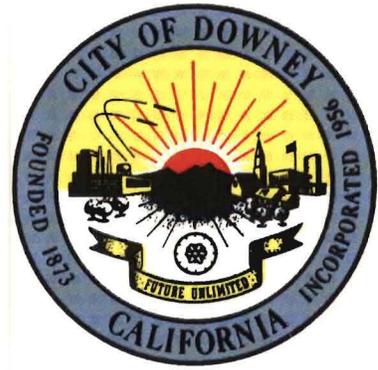


CITY OF DOWNEY



CALIFORNIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2010

2010



CITY OF DOWNEY, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
WITH REPORT ON AUDIT
BY INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Prepared by:

Department of Finance

John Michicoff
Finance Director

CITY OF DOWNEY

TABLE OF CONTENTS

For the Fiscal Year Ended June 30, 2010

	<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 - 76

CITY OF DOWNEY

TABLE OF CONTENTS
(CONTINUED)

For the Fiscal Year Ended June 30, 2010

	<u>Page Number</u>
Required Supplementary Information:	77
Schedules of Funding Progress:	
City Employee Retirement Plan	78
Postemployment Benefits Other Than Pensions	78
Budgetary Comparison Schedules:	
General Fund	79
Gas Tax Special Revenue Fund	80
Note to Required Supplementary Information	81
Supplementary Schedules:	
Other Major Fund:	83
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual:	
Housing Capital Projects Fund	84
Other Governmental Funds:	85
Combining Balance Sheet	87
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	88
Other Special Revenue Funds:	89
Combining Balance Sheet	90 - 91
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	92 - 93
Schedules of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual:	
Waste Reduction Fund	94
Street Lighting Fund	95
CDBG Special Revenue Fund	96
Sewer and Storm Drain Fund	97
CATV Public Access Fund	98
Air Quality Fund	99
Grants	100
Other Debt Service Fund:	101
Balance Sheet	102
Statement of Revenues, Expenditures and Changes in Fund Balance	103

CITY OF DOWNEY

TABLE OF CONTENTS
(CONTINUED)

For the Fiscal Year Ended June 30, 2010

	<u>Page Number</u>
Supplementary Schedules (Continued):	
Other Capital Projects Funds:	105
Combining Balance Sheet	106
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	107
Schedules of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual:	
Firestone Redevelopment Fund	108
Woodruff Redevelopment Fund	109
City Capital Projects Fund	110
Internal Service Funds:	111
Combining Statement of Net Assets	112
Combining Statement of Revenues, Expenses and Changes in Net Assets	113
Combining Statement of Cash Flows	114
Agency Funds:	115
Combining Statement of Fiduciary Assets and Liabilities	116 - 117
Combining Statement of Changes in Fiduciary Assets and Liabilities	118 - 119
STATISTICAL SECTION:	
Description of Statistical Section Contents	121
Financial Trends:	
Net Assets by Component - Last Eight Fiscal Years	122 - 123
Change in Net Assets - Expenses and Program Revenues - Last Eight Fiscal Years	124 - 125
Change in Net Assets - General Revenues - Last Eight Fiscal Years	126 - 127
Fund Balances of Governmental Funds - Last Eight Fiscal Years	128 - 129
Changes in Fund Balances of Governmental Funds - Last Eight Fiscal Years	130 - 131
Revenue Capacity:	
Assessed Valuation - Last Ten Fiscal Years	132
Assessed Value of Taxable Property - Last Ten Fiscal Years	133
Direct and Overlapping Property Tax Rates - Last Ten Fiscal Years	134
Principal Property Taxpayers - Current Year and Nine Years Ago	135
Property Tax Levies and Collections - Last Ten Fiscal Years	136

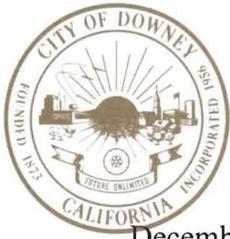
CITY OF DOWNEY

TABLE OF CONTENTS
(CONTINUED)

For the Fiscal Year Ended June 30, 2010

	<u>Page Number</u>
STATISTICAL SECTION (UNAUDITED) (CONTINUED):	
Debt Capacity:	
Ratios of Outstanding Debt by Type - Last Eight Fiscal Years	137
Ratio of General Bonded Debt to Assessed Value and Net Bonded Debt per Capita - Last Ten Fiscal Years	138
Schedule of Direct and Overlapping Debt	139
Schedule of Legal Debt Margin - Last Ten Fiscal Years	140
Pledged-Revenue Bond Coverage:	
Water Leasehold Mortgage Bond Coverage - Last Ten Fiscal Years	141
Golf Course Revenue Coverage - Last Ten Fiscal Years	142
Demographic and Economic Information:	
Demographic and Economic Statistics - Last Ten Calendar Years	143
Principal Employers - Current Year and Nine Years Ago	144
Operating Information:	
Full-Time and Part-Time City Employees by Function - Last Ten Fiscal Years	145
Operating Indicators by Function - Last Ten Fiscal Years	146
Capital Asset Statistics by Function - Last Ten Fiscal Years	147

INTRODUCTORY SECTION



City of Downey

FUTURE UNLIMITED

December 23, 2010

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, 2010. 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 113,715 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

In November 2010, the seasonally adjusted unemployment rate for the City is 10.5% which is slightly higher than the national rate of 9.8% but lower than 12.4% in the State of California.

With the concern of State budget deficit and high unemployment rate, the City remains optimistic with the economic recovery in 2012. While exercising fiscal conservatism, City staff has worked diligently to deliver a reasonable level of service to the community and retain and attract existing or new business that will continue to provide an economic stimulus to our local economy.

MAJOR INITIATIVES

For the Year. The City continued its efforts in the revitalization of the former NASA property. The City has continued to move forward with the Tierra Luna Specific Plan. It was revised to reflect a refined retail and office development. The new six-story, 352-bed Kaiser Permanente Medical Center began serving the community on September 15, 2009. As part of the Downey Landing development, the Columbia Memorial Space Science Learning Center (CMSSLC) was 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. The approved Downtown Specific Plan will guide the future revitalization of the downtown area to provide opportunities for new retail restaurant, and residential uses. The Commission supported the initial step in developing a Downtown Property-owners Business Improvement District that is expected to provide property owners with the opportunity to create special downtown activities. With the Commission's economic incentive, Porto's Bakery invested over \$16 million into the downtown to build a 15,300 square foot bakery/restaurant. Along the Firestone commercial corridor, an economic incentive was provided to a Dodge dealer to create new jobs and to expand an exciting new car dealership in the community. The City encumbered Community Development Block Grant – Recovery Act Program (CDBG-R) to add a new water line and create a new 100- space downtown parking lot. The City also supported a restaurant and retail revitalization plan that is expected to provide an additional restaurant and retailers to the Firestone corridor. The Commission launched a market research project to determine the identity and marketing strengths of the City as a community.

In order to provide efficient service to the public, the City implemented new emergency notification system, installed a customized City-wide permit tracking system, and upgraded the official city website and integrated the website with existing City applications, such as Park and recreation class registration.

The following noticeable street improvement projects were either completed or commenced in the current year: \$1.9 million in City-wide resurfacing project; \$2.4 million for Downey Avenue rehabilitation project; \$2.2 million in Imperial median, safety & rehabilitation project; and \$391 thousand in Lakewood Boulevard improvement project.

Future Initiatives. The city is involved in numerous economic development projects. In the downtown area, a specific plan was approved to enhance opportunities to revitalize a much tired downtown area. The plan will provide new opportunities in mixed use, land use, housing, and

parking strategies. With the construction of Porto's Bakery completed, they will continue with the rehabilitation of a five story office building and parking garage. Moreover, the City continues with an affordable housing plan at the former Verizon and Avenue Theater site. 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. The Commission plans to further develop the Downtown Property-owners Business Improvement District and continue the market research that will identify strengths of the community.

Street pavement, safety enhancement, and traffic flow improvements will continue throughout the city. The Lakewood Boulevard Improvement project is one of the most significant street improvements in the City's history. To date, the City has invested over \$16 million in this multi-year project. It is expected to greatly enhance the appearance of Lakewood Boulevard; provide for a more pedestrian-friendly environment; and improve traffic flow and safety. The City also has plans for rehabilitating and improving the City's facilities, including the upgrading of the HVAC system in the Theatre and the City Library, and undergoing a complete landscaping replacement in Treasure Island Park through a Proposition 84 grant.

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, 2009 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's annual budget is a financial planning tool outlining the estimated revenues and appropriation for the City. Prior to July 1 of each year, the City prepares and submits its budget to the City Council for the ensuing fiscal year. The objective of the budget is to ensure

funds are expended in accordance with the vision of the City Council. Activities of the General Fund, Special Revenue Funds, and the Capital Project Funds are included in the budget. The City conducts periodic reviews to ensure compliance with the provision of the annual operating budget. The level of budgetary control is the department level within the fund. The City Council may amend the 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	\$ 8,155,000
Downey Community Development Commission: 1997 Refunding Tax Allocation Bonds	U.S. Bank	7,675,000
California Statewide Communities Development Authority: 2005 Pension Obligation Bonds	Wells Fargo Trust Services	20,110,000

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.

Risk Management. The City carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds. 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. A schedule of self-insured retention and limits of insurance coverage at June 30, 2010 is included in Note 9 of the Notes to Basic Financial Statements. The City contracts with third-party administrators to process claims and help manage these programs.

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.

The Government Accounting Standard Board (GASB) has issued Statement No. 54, titled "Fund Balance Reporting and Governmental Fund Type Definitions", which is effective for financial statement for period beginning after June 15, 2010. This standard provides the users of the financial statement greater information about the availability of reported fund balance and a better understanding of a government entity's commitment of financial resources – the extent to which the financial resources of governmental fund are constrained and how binding those constraints are. The staff has initiated the discussion with the budget subcommittee regarding to the implementation of GASB 54 and the preparation of drafting the relevant policy.

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 Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Downey for its comprehensive annual financial report for the fiscal year ended June 30, 2009. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgments. The preparation 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

Anne M. Bayer, Mayor

Luis H. Marquez, Mayor Pro Tem

**David R. Gafin
Council Member**

**Roger C. Brossmer
Council Member**

**Mario A. Guerra
Council Member**

APPOINTED OFFICIALS

City Attorney

Kathleen L. Midstokke – City Clerk

MANAGEMENT TEAM

Gerald M. Caton, City Manager

Gilbert Livas, 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**

**Rick Esteves
Chief of Police**

**Thad Phillips
Director of Community Services**

**John Michicoff
Director of Finance**

**John Perfit
Director of Economic Development**

**Linda Haines
Building and Housing Director**

**Scott Pomrehn
Assistant Deputy City Manager**

**Brian Saeki
Director of Community Development**

**CITY OF DOWNEY
ORGANIZATIONAL CHART
FY 2009-2010**

**CITIZENS OF
DOWNEY**

ELECTS

CITY COUNCIL

5 Members
Mayor Elected Annually

CHARTER BOARDS AND COMMISSIONS
Planning Commission
Personnel Advisory Board
Library Advisory Board

OTHER COMMISSIONS
Art in Public Places Committee
Budget-Audit Subcommittee
Community Services Commission
Downey Hospital Commission
Emergency Preparedness Committee
Keep Downey Beautiful Committee
Public Works Committee

CITY CLERK
Kathleen L. Midstokke

CITY MANAGER
Gerald M. Caton

CITY ATTORNEY

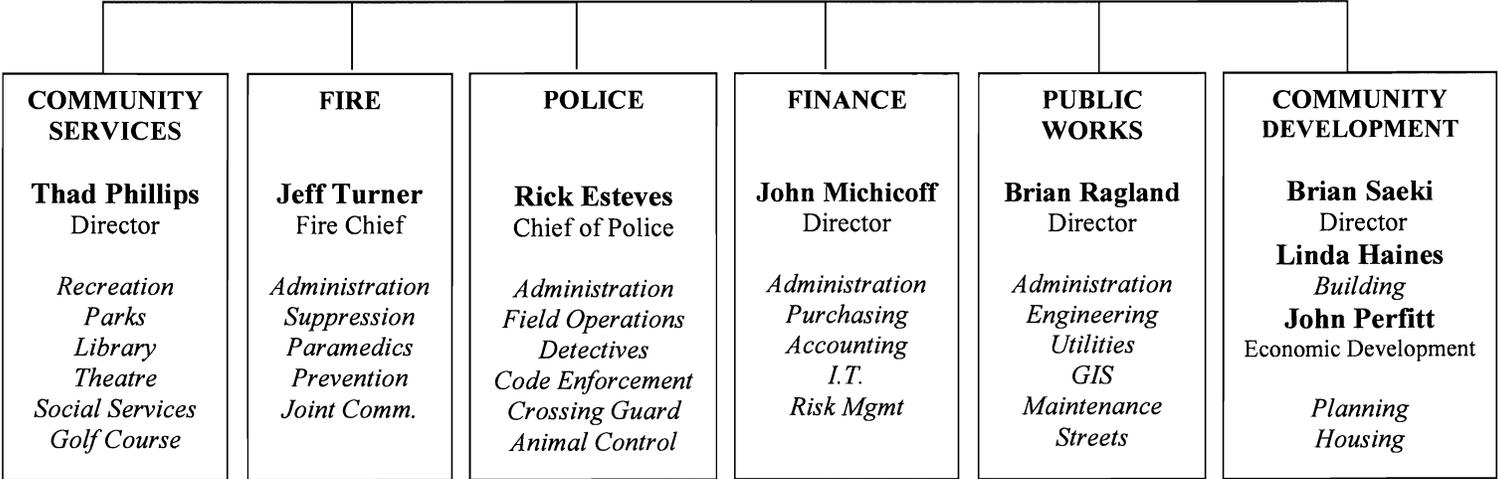
CITY MANAGER APPOINTS

ASSISTANT CITY MANAGER
Gilbert Livas
Personnel Division

**DEPUTY CITY MANAGER/
SPECIAL PROJECTS**
Desi Alvarez

**DEPUTY CITY MANAGER/
EMERGENCY PREP.**
Mark Sauter

Assistant Deputy City Manager
Scott K. Pomrehn
*Public Information/Cable
Columbia Memorial Space Center*



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, 2009

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



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

A PARTNERSHIP INCLUDING ACCOUNTANCY CORPORATIONS

5 CORPORATE PARK, SUITE 100
IRVINE, CALIFORNIA 92606-5165
(949) 399-0600 • FAX (949) 399-0610
www.diehlevans.com

MICHAEL R. LUDIN, CPA
CRAIG W. SPRAKER, CPA
NITTIN P. PATEL, CPA
ROBERT J. CALLANAN, CPA
*PHILIP H. HOLTkamp, CPA
*THOMAS M. PERLOWSKI, CPA
*HARVEY J. SCHROEDER, CPA
KENNETH R. AMES, CPA
WILLIAM C. PENTZ, CPA

*A PROFESSIONAL CORPORATION

December 23, 2010

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, 2010, 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we express no such opinion. 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, 2010, 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.

- 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 23, 2010 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, the schedules of funding progress and budgetary comparison schedules, identified as Required Supplementary Information 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. This information is an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the management's discussion and analysis and the schedules of funding progress in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during the audit of the basic financial statements. We do not express an opinion or provide any assurance on the management's discussion and analysis and the schedules of funding progress because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison schedules and related note have been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is 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 combining statements and individual fund schedules are presented for purposes of additional analysis and are not a required part of the financial statements of the City. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is 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 an opinion on the basic financial statements of the City of Downey, California as a whole. The introductory section and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

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, 2010. 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, 2010 by \$291.3 million. Of this amount, \$35.8 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 decreased by \$8.2 million. Of this, \$1.4 million is attributable to governmental activities and \$6.8 million from operations of business-type activities.
- The City's total long-term liabilities, including such items as bonds, notes, advances, and accrued self-insured claims, increased by \$987 thousand during the current fiscal year, an increase of 1.2%.

