u>13</u>	<u>4</u>	<u>692</u>	<u>2,615</u>

225	259	-	-	896	1,416
-	406	30	656	-	3,095
(171)	-	-	-	(663)	(834)
<u>54</u>	<u>665</u>	<u>30</u>	<u>656</u>	<u>233</u>	<u>3,677</u>
<u>\$ 1,680</u>	<u>\$ 764</u>	<u>\$ 43</u>	<u>\$ 660</u>	<u>\$ 925</u>	<u>\$ 6,292</u>

CITY OF DOWNEY

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

For the year ended June 30, 2009
(amounts expressed in thousands)

	<u>Waste Reduction</u>	<u>Street Lighting</u>
REVENUES:		
Taxes	\$ -	\$ 343
Investment and rental	(1)	85
Intergovernmental revenue	67	-
Charges for services	406	1,222
Other revenue	88	-
	<hr/>	<hr/>
TOTAL REVENUES	560	1,650
	<hr/>	<hr/>
EXPENDITURES:		
Current:		
General government	-	-
Public safety	-	-
Public works	379	-
Community services	243	-
Community development	-	1,464
Capital outlay	-	-
Debt service:		
Principal retirement	-	-
Interest and fiscal charges	-	-
	<hr/>	<hr/>
TOTAL EXPENDITURES	622	1,464
	<hr/>	<hr/>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(62)	186
	<hr/>	<hr/>
OTHER FINANCING SOURCES (USES):		
Transfers in	140	-
Transfers out	-	-
	<hr/>	<hr/>
TOTAL OTHER FINANCING SOURCES (USES)	140	-
	<hr/>	<hr/>
NET CHANGE IN FUND BALANCES	78	186
	<hr/>	<hr/>
FUND BALANCES - BEGINNING OF YEAR	41	1,734
	<hr/>	<hr/>
FUND BALANCES - END OF YEAR	<u>\$ 119</u>	<u>\$ 1,920</u>

See independent auditors' report.

<u>CDBG</u>	<u>Sewer and Storm Drain</u>	<u>CATV Public Access</u>	<u>Air Quality</u>	<u>Grants</u>	<u>Totals</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 343
1	-	(5)	28	1	109
2,173	-	-	132	136	2,508
-	136	-	-	-	1,764
114	-	-	-	5	207
<u>2,288</u>	<u>136</u>	<u>(5)</u>	<u>160</u>	<u>142</u>	<u>4,931</u>
-	-	202	-	-	202
-	-	-	-	52	52
-	1,331	-	113	33	1,856
400	-	-	-	693	1,336
1,144	-	-	-	-	2,608
1,002	113	-	-	2,461	3,576
250	-	-	-	-	250
77	-	-	-	-	77
<u>2,873</u>	<u>1,444</u>	<u>202</u>	<u>113</u>	<u>3,239</u>	<u>9,957</u>
<u>(585)</u>	<u>(1,308)</u>	<u>(207)</u>	<u>47</u>	<u>(3,097)</u>	<u>(5,026)</u>
456	1,488	207	-	305	2,596
(114)	-	-	-	(96)	(210)
<u>342</u>	<u>1,488</u>	<u>207</u>	<u>-</u>	<u>209</u>	<u>2,386</u>
(243)	180	-	47	(2,888)	(2,640)
<u>297</u>	<u>485</u>	<u>30</u>	<u>609</u>	<u>3,121</u>	<u>6,317</u>
<u>\$ 54</u>	<u>\$ 665</u>	<u>\$ 30</u>	<u>\$ 656</u>	<u>\$ 233</u>	<u>\$ 3,677</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, 2009
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment and rental	\$ 1	\$ 1	\$ (1)	\$ (2)
Intergovernmental revenue	71	71	67	(4)
Charges for services	410	410	406	(4)
Other revenue	2	2	88	86
TOTAL REVENUES	484	484	560	76
EXPENDITURES:				
Current:				
Public works	342	389	379	10
Community services	270	270	243	27
TOTAL EXPENDITURES	612	659	622	37
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(128)	(175)	(62)	113
OTHER FINANCING SOURCES:				
Transfers in	140	140	140	-
NET CHANGE IN FUND BALANCE	12	(35)	78	113
FUND BALANCE - BEGINNING OF YEAR	41	41	41	-
FUND BALANCE - END OF YEAR	\$ 53	\$ 6	\$ 119	\$ 113

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, 2009
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ -	\$ -	\$ 343	\$ 343
Investment and rental	31	31	85	54
Charges for services	1,632	1,632	1,222	(410)
TOTAL REVENUES	1,663	1,663	1,650	(13)
EXPENDITURES:				
Current:				
Community development	1,570	1,570	1,464	106
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	93	93	186	93
FUND BALANCE - BEGINNING OF YEAR	1,734	1,734	1,734	-
FUND BALANCE - END OF YEAR	\$ 1,827	\$ 1,827	\$ 1,920	\$ 93

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, 2009
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment and rental	\$ 36	\$ 36	\$ 1	\$ (35)
Intergovernmental revenue	2,165	2,440	2,173	(267)
Other revenue	97	197	114	(83)
TOTAL REVENUES	2,298	2,673	2,288	(385)
EXPENDITURES:				
Current:				
Community services	-	500	400	100
Community development	1,015	1,018	1,144	(126)
Capital outlay	644	976	1,002	(26)
Debt service:				
Principal retirement	250	250	250	-
Interest and fiscal charges	77	77	77	-
TOTAL EXPENDITURES	1,986	2,821	2,873	(52)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	312	(148)	(585)	(437)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	456	456	-
Transfers out	(311)	(311)	(114)	197
TOTAL OTHER FINANCING SOURCES (USES)	(311)	145	342	197
NET CHANGE IN FUND BALANCE	1	(3)	(243)	(240)
FUND BALANCE - BEGINNING OF YEAR	297	297	297	-
FUND BALANCE - END OF YEAR	\$ 298	\$ 294	\$ 54	\$ (240)

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, 2009
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Charges for services	\$ 135	\$ 135	\$ 136	\$ 1
Other revenue	395	395	-	(395)
TOTAL REVENUES	530	530	136	(394)
EXPENDITURES:				
Current:				
Public works	1,330	1,377	1,331	46
Capital outlay	542	495	113	382
TOTAL EXPENDITURES	1,872	1,872	1,444	428
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,342)	(1,342)	(1,308)	34
OTHER FINANCING SOURCES:				
Transfers in	1,602	1,602	1,488	(114)
NET CHANGE IN FUND BALANCE	260	260	180	(80)
FUND BALANCE - BEGINNING OF YEAR	485	485	485	-
FUND BALANCE - END OF YEAR	\$ 745	\$ 745	\$ 665	\$ (80)

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, 2009
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment and rental	\$ 1	\$ 1	\$ (5)	\$ (6)
EXPENDITURES:				
Current:				
General government	205	205	202	3
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(204)	(204)	(207)	(3)
OTHER FINANCING SOURCES:				
Transfers in	207	207	207	-
NET CHANGE IN FUND BALANCE	3	3	-	(3)
FUND BALANCE - BEGINNING OF YEAR	30	30	30	-
FUND BALANCE - END OF YEAR	<u>\$ 33</u>	<u>\$ 33</u>	<u>\$ 30</u>	<u>\$ (3)</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, 2009
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment and rental	\$ 4	\$ 4	\$ 28	\$ 24
Intergovernmental revenue	130	130	132	2
TOTAL REVENUES	134	134	160	26
EXPENDITURES:				
Current:				
Public works	112	117	113	4
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	22	17	47	30
FUND BALANCE - BEGINNING OF YEAR	609	609	609	-
FUND BALANCE - END OF YEAR	\$ 631	\$ 626	\$ 656	\$ 30

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, 2009
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment and rental	\$ -	\$ -	\$ 1	\$ 1
Intergovernmental revenue	-	-	136	136
Other revenue	317	429	5	(424)
TOTAL REVENUES	317	429	142	(287)
EXPENDITURES:				
Current:				
Public safety	-	16	52	(36)
Public works	-	-	33	(33)
Community services	429	429	693	(264)
Capital outlay	193	203	2,461	(2,258)
TOTAL EXPENDITURES	622	648	3,239	(2,591)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(305)	(219)	(3,097)	(2,878)
OTHER FINANCING SOURCES (USES):				
Transfers in	305	305	305	-
Transfers out	-	(96)	(96)	-
TOTAL OTHER FINANCING SOURCES (USES)	305	209	209	-
NET CHANGE IN FUND BALANCE	-	(10)	(2,888)	(2,878)
FUND BALANCE - BEGINNING OF YEAR	3,121	3,121	3,121	-
FUND BALANCE - END OF YEAR	\$ 3,121	\$ 3,111	\$ 233	\$ (2,878)

See independent auditors' report.