Fund based

- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$41.4 million, a decrease of \$2.0 million in comparison with the prior year. Approximately 34.8% (\$14.4 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 \$12.4 million, which equates to 18.9% of the total General Fund expenditures.
- For the General Fund, actual revenues (inflows) of \$63.5 million are \$501 thousand less than final budgeted revenues of \$64.0 million. This variance is due to a decrease in Taxes (\$3.8 million) and offsetting increase in Investment and rental income (\$725 thousand) and Charge for services revenue (\$2.2 million). The balance of the variance is attributed to the decrease in remaining revenue categories.
- General Fund expenditures (outflows) for the current year were \$65.4 million. This was \$4.0 million less than the final budgeted expenditures of \$69.4 million. These savings were attributable primarily to prudent management of city services and risk management and proactive cost cutting measure during mid-year review. Some of the more significant departmental savings were from Police (\$1.1 million), Public works (\$869 thousand), Community services (\$784 thousand) and Fire (\$728 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 Deposits 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 other governmental funds, internal service funds, and agency funds are presented immediately following the required supplementary information on employee benefits.

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 \$242.2 million for governmental activities and \$49.1 million for business-type activities for a total of \$291.3 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)

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
ASSETS:						
Current and other assets	\$ 130,487	\$ 132,618	\$ 16,753	\$ 22,750	\$ 147,240	\$ 155,368
Capital assets	194,868	192,760	43,254	43,770	238,122	236,530
Total assets	<u>325,355</u>	<u>325,378</u>	<u>60,007</u>	<u>66,520</u>	<u>385,362</u>	<u>391,898</u>
LIABILITIES:						
Other liabilities	16,247	16,588	2,711	2,143	18,958	18,731
Long-term liabilities	66,942	65,680	8,164	8,460	75,106	74,140
Total liabilities	<u>83,189</u>	<u>82,268</u>	<u>10,875</u>	<u>10,603</u>	<u>94,064</u>	<u>92,871</u>
NET ASSETS:						
Invested in capital assets, net of related debt	177,580	176,041	35,211	35,423	212,791	211,464
Restricted	39,029	32,221	3,706	-	42,735	32,221
Unrestricted	25,557	34,848	10,215	20,494	35,772	55,342
Total net assets	<u>\$ 242,166</u>	<u>\$ 243,110</u>	<u>\$ 49,132</u>	<u>\$ 55,917</u>	<u>\$ 291,298</u>	<u>\$ 299,027</u>

By far, the largest portion of the City's total net assets (73.0%) 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 (14.7%) represents resources that are subject to external restrictions in how they may be used. The remaining balance of \$35,772 (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 2010, \$10,215 is attributable to business-type activities and \$25,557 is from governmental activities.

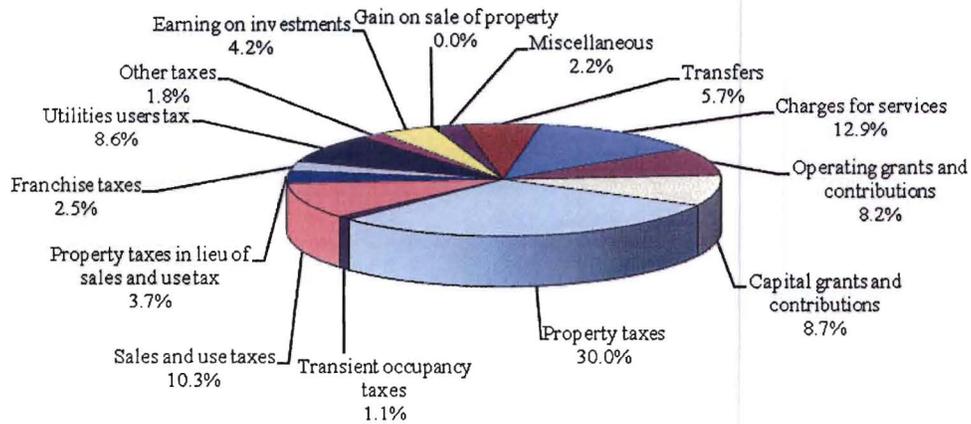
CHANGE IN NET ASSETS
(amounts expressed in thousands)

	Governmental Activities		Business-type Activities	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
REVENUES:				
Program revenues:				
Charges for services	\$ 11,181	\$ 11,401	\$ 11,163	\$ 11,692
Operating grants and contributions	7,060	7,499	-	762
Capital grants and contributions	7,528	7,634	-	-
General revenues:				
Taxes:				
Property taxes	25,938	25,561	-	-
Transient occupancy taxes	936	934	-	-
Sales and use taxes	8,942	9,675	4,074	3,004
Property taxes in lieu of sales and use tax	3,180	3,444	-	-
Franchise taxes	2,201	2,276	-	-
Utilities users tax	7,471	7,677	-	-
Other taxes	1,536	1,632	-	-
Earning on investments	3,671	4,889	1,022	1,436
Gain/(Loss) on sale of property	38	49	2	(28)
Miscellaneous	1,938	1,491	60	-
Transfers	4,961	2,304	(4,961)	(2,304)
Total revenues and transfers	<u>86,581</u>	<u>86,466</u>	<u>11,360</u>	<u>14,562</u>
EXPENSES:				
Program activities:				
General government	7,588	4,881	-	-
Public safety	46,420	45,314	-	-
Public works	8,013	7,450	-	-
Community services	8,420	9,220	-	-
Community development	10,543	8,732	-	-
Unallocated infrastructure depreciation	5,064	4,965	-	-
Interest on long term debt	1,933	1,859	-	-
Water	-	-	11,829	9,739
Golf	-	-	2,847	2,699
Transit	-	-	3,469	3,486
Total expenses	<u>87,981</u>	<u>82,421</u>	<u>18,145</u>	<u>15,924</u>
Change in net assets	\$ <u>(1,400)</u>	\$ <u>4,045</u>	\$ <u>(6,785)</u>	\$ <u>(1,362)</u>

See independent auditors' report

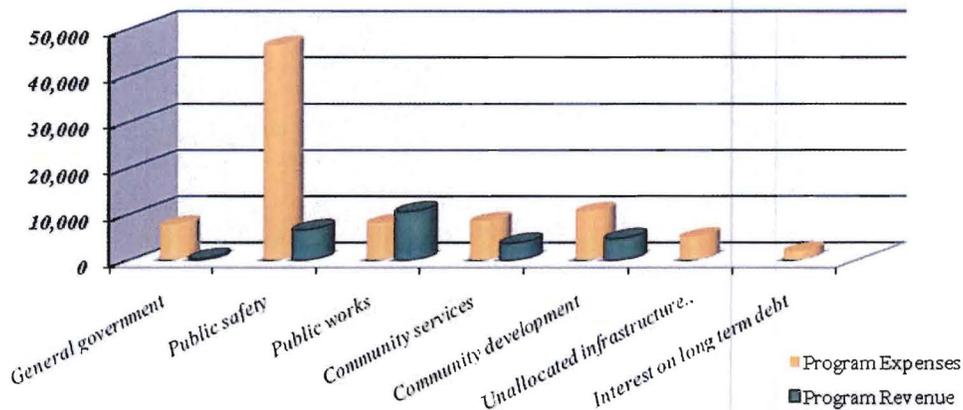
GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Revenue by Source - Governmental Activities



Governmental Activities. The most significant revenues, including transfers, of the governmental activities are taxes (58%), which included property taxes (30.0%), sales and use taxes (10.3%), and other taxes (17.7%). Program revenues are 29.8% of the total revenues of the governmental activities, which includes charges for services (12.9%), operating grants and contributions (8.2%) and capital grants and contributions (8.7%). The remaining 12.2% of total revenues is comprised of earnings on investments, miscellaneous, transfers, and gain on sale of property.

Governmental Activities by Program/Function



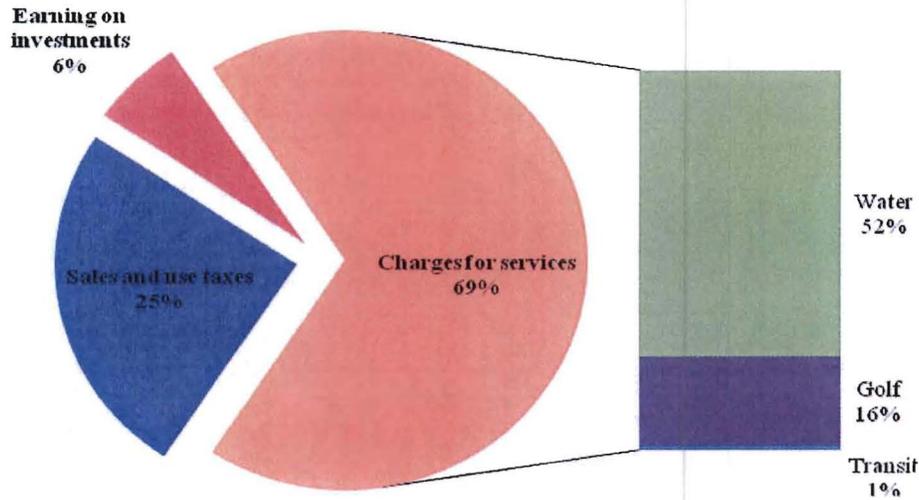
Public safety expenses, which include police and fire service, are the most significant of all governmental expenses at 52.8%. Thereafter, community development (12.0%), community services (9.6%), public works (9.1%), general government (8.6%), unallocated infrastructure depreciation (5.7%), interest on long term debt (2.2%).

See independent auditors' report

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

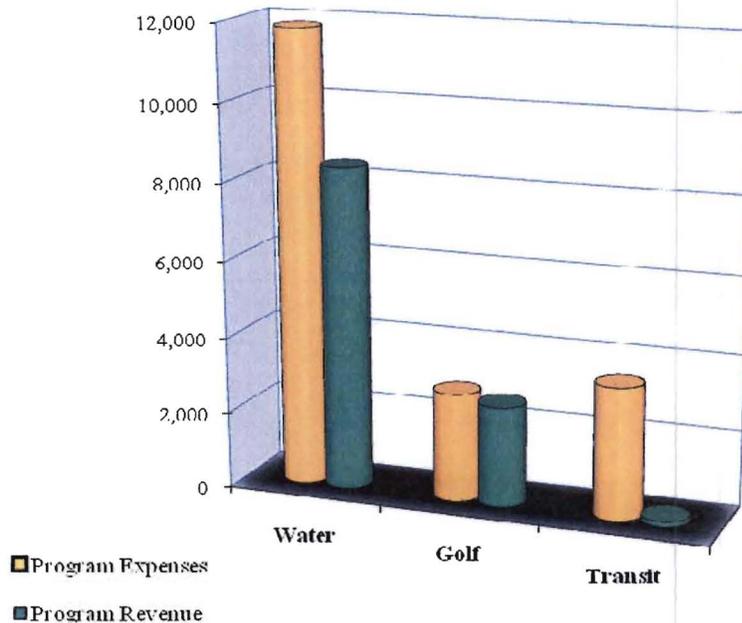
Business-type activities. Business-type activities decreased the City's net assets by \$6,785. The most significant revenue generated was from charges from services (69%). The balance of revenues is from sales tax (25%), and earning on investments (6%). Of the charges from services revenue, the most significant revenues generated were from the sales of water and related services (\$8,408). The second significant revenue is the revenue generated by users of the golf course (\$2,625). 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 \$11,829 or 65% of total operating expenses. As with revenues, the transit was next with expenses of \$3,469 (19%) followed by the golf course operation with expenses of \$2,847 (16%).

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 \$41,445, a net decrease of \$1,974 over the prior year. The change is the result of the decreases in the fund balances of the General Fund, Gas Tax Special Revenue Fund and Firestone Debt Service Fund offset by the increases in Housing Capital Project Fund and Other Governmental Funds. Approximately 34.8% of the total fund balances is unrestricted fund balance which is available for appropriation. The remaining 65.2%, or \$27,034, is reserved fund balances. It indicates 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 (\$4,690), 2) capital improvement projects (\$924), 3) debt service (\$644), 4) land held for resale (\$6,456), 5) housing capital projects (\$3,521), and 6) offsetting other non-current financial resources that are not anticipated to be liquidated in the near term (\$10,799).

The General Fund is the chief operating fund of the City. Of the total fund balance, the net unreserved fund balance is \$12,355, down approximately \$1,035 from the previous fiscal year's net unreserved fund balance of \$13,390. It is a result of decline in every revenue category except Fines and forfeitures and Other revenue.

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, 2010 and 2009

(amounts expressed in thousand)

	2010 Actual	Percent of Total	2009 Actual	Percent of Total	Increase (Decrease)
REVENUES:					
Taxes	\$ 45,223	68.1%	\$ 47,100	68.0%	\$ (1,877)
Licenses and permits	1,269	1.9%	1,372	2.0%	(103)
Fines and forfeitures	1,803	2.7%	1,625	2.3%	178
Investment and rental	4,326	6.5%	5,398	7.8%	(1,072)
Intergovernmental revenue	2,249	3.4%	2,357	3.4%	(108)
Charges for services	6,092	9.2%	6,196	8.9%	(104)
Other revenue	2,572	3.9%	2,474	3.6%	98
TOTAL REVENUES	63,534	95.6%	66,522	96.0%	(2,988)
Other financing sources	2,897	4.4%	2,791	4.0%	106
TOTAL REVENUES AND OTHER FINANCING SOURCES	\$ 66,431	100.0%	\$ 69,313	100.0%	\$ (2,882)

See independent auditors' report

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS (CONTINUED)

The General Fund's total revenues decreased \$2,988, or 4.5%, from the previous fiscal year's total revenue of \$66,522. All revenue categories declined except fines and forfeitures and other revenue. The revenue categories with significant decreases were taxes (\$1,877) and investment and rental (\$1,072).

The General Fund's actual revenues of \$63,534 are \$501 less than final budgeted revenues of \$64,035 due to positive variances in Charge for service, Investment and rental, Other revenue and Fines and forfeitures of \$2,173, \$725, \$391, and \$80, respectively offset by negative variances in tax revenue of \$3,790, License and permits of \$29, and Intergovernmental revenue of \$51.

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 2010

(amounts expressed in thousand)

	2010 Actual	Percent of Total	2009 Actual	Percent of Total	Increase (Decrease)
EXPENDITURES:					
General government:					
Legislation	\$ 275	0.4%	\$ 337	0.5%	\$ (62)
City attorney	378	0.6%	260	0.4%	118
City clerk	351	0.5%	453	0.6%	(102)
City management	940	1.4%	646	0.9%	294
Finance	4,116	6.0%	3,346	4.8%	770
Public safety:					
Police	27,872	41.0%	27,588	39.6%	284
Animal control	308	0.5%	308	0.4%	-
Fire	16,591	24.4%	17,481	25.1%	(890)
Public works	5,422	8.0%	5,778	8.3%	(356)
Community service	6,475	9.5%	7,445	10.7%	(970)
Community development	2,176	3.2%	3,027	4.3%	(851)
Debt Service:					
Interest and fiscal charges	485	0.7%	459	0.7%	26
TOTAL EXPENDITURES	65,389	96.1%	67,128	96.3%	(1,739)
Other financing uses	2,663	3.9%	2,601	3.7%	62
TOTAL EXPENDITURES AND OTHER FINANCING USES					
	\$ 68,052	100.0%	\$ 69,729	100.0%	\$ (1,677)

The General Fund's total expenditures decreased \$1,739 or 2.6%, from the previous fiscal year's total expenditures of \$67,128. All departments' expenditures decreased except the expenditures in Finance, City management, Police, and City attorney. The increase of \$770 in Finance is mainly due to the increase in estimated claim in general liability. This year the expenditure for emergency preparedness division (\$313) is included in City management.

The General Fund's actual expenditures were less than the final budget. Of the total final appropriations (\$69,407), approximately 3.2% or \$4,018 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 - City attorney (\$54).

See independent auditors' report

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS (CONTINUED)

Transfers out of the General Fund were \$281 more than the final budget. The 2009-10 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 \$6,703. The reserved fund balance of \$1,842 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 \$6,151, which is a result of positive variance in capital outlay of \$14,560 offsetting with a negative variance in revenue of \$9,189.

The Firestone Debt Service Fund has a total deficit net fund balance of \$6,719. Of that amount, \$644 is reserved for the payment of debt service for Downey Community Development Commission. The net decrease of \$892 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 \$8,065 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 \$2,282 exceeded final budgeted revenue of \$1,744 by \$538. The Intergovernmental revenue, Investment and rental, and Taxes revenue have the favorable variances of, \$399, \$75, and \$64, respectively. The actual expenditure of \$1,895 is much less than the final budgeted amount of \$2,914 which results in a saving of \$1,019.

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

The Water Fund's net assets decreased \$2,526 as a result of transfer out to support other capital project (\$980) and the excess of operating expenditure over operating revenue (\$1,876).

The Golf Fund's net assets decreased \$563 during the current fiscal year. The operating income decreased \$291 from the previous fiscal year's net operating income of \$484. The decrease in Golf Fund's net asset is mostly attributable to the decline in golf revenue and the increase in the maintenance and operation costs.

The Transit Fund's net assets decreased \$1,494 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 \$2,624 was offset by the Non-operating revenue, including Taxes of \$4,074 and Investment and rental of \$252. The Transit Fund transferred \$4,196 to fund the major street improvement capital project during the year.

See independent auditors' report

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. The City's investment in capital assets for its government and business-type activities at June 30, 2010 amounted to \$238,122, net of accumulated depreciation. This investment in capital assets includes land, projects in progress, buildings, equipment, fixtures and infrastructure. The total changes in the City's investment in capital assets resulted from many various projects, acquisitions and depreciation on assets located throughout the City.

CAPITAL ASSETS (net of accumulated depreciation)

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Land and improvements	\$ 14,438	\$ 14,388	\$ 10,436	\$ 10,436	\$ 24,874	\$ 24,824
Projects in progress	11,512	40,462	-	-	11,512	40,462
Buildings	22,990	15,904	9,001	9,358	31,991	25,262
Land improvements	12,757	4,239	9,149	9,165	21,906	13,404
Equipment	6,635	7,044	885	1,031	7,520	8,075
Furniture and fixtures	190	101	120	130	310	231
Infrastructure	126,346	110,622	-	-	126,346	110,622
Water supply and distribution system	-	-	13,663	13,650	13,663	13,650
	<u>\$ 194,868</u>	<u>\$ 192,760</u>	<u>\$ 43,254</u>	<u>\$ 43,770</u>	<u>\$ 238,122</u>	<u>\$ 236,530</u>

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 \$84,536. Of this, 89.7% (\$75,850) was in governmental activities and 10.3% (\$8,686) was in business-type activities. The governmental activities long-term liabilities increased \$1,268 from the prior year because of the additional loans from Federal Government. The decrease of \$281 in business-type activities long-term liabilities is due to a net reduction in the Golf Course certificates of participation of \$304 and an increase of \$23 in compensated absences.

CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)

LONG-TERM LIABILITIES

(amounts expressed in thousands)

	Governmental Activities		Business-type Activities		Total	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Bonds payable	\$ 27,614	\$ 27,987	\$ -	\$ -	\$ 27,614	\$ 27,987
Certificates of participation	-	-	8,043	8,347	8,043	8,347
Capital lease payable	319	390	-	-	319	390
Advances from County	15,299	13,495	-	-	15,299	13,495
Loans from Federal						
Government	10,544	10,309	-	-	10,544	10,309
Compensated absences	14,190	14,027	643	620	14,833	14,647
Claims payable	<u>7,884</u>	<u>8,374</u>	<u>-</u>	<u>-</u>	<u>7,884</u>	<u>8,374</u>
Total long-term liabilities	\$ <u>75,850</u>	\$ <u>74,582</u>	\$ <u>8,686</u>	\$ <u>8,967</u>	\$ <u>84,536</u>	\$ <u>83,549</u>

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

For the fiscal year 2010-11, General Fund appropriations total \$132.0 million. This is a decrease of \$1.1 million or 0.7% from the previous year. The City's General Fund revenues are projected to decrease 8.6% from last year's budget. This adopted budget includes the use of \$6.4 million of unreserved the General Fund's fund balance in order to mitigate the decline in tax revenue and match the needs of the citizenry. Below is a closer look at two key General Fund revenue resources.

- The City's median single family home price in August 2010 was \$370 thousand, slightly up 1.37% from January 2009, but down 9.8% from January 2008. The City's property tax revenue is estimated to have a small decrease of 0.6% from the previous year.
- The drop in Sales Tax revenue in the fiscal year 2009-10 below its level in the fiscal year 1998-99 is due to the impact of the economy, high unemployment rates, and the loss of large auto dealers. The state's economic recovery is projected to be a long climb through 2011. The City's Sales Tax revenue is anticipated to decrease 26.4% from last year's budgeted amount.

The City continues to freeze non-safety employee hiring, defer certain capital improvement projects and new equipment purchases to future years. The City's 2010-11 budget includes appropriations for on-going City general and public safety services, economic development, subsidizing the operation of Columbia Memorial Space Science Learning Center, capital projects such as improvements on Lakewood Boulevard, and the specific plan for Downey Studio property and Downtown area.

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 2011, the City kept 550 fees unchanged, increased 57 fees, deleted 24 fees and created 14 new fees. The City's fee schedule will generate \$9.5 million for all city funds (\$6.4 million in the General Fund). The proposed changes are projected to increase total fee revenues by approximately \$226 thousand.

See independent auditors' report

REQUESTS FOR INFORMATION

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

This page intentionally left blank

CITY OF DOWNEY

STATEMENT OF NET ASSETS

June 30, 2010

(amounts expressed in thousands)

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS:			
Cash and investments (Note 3)	\$ 74,403	\$ 13,486	\$ 87,889
Receivables, net of allowance:			
Taxes	5,319	715	6,034
Accounts	2,046	1,192	3,238
Interest	540	65	605
Loans (Note 6)	7,339	-	7,339
Notes	1,036	-	1,036
Internal balances	2,962	(2,962)	-
Prepaid expense (Note 12)	18,161	1	18,162
Due from other governments and entities	1,967	24	1,991
Restricted assets (Note 3):			
Cash and investments	9,171	3,158	12,329
Cash and investments with fiscal agents	645	710	1,355
Land held for resale (Note 5)	6,456	-	6,456
Inventories	276	101	377
Deferred bond issuance costs	166	263	429
Capital assets, not depreciated (Note 8)	25,950	10,436	36,386
Capital assets, net of accumulated depreciation (Note 8)	168,918	32,818	201,736
TOTAL ASSETS	325,355	60,007	385,362
LIABILITIES:			
Accounts payable and accrued liabilities	6,846	1,749	8,595
Deposits	6	121	127
Interest payable	287	157	444
Retention payable	-	162	162
Unearned revenue (Note 10)	200	-	200
Noncurrent liabilities (Note 9):			
Due within one year	8,908	522	9,430
Due in more than one year	66,942	8,164	75,106
TOTAL LIABILITIES	83,189	10,875	94,064
NET ASSETS:			
Invested in capital assets, net of related debt	177,580	35,211	212,791
Restricted for:			
Community development	18,062	-	18,062
Public safety	2	-	2
Public works	9,261	-	9,261
Debt service	11,704	3,706	15,410
Unrestricted	25,557	10,215	35,772
TOTAL NET ASSETS	\$ 242,166	\$ 49,132	\$ 291,298

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

CITY OF DOWNEY

STATEMENT OF ACTIVITIES

For the year ended June 30, 2010
(amounts expressed in thousands)

Functions/programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 7,588	\$ 162	\$ 172	\$ -
Public safety	46,420	4,951	1,635	-
Public works	8,013	2,410	557	7,528
Community services	8,420	2,078	1,591	-
Community development	10,543	1,580	3,105	-
Unallocated infrastructure depreciation	5,064	-	-	-
Interest on long term debt	1,933	-	-	-
Total governmental activities	<u>87,981</u>	<u>11,181</u>	<u>7,060</u>	<u>7,528</u>
Business-type activities:				
Water	11,829	8,408	-	-
Golf	2,847	2,625	-	-
Transit	3,469	130	-	-
Total business-type activities	<u>18,145</u>	<u>11,163</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 106,126</u>	<u>\$ 22,344</u>	<u>\$ 7,060</u>	<u>\$ 7,528</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

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
\$ (7,254)	\$ -	\$ (7,254)
(39,834)	-	(39,834)
2,482	-	2,482
(4,751)	-	(4,751)
(5,858)	-	(5,858)
(5,064)	-	(5,064)
(1,933)	-	(1,933)
<u>(62,212)</u>	<u>-</u>	<u>(62,212)</u>
-	(3,421)	(3,421)
-	(222)	(222)
<u>-</u>	<u>(3,339)</u>	<u>(3,339)</u>
<u>-</u>	<u>(6,982)</u>	<u>(6,982)</u>
<u>(62,212)</u>	<u>(6,982)</u>	<u>(69,194)</u>
25,938	-	25,938
936	-	936
8,942	4,074	13,016
3,180	-	3,180
2,201	-	2,201
7,471	-	7,471
1,536	-	1,536
3,671	1,022	4,693
38	2	40
1,938	60	1,998
4,961	(4,961)	-
<u>60,812</u>	<u>197</u>	<u>61,009</u>
(1,400)	(6,785)	(8,185)
<u>243,566</u>	<u>55,917</u>	<u>299,483</u>
<u>\$ 242,166</u>	<u>\$ 49,132</u>	<u>\$ 291,298</u>

CITY OF DOWNEY

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2010

(amounts expressed in thousands)

	General Fund	Gas Tax Special Revenue Fund	Firestone Debt Service Fund
ASSETS			
ASSETS:			
Cash and investments	\$ 9,673	\$ 6,813	\$ 940
Receivables:			
Taxes	4,040	81	729
Accounts	1,971	-	-
Interest	257	32	15
Loans (Note 6)	-	-	-
Notes	-	-	-
Inventory	-	-	-
Prepaid expenses	-	-	-
Due from other governments and entities	804	293	-
Due from other funds (Note 4)	328	-	-
Restricted assets:			
Cash and investments	4,109	120	-
Cash and investments with fiscal agent	-	-	644
Advances to other funds (Note 4)	8,597	-	-
Land held for resale (Note 5)	-	-	-
TOTAL ASSETS	\$ 29,779	\$ 7,339	\$ 2,328
LIABILITIES AND FUND BALANCES			
LIABILITIES:			
Accounts payable and accrued liabilities	\$ 5,593	\$ 636	\$ -
Due to other funds (Note 4)	32	-	-
Deposits	-	-	-
Advances from other funds (Note 4)	-	-	9,047
Deferred revenue (Note 10)	1,035	-	-
TOTAL LIABILITIES	6,660	636	9,047
FUND BALANCES (DEFICIT):			
Reserved (Note 11)	10,764	1,842	644
Unreserved, reported in:			
General Fund	12,355	-	-
Special Revenue Funds	-	4,861	-
Debt Service Funds	-	-	(7,363)
Capital Projects Funds	-	-	-
TOTAL FUND BALANCES (DEFICIT)	23,119	6,703	(6,719)
TOTAL LIABILITIES AND FUND BALANCES	\$ 29,779	\$ 7,339	\$ 2,328

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

Housing Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
\$ 3,191	\$ 9,329	\$ 29,946
21	448	5,319
-	47	2,018
14	16	334
6,499	840	7,339
1,036	-	1,036
-	9	9
-	3	3
278	592	1,967
-	32	360
70	204	4,503
-	-	644
-	-	8,597
<u>3,598</u>	<u>2,858</u>	<u>6,456</u>
<u>\$ 14,707</u>	<u>\$ 14,378</u>	<u>\$ 68,531</u>
\$ 50	\$ 530	\$ 6,809
-	328	360
3	3	6
-	2,200	11,247
<u>6,589</u>	<u>1,040</u>	<u>8,664</u>
<u>6,642</u>	<u>4,101</u>	<u>27,086</u>
8,065	5,719	27,034
-	-	12,355
-	3,484	8,345
-	(1,851)	(9,214)
-	<u>2,925</u>	<u>2,925</u>
<u>8,065</u>	<u>10,277</u>	<u>41,445</u>
<u>\$ 14,707</u>	<u>\$ 14,378</u>	<u>\$ 68,531</u>

This page intentionally left blank

CITY OF DOWNEY

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

June 30, 2010
(amounts expressed in thousands)

Fund balances - total governmental funds		\$	41,445
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.			188,233
Long-term receivables are not available to pay for current-period expenditures and accordingly are deferred in the governmental funds.			8,464
Internal Service funds are used by management to charge the costs of various city activities to individual governmental and business-like funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Assets. Internal Service funds net assets are:			38,892
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	\$	(7,675)	
Advances from County of Los Angeles		(15,299)	
Loans payable		(10,544)	
Claims payable		(1,375)	
			(34,893)
Accrued liabilities in the Statement of Net Assets differ from amounts reported in governmental funds due to accrued interest on long term debt.			(187)
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, 2010 is:			212
Net assets of governmental activities		\$	<u>242,166</u>

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

CITY OF DOWNEY

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

For the year ended June 30, 2010
(amounts expressed in thousands)

	General Fund	Gas Tax Special Revenue Fund	Firestone Debt Service Fund
REVENUES:			
Taxes	\$ 45,223	\$ -	\$ 2,801
License and permits	1,269	-	-
Fines and forfeitures	1,803	-	-
Investment and rental	4,326	250	128
Intergovernmental revenue	2,249	6,023	-
Charges for services	6,092	-	-
Other revenue	2,572	-	3
TOTAL REVENUES	<u>63,534</u>	<u>6,273</u>	<u>2,932</u>
EXPENDITURES:			
Current:			
General government	6,060	-	-
Public safety	44,771	-	-
Public works	5,422	-	-
Community services	6,475	-	-
Community development	2,176	-	2,102
Capital outlay	-	7,872	-
Debt service (Note 9):			
Principal retirement	-	-	235
Interest and fiscal charges	485	-	1,487
TOTAL EXPENDITURES	<u>65,389</u>	<u>7,872</u>	<u>3,824</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,855)</u>	<u>(1,599)</u>	<u>(892)</u>
OTHER FINANCING SOURCES (USES):			
Transfers in (Note 4)	2,412	4,196	-
Transfers out (Note 4)	(2,663)	(3,514)	(1,000)
Issuance of debt (Note 9)	485	-	811
TOTAL OTHER FINANCING SOURCES (USES)	<u>234</u>	<u>682</u>	<u>(189)</u>
NET CHANGE IN FUND BALANCES	(1,621)	(917)	(1,081)
FUND BALANCES (DEFICIT) - BEGINNING OF YEAR	<u>24,740</u>	<u>7,620</u>	<u>(5,638)</u>
FUND BALANCES (DEFICIT) - END OF YEAR	<u>\$ 23,119</u>	<u>\$ 6,703</u>	<u>\$ (6,719)</u>

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

Housing Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
\$ 887	\$ 1,195	\$ 50,106
-	-	1,269
-	-	1,803
193	114	5,011
1,012	2,921	12,205
-	1,791	7,883
190	435	3,200
<u>2,282</u>	<u>6,456</u>	<u>81,477</u>
-	236	6,296
-	15	44,786
-	1,642	7,064
-	1,273	7,748
1,895	5,298	11,471
-	1,710	9,582
-	250	485
-	295	2,267
<u>1,895</u>	<u>10,719</u>	<u>89,699</u>
<u>387</u>	<u>(4,263)</u>	<u>(8,222)</u>
-	6,142	12,750
-	(621)	(7,798)
-	-	1,296
<u>-</u>	<u>5,521</u>	<u>6,248</u>
387	1,258	(1,974)
<u>7,678</u>	<u>9,019</u>	<u>43,419</u>
<u>\$ 8,065</u>	<u>\$ 10,277</u>	<u>\$ 41,445</u>

This page intentionally left blank

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, 2010
(amounts expressed in thousands)

Net change in fund balances - total governmental funds \$ (1,974)

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	\$ 8,591	
Depreciation expense	<u>(6,074)</u>	2,517

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. 753

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. (662)

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	\$ 485	
Proceeds from loans from County of Los Angeles	(811)	
Accrued interest expense added to loan from County of Los Angeles	(992)	
Accretion on loan from Federal Government	(485)	
Claims payable	<u>(417)</u>	(2,220)

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	\$ 9	
Prepaid retirement expense	<u>(456)</u>	(447)

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	<u>614</u>	<u>633</u>

Change in net assets of governmental activities \$ (1,400)

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

CITY OF DOWNEY

STATEMENT OF NET ASSETS
 PROPRIETARY FUNDS

June 30, 2010
 (amounts expressed in thousands)