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, 2009
(amounts expressed in thousands)

	Downey Civic Center	Woodruff Industrial Project Redevelopment	Totals
ASSETS			
Cash and investments	\$ -	\$ 475	\$ 475
Receivables:			
Taxes	-	133	133
Interest	-	3	3
	-	3	3
TOTAL ASSETS	\$ -	\$ 611	\$ 611
LIABILITIES AND FUND BALANCES			
LIABILITIES:			
Advances from other funds	\$ -	\$ 1,900	\$ 1,900
FUND BALANCES (DEFICIT):			
Unreserved - undesignated	-	(1,289)	(1,289)
	-	(1,289)	(1,289)
TOTAL LIABILITIES AND FUND BALANCES	\$ -	\$ 611	\$ 611

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, 2009
(amounts expressed in thousands)

	Downey Civic Center	Woodruff Industrial Project Redevelopment	Totals
REVENUES:			
Taxes	\$ -	\$ 797	\$ 797
Investment and rental	51	20	71
TOTAL REVENUES	51	817	868
EXPENDITURES:			
Community development	-	514	514
Debt service:			
Principal retirement	1,365	-	1,365
Interest and fiscal charges	89	219	308
TOTAL EXPENDITURES	1,454	733	2,187
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,403)	84	(1,319)
OTHER FINANCING SOURCES (USES):			
Transfers out	(20)	(150)	(170)
Issuance of debt	-	167	167
TOTAL OTHER FINANCING SOURCES (USES)	(20)	17	(3)
NET CHANGE IN FUND BALANCES	(1,423)	101	(1,322)
FUND BALANCES (DEFICIT) - BEGINNING OF YEAR	1,423	(1,390)	33
FUND BALANCES (DEFICIT) - END OF YEAR	\$ -	\$ (1,289)	\$ (1,289)

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 FUNDSJune 30, 2009
(amounts expressed in thousands)

	Firestone Redevelopment	Woodruff Redevelopment	City	Totals
ASSETS				
Cash and investments	\$ 1,295	\$ 138	\$ 2,185	\$ 3,618
Receivables:				
Accounts	138	-	-	138
Interest	7	3	-	10
Due from other governments and entities	-	-	164	164
Restricted assets:				
Cash and investments with fiscal agents	-	-	189	189
Land held for resale	2,858	-	-	2,858
TOTAL ASSETS	\$ 4,298	\$ 141	\$ 2,538	\$ 6,977
LIABILITIES AND FUND BALANCES				
LIABILITIES:				
Accounts payable and accrued liabilities	\$ 88	\$ -	\$ 255	\$ 343
Deposits	3	-	-	3
TOTAL LIABILITIES	91	-	255	346
FUND BALANCES:				
Reserved:				
Encumbrances	91	-	1,892	1,983
Land held for resale	2,858	-	-	2,858
Park in lieu	-	-	74	74
Capital projects	-	-	195	195
Building replacement	-	-	359	359
Unreserved - undesignated	1,258	141	(237)	1,162
TOTAL FUND BALANCES	4,207	141	2,283	6,631
TOTAL LIABILITIES AND FUND BALANCES	\$ 4,298	\$ 141	\$ 2,538	\$ 6,977

See independent auditors' report.

CITY OF DOWNEY

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
OTHER CAPITAL PROJECTS FUNDS

For the year ended June 30, 2009
(amounts expressed in thousands)

	Firestone Redevelopment	Woodruff Redevelopment	City	Totals
REVENUES:				
Investment and rental	\$ 58	\$ 13	\$ 59	\$ 130
Intergovernmental revenue	-	-	1,450	1,450
Other revenue	1	-	12	13
TOTAL REVENUES	59	13	1,521	1,593
EXPENDITURES:				
Current:				
Community development	1,504	233	-	1,737
Capital outlay	-	-	4,916	4,916
TOTAL EXPENDITURES	1,504	233	4,916	6,653
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,445)	(220)	(3,395)	(5,060)
OTHER FINANCING SOURCES (USES):				
Transfers in	1,500	150	1,266	2,916
Transfers out	-	-	(152)	(152)
TOTAL OTHER FINANCING SOURCES (USES)	1,500	150	1,114	2,764
NET CHANGE IN FUND BALANCES	55	(70)	(2,281)	(2,296)
FUND BALANCES - BEGINNING OF YEAR	4,152	211	4,564	8,927
FUND BALANCES - END OF YEAR	\$ 4,207	\$ 141	\$ 2,283	\$ 6,631

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, 2009
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment and rental	\$ 9	\$ 9	\$ 58	\$ 49
Intergovernmental revenue	2,200	2,200	-	(2,200)
Other revenue	48	48	1	(47)
TOTAL REVENUES	2,257	2,257	59	(2,198)
EXPENDITURES:				
Current:				
Community development	1,491	2,636	1,504	1,132
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	766	(379)	(1,445)	(1,066)
OTHER FINANCING SOURCES:				
Transfers in	-	-	1,500	1,500
NET CHANGE IN FUND BALANCE	766	(379)	55	434
FUND BALANCE - BEGINNING OF YEAR	4,152	4,152	4,152	-
FUND BALANCE - END OF YEAR	\$ 4,918	\$ 3,773	\$ 4,207	\$ 434

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, 2009
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment and rental	\$ -	\$ -	\$ 13	\$ 13
EXPENDITURES:				
Current:				
Community development	-	-	233	(233)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	-	(220)	(220)
OTHER FINANCING SOURCES:				
Transfers in	-	-	150	150
NET CHANGE IN FUND BALANCE	-	-	(70)	(70)
FUND BALANCE - BEGINNING OF YEAR	211	211	211	-
FUND BALANCE - END OF YEAR	\$ 211	\$ 211	\$ 141	\$ (70)

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, 2009
(amount expressed in thousands)

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment and rental	\$ 191	\$ 191	\$ 59	\$ (132)
Intergovernmental revenue	2,972	2,972	1,450	(1,522)
Other revenue	-	43	12	(31)
TOTAL REVENUES	3,163	3,206	1,521	(1,685)
EXPENDITURES:				
Capital outlay	7,385	7,795	4,916	2,879
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(4,222)	(4,589)	(3,395)	1,194
OTHER FINANCING SOURCES (USES):				
Transfers in	-	78	1,266	1,188
Transfers out	-	(152)	(152)	-
TOTAL OTHER FINANCING SOURCES (USES)	-	(74)	1,114	1,188
NET CHANGE IN FUND BALANCE	(4,222)	(4,663)	(2,281)	2,382
FUND BALANCE - BEGINNING OF YEAR	4,564	4,564	4,564	-
FUND BALANCE - END OF YEAR	\$ 342	\$ (99)	\$ 2,283	\$ 2,382

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, 2009

(amounts expressed in thousands)