		<u>Business-type Activities</u> <u>Enterprise Funds</u>	
		<u>Water</u> <u>Fund</u>	<u>Golf</u> <u>Fund</u>
ASSETS			
CURRENT ASSETS:			
Cash and investments		\$ 5,409	\$ 2,480
Accounts receivable		1,192	-
Interest receivable		23	14
Taxes receivable		-	-
Due from other governments and entities		2	22
Advances to other funds		-	-
Inventories		68	33
Prepaid expenses		1	-
Restricted assets:			
Cash and investments		1,245	1,751
Cash and investments with fiscal agent		-	710
		<u>7,940</u>	<u>5,010</u>
TOTAL CURRENT ASSETS			
NONCURRENT ASSETS:			
Prepaid pension expense		-	-
Bond issuance costs		-	263
Capital Assets (Net of Accumulated Depreciation):			
Land		8,272	-
Land improvements		-	9,133
Buildings and improvements		15	6,533
Furniture and fixtures		120	-
Machinery and equipment		65	278
Water supply and distribution plant		13,663	-
		<u>22,135</u>	<u>16,207</u>
TOTAL NONCURRENT ASSETS			
TOTAL ASSETS			
		<u>30,075</u>	<u>21,217</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	
\$ 5,597	\$ 13,486	\$ 44,457
-	1,192	28
28	65	-
715	715	-
-	24	-
-	-	2,650
-	101	267
-	1	-
162	3,158	4,668
-	710	1
<u>6,502</u>	<u>19,452</u>	<u>52,071</u>
-	-	18,158
-	263	166
2,164	10,436	-
16	9,149	-
2,453	9,001	-
-	120	-
542	885	6,635
-	13,663	-
<u>5,175</u>	<u>43,517</u>	<u>24,959</u>
<u>11,677</u>	<u>62,969</u>	<u>77,030</u>

CITY OF DOWNEY

STATEMENT OF NET ASSETS
 PROPRIETARY FUNDS
 (CONTINUED)

June 30, 2010
 (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	\$ 991	\$ 175
Deposits	71	50
Compensated absences	173	-
Claims payable	-	-
Interest payable	-	157
Capital lease payable	-	-
Pension obligation bonds	-	-
Certificates of participation	-	325
TOTAL CURRENT LIABILITIES PAYABLE FROM CURRENT ASSETS	1,235	707
CURRENT LIABILITIES PAYABLE FROM RESTRICTED ASSETS:		
Retention payable	-	-
TOTAL CURRENT LIABILITIES	1,235	707
NONCURRENT LIABILITIES:		
Compensated absences	396	-
Claims payable	-	-
Capital lease payable	-	-
Pension obligation bonds	-	-
Certificates of participation	-	7,718
TOTAL NONCURRENT LIABILITIES	396	7,718
TOTAL LIABILITIES	1,631	8,425
NET ASSETS:		
Invested in capital assets, net of related debt	22,135	7,901
Restricted for debt service	1,245	2,461
Unrestricted	5,064	2,430
TOTAL NET ASSETS	\$ 28,444	\$ 12,792

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	
\$ 583	\$ 1,749	\$ 960
-	121	-
24	197	4,377
-	-	2,854
-	157	100
-	-	75
-	-	185
-	325	-
607	2,549	8,551
162	162	-
769	2,711	8,551
50	446	9,813
-	-	2,738
-	-	244
-	-	19,754
-	7,718	-
50	8,164	32,549
819	10,875	41,100
5,175	35,211	6,316
-	3,706	4,669
5,683	13,177	24,945
<u>\$ 10,858</u>	52,094	<u>\$ 35,930</u>
	(2,962)	
	<u>\$ 49,132</u>	

CITY OF DOWNEY

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

For the year ended June 30, 2010
 (amounts expressed in thousands)

	Business-type Activities Enterprise Funds	
	Water Fund	Golf Fund
OPERATING REVENUES:		
Charges for services:		
Water sales	\$ 8,408	\$ -
Golf fees	-	2,622
Bus fares	-	-
Other services	-	3
Miscellaneous	60	-
TOTAL OPERATING REVENUES	8,468	2,625
OPERATING EXPENSES:		
Purchased water	4,637	-
Maintenance and operations	1,500	2,012
General and administrative	3,758	-
Employee benefits	-	-
Amortization	-	16
Depreciation	449	404
TOTAL OPERATING EXPENSES	10,344	2,432
OPERATING INCOME (LOSS)	(1,876)	193
NONOPERATING REVENUES (EXPENSES):		
Taxes	-	-
Investment and rental	328	442
Interest expense	-	(393)
Gain/(loss) on sale of capital assets	2	(20)
TOTAL NONOPERATING REVENUES (EXPENSES)	330	29
INCOME (LOSS) BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS	(1,546)	222
TRANSFERS IN	-	-
TRANSFERS OUT	(980)	(785)
CAPITAL CONTRIBUTIONS	-	-
CHANGES IN NET ASSETS	(2,526)	(563)
TOTAL NET ASSETS - BEGINNING OF YEAR	30,970	13,355
TOTAL NET ASSETS - END OF YEAR	\$ 28,444	\$ 12,792
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	
\$ -	\$ 8,408	\$ -
-	2,622	-
130	130	-
-	3	24,588
-	60	961
<u>130</u>	<u>11,223</u>	<u>25,549</u>
-	4,637	-
2,528	6,040	1,115
-	3,758	396
-	-	25,953
-	16	7
226	1,079	1,804
<u>2,754</u>	<u>15,530</u>	<u>29,275</u>
<u>(2,624)</u>	<u>(4,307)</u>	<u>(3,726)</u>
4,074	4,074	-
252	1,022	1,208
-	(393)	(1,164)
-	(18)	38
<u>4,326</u>	<u>4,685</u>	<u>82</u>
1,702	378	(3,644)
1,000	1,000	9
(4,196)	(5,961)	-
-	-	771
<u>(1,494)</u>	<u>(4,583)</u>	<u>(2,864)</u>
<u>12,352</u>		<u>38,794</u>
<u>\$ 10,858</u>		<u>\$ 35,930</u>
	<u>(2,202)</u>	
	<u>\$ (6,785)</u>	

CITY OF DOWNEY

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

For the year ended June 30, 2010
(amounts expressed in thousands)

	Business-type Activities Enterprise Funds	
	Water Fund	Golf Fund
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	\$ 8,675	\$ 3,373
Receipts from user departments	-	-
Payment to suppliers	(7,207)	(1,949)
Payment to employees	(2,634)	(49)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(1,166)	1,375
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Cash received from other funds	-	-
Cash paid to other funds	(981)	(787)
Principal paid	-	-
Interest paid	-	-
NET CASH USED BY NONCAPITAL FINANCING ACTIVITIES	(981)	(787)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition of capital assets	(409)	(103)
Proceeds from sale of capital assets	-	-
Capital contributions	-	-
Taxes received	-	-
Principal paid on debt	-	(315)
Interest paid on debt	-	(386)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(409)	(804)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest received	363	451
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(2,193)	235
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	8,847	4,706
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 6,654	\$ 4,941

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	\$ 12,178	\$ -
-	-	25,641
(1,253)	(10,409)	(20,133)
<u>(765)</u>	<u>(3,448)</u>	<u>(7,985)</u>
<u>(1,888)</u>	<u>(1,679)</u>	<u>(2,477)</u>
1,000	1,000	9
(4,196)	(5,964)	-
-	-	(145)
<u>-</u>	<u>-</u>	<u>(1,143)</u>
<u>(3,196)</u>	<u>(4,964)</u>	<u>(1,279)</u>
(71)	(583)	(1,403)
-	-	45
-	-	771
3,391	3,391	-
-	(315)	(71)
<u>-</u>	<u>(386)</u>	<u>(17)</u>
<u>3,320</u>	<u>2,107</u>	<u>(675)</u>
<u>279</u>	<u>1,093</u>	<u>1,208</u>
(1,485)	(3,443)	(3,223)
<u>7,244</u>	<u>20,797</u>	<u>52,349</u>
<u>\$ 5,759</u>	<u>\$ 17,354</u>	<u>\$ 49,126</u>

(Continued)

CITY OF DOWNEY

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 (CONTINUED)

For the year ended June 30, 2010
 (amounts expressed in thousands)

	Business-type Activities Enterprise Funds	
	Water Fund	Golf Fund
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Operating income (loss)	\$ (1,876)	\$ 193
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation and amortization	449	420
Change in assets and liabilities:		
(Increase) decrease in accounts receivable	190	-
(Increase) decrease in due from other governments and entities	2	748
(Increase) decrease in inventories	13	-
(Increase) decrease in prepaid expenses	-	-
Increase (decrease) in accounts payable and accrued liabilities	3	14
Increase (decrease) in deposit payable	15	-
Increase (decrease) in deferred revenue	-	-
Increase (decrease) in claims payable	-	-
Increase (decrease) in compensated absences	38	-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ (1,166)</u>	<u>\$ 1,375</u>
CASH AND CASH EQUIVALENTS - FINANCIAL STATEMENT CLASSIFICATION:		
Current assets	\$ 5,409	\$ 2,480
Restricted assets	<u>1,245</u>	<u>2,461</u>
TOTAL CASH AND CASH EQUIVALENTS FINANCIAL STATEMENT CLASSIFICATION	<u>\$ 6,654</u>	<u>\$ 4,941</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	
\$ (2,624)	\$ (4,307)	\$ (3,726)
226	1,095	1,811
-	190	136
-	750	-
-	13	(86)
-	-	511
525	542	(58)
-	15	-
-	-	(44)
-	-	(1,184)
<u>(15)</u>	<u>23</u>	<u>163</u>
<u>\$ (1,888)</u>	<u>\$ (1,679)</u>	<u>\$ (2,477)</u>
\$ 5,597	\$ 13,486	\$ 44,457
<u>162</u>	<u>3,868</u>	<u>4,669</u>
<u>\$ 5,759</u>	<u>\$ 17,354</u>	<u>\$ 49,126</u>

CITY OF DOWNEY

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES

June 30, 2010

(amounts expressed in thousands)

ASSETS:

Cash and investments (Note 3)	\$	8,308
Receivables		<u>1,603</u>

TOTAL ASSETS	\$	<u><u>9,911</u></u>
--------------	----	---------------------

LIABILITIES:

Accounts payable and accrued liabilities	\$	725
Deposits payable		<u>9,186</u>

TOTAL LIABILITIES	\$	<u><u>9,911</u></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, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Reporting Entity

The accounting policies of the City conform to accounting principles generally accepted in the United States of America, as applicable to governments. As required by accounting principles generally accepted in the United States of America, these financial statements present the City and its component units, entities for which the City is considered to be financially accountable. The City is considered to be financially accountable for an organization if the City appoints a voting majority of that organization's governing body and the City is able to impose its will on that organization or there is a potential for that organization to provide specific financial benefits to or impose specific financial burdens on the City. The City is also considered to be financially accountable for an organization, if that organization is fiscally dependent upon the City (i.e., it is unable to adopt its budget, levy taxes, set rates or charges, or issue bonded debt without approval from the City). In certain cases, other organizations are included as component units if the nature and significance of their relationship with the City are such that their exclusion would cause the City's financial statements to be misleading or incomplete.

Included within the City of Downey financial reporting entity are: the Community Development Commission of the City of Downey (the Commission), the City of Downey Water Facilities Corporation, and the City of Downey Public Facilities Financing Corporation (the Corporations). The Commission and the Corporations are separate legal entities which are included in the City's report because the City Council serves as the governing body for these component units.

The City of Downey was incorporated in 1956 under the General Laws of the State of California and became a charter City in 1964. The City operates under a Council-Manager form of government governed by a five-member council and provides the following services: public safety (police, fire, paramedic and ambulance), highways and streets, parks and recreation, public improvements, planning and zoning, and general administrative services.

The 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 activities of the Commission are reported in the governmental fund financial statements as debt service and capital projects funds.

See independent auditors' report.

CITY OF DOWNEY

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Description of the Reporting Entity (Continued)

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 activities of the Corporation are reported in the proprietary fund financial statements as part of the golf enterprise fund.

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.

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.

See independent auditors' report.

CITY OF DOWNEY

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

See independent auditors' report.

CITY OF DOWNEY

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

See independent auditors' report.

CITY OF DOWNEY

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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.

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.

See independent auditors' report.

CITY OF DOWNEY

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Fund Classifications (Continued)

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.

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.

See independent auditors' report.

CITY OF DOWNEY

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Fund Classifications (Continued)

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

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

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

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

Public Works Department includes maintenance and engineering divisions.

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

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

E. Cash and Investments

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

F. Accounts Receivable

The City extends credit to customers in the normal course of operations. The City accounts for potential losses in accounts receivable utilizing the allowance method. The City has provided an allowance for uncollectible accounts of \$6,138 at June 30, 2010. Management evaluates all accounts receivable and if it is determined that they are uncollectible they are written off as a bad debt expense.

See independent auditors' report.

CITY OF DOWNEY

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Inventories and Land Held for Resale

Inventories are valued at cost on a first-in first-out basis and are accounted for under the consumption method, whereby inventories are capitalized and recorded as expenditures as used. Water 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.

H. 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, 2010.

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.

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

See independent auditors' report.

CITY OF DOWNEY

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Compensated Absences

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

J. 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.

K. 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.

L. 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.

See independent auditors' report.

CITY OF DOWNEY

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2010

NOTE 2 - PROPERTY TAXES

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

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

NOTE 3 - CASH AND INVESTMENTS

A. Cash and Investments

Cash and investments at June 30, 2010 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	\$ 87,889	\$ 8,308	\$ 96,197
Restricted assets:			
Cash and investments	12,329	-	12,329
Cash and investments with fiscal agents	<u>1,355</u>	<u>-</u>	<u>1,355</u>
	<u>\$ 101,573</u>	<u>\$ 8,308</u>	<u>\$ 109,881</u>

Cash and investments at June 30, 2010 consisted of the following (in thousands):

Demand accounts	\$ 5,545
Petty cash	5
Investments	<u>104,331</u>
Total Cash and Investments	<u>\$ 109,881</u>

See independent auditors' report.

CITY OF DOWNEY

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2010

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

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.

<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

See independent auditors' report.

CITY OF DOWNEY

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2010

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

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.

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	\$ -	\$ 2,011	\$ 8,104	\$ 11,616	\$ 21,731
United States Government Sponsored Enterprise Securities:					
FHLMC	-	-	2,009	-	2,009
FHLB	-	-	6,921	-	6,921
FNMA	-	-	8,431	-	8,431
Medium-Term Corporate Notes	5,061	4,214	8,631	-	17,906
Money Market Mutual Funds	1,411	-	-	-	1,411
Local Agency Investment Funds	44,568	-	-	-	44,568
Held by Bond Trustee:					
Money Market Mutual Funds	711	-	-	-	711
Investment Agreements	-	-	-	643	643
	<u>\$ 51,751</u>	<u>\$ 6,225</u>	<u>\$ 34,096</u>	<u>\$ 12,259</u>	<u>\$ 104,331</u>

See independent auditors' report.

CITY OF DOWNEY

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2010

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	Minimum Legal	Not Required to be	AAA	Other	Unrated
	June 30, 2010	Rating (1)	Rated			
United States Treasury Notes	\$ 21,731	N/A	\$ 21,731	\$ -	\$ -	\$ -
United States Government Sponsored Enterprise Securities:						
FHLMC	2,009	N/A	-	2,009	-	-
FHLB	6,921	N/A	-	6,921	-	-
FNMA	8,431	N/A	-	8,431	-	-
Medium-term Corporate Notes	17,906	A	-	-	17,906	-
Money Market Mutual Funds	1,411	AAA	-	1,411	-	-
Local Agency Investment Funds	44,568	N/A	-	-	-	44,568
Held by Bond Trustee:						
Money Market Mutual Funds	711	AAA	-	711	-	-
Investment Agreements	643	N/A	-	-	-	643
TOTAL	\$ 104,331		\$ 21,731	\$ 19,483	\$ 17,906	\$ 45,211

N/A - Not Applicable

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

Other:

A	\$ 10,483
A2 *	2,156
A-	2,116
B	1,000
BBB+	2,151
	<u>\$ 17,906</u>

(1) Requirement is applicable at the time of investment purchase. All investments at June 30, 2010 were in compliance with the minimum legal rating requirement at time of purchase.

* Not rated by Standards and Poor's. Rating is reported by Moody.

See independent auditors' report.

CITY OF DOWNEY

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2010

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	\$ 6,921	6.72 %
Federal National Mortgage Association	United States Government Sponsored Enterprise Securities	8,431	8.19 %

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, 2010, 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, 2010

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, 2010, amounts due from/to other funds were as follows (in thousands):

Due to General Fund from:		
Other Governmental Funds	\$	328
Due to Other Governmental Funds from:		
General Fund		<u>32</u>
	\$	<u>360</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, 2010, amounts advanced to and from other funds were as follows (in thousands):

Advances from General Fund to:		
Firestone Debt Service Fund	\$	6,397
Other Governmental Funds		2,200
Advances from Employee Benefits		
Internal Service Fund to:		
Firestone Debt Service Fund		<u>2,650</u>
	\$	<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, 2010

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

Interfund transfers at June 30, 2010 consisted of the following (in thousands):

<u>Transfer from</u>	<u>Transfer to</u>	<u>Amount</u>
General Fund	Other Governmental Funds	\$ 2,663
Gas Tax Special Revenue Fund	General Fund	930
	Other Governmental Funds	1,584
	Transit Enterprise Fund	1,000
Firestone Debt Service Fund	Other Governmental Funds	1,000
Other Governmental Funds	General Fund	91
	Other Governmental Funds	521
	Internal Service Funds	9
Water Enterprise Fund	General Fund	606
	Other Governmental Funds	374
Golf Enterprise Fund	General Fund	785
Transit Enterprise Fund	Gas Tax Special Revenue Fund	4,196
		<u>\$ 13,759</u>

The General Fund transferred \$2,663,000 to Other Governmental Funds to provide for capital and debt service expenditures.

The Gas Tax Special Revenue Fund transferred \$930,000 to the General Fund to provide for infrastructure and street maintenance reimbursement, \$1,584,000 and \$1,000,000 to Other Governmental Funds and the Transit Enterprise Fund, respectively, to provide for capital improvement projects.

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

The Water and Golf Enterprise Funds transferred \$606,000 and \$785,000 to the General Fund, respectively, to reimburse the General Fund for certain program, administrative and overhead expenditures. The Water Enterprise Fund and the Transit Enterprise Fund transferred \$374,000 and \$4,196,000, respectively, to Other Governmental Funds and the Gas Tax Special Revenue Fund, respectively, to provide funding for capital expenditures. Other Governmental Funds transferred \$91,000 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, 2010

NOTE 5 - LAND HELD FOR RESALE

As of June 30, 2010, 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 \$7,339,000 at June 30, 2010.

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, 2010

NOTE 8 - CAPITAL ASSETS

A summary of changes in the Governmental Activities capital assets at June 30, 2010 is as follows (in thousands):

	Balances at June 30, <u>2009</u>	<u>Additions</u>	<u>Deletions</u>	Balances at June 30, <u>2010</u>
Capital assets, not being depreciated:				
Land and improvements	\$ 14,388	\$ 50	\$ -	\$ 14,438
Projects in progress	<u>40,462</u>	<u>8,359</u>	<u>(37,309)</u>	<u>11,512</u>
Total capital assets, not being depreciated	<u>54,850</u>	<u>8,409</u>	<u>(37,309)</u>	<u>25,950</u>
Capital assets, being depreciated:				
Buildings	29,561	7,677	-	37,238
Land improvements	9,855	8,912	-	18,767
Equipment	22,893	1,402	(1,571)	22,724
Furniture and fixtures	185	114	-	299
Infrastructure	<u>241,514</u>	<u>20,788</u>	<u>-</u>	<u>262,302</u>
Total capital assets, being depreciated	<u>304,008</u>	<u>38,893</u>	<u>(1,571)</u>	<u>341,330</u>
Less accumulated depreciation for:				
Buildings	(13,657)	(591)	-	(14,248)
Land improvements	(5,616)	(394)	-	(6,010)
Equipment	(15,849)	(1,804)	1,564	(16,089)
Furniture and fixtures	(84)	(25)	-	(109)
Infrastructure	<u>(130,892)</u>	<u>(5,064)</u>	<u>-</u>	<u>(135,956)</u>
Total accumulated depreciation	<u>(166,098)</u>	<u>(7,878)</u>	<u>1,564</u>	<u>(172,412)</u>
Total capital assets being depreciated, net	<u>137,910</u>	<u>31,015</u>	<u>(7)</u>	<u>168,918</u>
Governmental activities capital assets, net	<u>\$ 192,760</u>	<u>\$ 39,424</u>	<u>\$ (37,316)</u>	<u>\$ 194,868</u>

See independent auditors' report.

CITY OF DOWNEY

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2010

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	\$	321
Public Safety		148
Public Works		31
Community Services		510
Internal Service Funds depreciation charges to program		<u>1,804</u>
Allocated depreciation		2,814
Unallocated infrastructure depreciation		<u>5,064</u>
Total depreciation expense -governmental activities	<u>\$</u>	<u>7,878</u>

A summary of changes in the Business-type Activities capital assets at June 30, 2010 is as follows (in thousands):

	<u>WATER FUND</u>			
	<u>Balances at June 30, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balances at June 30, 2010</u>
Capital assets, not being depreciated:				
Land	<u>\$ 8,272</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,272</u>
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>28,292</u>	<u>409</u>	<u>-</u>	<u>28,701</u>
Total capital assets being depreciated	<u>29,156</u>	<u>409</u>	<u>-</u>	<u>29,565</u>
Less accumulated depreciation for:				
Buildings and improvements	(198)	(4)	-	(202)
Furniture and fixtures	(194)	(10)	-	(204)
Machinery and equipment	(219)	(39)	-	(258)
Water supply and distribution system	<u>(14,642)</u>	<u>(396)</u>	<u>-</u>	<u>(15,038)</u>
Total accumulated depreciation	<u>(15,253)</u>	<u>(449)</u>	<u>-</u>	<u>(15,702)</u>
Total capital assets being depreciated, net	<u>13,903</u>	<u>(40)</u>	<u>-</u>	<u>13,863</u>
Water Fund capital assets, net	<u>\$ 22,175</u>	<u>\$ (40)</u>	<u>\$ -</u>	<u>\$ 22,135</u>

See independent auditors' report.

CITY OF DOWNEY

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2010

NOTE 8 - CAPITAL ASSETS (CONTINUED)

A summary of changes in the Business-type Activities capital assets at June 30, 2010 is as follows (in thousands) (Continued):

GOLF FUND				
	<u>Balances at June 30, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balances at June 30, 2010</u>
Capital assets, being depreciated:				
Land improvements	\$ 10,687	\$ -	\$ -	\$ 10,687
Buildings and improvements	8,217	-	-	8,217
Machinery and equipment	556	102	(86)	572
Total capital assets being depreciated	<u>19,460</u>	<u>102</u>	<u>(86)</u>	<u>19,476</u>
Less accumulated depreciation for:				
Land improvements	(1,539)	(15)	-	(1,554)
Buildings and improvements	(1,390)	(294)	-	(1,684)
Machinery and equipment	(266)	(95)	67	(294)
Total accumulated depreciation	<u>(3,195)</u>	<u>(404)</u>	<u>67</u>	<u>(3,532)</u>
Golf Fund capital assets, net	<u>\$ 16,265</u>	<u>\$ (302)</u>	<u>\$ (19)</u>	<u>\$ 15,944</u>
TRANSIT FUND				
	<u>Balances at June 30, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balances at June 30, 2010</u>
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	878	71	-	949
Total capital assets being depreciated	<u>4,128</u>	<u>71</u>	<u>-</u>	<u>4,199</u>
Less accumulated depreciation for:				
Land improvements	(260)	(1)	-	(261)
Buildings and improvements	(461)	(59)	-	(520)
Machinery and equipment	(241)	(166)	-	(407)
Total accumulated depreciation	<u>(962)</u>	<u>(226)</u>	<u>-</u>	<u>(1,188)</u>
Total capital assets, being depreciated	<u>3,166</u>	<u>(155)</u>	<u>-</u>	<u>3,011</u>
Transit Fund capital assets, net	<u>\$ 5,330</u>	<u>\$ (155)</u>	<u>\$ -</u>	<u>\$ 5,175</u>

See independent auditors' report.

CITY OF DOWNEY

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2010

NOTE 9 - LONG-TERM LIABILITIES

Noted below is a summary of changes in long-term liabilities for the year ended June 30, 2010 (in thousands):

	Balance June 30, 2009	<u>Additions</u>	<u>Reductions</u>	Balance June 30, 2010	Amount Due Within One Year
Governmental Activities:					
Bonds payable	\$ 28,165	\$ -	\$ (380)	\$ 27,785	\$ 435
Less deferred charges:					
Bond discount	<u>(178)</u>	<u>-</u>	<u>7</u>	<u>(171)</u>	<u>-</u>
Total bonds payable	27,987	-	(373)	27,614	435
Capital lease payable	390	-	(71)	319	75
Advances from County	13,495	1,804	-	15,299	-
Loans from Federal					
Government	10,309	485	(250)	10,544	250
Compensated absences	14,027	3,698	(3,535)	14,190	4,377
Claims payable	<u>8,374</u>	<u>5,577</u>	<u>(6,067)</u>	<u>7,884</u>	<u>3,771</u>
 Total governmental activities long-term liabilities	 <u>\$ 74,582</u>	 <u>\$ 11,564</u>	 <u>\$ (10,296)</u>	 <u>\$ 75,850</u>	 <u>\$ 8,908</u>
Business-type Activities:					
Compensated absences	\$ 620	\$ 232	\$ (209)	\$ 643	\$ 197
Golf Course Certificates of Participation	8,470	-	(315)	8,155	325
Add (less) deferred changes:					
Bond premium	13	-	(1)	12	-
Loss on refunding	<u>(136)</u>	<u>-</u>	<u>12</u>	<u>(124)</u>	<u>-</u>
 Total business-type activities long-term liabilities	 <u>\$ 8,967</u>	 <u>\$ 232</u>	 <u>\$ (513)</u>	 <u>\$ 8,686</u>	 <u>\$ 522</u>

See independent auditors' report.

CITY OF DOWNEY

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2010

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, 2010 is \$7,675,000.

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>
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	305,000	330,434	635,434
2016 - 2020	1,765,000	1,395,922	3,160,922
2021 - 2025	2,265,000	882,141	3,147,141
2026 - 2029	<u>2,265,000</u>	<u>239,466</u>	<u>2,504,466</u>
Total	<u>\$ 7,675,000</u>	<u>\$ 4,312,983</u>	<u>\$ 11,987,983</u>

See independent auditors' report.

CITY OF DOWNEY

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2010

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>
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	395,000	959,045	1,354,045
2016 - 2020	3,030,000	4,441,524	7,471,524
2021 - 2025	4,745,000	3,483,101	8,228,101
2026 - 2030	4,965,000	2,315,052	7,280,052
2031 - 2034	<u>5,940,000</u>	<u>787,103</u>	<u>6,727,103</u>
	20,110,000	15,954,835	36,064,835
Less deferred charges on refunding	<u>(170,609)</u>	<u>-</u>	<u>(170,609)</u>
Total	<u>\$ 19,939,391</u>	<u>\$ 15,954,835</u>	<u>\$ 35,894,226</u>

See independent auditors' report.

CITY OF DOWNEY

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2010

NOTE 9 - LONG-TERM LIABILITIES (CONTINUED)

Governmental Activities (Continued)

Capital Lease Payable

The assets acquired through capital leases are as follows:

	<u>Governmental Activities</u>
Equipment	\$ 806,560
Less: accumulated depreciation	<u>(167,363)</u>
	<u>\$ 639,197</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>
2011	\$ 88,324
2012	88,324
2013	88,324
2014	<u>88,324</u>
Total minimum lease payments	353,296
Less: amounts representing interest	<u>(34,570)</u>
Present value of minimum lease payments	<u>\$ 318,726</u>

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 \$811,000 were deferred. Interest of \$993,000 was also accrued during the year on the outstanding deferral amount still owing. The amount owed the County, including accrued interest, at June 30, 2010 was \$15,299,000.

See independent auditors' report.

CITY OF DOWNEY

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2010

NOTE 9 - LONG-TERM LIABILITIES (CONTINUED)

Governmental Activities (Continued)

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, 2010 is as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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>\$ 1,250,000</u>	<u>\$ 157,513</u>	<u>\$ 1,407,513</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 \$9,294,000 as of June 30, 2010.

Compensated Absences

For the fiscal year ended June 30, 2010, compensated absences are as follows (in thousands):

	<u>Total</u>
Vacation	\$ 3,750
Sick Leave	9,253
Compensatory Time	<u>1,830</u>
Total	<u>\$ 14,833</u>
Amount reported in governmental activities	\$ 14,190
Amount reported in business-type activities	<u>643</u>
	<u>\$ 14,833</u>

The compensated absences are predominantly associated with the General fund.

See independent auditors' report.

CITY OF DOWNEY

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2010

NOTE 9 - LONG-TERM LIABILITIES (CONTINUED)

Governmental Activities (Continued)

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

Changes in the workers' compensation, employee health benefits, and general liability outstanding claims liability for the fiscal years ended June 30, 2009 and 2010 were as follows:

	<u>Claims Payable Balance June 30, 2008</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Current Year Payments</u>	<u>Claims Payable Balance 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

	<u>Claims Payable Balance June 30, 2009</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Current Year Payments</u>	<u>Claims Payable Balance June 30, 2010</u>
Workers' Compensation	\$ 5,819,000	\$ 127,000	\$ 1,383,000	\$ 4,563,000
Employee Health Benefits	957,000	4,189,000	4,117,000	1,029,000
General Liability	1,598,000	1,261,000	567,000	2,292,000

See independent auditors' report.

CITY OF DOWNEY

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2010

NOTE 9 - LONG-TERM LIABILITIES (CONTINUED)

Governmental Activities (Continued)

Claims Payable (Self-Insurance) (Continued)

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, 2010, in the opinion of the City Attorney, the City had no other material claims which would require loss provision in the financial statements.

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, 2010, bonds outstanding were \$8,155,000.

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.

See independent auditors' report.

CITY OF DOWNEY

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2010

NOTE 9 - LONG-TERM LIABILITIES (CONTINUED)

Business-type Activities (Continued)

2002 Golf Course Certificates of Participation (Continued)

Future debt service requirements on these certificates are as follows:

<u>Year Ending June 30.</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	380,000	318,995	698,995
2016-2020	2,120,000	1,319,078	3,439,078
2021-2025	2,475,000	771,653	3,246,653
2026-2028	<u>1,800,000</u>	<u>138,000</u>	<u>1,938,000</u>
Subtotal	8,155,000	3,968,603	12,123,603
Add (less) deferred amounts:			
Bond premium	12,159	-	12,159
Loss on refunding	<u>(124,347)</u>	<u>-</u>	<u>(124,347)</u>
Total	<u>\$ 8,042,812</u>	<u>\$ 3,968,603</u>	<u>\$ 12,011,415</u>

NOTE 10 – UNEARNED/DEFERRED REVENUE

Deferred revenue consists of \$7,339,000 in deferred loan payments from participants in the City’s housing program (see Note 6), \$90,000 in notes receivable, \$200,000 in grant/advances and \$1,035,000 in long-term receivables.

NOTE 11 - FUND BALANCE RESERVES

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

See independent auditors’ report.

CITY OF DOWNEY

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2010

NOTE 11 - FUND BALANCE RESERVES (CONTINUED)

The City's reserves at June 30, 2010 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	\$ 620	\$ 1,842	\$ -	\$ -	\$ 2,228	\$ 4,690
Park In Lieu	-	-	-	-	74	74
Capital Projects	725	-	-	-	199	924
Debt Service	-	-	644	-	-	644
Building Replacement	-	-	-	-	360	360
Land Held for Resale	-	-	-	3,598	2,858	6,456
Housing	-	-	-	3,521	-	3,521
Workers' Compensation	15	-	-	-	-	15
Advances to other funds	8,597	-	-	-	-	8,597
Records management	369	-	-	-	-	369
General plan	438	-	-	-	-	438
Long-term receivable	-	-	-	946	-	946
Total Reserves	\$ 10,764	\$ 1,842	\$ 644	\$ 8,065	\$ 5,719	\$ 27,034

A. Reserved for Encumbrances

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

B. Reserved for Park In Lieu

Amounts reserved for park projects. Funds collected from developer.