ASSETS	Employee Benefits	Equipment	Totals
CURRENT ASSETS:			
Cash and investments	\$ 44,755	\$ 3,432	\$ 48,187
Accounts receivable	37	127	164
Advances to other funds	2,650	-	2,650
Inventories	-	181	181
Restricted assets:			
Cash and investments	2,072	2,072	4,144
Cash and investments with fiscal agent	18	-	18
TOTAL CURRENT ASSETS	<u>49,532</u>	<u>5,812</u>	<u>55,344</u>
NONCURRENT ASSETS:			
Prepaid pension expense	18,669	-	18,669
Bond issuance costs	173	-	173
Capital Assets (Net of Accumulated Depreciation):			
Machinery and equipment	-	7,044	7,044
TOTAL NONCURRENT ASSETS	<u>18,842</u>	<u>7,044</u>	<u>25,886</u>
TOTAL ASSETS	<u>68,374</u>	<u>12,856</u>	<u>81,230</u>
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES:			
Accounts payable and accrued liabilities	756	262	1,018
Due to other funds	-	1	1
Interest payable	86	17	103
Compensated absences	4,276	-	4,276
Deferred revenue	-	44	44
Claims payable	3,285	-	3,285
Capital lease payable	-	72	72
Pension obligation bonds	145	-	145
TOTAL CURRENT LIABILITIES	<u>8,548</u>	<u>396</u>	<u>8,944</u>
NONCURRENT LIABILITIES:			
Compensated absences	9,751	-	9,751
Claims payable	3,491	-	3,491
Capital lease payable	-	318	318
Pension obligation bonds	19,932	-	19,932
TOTAL NONCURRENT LIABILITIES	<u>33,174</u>	<u>318</u>	<u>33,492</u>
TOTAL LIABILITIES	<u>41,722</u>	<u>714</u>	<u>42,436</u>
NET ASSETS:			
Invested in capital assets, net of related debt	-	6,654	6,654
Unrestricted	26,652	5,488	32,140
TOTAL NET ASSETS	<u>\$ 26,652</u>	<u>\$ 12,142</u>	<u>\$ 38,794</u>

See independent auditors' report.

CITY OF DOWNEY

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
INTERNAL SERVICE FUNDSFor the year ended June 30, 2009
(amounts expressed in thousands)

	Employee Benefits	Equipment	Totals
OPERATING REVENUES:			
Charges for services	\$ 23,987	\$ 2,900	\$ 26,887
Miscellaneous	973	(4)	969
	<u>24,960</u>	<u>2,896</u>	<u>27,856</u>
TOTAL OPERATING REVENUES			
OPERATING EXPENSES:			
Maintenance and operations	-	1,651	1,651
General and administration	-	403	403
Employee benefits	22,931	-	22,931
Amortization	7	-	7
Depreciation	-	1,946	1,946
	<u>22,938</u>	<u>4,000</u>	<u>26,938</u>
TOTAL OPERATING EXPENSES			
OPERATING INCOME (LOSS)	<u>2,022</u>	<u>(1,104)</u>	<u>918</u>
NONOPERATING REVENUES (EXPENSES):			
Grant revenue	-	607	607
Investment and rental	895	189	1,084
Interest expense	(1,026)	(17)	(1,043)
Gain on sale of capital assets	-	49	49
	<u>(131)</u>	<u>828</u>	<u>697</u>
TOTAL NONOPERATING REVENUES (EXPENSES)			
NET INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	1,891	(276)	1,615
CAPITAL CONTRIBUTIONS	<u>-</u>	<u>526</u>	<u>526</u>
CHANGE IN NET ASSETS	1,891	250	2,141
TOTAL NET ASSETS - BEGINNING OF YEAR, AS RESTATED	<u>24,761</u>	<u>11,892</u>	<u>36,653</u>
TOTAL NET ASSETS - END OF YEAR	<u>\$ 26,652</u>	<u>\$ 12,142</u>	<u>\$ 38,794</u>

See independent auditors' report.

CITY OF DOWNEY

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS

For the year ended June 30, 2009
(amounts expressed in thousands)

	Employee Benefits	Equipment	Totals
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from user departments	\$ 24,923	\$ 2,833	\$ 27,756
Payment to suppliers	(16,892)	(1,649)	(18,541)
Payment to employees	(8,367)	(549)	(8,916)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>(336)</u>	<u>635</u>	<u>299</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Principal paid	(110)	-	(110)
Interest paid	(1,019)	-	(1,019)
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	<u>(1,129)</u>	<u>-</u>	<u>(1,129)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition of capital assets	-	(1,703)	(1,703)
Proceeds from sale of capital assets	-	71	71
Interest paid on debt	-	(20)	(20)
Capital contributions	-	526	526
Grants received	-	607	607
Principal paid on debt	-	(69)	(69)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>-</u>	<u>(588)</u>	<u>(588)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest received	895	189	1,084
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(570)	236	(334)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR, AS RESTATED	<u>47,415</u>	<u>5,268</u>	<u>52,683</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 46,845</u>	<u>\$ 5,504</u>	<u>\$ 52,349</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
Operating income (loss)	\$ 2,022	\$ (1,104)	\$ 918
Depreciation and amortization	7	1,946	1,953
Changes in operating assets and liabilities:			
(Increase) decrease in accounts receivable	(37)	(107)	(144)
(Increase) decrease in inventories	-	(70)	(70)
(Increase) decrease in prepaid expenses	449	-	449
Increase (decrease) in accounts payable and accrued liabilities	34	(74)	(40)
Increase (decrease) in deferred revenue	-	44	44
Increase (decrease) in retiree health payable	(4,112)	-	(4,112)
Increase (decrease) in claims payable	(626)	-	(626)
Increase (decrease) in compensated absences payable	1,927	-	1,927
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ (336)</u>	<u>\$ 635</u>	<u>\$ 299</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, 2009
(amounts expressed in thousands)

	Special Deposits	Cemetery District	1913 Act Bond Fund
ASSETS			
Cash and investments	\$ 7,213	\$ 130	\$ 112
Receivables	41	5	1
	<u>7,254</u>	<u>135</u>	<u>113</u>
TOTAL ASSETS	\$ 7,254	\$ 135	\$ 113
LIABILITIES			
LIABILITIES:			
Accounts payable and accrued liabilities	\$ 94	\$ 135	\$ -
Deposits payable	7,160	-	113
	<u>7,254</u>	<u>135</u>	<u>113</u>
TOTAL LIABILITIES	\$ 7,254	\$ 135	\$ 113

See independent auditors' report.

		Columbia Memorial Space Learning Center Foundation		SEAACA	Totals
\$	2	\$	6	\$ 1,205	\$ 8,668
	3		-	789	839
<hr/>					
\$	5	\$	6	\$ 1,994	\$ 9,507
<hr/>					
\$	5	\$	-	\$ 543	\$ 777
	-		6	1,451	8,730
<hr/>					
\$	5	\$	6	\$ 1,994	\$ 9,507
<hr/>					

CITY OF DOWNEY

COMBINING STATEMENT OF CHANGES IN
FIDUCIARY ASSETS AND LIABILITIES

For the year ended June 30, 2009
(amounts expressed in thousands)