C. Reserved for Capital Projects

Amounts reserved for future, unspecified capital projects.

D. Reserved for Debt Service

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

See independent auditors' report.

CITY OF DOWNEY

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2010

NOTE 11 - FUND BALANCE RESERVES (CONTINUED)

E. Reserved for Building Replacement

Amounts reserved to finance replacement project for City buildings.

F. Reserved for Land Held for Resale

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

G. Reserved for Housing

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

H. Reserved for Workers' Compensation

Amount reserved to future workers' compensation liabilities.

I. Reserved for Advances to 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, 2010

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, 2010 were 11.681% for non-safety employees and 20.400% 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 for the current year were as follows (in thousands):

Annual required contribution	\$	5,775
Interest on net pension asset		(700)
Adjustment to annual required contribution		<u>1,211</u>
Annual pension cost		6,286
Contributions made		<u>(5,775)</u>
Decrease in net pension asset		511
Net pension asset - beginning of year		<u>(18,669)</u>
Net pension asset - end of year	\$	<u>(18,158)</u>

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

See independent auditors' report.

CITY OF DOWNEY

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2010

NOTE 12 - CITY EMPLOYEE RETIREMENT PLAN (CONTINUED)

Annual Pension Costs (Continued)

The required contribution was determined as part of the June 30, 2007, 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 was 23 years and 30 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, 2008	\$ 8,246	95%	\$ (19,118)
June 30, 2009	8,431	95%	(18,669)
June 30, 2010	6,286	92%	(18,158)

Funded Status and Funding Progress

As of June 30, 2009, the most recent actuarial valuation date, the plan was 86.37% funded. The actuarial accrued liability for benefits was \$383.5 million, and the actuarial value of assets was \$331.2 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$52.3 million. The covered payroll (annual payroll of active employees covered by the plan) was \$38.7 million, and the ratio of the UAAL to the covered payroll was 135.04%.

See independent auditors' report.

CITY OF DOWNEY

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2010

NOTE 12 - CITY EMPLOYEE RETIREMENT PLAN (CONTINUED)

Funded Status and Funding Progress (Continued)

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. The Plan is a single employer plan. These benefits are available to employees who retire with the City with at least 10 years of service or those who satisfy certain disability requirements. The retiree is entitled to participate in the City sponsored medical plan and the City contributes up to \$98.00 (\$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 or receive medical reimbursement payment on a quarterly basis for the cost of alternate medical insurance up to the amount of the retiree medical annuity in effect. The Plan does not issue a publicly available financial report.

Funding Policy

The contribution requirements of plan members and the City are established and may be amended by the City, City council, and/or the employee associations. Currently, contributions are not required from plan members. During the fiscal year ended June 30, 2010, 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 2009-10 was \$2,080,126.

See independent auditors' report.

CITY OF DOWNEY

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2010

NOTE 13 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Annual OPEB Cost

The City's annual OPEB cost and net OPEB asset were as follows:

Annual required contribution	\$ 2,080,126
Interest on net OPEB asset	(35,337)
Adjustment to annual required contribution	<u>72,232</u>
Annual OPEB cost	2,117,021
Contributions made	<u>(1,661,066)</u>
Decrease in net OPEB asset	455,955
Net OPEB asset - beginning of year	<u>(455,955)</u>
Net OPEB asset - end of year	<u><u>\$ -</u></u>

The required contribution for the fiscal year 2010 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 2010, the City's annual OPEB cost (expense) of \$2,117,021 was equal to the ARC plus interest, less amortization or net OPEB asset. Since this fiscal year is the second 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 last two fiscal years, as presented below:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Asset
6/30/09	\$ 2,140,585	100%	\$ 455,955
6/30/10	2,117,021	78%	-

See independent auditors' report.

CITY OF DOWNEY

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2010

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 three joint ventures. The joint ventures are not considered part of the reporting entity, as the City does not exercise primary oversight responsibilities for their operations. Each participating agency in these joint ventures has proportionate control over management, budgets, and financial decisions.

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

Joint Fire Dispatching Center. In this joint venture, the City operates as a cooperative program with the cities of Santa Fe Springs and Compton. The City receives all calls for fire emergency services and dispatches fire units for the three-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.

See independent auditors' report.

CITY OF DOWNEY

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2010

NOTE 14 - JOINT VENTURES (CONTINUED)

Gateway Authority (Gateway Region IRWM Joint Powers Authority). This joint venture was formed through a directive of COG (Gateway Cities Council of Governments) in 2007 and was designated by the State of California as an Integrated Regional Water Management Group. This coalition is currently comprised of 15 cities and government entities and is responsible for the regional water planning needs in the Gateway Cities Region. The Gateway Authority is governed by the member cities and agencies and financed with contributions from each city per a Joint Powers Agreement. The City of Downey acts as a lead agency in this Gateway Authority.

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, 2010

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:

City attorney \$ 54

Other Special Revenue Funds:

Street Lighting - Community development 18

CATV Public Access - General government 24

Grants - Public safety 15

Other Capital Projects Fund:

Woodruff Redevelopment - Community development 300

Deficit Fund Balances

The following funds reported a deficit fund balance at June 30, 2010 (in thousands):

Major Fund:

Firestone Debt Service Fund \$ 6,719

Other Debt Service Fund:

Woodruff Industrial Project Redevelopment 1,851

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

NOTE 17 - COMMITMENTS AND CONTINGENCIES

SERAF Contributions for the Fiscal Years 2009-2010 and 2010-2011:

Pursuant to Assembly Bill (AB) 26 4x, a budget trailer bill, California redevelopment agencies were required to make SERAF contributions totaling \$1.7 billion in the fiscal year 2009-2010 and \$350 million in 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 CRA filed a class action lawsuit in behalf of all California redevelopment agencies, again challenging the SERAF obligations as unconstitutional. The court ruled that the SERAF obligations were not unconstitutional.

See independent auditors' report.

CITY OF DOWNEY

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2010

NOTE 17 - COMMITMENTS AND CONTINGENCIES (CONTINUED)

SERAF Contributions for the Fiscal Years 2009-2010 and 2010-2011 (Continued):

The Commission's SERAF contribution for the fiscal year 2009-2010 was \$1,423,824. The Commission utilized its non-housing funds to make the payment.

The Commission's SERAF contribution for the fiscal year 2010-2011 will be \$292,862.

NOTE 18 - PROPOSITION 1A:

Under the provisions of Proposition 1A and as part of the 2009-2010 budget package passed by the California state legislature on July 28, 2009, the State of California borrowed 8% of the amount of property tax revenue, including those property taxes associated with the in-lieu motor vehicle license fee, the triple flip in the lieu sales tax, and supplemental property tax, apportioned to cities, counties and special districts (excluding redevelopment agencies). The state is required to repay this borrowing plus interest by June 30, 2013. After repayment of this initial borrowing, the California legislature may consider only one additional borrowing within a ten-year period. The amount of this borrowing pertaining to the City was \$1,970,932.

Authorized with the 2009-10 State budget package, the Proposition 1A Securitization Program was instituted by the California Statewide Communities Development Authority (California Communities), a joint powers authority sponsored by the California State Association of Counties and the League of California Cities, to enable local governments to sell their Proposition 1A receivables to California Communities. Under the Securitization Program, California Communities simultaneously purchased the Proposition 1A receivables and issued bonds (Prop 1A Bonds) to provide local agencies with cash proceeds in two equal installments, on January 15, 2010 and May 3, 2010. The purchase price paid to the local agencies equaled 100% of the amount of the property tax reduction. All transaction costs of issuance and interest were paid by the State of California. Participating local agencies have no obligation on the bonds and no credit exposure to the State. The City participated in the securitization program and accordingly property taxes have been recorded in the same manner as if the State had not exercised its rights under Proposition 1A. The receivable sale proceeds were equal to the book value and, as a result, no gain or loss was recorded.

NOTE 19 - RESTATEMENT OF NET ASSETS:

The governmental activities net assets at July 1, 2009 was increased by \$456,000 to \$243,566,000 to record other postemployment benefit asset balance at July 1, 2009.

See independent auditors' report.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF DOWNEY

SCHEDULES OF FUNDING PROGRESS

For the year ended June 30, 2010

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)
06/30/07	\$ 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%
06/30/09	331,276,000	383,550,000	52,274,000	86.37%	38,710,000	135.04%

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 independent auditors' report.

CITY OF DOWNEY

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

For the year ended June 30, 2010
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 49,013	\$ 49,013	\$ 45,223	\$ (3,790)
Licenses and permits	1,298	1,298	1,269	(29)
Fines and forfeitures	1,723	1,723	1,803	80
Investment and rental	3,601	3,601	4,326	725
Intergovernmental revenue	2,300	2,300	2,249	(51)
Charges for services	3,919	3,919	6,092	2,173
Other revenue	2,181	2,181	2,572	391
TOTAL REVENUES	64,035	64,035	63,534	(501)
EXPENDITURES:				
Current:				
General government:				
Legislation	282	286	275	11
City attorney	324	324	378	(54)
City clerk	385	386	351	35
City management	949	982	940	42
Finance	4,397	4,398	4,116	282
Public safety:				
Police	29,008	29,010	27,872	1,138
Animal control	329	329	308	21
Fire	17,319	17,319	16,591	728
Public works	6,291	6,291	5,422	869
Community services	7,248	7,259	6,475	784
Community development	2,823	2,823	2,176	647
Debt service:				
Interest and fiscal charges	-	-	485	(485)
TOTAL EXPENDITURES	69,355	69,407	65,389	4,018
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(5,320)	(5,372)	(1,855)	3,517
OTHER FINANCING SOURCES (USES):				
Transfers in	2,694	2,725	2,412	(313)
Transfers out	(2,378)	(2,382)	(2,663)	(281)
Issuance of debt	-	-	485	485
TOTAL OTHER FINANCING SOURCES (USES)	316	343	234	(109)
NET CHANGE IN FUND BALANCE	(5,004)	(5,029)	(1,621)	3,408
FUND BALANCE - BEGINNING OF YEAR	24,740	24,740	24,740	-
FUND BALANCE - END OF YEAR	\$ 19,736	\$ 19,711	\$ 23,119	\$ 3,408

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, 2010
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment and rental	\$ 130	\$ 130	\$ 250	\$ 120
Intergovernmental revenue	15,332	15,332	6,023	(9,309)
TOTAL REVENUES	15,462	15,462	6,273	(9,189)
EXPENDITURES:				
Capital outlay	20,369	22,432	7,872	14,560
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(4,907)	(6,970)	(1,599)	5,371
OTHER FINANCING SOURCES (USES):				
Transfers in	-	832	4,196	3,364
Transfers out	(930)	(930)	(3,514)	(2,584)
TOTAL OTHER FINANCING SOURCES (USES)	(930)	(98)	682	780
NET CHANGE IN FUND BALANCE	(5,837)	(7,068)	(917)	6,151
FUND BALANCE - BEGINNING OF YEAR	7,620	7,620	7,620	-
FUND BALANCE - END OF YEAR	\$ 1,783	\$ 552	\$ 6,703	\$ 6,151

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

CITY OF DOWNEY

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2010

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, 2010 increased budgeted expenditures from \$138,391,034 as adopted in the original budget, to \$142,193,378.

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.

This page intentionally left blank

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, 2010
(amount expressed in thousands)

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 823	\$ 823	\$ 887	\$ 64
Investment and rental	118	118	193	75
Intergovernmental revenue	713	713	1,112	399
Other revenue	90	90	90	-
TOTAL REVENUES	1,744	1,744	2,282	538
EXPENDITURES:				
Current:				
Community development	2,914	2,914	1,895	1,019
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,170)	(1,170)	387	1,557
FUND BALANCE - BEGINNING OF YEAR	7,678	7,678	7,678	-
FUND BALANCE - END OF YEAR	\$ 6,508	\$ 6,508	\$ 8,065	\$ 1,557

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

This page intentionally left blank

CITY OF DOWNEY

COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS

June 30, 2010
(amounts expressed in thousands)

	Special Revenue Funds	Debt Service Fund	Capital Projects Funds	Total
ASSETS				
Cash and investments	\$ 3,811	\$ 119	\$ 5,399	\$ 9,329
Receivables:				
Taxes	221	227	-	448
Accounts	47	-	-	47
Interest	13	3	-	16
Loans	840	-	-	840
Inventory	9	-	-	9
Prepaid expenses	-	-	3	3
Due from other governments and entities	577	-	15	592
Due from other funds	32	-	-	32
Restricted assets:				
Cash and investments	204	-	-	204
Land held for resale	-	-	2,858	2,858
TOTAL ASSETS	\$ 5,754	\$ 349	\$ 8,275	\$ 14,378
LIABILITIES AND FUND BALANCES				
LIABILITIES:				
Accounts payable and accrued liabilities	\$ 355	\$ -	\$ 175	\$ 530
Due to other funds	328	-	-	328
Deposits	-	-	3	3
Advances from other funds	-	2,200	-	2,200
Deferred revenue	1,040	-	-	1,040
TOTAL LIABILITIES	1,723	2,200	178	4,101
FUND BALANCES (DEFICIT):				
Reserved for:				
Encumbrances	547	-	1,681	2,228
Land held for resale	-	-	2,858	2,858
Park in lieu	-	-	74	74
Capital projects	-	-	199	199
Building replacement	-	-	360	360
Unreserved reported in:				
Special revenue funds	3,484	-	-	3,484
Debt service funds	-	(1,851)	-	(1,851)
Capital projects funds	-	-	2,925	2,925
TOTAL FUND BALANCES (DEFICIT)	4,031	(1,851)	8,097	10,277
TOTAL LIABILITIES AND FUND BALANCES	\$ 5,754	\$ 349	\$ 8,275	\$ 14,378

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, 2010
(amounts expressed in thousands)

	Special Revenue Funds	Debt Service Fund	Capital Projects Funds	Total
REVENUES:				
Taxes	\$ 343	\$ 852	\$ -	\$ 1,195
Investment and rental	84	18	12	114
Intergovernmental revenue	2,809	-	112	2,921
Charges for services	1,791	-	-	1,791
Other revenue	429	-	6	435
TOTAL REVENUES	5,456	870	130	6,456
EXPENDITURES:				
Current:				
General government	236	-	-	236
Public safety	15	-	-	15
Public works	1,642	-	-	1,642
Community services	1,273	-	-	1,273
Community development	2,888	704	1,706	5,298
Capital outlay	828	-	882	1,710
Debt service:				
Principal retirement	250	-	-	250
Interest and fiscal charges	67	228	-	295
TOTAL EXPENDITURES	7,199	932	2,588	10,719
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,743)	(62)	(2,458)	(4,263)
OTHER FINANCING SOURCES (USES):				
Transfers in	2,218	-	3,924	6,142
Transfers out	(121)	(500)	-	(621)
TOTAL OTHER FINANCING SOURCES (USES)	2,097	(500)	3,924	5,521
NET CHANGE IN FUND BALANCES	354	(562)	1,466	1,258
FUND BALANCES (DEFICIT) - BEGINNING OF YEAR	3,677	(1,289)	6,631	9,019
FUND BALANCES (DEFICIT) - END OF YEAR	\$ 4,031	\$ (1,851)	\$ 8,097	\$ 10,277

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, 2010
(amounts expressed in thousands)

	Waste Reduction	Street Lighting
ASSETS		
Cash and investments	\$ 192	\$ 1,903
Receivables:		
Taxes	-	74
Accounts	26	21
Interest	1	8
Loans	-	-
Inventory	-	-
Due from other governments and entities	14	-
Due from other funds	-	-
Restricted assets:		
Cash and investments	-	-
	<u>233</u>	<u>2,006</u>
TOTAL ASSETS	<u>\$ 233</u>	<u>\$ 2,006</u>
 LIABILITIES AND FUND BALANCES 		
LIABILITIES:		
Accounts payable and accrued liabilities	\$ 35	\$ 137
Due to other funds	-	-
Deferred revenue	-	-
	<u>35</u>	<u>137</u>
TOTAL LIABILITIES	<u>35</u>	<u>137</u>
 FUND BALANCES:		
Reserved:		
Encumbrances	32	-
Unreserved:		
Designated:		
Special revenue purposes	166	1,869
Undesignated	-	-
	<u>198</u>	<u>1,869</u>
TOTAL FUND BALANCES	<u>198</u>	<u>1,869</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 233</u>	<u>\$ 2,006</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>
\$ -	\$ 685	\$ 16	\$ 624	\$ 391	\$ 3,811
-	-	-	-	147	221
-	-	-	-	-	47
-	-	-	3	1	13
840	-	-	-	-	840
-	-	-	-	9	9
527	-	-	35	1	577
-	-	-	32	-	32
204	-	-	-	-	204
<u>\$ 1,571</u>	<u>\$ 685</u>	<u>\$ 16</u>	<u>\$ 694</u>	<u>\$ 549</u>	<u>\$ 5,754</u>