	Balance July 1, 2008	Additions	Deletions	Balance June 30, 2009
SPECIAL DEPOSITS				
ASSETS:				
Cash and investments	\$ 6,829	\$ 3,084	\$ 2,700	\$ 7,213
Receivables	70	45	74	41
TOTAL ASSETS	\$ 6,899	\$ 3,129	\$ 2,774	\$ 7,254
LIABILITIES:				
Accounts payable and accrued liabilities	\$ 44	\$ 2,428	\$ 2,378	\$ 94
Deposits payable	6,855	2,758	2,453	7,160
TOTAL LIABILITIES	\$ 6,899	\$ 5,186	\$ 4,831	\$ 7,254
CEMETERY DISTRICT				
ASSETS:				
Cash and investments	\$ 121	\$ 141	\$ 132	\$ 130
Receivables	5	12	12	5
TOTAL ASSETS	\$ 126	\$ 153	\$ 144	\$ 135
LIABILITIES:				
Accounts payable and accrued liabilities	\$ 126	\$ 52	\$ 43	\$ 135
1913 ACT BOND FUND				
ASSETS:				
Cash and investments	\$ 106	\$ 6	\$ -	\$ 112
Receivables	1	1	1	1
TOTAL ASSETS	\$ 107	\$ 7	\$ 1	\$ 113
LIABILITIES:				
Deposits payable	\$ 107	\$ 7	\$ 1	\$ 113
ELM VISTA				
ASSETS:				
Cash and investments	\$ 2	\$ -	\$ -	\$ 2
Receivables	3	-	-	3
TOTAL ASSETS	\$ 5	\$ -	\$ -	\$ 5
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, 2009
(amounts expressed in thousands)

	Balance July 1, 2008	Additions	Deletions	Balance June 30, 2009
COLUMBIA MEMORIAL SPACE LEARNING CENTER FOUNDATION				
ASSETS:				
Cash and investments	\$ 6	\$ -	\$ -	\$ 6
LIABILITIES:				
Deposits payable	\$ 6	\$ -	\$ -	\$ 6
SEAACA				
ASSETS:				
Cash and investments	\$ 972	\$ 5,423	\$ 5,190	\$ 1,205
Receivables	1,310	2,097	2,618	789
TOTAL ASSETS	\$ 2,282	\$ 7,520	\$ 7,808	\$ 1,994
LIABILITIES:				
Accounts payable and accrued liabilities	\$ 608	\$ 5,781	\$ 5,846	\$ 543
Deposits payable	1,674	431	654	1,451
TOTAL LIABILITIES	\$ 2,282	\$ 6,212	\$ 6,500	\$ 1,994
TOTAL - ALL AGENCY FUNDS				
ASSETS:				
Cash and investments	\$ 8,036	\$ 8,654	\$ 8,022	\$ 8,668
Receivables	1,389	2,155	2,705	839
TOTAL ASSETS	\$ 9,425	\$ 10,809	\$ 10,727	\$ 9,507
LIABILITIES:				
Accounts payable and accrued liabilities	\$ 783	\$ 8,261	\$ 8,267	\$ 777
Deposits payable	8,642	3,196	3,108	8,730
TOTAL LIABILITIES	\$ 9,425	\$ 11,457	\$ 11,375	\$ 9,507

See independent auditors' report.

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STATISTICAL SECTION

DESCRIPTION OF STATISTICAL SECTION CONTENTS

June 30, 2009

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.	124 - 133
<u>Revenue Capacity</u> - These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	134 - 140
<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.	141 - 146
<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.	147 - 148
<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.	149 - 151

CITY OF DOWNEY

NET ASSETS BY COMPONENT
(amounts expressed in thousands)

Last Seven 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.

Fiscal Year		
2006-07	2007-08	2008-09
\$ 154,423	\$ 172,185	\$ 176,041
31,468	28,201	32,221
<u>46,856</u>	<u>38,679</u>	<u>34,848</u>
- 232,747	239,065	243,110
35,662	35,586	35,423
-	-	-
<u>22,903</u>	<u>21,693</u>	<u>20,494</u>
<u>58,565</u>	<u>57,279</u>	<u>55,917</u>
190,085	207,771	211,464
31,468	28,201	32,221
<u>69,759</u>	<u>60,372</u>	<u>55,342</u>
<u>\$ 291,312</u>	<u>\$ 296,344</u>	<u>\$ 299,027</u>

CITY OF DOWNEY

CHANGES IN NET ASSETS - EXPENSES AND PROGRAM REVENUES

(amounts expressed in thousands)

Last Seven 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	<u>583</u>	<u>1,293</u>	<u>(431)</u>	<u>(1,102)</u>
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

Fiscal Year		
2006-07	2007-08	2008-09
\$ 6,100	\$ 5,891	\$ 4,881
42,379	43,510	45,314
8,466	7,460	7,450
7,903	9,390	9,220
6,556	8,898	8,732
4,772	4,806	4,965
1,801	1,823	1,859
<u>77,977</u>	<u>81,778</u>	<u>82,421</u>
8,852	10,121	9,739
2,745	2,765	2,699
2,634	2,939	3,486
<u>14,231</u>	<u>15,825</u>	<u>15,924</u>
<u>\$ 92,208</u>	<u>\$ 97,603</u>	<u>\$ 98,345</u>
\$ 150	\$ 134	\$ 154
4,156	4,202	4,161
2,236	2,247	2,273
2,904	2,516	2,536
2,701	3,795	2,277
7,409	7,965	7,499
3,676	3,623	7,634
<u>23,232</u>	<u>24,482</u>	<u>26,534</u>
9,543	9,078	8,782
2,944	2,938	2,780
7	121	130
-	-	762
<u>12,494</u>	<u>12,137</u>	<u>12,454</u>
<u>\$ 35,726</u>	<u>\$ 36,619</u>	<u>\$ 38,988</u>
\$ (54,745)	\$ (57,296)	\$ (55,887)
<u>(1,737)</u>	<u>(3,688)</u>	<u>(3,470)</u>
<u>\$ (56,482)</u>	<u>\$ (60,984)</u>	<u>\$ (59,357)</u>

CITY OF DOWNEY

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

Last Seven 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	2008-09
\$ 22,726	\$ 23,974	\$ 25,561
1,085	1,050	934
12,996	11,706	9,675
3,989	3,856	3,444
2,168	2,142	2,276
-	8,002	7,677
9,489	1,819	1,632
-	-	-
-	-	-
5,405	5,973	4,889
-	24	49
4,126	1,443	1,491
1,720	4,761	2,304
<u>63,704</u>	<u>64,750</u>	<u>59,932</u>
3,330	3,310	3,004
1,371	1,580	1,436
-	28	(28)
-	2,012	-
(1,720)	(4,761)	(2,304)
<u>2,981</u>	<u>2,169</u>	<u>2,108</u>
<u>\$ 66,685</u>	<u>\$ 66,919</u>	<u>\$ 62,040</u>
\$ 8,959	\$ 7,454	\$ 4,045
1,244	(1,519)	(1,362)
<u>\$ 10,203</u>	<u>\$ 5,935</u>	<u>\$ 2,683</u>

CITY OF DOWNEY

FUND BALANCES OF GOVERNMENTAL FUNDS
(amounts expressed in thousands)

Last Seven 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 seven years of data for this schedule.

Fiscal Year		
2006-07	2007-08	2008-09
\$ 8,014	\$ 8,832	\$ 11,350
<u>15,448</u>	<u>15,188</u>	<u>13,390</u>
<u>\$ 23,462</u>	<u>\$ 24,020</u>	<u>\$ 24,740</u>
\$ 27,267	\$ 22,833	\$ 16,828
3,832	6,288	8,279
(6,655)	(7,317)	(7,590)
<u>4,403</u>	<u>(19)</u>	<u>1,162</u>
<u>\$ 28,847</u>	<u>\$ 21,785</u>	<u>\$ 18,679</u>

CITY OF DOWNEY

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

(amounts expressed in thousands)

Last Seven 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 seven years of data for this schedule.

Source: Finance Department, City of Downey

Fiscal Year		
2006-07	2007-08	2008-09
\$ 52,682	\$ 53,432	\$ 52,020
2,147	2,487	1,372
1,911	1,900	1,625
7,002	7,154	6,425
9,370	7,234	12,266
7,804	10,161	7,960
3,416	3,025	2,933
<u>84,332</u>	<u>85,393</u>	<u>84,601</u>
4,905	5,457	5,244
39,555	42,361	45,429
7,902	7,004	7,634
6,769	8,775	8,781
7,589	9,820	10,432
-	-	-
9,105	16,186	10,223
1,800	1,890	1,840
2,370	2,277	2,252
<u>79,995</u>	<u>93,770</u>	<u>91,835</u>
<u>4,337</u>	<u>(8,377)</u>	<u>(7,234)</u>
10,653	12,049	7,844
(13,742)	(10,440)	(5,540)
-	-	-
-	-	-
1,386	1,400	1,408
-	-	-
<u>(1,703)</u>	<u>3,009</u>	<u>3,712</u>
2,634	(5,368)	(3,522)
<u>49,675</u>	<u>51,173</u>	<u>46,941</u>
<u>\$ 52,309</u>	<u>\$ 45,805</u>	<u>\$ 43,419</u>
5.21%	4.44%	5.03%

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)
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
2008-09	9,159,784	1,172	459,270	8,701,686	333,002	88,819	244,183	8,945,869	5.5

Exemptions include Homeowners and Business Inventory Exemptions.

CITY OF DOWNEY

ASSESSED VALUE OF TAXABLE PROPERTY
(amounts expressed in thousands)

Last Ten Fiscal Years

Category	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Residential	\$ 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	\$ 7,099,849
Commercial	592,546	607,101	591,267	616,149	674,123	697,370	767,578	866,508	908,864	1,004,451
Industrial	195,429	216,454	229,982	246,460	241,028	251,521	285,442	303,035	308,223	336,253
Government	-	-	-	-	-	-	-	109	-	-
Institutional	23,622	37,180	46,835	29,854	45,214	36,441	37,942	35,979	40,268	42,987
Miscellaneous	1,650	1,683	3,501	4,431	7,102	12	12	12	12	12
Recreational	8,207	8,456	17,898	22,568	28,986	27,639	23,017	26,408	24,413	25,322
Vacant Land	22,662	34,459	22,146	18,355	22,991	29,424	50,204	51,513	86,950	87,535
SBE Nonunitary	2,675	2,190	2,210	964	995	1,057	1,036	984	830	1,172
Possessory Int.	79,440	59,878	63,390	66,875	66,491	69,220	101,136	99,401	78,879	79,304
Unsecured	247,573	219,410	231,172	213,908	210,018	200,757	203,626	214,338	230,763	244,182
Exempt	(74,577)	(72,806)	(86,676)	(75,216)	(75,415)	(75,405)	(74,632)	(75,495)	(79,364)	(80,443)
Unknown	2,192	2,236	3,266	10,012	9,181	9,352	11,732	9,548	13,187	24,802
TOTALS	\$ 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	\$ 8,945,869

Total Direct Rate	0.1909%	0.1800%	0.1816%	0.1804%	0.1802%	0.1806%	0.1852%	0.1853%	0.1845%	0.1871%
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Note: Exempt values are not included in Total.

Source: HdL Coren & Cone, L.A. County Assessor 1999/00 - 2008/09 Combined Tax Rolls

CITY OF DOWNEY

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

Last Ten Fiscal Years

	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
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	0.13973
RDA Incremental Rate	0.01209	0.01167	0.00990	0.00861	0.00755	0.00697	0.00604	0.00541	0.00450	0.00430
Total Direct Rate	0.19094	0.18000	0.18163	0.18044	0.18016	0.18064	0.18518	0.18530	0.18454	0.18712
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	0.13970
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	0.07340
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 Dist 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	0.33450
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.	0.00142	0.00131	0.00113	0.00103	0.00099	0.00092	0.00080	0.00066	-	-
L. A. County Fld Ctrl Storm Drainage #4 Debt Svc	0.00097	0.00092	0.00066	0.00062	0.00043	0.00021	0.00002	0.00005	-	-
Flood Con. Refunding Bonds 1993 Debt Svc.	0.00079	0.00064	0.00041	0.00026	0.00004	0.00003	0.00003	-	-	-
Little Lake City Sd Ds 2000 Ser-A	-	0.03489	0.02773	0.03946	0.03629	0.03155	-	0.00565	-	-
Little Lake City Sd Ds 2000 Ser-B	-	-	-	0.02936	0.02465	0.02158	0.01854	0.01701	0.01630	0.01631
Little Lake City Sd Ds 2005 Ref Bonds	-	-	-	-	-	-	0.02140	0.00535	0.02655	0.02362
Little Lake City Sd Ds 2000 Ser-c	-	-	-	-	-	-	-	0.00682	0.03215	0.03367
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 Hsd Ds 2000 Ser B	-	0.00774	0.00601	0.00567	0.00553	0.00510	0.00439	0.00439	-	-
Whittier UN Hsd Ds 1999 Ser C	-	-	0.01327	0.01112	0.01029	0.00951	0.00814	0.00814	-	-
Whittier UN Hsd 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 Hsd Ds 2005 Ref Bds	-	-	-	-	-	-	-	0.04428	0.04359	0.03728
Cerritos Comm College 2004 Ser A Debt Svc	-	-	-	-	-	0.01908	0.01279	0.00251	0.00407	0.00172
Cerritos Comm College 2005 Ref. Bonds Debt Svc	-	-	-	-	-	-	0.01144	0.00429	0.00412	0.00510
Cerritos Ccd Ds 2004 Series 2006	-	-	-	-	-	-	-	0.01713	0.00253	0.00312
Compton Ccd Ds 2002 Ser A	-	-	-	-	0.02714	0.00396	0.02051	0.01975	0.01763	0.01132
Compton Ccd Ds 2002 Ser 2008A	-	-	-	-	-	-	-	-	-	0.01262
L.A. Ccd Ds 2001 Ser-A	-	-	-	-	0.00835	0.00569	0.00030	0.00115	0.00141	0.00154
L.A. Ccd Ds 2003 Ser B	-	-	-	-	0.00041	0.00101	0.00084	0.00128	-	0.00042