\$ 53	\$ 76	\$ 9	\$ 5	\$ 40	\$ 355
328	-	-	-	-	328
840	-	-	-	200	1,040
<u>1,221</u>	<u>76</u>	<u>9</u>	<u>5</u>	<u>240</u>	<u>1,723</u>

2	108	-	-	405	547
348	501	7	689	-	3,580
-	-	-	-	(96)	(96)
<u>350</u>	<u>609</u>	<u>7</u>	<u>689</u>	<u>309</u>	<u>4,031</u>
<u>\$ 1,571</u>	<u>\$ 685</u>	<u>\$ 16</u>	<u>\$ 694</u>	<u>\$ 549</u>	<u>\$ 5,754</u>

CITY OF DOWNEY

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

For the year ended June 30, 2010
(amounts expressed in thousands)

	Waste Reduction	Street Lighting
REVENUES:		
Taxes	\$ -	\$ 343
Investment and rental	4	56
Intergovernmental revenue	63	-
Charges for services	400	1,236
Other revenue	1	-
	<hr/>	<hr/>
TOTAL REVENUES	468	1,635
	<hr/>	<hr/>
EXPENDITURES:		
Current:		
General government	-	-
Public safety	-	-
Public works	283	-
Community services	246	-
Community development	-	1,686
Capital outlay	-	-
Debt service:		
Principal retirement	-	-
Interest and fiscal charges	-	-
	<hr/>	<hr/>
TOTAL EXPENDITURES	529	1,686
	<hr/>	<hr/>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(61)	(51)
	<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	79	(51)
	<hr/>	<hr/>
FUND BALANCES - BEGINNING OF YEAR	119	1,920
	<hr/>	<hr/>
FUND BALANCES - END OF YEAR	\$ 198	\$ 1,869
	<hr/> <hr/>	<hr/> <hr/>

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	20	3	84
2,093	-	-	129	524	2,809
-	134	-	-	21	1,791
44	-	-	-	384	429
<u>2,137</u>	<u>134</u>	<u>1</u>	<u>149</u>	<u>932</u>	<u>5,456</u>
-	-	236	-	-	236
-	-	-	-	15	15
-	1,114	-	116	129	1,642
100	-	-	-	927	1,273
1,202	-	-	-	-	2,888
131	190	-	-	507	828
250	-	-	-	-	250
67	-	-	-	-	67
<u>1,750</u>	<u>1,304</u>	<u>236</u>	<u>116</u>	<u>1,578</u>	<u>7,199</u>
<u>387</u>	<u>(1,170)</u>	<u>(235)</u>	<u>33</u>	<u>(646)</u>	<u>(1,743)</u>
-	1,114	212	-	752	2,218
(91)	-	-	-	(30)	(121)
<u>(91)</u>	<u>1,114</u>	<u>212</u>	<u>-</u>	<u>722</u>	<u>2,097</u>
296	(56)	(23)	33	76	354
54	665	30	656	233	3,677
<u>\$ 350</u>	<u>\$ 609</u>	<u>\$ 7</u>	<u>\$ 689</u>	<u>\$ 309</u>	<u>\$ 4,031</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, 2010
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment and rental	\$ -	\$ -	\$ 4	\$ 4
Intergovernmental revenue	59	60	63	3
Charges for services	410	410	400	(10)
Other revenue	2	2	1	(1)
TOTAL REVENUES	471	472	468	(4)
EXPENDITURES:				
Current:				
Public works	328	330	283	47
Community services	291	291	246	45
TOTAL EXPENDITURES	619	621	529	92
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(148)	(149)	(61)	88
OTHER FINANCING SOURCES:				
Transfers in	140	140	140	-
NET CHANGE IN FUND BALANCE	(8)	(9)	79	88
FUND BALANCE - BEGINNING OF YEAR	119	119	119	-
FUND BALANCE - END OF YEAR	\$ 111	\$ 110	\$ 198	\$ 88

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, 2010
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ -	\$ -	\$ 343	\$ 343
Investment and rental	27	27	56	29
Charges for services	1,582	1,582	1,236	(346)
TOTAL REVENUES	1,609	1,609	1,635	26
EXPENDITURES:				
Current:				
Community development	1,668	1,668	1,686	(18)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(59)	(59)	(51)	8
FUND BALANCE - BEGINNING OF YEAR	1,920	1,920	1,920	-
FUND BALANCE - END OF YEAR	\$ 1,861	\$ 1,861	\$ 1,869	\$ 8

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, 2010
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Interest and rent	\$ 8	\$ -	\$ -	\$ -
Intergovernmental revenue	2,651	2,651	2,093	(558)
Other revenue	45	-	44	44
TOTAL REVENUES	2,704	2,651	2,137	(514)
EXPENDITURES:				
Current:				
Community services	317	300	100	200
Community development	900	1,540	1,202	338
Capital outlay	-	141	131	10
Debt service:				
Principal retirement	250	250	250	-
Interest and fiscal charges	67	67	67	-
TOTAL EXPENDITURES	1,534	2,298	1,750	548
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	1,170	353	387	34
OTHER FINANCING USES:				
Transfers out	(285)	(285)	(91)	194
NET CHANGE IN FUND BALANCE	885	68	296	228
FUND BALANCE - BEGINNING OF YEAR	54	54	54	-
FUND BALANCE - END OF YEAR	\$ 939	\$ 122	\$ 350	\$ 228

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, 2010
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Charges for services	\$ 130	\$ 130	\$ 134	\$ 4
Other revenue	1,915	915	-	(915)
TOTAL REVENUES	2,045	1,045	134	(911)
EXPENDITURES:				
Current:				
Public works	1,393	1,395	1,114	281
Capital outlay	1,915	801	190	611
TOTAL EXPENDITURES	3,308	2,196	1,304	892
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,263)	(1,151)	(1,170)	(19)
OTHER FINANCING SOURCES:				
Transfers in	1,393	1,393	1,114	(279)
NET CHANGE IN FUND BALANCE	130	242	(56)	(298)
FUND BALANCE - BEGINNING OF YEAR	665	665	665	-
FUND BALANCE - END OF YEAR	\$ 795	\$ 907	\$ 609	\$ (298)

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, 2010
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment and rental	\$ -	\$ -	\$ 1	\$ 1
EXPENDITURES:				
Current:				
General government	212	212	236	(24)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(212)	(212)	(235)	(23)
OTHER FINANCING SOURCES:				
Transfers in	212	212	212	-
NET CHANGE IN FUND BALANCE	-	-	(23)	(23)
FUND BALANCE - BEGINNING OF YEAR	30	30	30	-
FUND BALANCE - END OF YEAR	<u>\$ 30</u>	<u>\$ 30</u>	<u>\$ 7</u>	<u>\$ (23)</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, 2010
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment and rental	\$ 3	\$ 3	\$ 20	\$ 17
Intergovernmental revenue	130	266	129	(137)
TOTAL REVENUES	133	269	149	(120)
EXPENDITURES:				
Current:				
Public works	113	249	116	133
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	20	20	33	13
FUND BALANCE - BEGINNING OF YEAR	656	656	656	-
FUND BALANCE - END OF YEAR	\$ 676	\$ 676	\$ 689	\$ 13

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, 2010
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment and rental	\$ -	\$ -	\$ 3	\$ 3
Intergovernmental revenue	893	893	524	(369)
Charges for services	75	75	21	(54)
Other revenue	221	414	384	(30)
TOTAL REVENUES	1,189	1,382	932	(450)
EXPENDITURES:				
Current:				
Public safety	-	-	15	(15)
Public works	-	179	129	50
Community services	1,010	1,571	927	644
Capital outlay	933	193	507	(314)
TOTAL EXPENDITURES	1,943	1,943	1,578	365
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(754)	(561)	(646)	(85)
OTHER FINANCING SOURCES (USES):				
Transfers in	775	775	752	(23)
Transfers out	-	(21)	(30)	(9)
TOTAL OTHER FINANCING SOURCES (USES)	775	754	722	(32)
NET CHANGE IN FUND BALANCE	21	193	76	(117)
FUND BALANCE - BEGINNING OF YEAR	233	233	233	-
FUND BALANCE - END OF YEAR	\$ 254	\$ 426	\$ 309	\$ (117)

See independent auditors' report.

OTHER DEBT SERVICE FUND

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
BALANCE SHEET
OTHER DEBT SERVICE FUND

June 30, 2010
(amounts expressed in thousands)

	ASSETS	Woodruff Industrial Project Redevelopment
Cash and investments		\$ 119
Receivables:		
Taxes		227
Interest		<u>3</u>
 TOTAL ASSETS		 <u><u>\$ 349</u></u>
LIABILITIES AND FUND BALANCE		
LIABILITIES:		
Advances from other funds		\$ 2,200
FUND BALANCE (DEFICIT):		
Unreserved - undesignated		<u>(1,851)</u>
 TOTAL LIABILITIES AND FUND BALANCE		 <u><u>\$ 349</u></u>

See independent auditors' report.

CITY OF DOWNEY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
OTHER DEBT SERVICE FUND

For the year ended June 30, 2010
(amounts expressed in thousands)

	<u>Woodruff Industrial Project Redevelopment</u>
REVENUES:	
Taxes	\$ 852
Investment and rental	<u>18</u>
TOTAL REVENUES	<u>870</u>
EXPENDITURES:	
Community development	704
Debt service:	
Interest and fiscal charges	<u>228</u>
TOTAL EXPENDITURES	<u>932</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(62)
OTHER FINANCING USES:	
Transfers out	<u>(500)</u>
NET CHANGE IN FUND BALANCE	(562)
FUND BALANCE (DEFICIT) - BEGINNING OF YEAR	<u>(1,289)</u>
FUND BALANCE (DEFICIT) - END OF YEAR	<u><u>\$ (1,851)</u></u>

See independent auditors' report.

This page intentionally left blank

OTHER CAPITAL PROJECTS FUNDS

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

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

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

CITY OF DOWNEY

COMBINING BALANCE SHEET
OTHER CAPITAL PROJECTS FUNDS

June 30, 2010

(amounts expressed in thousands)

	Firestone Redevelopment	Woodruff Redevelopment	City	Totals
ASSETS				
Cash and investments	\$ 1,080	\$ 338	\$ 3,981	\$ 5,399
Prepaid expenses	3	-	-	3
Due from other governments and entities	-	-	15	15
Land held for resale	2,858	-	-	2,858
TOTAL ASSETS	\$ 3,941	\$ 338	\$ 3,996	\$ 8,275
LIABILITIES AND FUND BALANCES				
LIABILITIES:				
Accounts payable and accrued liabilities	\$ 126	\$ 2	\$ 47	\$ 175
Deposits	3	-	-	3
TOTAL LIABILITIES	129	2	47	178
FUND BALANCES:				
Reserved:				
Encumbrances	192	-	1,489	1,681
Land held for resale	2,858	-	-	2,858
Park in lieu	-	-	74	74
Capital projects	-	-	199	199
Building replacement	-	-	360	360
Unreserved - undesignated	762	336	1,827	2,925
TOTAL FUND BALANCES	3,812	336	3,949	8,097
TOTAL LIABILITIES AND FUND BALANCES	\$ 3,941	\$ 338	\$ 3,996	\$ 8,275

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, 2010
(amounts expressed in thousands)

	Firestone Redevelopment	Woodruff Redevelopment	City	Totals
REVENUES:				
Investment and rental	\$ 5	\$ (5)	\$ 12	\$ 12
Intergovernmental revenue	-	-	112	112
Other revenue	6	-	-	6
TOTAL REVENUES	11	(5)	124	130
EXPENDITURES:				
Current:				
Community development	1,406	300	-	1,706
Capital outlay	-	-	882	882
TOTAL EXPENDITURES	1,406	300	882	2,588
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,395)	(305)	(758)	(2,458)
OTHER FINANCING SOURCES:				
Transfers in	1,000	500	2,424	3,924
NET CHANGE IN FUND BALANCES	(395)	195	1,666	1,466
FUND BALANCES - BEGINNING OF YEAR	4,207	141	2,283	6,631
FUND BALANCES - END OF YEAR	\$ 3,812	\$ 336	\$ 3,949	\$ 8,097

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, 2010
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment and rental	\$ 8	\$ 8	\$ 5	\$ (3)
Intergovernmental revenue	1,800	1,800	-	(1,800)
Other revenue	32	32	6	(26)
TOTAL REVENUES	1,840	1,840	11	(1,829)
EXPENDITURES:				
Current:				
Community development	2,580	2,580	1,406	1,174
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(740)	(740)	(1,395)	(655)
OTHER FINANCING SOURCES:				
Transfers in	-	-	1,000	1,000
NET CHANGE IN FUND BALANCE	(740)	(740)	(395)	345
FUND BALANCE - BEGINNING OF YEAR	4,207	4,207	4,207	-
FUND BALANCE - END OF YEAR	\$ 3,467	\$ 3,467	\$ 3,812	\$ 345

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, 2010
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment and rental	\$ -	\$ -	\$ (5)	(5)
EXPENDITURES:				
Current:				
Community development	-	-	300	(300)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	-	(305)	(305)
OTHER FINANCING SOURCES:				
Transfers in	-	-	500	500
NET CHANGE IN FUND BALANCE	-	-	195	195
FUND BALANCE - BEGINNING OF YEAR	141	141	141	-
FUND BALANCE - END OF YEAR	<u>\$ 141</u>	<u>\$ 141</u>	<u>\$ 336</u>	<u>\$ 195</u>

See independent auditors' report.

CITY OF DOWNEY

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

CITY CAPITAL PROJECTS FUND

For the year ended June 30, 2010
(amount expressed in thousands)

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment and rental	\$ 43	\$ 43	\$ 12	\$ (31)
Intergovernmental revenue	-	35	112	77
Other revenue	-	12	-	(12)
TOTAL REVENUES	43	90	124	34
EXPENDITURES:				
Capital outlay	1,661	2,829	882	1,947
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,618)	(2,739)	(758)	1,981
OTHER FINANCING SOURCES:				
Transfers in	272	272	2,424	2,152
NET CHANGE IN FUND BALANCE	(1,346)	(2,467)	1,666	4,133
FUND BALANCE - BEGINNING OF YEAR	2,283	2,283	2,283	-
FUND BALANCE - END OF YEAR	\$ 937	\$ (184)	\$ 3,949	\$ 4,133

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, 2010

(amounts expressed in thousands)

ASSETS	Employee Benefits	Equipment	Totals
CURRENT ASSETS:			
Cash and investments	\$ 42,994	\$ 1,463	\$ 44,457
Accounts receivable	-	28	28
Advances to other funds	2,650	-	2,650
Inventories	-	267	267
Restricted assets:			
Cash and investments	2,334	2,334	4,668
Cash and investments with fiscal agent	1	-	1
TOTAL CURRENT ASSETS	<u>47,979</u>	<u>4,092</u>	<u>52,071</u>
NONCURRENT ASSETS:			
Prepaid pension expense	18,158	-	18,158
Bond issuance costs	166	-	166
Capital Assets (Net of Accumulated Depreciation):			
Machinery and equipment	-	6,635	6,635
TOTAL NONCURRENT ASSETS	<u>18,324</u>	<u>6,635</u>	<u>24,959</u>
TOTAL ASSETS	<u>66,303</u>	<u>10,727</u>	<u>77,030</u>
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES:			
Accounts payable and accrued liabilities	806	154	960
Interest payable	86	14	100
Compensated absences	4,377	-	4,377
Claims payable	2,854	-	2,854
Capital lease payable	-	75	75
Pension obligation bonds	185	-	185
TOTAL CURRENT LIABILITIES	<u>8,308</u>	<u>243</u>	<u>8,551</u>
NONCURRENT LIABILITIES:			
Compensated absences	9,813	-	9,813
Claims payable	2,738	-	2,738
Capital lease payable	-	244	244
Pension obligation bonds	19,754	-	19,754
TOTAL NONCURRENT LIABILITIES	<u>32,305</u>	<u>244</u>	<u>32,549</u>
TOTAL LIABILITIES	<u>40,613</u>	<u>487</u>	<u>41,100</u>
NET ASSETS:			
Invested in capital assets, net of related debt	-	6,316	6,316
Restricted for debt service	2,335	2,334	4,669
Unrestricted	23,355	1,590	24,945
TOTAL NET ASSETS	<u>\$ 25,690</u>	<u>\$ 10,240</u>	<u>\$ 35,930</u>

See independent auditors' report.