CITY OF DOWNEY

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

Last Ten Fiscal Years

	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
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	0.00069
L.A. Ccd Ds 2003 Taxable Ser 2004A	-	-	-	-	0.00050	0.00050	0.00004	0.00079	0.00067	0.00061
Lacc Ds Ref 2001 Series 2005 A	-	-	-	-	-	-	0.00546	0.00449	0.00393	0.00365
La Ccd Ds 2001, 2006 Series B	-	-	-	-	-	-	-	0.00437	-	0.00217
La Ccd Ds 2003, 2006 Series C	-	-	-	-	-	-	-	0.00859	0.00204	0.00349
Lacc Ds 2001, 2008 Ser E-1	-	-	-	-	-	-	-	-	-	0.00221
Lacc Ds 2001, 2008 Taxable Ser E-2	-	-	-	-	-	-	-	-	-	0.00211
Lacc Ds 2003, 2008 Ser F-1	-	-	-	-	-	-	-	-	-	0.00285
Lacc Ds 2003, 2008 Taxable Ser F-2	-	-	-	-	-	-	-	-	-	0.00238
Rio Hondo Cc Ds Ser 2004A	-	-	-	-	-	0.02170	0.01802	0.00585	0.00644	0.00665
Rio Hondo Ccd Ds 2005 Ref Bonds	-	-	-	-	-	-	-	0.00884	0.00726	0.01258
Rio Hondo Cc Ds 2004 Ser 2008	-	-	-	-	-	-	-	-	-	0.00397
Downey Unif SD 1996 Ser C Debt Svc.	0.00608	0.00605	0.00549	0.00524	0.00497	0.00442	0.00394	0.00354	0.00339	0.00332
Downey Unif SD Ref Bond 1999 Ser A Debt Svc.	0.01318	0.01291	0.01103	0.01168	0.01026	0.00929	0.00809	0.00799	0.00690	0.00700
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	0.00255
Downey Unif SD 2002 Ser A Debt Svc.	-	-	-	-	0.02337	0.01849	0.01529	0.01374	0.01238	0.01158
Downey Unif SD 2002 Ser B Debt Svc.	-	-	-	-	-	0.02198	0.01902	0.01620	0.00687	0.00806
Downey Unif SD 2002 Ser C Debt Svc.	-	-	-	-	-	-	0.02073	0.01082	0.02405	0.00790
Downey Usd Ds 2006 Ref Bonds	-	-	-	-	-	-	-	-	0.00665	0.00549
Downey Unif Ds 2007 Ref Bds	-	-	-	-	-	-	-	-	0.01329	0.01200
Los Angeles Unified School District	0.00037	0.00036	-	0.00011	0.00016	0.00014	0.00011	0.00008	0.00004	0.00006
Los Angeles Unif Ds 1997 Ser A	0.01050	0.00994	0.00908	0.00860	0.00816	0.00733	0.00422	0.00434	0.00447	0.00320
Los Angeles Unif Ds 1997 Ser B	0.00983	0.00935	0.00870	0.00627	0.00610	0.00558	0.00273	0.00292	0.00266	0.00247
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	0.00211
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	0.00256
Los Angeles Usd Ds 1997 Ser E	-	-	0.01265	0.00369	0.01200	0.01036	0.00780	0.00711	0.00263	0.00372
Los Angeles Usd Ds 2002 Reflg Bd	-	-	-	0.00551	0.00449	0.00394	0.00354	0.00324	0.00466	0.00115
Los Angeles Usd Ds 1997 Ser F	-	-	-	-	0.00370	0.01200	0.00986	0.00850	0.00636	0.00609
Los Angeles Usd Ds 2002 Ser A	-	-	-	-	0.03001	0.03197	0.02916	0.02508	0.00689	0.00893
Los Angeles Usd Ds 2004 Ser A	-	-	-	-	-	0.00618	0.00358	0.00489	0.00444	0.00413
Los Angeles Unified Ds 2004 Series B 2004	-	-	-	-	-	-	0.00420	0.00342	0.00300	0.00275
Los Angeles Unified Ds 2004 Series C 2004	-	-	-	-	-	-	0.00102	0.00083	0.00073	0.00067
Los Angeles Unified Ds 2004 Series D 2004	-	-	-	-	-	-	0.00140	0.00112	0.00096	0.00090
Los Angeles Unified Ds 2004 Ref Bonds A-1	-	-	-	-	-	-	0.00138	0.00119	0.00099	0.00093
Los Angeles Unified Ds 2004 Ref Bonds A-2	-	-	-	-	-	-	0.00197	0.00167	0.00143	0.00132
Los Angeles Unified Ds 2004 Series E	-	-	-	-	-	-	0.00215	0.00899	0.00555	0.00524
Los Angeles Unified Ds 2005 Ref Bonds A-1	-	-	-	-	-	-	0.00512	0.00420	0.00390	0.00358
Los Angeles Unified Ds 2005 Ref Bonds A-2	-	-	-	-	-	-	0.00178	0.00137	0.00136	0.00125
La Usd Ds 2004 Series F	-	-	-	-	-	-	-	0.00998	0.00778	0.00723
La Usd Ds 2006 Ref Bd Series A	-	-	-	-	-	-	-	0.00152	0.00227	0.00052
La Usd Ds 2005 Series A (2006)	-	-	-	-	-	-	-	0.00077	0.00185	0.00268
La Usd Ds 2005 Series B (2006)	-	-	-	-	-	-	-	0.00105	0.00388	0.00325
La Usd Ds 2005 Series C (2006)	-	-	-	-	-	-	-	0.00087	0.00440	0.00384

CITY OF DOWNEY

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

Last Ten Fiscal Years

	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
La Usd Ds 2005 Series D (2006)	-	-	-	-	-	-	-	0.00076	0.00149	0.00236
La Usd Ds 2004 Series G (2006)	-	-	-	-	-	-	-	0.00738	0.00562	0.00544
Los Angeles Unif Ds 2006 Ref Bds Ser B	-	-	-	-	-	-	-	-	0.00729	0.00573
Los Angeles Unif Ds 2007 Ref Bds Ser A-1	-	-	-	-	-	-	-	-	0.01410	0.01108
Los Angeles Unif Ds 2007 Ref Bds Ser A-2	-	-	-	-	-	-	-	-	0.00133	0.00126
Los Angeles Unif Ds 2002 Ser B (2007)	-	-	-	-	-	-	-	-	0.00796	0.00739
Los Angeles Unif Ds Ref Bds Ser B	-	-	-	-	-	-	-	-	0.00015	0.00027
Los Angeles Unif Ds 2002 Ser C	-	-	-	-	-	-	-	-	0.00152	0.00230
Los Angeles Unif Ds 2004 Ser H	-	-	-	-	-	-	-	-	0.00558	0.00836
Los Angeles Unif Ds 2005 Ser E	-	-	-	-	-	-	-	-	0.00305	0.00460
Los Angeles Unif Ds 2002 Ser D	-	-	-	-	-	-	-	-	-	0.00191
Los Angeles Unif Ds 2004 Ser I	-	-	-	-	-	-	-	-	-	0.00419
Los Angeles Unif Ds 2005 Ser F	-	-	-	-	-	-	-	-	-	0.00114
Montebello Unif Ds 1998 Ser 98	0.02023	0.01894	0.01815	0.01691	0.01702	0.01621	0.01524	0.01438	0.01359	0.01339
Montebello Unif Sd Ds 98 Ser 99	0.01026	0.01529	0.01456	0.01337	0.01360	0.01298	0.01207	0.01160	0.01095	0.01083
Montebello Usd Ds 1998 Ser 2001	-	-	0.01099	0.00955	0.01015	0.00949	0.00898	0.00854	0.00812	0.00797
Montebello Usd Ds 1998 Ser 2004	-	-	-	-	-	0.00304	0.00526	0.00676	0.00859	0.00750
Montebello Unif Ds 1998 Ser 2002	-	-	-	-	-	-	0.00691	0.00824	0.01014	0.00888
Montebello Unif Ds 2004 Ser 2005	-	-	-	-	-	-	0.02207	0.01779	0.01542	0.01477
Montebello Unif Ds 2004 Ser 2008	-	-	-	-	-	-	-	-	-	0.01731
Nor-La Mirada Usd Ds 2002 S-03A	-	-	-	-	0.05560	0.04841	-	-	-	-
Nor-La Mirada Usd Ds 2002 S-05A	-	-	-	-	-	0.00475	0.00071	0.00085	0.00101	0.00638
Norwalk-La Mirda Usd Ds 2005 Ref Bds	-	-	-	-	-	-	0.05297	0.04951	0.04817	0.04554
Norwalk-La Mirda Usd Ds 2002 Ser 2007A	-	-	-	-	-	-	-	-	0.00309	0.01079
Metropolitan Water District	0.00890	0.00880	0.00770	0.00670	0.00610	0.00580	0.00520	0.00470	0.00450	0.00430
Total Voter Approved Rate	0.11175	0.16294	0.20707	0.22617	0.37833	0.40317	0.45374	0.49522	0.49204	0.52045
Total Direct & Overlapping Tax Rate	1.11175	1.16294	1.20707	1.22617	1.37833	1.40317	1.45374	1.49522	1.49204	1.52045

CITY OF DOWNEY

PRINCIPAL PROPERTY TAX PAYERS

Current Year and Nine Years Ago

Taxpayer	2008-09		1999-00	
	Taxable Assessed Value	% of Total City Taxable Assessed Value	Taxable Assessed Value	% of Total City Taxable Assessed Value
Gary L. Ball Trust, Et. Al.	\$ 100,002,374	1.12%	\$ 70,910,048	1.52%
Coca Cola Bottling Company of Los Angeles	75,772,712	0.85%	44,831,837	0.96%
Kaiser Foundation	55,567,194	0.62%	29,513,393	0.63%
Macerich Stinewood Limited Partnership	52,486,835	0.59%	42,070,950	0.90%
Fremont Rancho Limited	49,006,877	0.55%	27,450,539	0.59%
Downey Land Company Limited	43,723,878	0.49%	70,329,866	1.51%
RLJ II-EM Downey	31,540,000	0.35%	-	-
PRC Multi-Family LLC	30,272,091	0.34%	-	-
Andrews Rancho Del Norte	24,368,043	0.27%	-	-
Ark Land Management LLC	23,058,928	0.26%	-	-
Sanwa Jutaku Company Limited	-	0.00%	32,800,594	0.70%
Boeing North American	-	-	60,193,719	1.29%
LA County Capital Asset Leasing Corporation	-	-	25,989,588	0.56%
Norbert Gehr	-	-	20,767,450	0.44%
	<u>\$ 485,798,932</u>	<u>5.43%</u>	<u>\$ 424,857,984</u>	<u>9.10%</u>

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

Sources: HdL Coren & Cone, Los Angeles County Assessor 1999/00 - 2008/09 Combined Tax Rolls
The SBE Non Unitary Tax Roll

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>Collections in Subsequent Years</u>	<u>Total Tax Collections</u>	<u>Percent of Total Tax Collections</u>
1999-00	\$ 5,734	5,734	\$ 100	-	\$ 5,734	100.00
2000-01	6,141	6,045	98.44	96	6,141	100.00
2001-02	6,505	6,412	98.57	93	6,505	100.00
2002-03	6,942	6,684	96.28	258	6,942	100.00
2003-04	7,533	7,459	99.02	74	7,533	100.00
2004-05	8,079	8,079	100.00	-	8,079	100.00
2005-06	8,707	8,707	100.00	-	8,707	100.00
2006-07	9,762	9,762	100.00	-	9,762	100.00
2007-08	11,844	11,394	96.20	450	11,844	100.00
2008-09	12,497	11,501	92.03	(1)	11,501	92.03

(1) Information not available

CITY OF DOWNEY

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

Last Seven Fiscal Years

Fiscal Year	Governmental Activities			Business-type Activities			Total Primary Government	Percentage of Personal Value	Debt Per Capita
	Bonds	Certificates of Participation	Other	Total Governmental Activities	Certificates of Participation	Other			
2002-03	\$ 9,135	\$ 7,110	\$ 36,337	\$ 52,582	\$ 9,910	\$ -	\$ 62,492	14.60%	\$ 560
2003-04	8,950	6,075	37,653	52,678	9,910	135	62,723	13.90%	556
2004-05	29,189	4,990	41,526	75,705	9,640	214	85,559	17.80%	758
2005-06	28,906	3,850	44,676	77,432	9,360	257	87,049	17.00%	770
2006-07	28,618	2,650	46,213	77,481	9,070	323	86,874	16.10%	765
2007-08	28,315	1,365	48,486	78,166	8,775	383	87,324	15.80%	769
2008-09	27,987	-	46,595	74,582	8,470	497	83,549	N/A	N/A

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

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
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%
2008-09	113,607	8,945,869	-	-	-	0.0%	0.0%

Source: Finance Department, City of Downey

CITY OF DOWNEY

SCHEDULE OF DIRECT AND OVERLAPPING DEBT

June 30, 2009

City Assessed Valuation	\$8,945,868,548
Redevelopment Agency Incremental Valuation	482,416,729
Total Assessed Valuation	<u>\$8,463,451,819</u>

	Gross Bonded Debt Balance 06/30/009	Percent Applicable to City of Downey	Net Bonded Debt
Metropolitan Water District*	\$ 137,096,151	0.981	\$ 1,344,761
Little Lake City Elem SD 2000 Ser B Debt Svc	5,900,000	3.826	225,719
Little Lake County SD 2005 Refunding Bonds	8,210,000	3.826	314,094
Little Lake City Elem SD 2000 Ser C	8,560,000	3.826	327,485
Whittier Union High SD 2005 Refunding Bonds	89,787,133	0.629	564,992
Cerritos CCD 2004 Ser 2004 A Debt Svc	4,135,000	23.799	984,082
Cerritos CCD 2005 Refunding Bonds Debt Svc	23,730,994	23.799	5,647,704
Cerritos CCD 2004 Ser 2006 A Debt Svc	85,645,000	23.799	20,382,526
Compton Comm College Dist 2002 Ser A Debt Svc	36,390,000	0.752	273,529
LA City Community College 2001 Ser A Debt Svc	27,815,000	0.003	783
LA City Community College 2003 Ser 2004 B Debt Svc	77,040,000	0.003	2,168
LA CCD DS 2003 Taxable Ser 2004B	23,385,000	0.003	658
LA City Community College 2001 Ser 2004 A Debt Svc	75,105,000	0.003	2,113
LA City Community College Ref 2001 Ser 2005 A Debt Svc	432,345,000	0.003	12,165
LA City Community College 2001 Ser 2006 B Debt Svc	383,000,000	0.003	10,776
LA City Community College 2003 Ser 2006 C Debt Svc	308,500	0.003	8,680
LACC DS 2001, 2008 Ser E-1	276,500,000	0.003	7,780
LACC DS 2001, 2008 Taxable Ser E-2	15,000,000	0.003	422
LACC DS 2003, 2008 Ser F-1	364,915,000	0.003	10,267
LACC DS 2003 Taxable Ser F-2	425,000,000	0.003	11,958
Rio Hondo Comm College Dist Ser 2004A	9,940,000	0.403	40,050
Rio Hondo Comm College Dist Refunding Bond	46,482,244	0.403	187,286
Rio Hondo CC DS 2004 Ser 2008	64,996,844	0.403	261,885
Downey Unified SD 1996 Ser C Debt Svc	4,055,000	91.422	3,707,163
Downey Unified SD Refund Bds 1999 Ser A Debt Svc	7,280,256	91.422	6,655,758
Downey Unified SD 1996 Ser E Debt Svc	1,545,000	91.422	1,412,470
Downey Unified SD 2002 Ser A Debt Svc	14,805,000	91.422	13,535,032
Downey Unified SD 2002 Ser B Debt Svc	6,150,000	91.422	5,622,455
Downey Unified SD 2002 Ser C Debt Svc	18,835,000	91.422	17,219,340
Downey Unified SD 2006 Ref. Bonds Debt Svc	9,775,000	91.422	8,936,504
Downey Unified SD 2007 Ref. Bonds Debt Svc	20,695,000	91.422	18,919,790
Montebello Unified SD 1998 Ser 98 Debt Svc	14,079,698	0.128	18,074
Montebello Unified SD 1998 Ser 99 Debt Svc	13,072,854	0.128	16,782
Montebello Unified SD 1998 Ser 2001 Debt Svc	13,397,827	0.128	17,199
Montebello Unified SD 1998 Ser 2004 Debt Svc	14,540,273	0.128	18,666
Montebello Unified SD 1998 Ser 2002 Debt Svc	13,618,989	0.128	17,483
Montebello Unified SD 2004 Ser 2005 Debt Svc	27,640,000	0.128	35,482
Montebello Unified DS 2004 Ser 2008	35,000,000	0.128	44,930
Total Overlapping Debt repaid through voter-approved property tax indebtedness			106,799,011
City Direct Debt			<u>30,314,490</u>
Total Direct and Overlapping Debt			<u>\$ 137,113,501</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 2008/09 Lien Date Tax Rolls

CITY OF DOWNEY

SCHEDULE OF LEGAL DEBT MARGIN
(amounts expressed in thousands)

Last Ten Fiscal Years

	Fiscal Year									
	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Assessed Valuation	\$ 4,671,141	\$4,858,694	\$5,157,311	\$ 5,417,940	\$ 5,855,766	\$ 6,266,555	\$ 7,002,394	\$ 7,774,263	\$ 8,477,831	\$ 8,945,869
Charter Debt Limited (15% of Assessed Valuation)	700,671	728,804	773,597	812,691	878,365	939,983	1,050,359	1,166,139	1,271,675	1,341,880
Amount of debt applicable to debt limit	-	-	-	-	-	-	-	-	-	-
Legal Debt Margin	\$ 700,671	\$ 728,804	\$ 773,597	\$ 812,691	\$ 878,365	\$ 939,983	\$ 1,050,359	\$ 1,166,139	\$ 1,271,675	\$ 1,341,880

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	
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	-	-	-	-
2008-09	9,318	9,731	(413)	-	-	-	-

Source: Finance Department, 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	
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	3,459	2,350	1,109	295	406	701	1.58
2008-09	3,977	2,296	1,681	305	397	702	2.39

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>
2000	107,323	\$ 385,053,436	\$ 31,045	4.3%
2001	108,729	403,518,592	32,155	4.4%
2002	110,441	412,753,239	32,544	5.7%
2003	111,687	427,549,556	33,435	5.9%
2004	112,817	452,200,899	35,170	5.5%
2005	112,938	482,011,274	37,441	4.3%
2006	113,063	513,123,392	39,880	3.8%
2007	113,587	539,163,000	41,875	4.0%
2008	113,607	552,449,876	42,916	5.8%
2009	113,607	Not Available	Not Available	9.1%

Sources:

¹ State Department of Finance² 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 City of Downey in June)

CITY OF DOWNEY

PRINCIPAL EMPLOYERS

Current Year and Nine Years Ago

Employer	2008-09		1999-00		
	Number of Employees	Percent of Total Employment	Number of Employees	Percent of Total Employment	
Kaiser Permanente	3,000	6.1%	-		
Downey Unified School District	2,000	4.0%	1,500		N
Stonewood Shopping Center	1,750	3.5%	1,608		O
Rancho Los Amigos Medical Center	1,374	2.8%	2,600		T
Downey Regional Medical Center	955	1.9%	1,300		
Coca-Cola Bottling Company	920	1.9%	-		A
Office of Education, County of Los angeles	900	1.8%	800		V
Lakewood Park Health Center	325	0.7%	-		A
Kirk Xpedex Company	250	0.5%	484		I
All American Home Center	180	0.4%	-		L
Internal Service Dept., County of Los Angeles	-	0.0%	723		A
General Telephone Company	-	0.0%	453		B
					L
					E

Source: City of Downey, Community Development Department

CITY OF DOWNEY

FULL-TIME AND PART-TIME CITY EMPLOYEES BY FUNCTION

Last Ten Fiscal Years

Function	Fiscal Year									
	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
General government	33	33	33	33	32	32	33	33	37	38
Police	164	165	166	167	167	166	169	169	179	201 (1)
Fire	87	87	86	87	87	86	85	85	86	92
Parks and recreation	328	336	337	335	339	338	338	338	368 (2)	383 (2)
Public works	84	83	83	83	83	81	81	81	82	87
Community development	29	29	30	30	31	32	34	34	32	30
Total	<u>725</u>	<u>733</u>	<u>735</u>	<u>735</u>	<u>739</u>	<u>735</u>	<u>740</u>	<u>740</u>	<u>784</u>	<u>831</u>

(1) The City implemented new part-time cadet program in fiscal year 2009.

(2) The increase in number of part-time employees in Community Services in fiscal year 2008 and 2009 was due to the expanded ASPIRE program funded by the State.

CITY OF DOWNEY
OPERATING INDICATORS

Last Ten Fiscal Years

	Fiscal Year									
	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Police:										
Number of arrests	4,327	5,056	4,667	4,785	3,351	4,228	4,402	4,984	4,519	4,437
Number of collision reports issued	999	844	901	861	1,272	1,596	1,601	1,473	1,402	1,311
Number of traffic citations issued	45,050	45,462	40,741	47,981	45,611	42,479	41,499	47,508	43,188	42,078
Number of reported crimes & incidents	14,385	13,941	13,891	12,297	13,933	14,129	14,139	15,016	13,543	13,294
Fire:										
Number of emergency incidents	5,085	4,985	5,086	5,057	5,700	5,413	5,474	5,451	5,983	6,021
Number of fire & other incidents	2,783	2,545	2,892	2,710	2,683	2,344	2,530	2,567	1,881	1,136
Number of special services and other incidents	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	535
Number of traffic accidents	312	344	312	265	350	350	540	752	735	715
Parks and recreation:										
Number of general park attendance	500,000	484,000	436,000	506,374	499,576	445,984	513,059	676,731	520,340	929,974
Number of participants in theatre	40,000	40,000	40,000	40,000	40,000	41,000	41,000	40,738	54,114	38,891
Number of library attendance	366,505	387,656	387,656	423,177	428,561	400,700	371,445	359,502	397,002	413,510
Public works:										
Engineering (CIP related improvement):										
Street striping (no. of lineal ft)	n/a	n/a	n/a	n/a	n/a	n/a	29,866	39,005	45,148	27,600
Asphalt replacement (no. of tons)	n/a	n/a	n/a	n/a	n/a	n/a	15,947	21,506	3,944	7,981
Trees planted (each)	n/a	n/a	n/a	n/a	n/a	n/a	108	444	434	372
Trees removed (each)	n/a	n/a	n/a	n/a	n/a	n/a	10	20	5	13
Maintenance:										
Pavement markings (square feet)	n/a	n/a	n/a	n/a	n/a	n/a	84,170	59,201	80,365	102,651
Street striping (no. of lineal ft)	n/a	n/a	n/a	n/a	n/a	n/a	368,109	375,471	191,707	501,357
Asphalt repair (no. of tons)	425	350	400	400	500	550	575	587	466	508
Graffiti removed (square feet)	182,000	250,297	200,000	277,658	380,000	516,093	503,704	627,970	755,485	719,661
Trees trimmed (each)	6,785	8,886	10,208	11,349	5,550	9,503	7,697	8,870	9,870	6,288
Trees planted (each)	174	213	240	296	769	718	434	200	239	155
Trees removed (each)	252	256	290	263	159	227	350	234	320	199
Vehicles serviced - Preventative	299	342	152	216	310	265	326	441	469	575
Vehicles serviced - Repairs (each)	414	438	545	655	683	541	397	597	612	498
Water:										
Number of customers	23,000	23,080	22,339	22,910	22,955	22,955	22,734	22,356	22,806	22,421
Annual supply (acre feet)	18,069	18,306	18,347	17,643	18,925	17,571	18,043	19,313	18,402	17,973
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)	275	59	25	187	187	198	187	18	18	25
Vector coating applied to sewer manholes	n/a	n/a	n/a	n/a	n/a	n/a	1,750	1,818	1,920	2,000
Golf course:										
Golf rounds played	82,857	78,830	74,159	66,744	65,449	64,784	70,071	68,980	67,050	64,105

CITY OF DOWNEY

CAPITAL ASSET STATISTICS BY FUNCTION

Last Ten Fiscal Years

Function	Fiscal Year									
	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
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	102	102	115	115	115	115	115
No. of street lights	5,072	5,072	5,072	5,430	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	315	320	320	320	263	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	12
Number of community centers	1	1	1	1	1	1	1	1	1	1
Number of golf course	1-18-hole	1-18-hole	1-18-hole	1-18-hole	1-18-hole	1-18-hole	1-18-hole	1-18-hole	1-18-hole	1-18-hole

Source: Finance Department, City of Downey