CITY OF DOWNEY

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

For the year ended June 30, 2010
(amounts expressed in thousands)

	Employee Benefits	Equipment	Totals
OPERATING REVENUES:			
Charges for services	\$ 24,233	\$ 355	\$ 24,588
Miscellaneous	961	-	961
TOTAL OPERATING REVENUES	25,194	355	25,549
OPERATING EXPENSES:			
Maintenance and operations	-	1,115	1,115
General and administration	-	396	396
Employee benefits	25,953	-	25,953
Amortization	7	-	7
Depreciation	-	1,804	1,804
TOTAL OPERATING EXPENSES	25,960	3,315	29,275
OPERATING LOSS	(766)	(2,960)	(3,726)
NONOPERATING REVENUES (EXPENSES):			
Investment and rental	945	263	1,208
Interest expense	(1,150)	(14)	(1,164)
Gain on sale of capital assets	-	38	38
TOTAL NONOPERATING REVENUES (EXPENSES)	(205)	287	82
NET LOSS BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS	(971)	(2,673)	(3,644)
TRANSFERS IN CAPITAL CONTRIBUTIONS	9	-	9
	-	771	771
CHANGE IN NET ASSETS	(962)	(1,902)	(2,864)
TOTAL NET ASSETS - BEGINNING OF YEAR	26,652	12,142	38,794
TOTAL NET ASSETS - END OF YEAR	\$ 25,690	\$ 10,240	\$ 35,930

See independent auditors' report.

CITY OF DOWNEY

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS

For the year ended June 30, 2010
(amounts expressed in thousands)

	Employee Benefits	Equipment	Totals
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from user departments	\$ 25,231	\$ 410	\$ 25,641
Payment to suppliers	(18,981)	(1,152)	(20,133)
Payment to employees	(7,432)	(553)	(7,985)
NET CASH USED BY OPERATING ACTIVITIES	<u>(1,182)</u>	<u>(1,295)</u>	<u>(2,477)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Cash received from other funds	9	-	9
Principal paid	(145)	-	(145)
Interest paid	(1,143)	-	(1,143)
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	<u>(1,279)</u>	<u>-</u>	<u>(1,279)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition of capital assets	-	(1,403)	(1,403)
Proceeds from sale of capital assets	-	45	45
Capital contributions	-	771	771
Principal paid on debt	-	(71)	(71)
Interest paid on debt	-	(17)	(17)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>-</u>	<u>(675)</u>	<u>(675)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest received	945	263	1,208
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,516)	(1,707)	(3,223)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	46,845	5,504	52,349
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 45,329</u>	<u>\$ 3,797</u>	<u>\$ 49,126</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:			
Operating loss	\$ (766)	\$ (2,960)	\$ (3,726)
Depreciation and amortization	7	1,804	1,811
Changes in operating assets and liabilities:			
(Increase) decrease in accounts receivable	37	99	136
(Increase) decrease in inventories	-	(86)	(86)
(Increase) decrease in prepaid expenses	511	-	511
Increase (decrease) in accounts payable and accrued liabilities	50	(108)	(58)
Increase (decrease) in deferred revenue	-	(44)	(44)
Increase (decrease) in claims payable	(1,184)	-	(1,184)
Increase (decrease) in compensated absences payable	163	-	163
NET CASH USED BY OPERATING ACTIVITIES	<u>\$ (1,182)</u>	<u>\$ (1,295)</u>	<u>\$ (2,477)</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, 2010
(amounts expressed in thousands)

	Special Deposits	Cemetery District	1913 Act Bond Fund
ASSETS			
Cash and investments	\$ 6,580	\$ 144	\$ 115
Receivables	19	9	1
TOTAL ASSETS	<u>\$ 6,599</u>	<u>\$ 153</u>	<u>\$ 116</u>
LIABILITIES			
LIABILITIES:			
Accounts payable and accrued liabilities	\$ 106	\$ 2	\$ -
Deposits payable	6,493	151	116
TOTAL LIABILITIES	<u>\$ 6,599</u>	<u>\$ 153</u>	<u>\$ 116</u>

See independent auditors' report.

Elm Vista	Columbia Memorial Space Learning Center Foundation	SEAACA	Totals
\$ 2	\$ 6	\$ 1,461	\$ 8,308
3	-	1,571	1,603
<u>\$ 5</u>	<u>\$ 6</u>	<u>\$ 3,032</u>	<u>\$ 9,911</u>
\$ 5	\$ -	\$ 612	\$ 725
-	6	2,420	9,186
<u>\$ 5</u>	<u>\$ 6</u>	<u>\$ 3,032</u>	<u>\$ 9,911</u>

CITY OF DOWNEY

COMBINING STATEMENT OF CHANGES IN
FIDUCIARY ASSETS AND LIABILITIES

For the year ended June 30, 2010
(amounts expressed in thousands)

	Balance July 1, 2009	Additions	Deletions	Balance June 30, 2010
SPECIAL DEPOSITS				
ASSETS:				
Cash and investments	\$ 7,213	\$ 2,316	\$ 2,949	\$ 6,580
Receivables	41	67	89	19
TOTAL ASSETS	<u>\$ 7,254</u>	<u>\$ 2,383</u>	<u>\$ 3,038</u>	<u>\$ 6,599</u>
LIABILITIES:				
Accounts payable and accrued liabilities	\$ 94	\$ 2,698	\$ 2,686	\$ 106
Deposits payable	7,160	4,824	5,491	6,493
TOTAL LIABILITIES	<u>\$ 7,254</u>	<u>\$ 7,522</u>	<u>\$ 8,177</u>	<u>\$ 6,599</u>
CEMETERY DISTRICT				
ASSETS:				
Cash and investments	\$ 130	\$ 213	\$ 199	\$ 144
Receivables	5	7	3	9
TOTAL ASSETS	<u>\$ 135</u>	<u>\$ 220</u>	<u>\$ 202</u>	<u>\$ 153</u>
LIABILITIES:				
Accounts payable and accrued liabilities	\$ 135	\$ -	\$ 133	\$ 2
Deposits payable	-	151	-	151
TOTAL LIABILITIES	<u>\$ 135</u>	<u>\$ 151</u>	<u>\$ 133</u>	<u>\$ 153</u>
1913 ACT BOND FUND				
ASSETS:				
Cash and investments	\$ 112	\$ 4	\$ 1	\$ 115
Receivables	1	2	2	1
TOTAL ASSETS	<u>\$ 113</u>	<u>\$ 6</u>	<u>\$ 3</u>	<u>\$ 116</u>
LIABILITIES:				
Deposits payable	\$ 113	\$ 4	\$ 1	\$ 116
ELM VISTA				
ASSETS:				
Cash and investments	\$ 2	\$ -	\$ -	\$ 2
Receivables	3	-	-	3
TOTAL ASSETS	<u>\$ 5</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5</u>
LIABILITIES:				
Accounts payable and accrued liabilities	\$ 5	\$ -	\$ -	\$ 5

See independent auditors' report.

(Continued)

CITY OF DOWNEY

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

For the year ended June 30, 2010
(amounts expressed in thousands)

	Balance July 1, 2009	Additions	Deletions	Balance June 30, 2010
COLUMBIA MEMORIAL SPACE LEARNING CENTER FOUNDATION				
ASSETS:				
Cash and investments	\$ 6	\$ -	\$ -	\$ 6
LIABILITIES:				
Deposits payable	\$ 6	\$ -	\$ -	\$ 6
SEAACA				
ASSETS:				
Cash and investments	\$ 1,205	\$ 5,900	\$ 5,644	\$ 1,461
Receivables	789	3,797	3,015	1,571
TOTAL ASSETS	\$ 1,994	\$ 9,697	\$ 8,659	\$ 3,032
LIABILITIES:				
Accounts payable and accrued liabilities	\$ 543	\$ 7,521	\$ 7,452	\$ 612
Deposits payable	1,451	969	-	2,420
TOTAL LIABILITIES	\$ 1,994	\$ 8,490	\$ 7,452	\$ 3,032
TOTAL - ALL AGENCY FUNDS				
ASSETS:				
Cash and investments	\$ 8,668	\$ 8,433	\$ 8,793	\$ 8,308
Receivables	839	3,873	3,109	1,603
TOTAL ASSETS	\$ 9,507	\$ 12,306	\$ 11,902	\$ 9,911
LIABILITIES:				
Accounts payable and accrued liabilities	\$ 777	\$ 10,219	\$ 10,271	\$ 725
Deposits payable	8,730	5,948	5,492	9,186
TOTAL LIABILITIES	\$ 9,507	\$ 16,167	\$ 15,763	\$ 9,911

See independent auditors' report.

This page intentionally left blank

STATISTICAL SECTION

DESCRIPTION OF STATISTICAL SECTION CONTENTS

June 30, 2010

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

Contents:	<u>Pages</u>
<u>Financial Trends</u> - These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	122 - 131
<u>Revenue Capacity</u> - These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	132 - 136
<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.	137 - 142
<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.	143 - 144
<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.	145 - 147

CITY OF DOWNEY

NET ASSETS BY COMPONENT
(amounts expressed in thousands)

Last Eight 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	2009-10
\$ 154,423	\$ 172,185	\$ 176,041	\$ 177,580
31,468	28,201	32,221	39,029
46,856	38,679	34,848	25,557
<u>232,747</u>	<u>239,065</u>	<u>243,110</u>	<u>242,166</u>
35,662	35,586	35,423	35,211
-	-	-	3,706
22,903	21,693	20,494	10,215
<u>58,565</u>	<u>57,279</u>	<u>55,917</u>	<u>49,132</u>
190,085	207,771	211,464	212,791
31,468	28,201	32,221	42,735
69,759	60,372	55,342	35,772
<u>\$ 291,312</u>	<u>\$ 296,344</u>	<u>\$ 299,027</u>	<u>\$ 291,298</u>

CITY OF DOWNEY

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

Last Eight Fiscal Years
(accrual basis of accounting)

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

The City of Downey implemented GASB 34 for the fiscal year ended June 30, 2003.

Information prior to the implementation of GASB 34 is not available.

Source: Finance Department, City of Downey

Fiscal Year			
2006-07	2007-08	2008-09	2009-10
\$ 6,100	\$ 5,891	\$ 4,881	\$ 7,588
42,379	43,510	45,314	46,420
8,466	7,460	7,450	8,013
7,903	9,390	9,220	8,420
6,556	8,898	8,732	10,543
4,772	4,806	4,965	5,064
1,801	1,823	1,859	1,933
<u>77,977</u>	<u>81,778</u>	<u>82,421</u>	<u>87,981</u>
8,852	10,121	9,739	11,829
2,745	2,765	2,699	2,847
2,634	2,939	3,486	3,469
<u>14,231</u>	<u>15,825</u>	<u>15,924</u>	<u>18,145</u>
<u>\$ 92,208</u>	<u>\$ 97,603</u>	<u>\$ 98,345</u>	<u>\$ 106,126</u>
\$ 150	\$ 134	\$ 154	\$ 162
4,156	4,202	4,161	4,951
2,236	2,247	2,273	2,410
2,904	2,516	2,536	2,078
2,701	3,795	2,277	1,580
7,409	7,965	7,499	7,060
3,676	3,623	7,634	7,528
<u>23,232</u>	<u>24,482</u>	<u>26,534</u>	<u>25,769</u>
9,543	9,078	8,782	8,408
2,944	2,938	2,780	2,625
7	121	130	130
-	-	762	-
<u>12,494</u>	<u>12,137</u>	<u>12,454</u>	<u>11,163</u>
<u>\$ 35,726</u>	<u>\$ 36,619</u>	<u>\$ 38,988</u>	<u>\$ 36,932</u>
\$ (54,745)	\$ (57,296)	\$ (55,887)	\$ (62,212)
<u>(1,737)</u>	<u>(3,688)</u>	<u>(3,470)</u>	<u>(6,982)</u>
<u>\$ (56,482)</u>	<u>\$ (60,984)</u>	<u>\$ (59,357)</u>	<u>\$ (69,194)</u>

CITY OF DOWNEY

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

Last Eight 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	2009-10
\$ 22,726	\$ 23,974	\$ 25,561	\$ 25,938
1,085	1,050	934	936
12,996	11,706	9,675	8,942
3,989	3,856	3,444	3,180
2,168	2,142	2,276	2,201
-	8,002	7,677	7,471
9,489	1,819	1,632	1,536
-	-	-	-
-	-	-	-
5,405	5,973	4,889	3,671
-	24	49	38
4,126	1,443	1,491	1,938
1,720	4,761	2,304	4,961
<u>63,704</u>	<u>64,750</u>	<u>59,932</u>	<u>60,812</u>
3,330	3,310	3,004	4,074
1,371	1,580	1,436	1,022
-	28	(28)	2
-	2,012	-	60
<u>(1,720)</u>	<u>(4,761)</u>	<u>(2,304)</u>	<u>(4,961)</u>
<u>2,981</u>	<u>2,169</u>	<u>2,108</u>	<u>197</u>
<u>\$ 66,685</u>	<u>\$ 66,919</u>	<u>\$ 62,040</u>	<u>\$ 61,009</u>
\$ 8,959	\$ 7,454	\$ 4,045	\$ (1,400)
1,244	(1,519)	(1,362)	(6,785)
<u>\$ 10,203</u>	<u>\$ 5,935</u>	<u>\$ 2,683</u>	<u>\$ (8,185)</u>

CITY OF DOWNEY

FUND BALANCES OF GOVERNMENTAL FUNDS
(amounts expressed in thousands)

Last Eight 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 eight years of data for this schedule.

Fiscal Year			
2006-07	2007-08	2008-09	2009-10
\$ 8,014	\$ 8,832	\$ 11,350	\$ 10,764
15,448	15,188	13,390	12,355
<u>\$ 23,462</u>	<u>\$ 24,020</u>	<u>\$ 24,740</u>	<u>\$ 23,119</u>
\$ 27,267	\$ 22,833	\$ 16,828	\$ 16,270
3,832	6,288	8,279	8,345
(6,655)	(7,317)	(7,590)	(9,214)
4,403	(19)	1,162	2,925
<u>\$ 28,847</u>	<u>\$ 21,785</u>	<u>\$ 18,679</u>	<u>\$ 18,326</u>

CITY OF DOWNEY

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

Last Eight 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 eight years of data for this schedule.

Source: Finance Department, City of Downey

Fiscal Year			
2006-07	2007-08	2008-09	2009-10
\$ 52,682	\$ 53,432	\$ 52,020	\$ 50,106
2,147	2,487	1,372	1,269
1,911	1,900	1,625	1,803
7,002	7,154	6,425	5,011
9,370	7,234	12,266	12,205
7,804	10,161	7,960	7,883
3,416	3,025	2,933	3,200
<u>84,332</u>	<u>85,393</u>	<u>84,601</u>	<u>81,477</u>
4,905	5,457	5,244	6,296
39,555	42,361	45,429	44,786
7,902	7,004	7,634	7,064
6,769	8,775	8,781	7,748
7,589	9,820	10,432	11,471
-	-	-	-
9,105	16,186	10,223	9,582
1,800	1,890	1,840	485
2,370	2,277	2,252	2,267
<u>79,995</u>	<u>93,770</u>	<u>91,835</u>	<u>89,699</u>
<u>4,337</u>	<u>(8,377)</u>	<u>(7,234)</u>	<u>(8,222)</u>
10,653	12,049	7,844	12,750
(13,742)	(10,440)	(5,540)	(7,798)
-	-	-	-
-	-	-	-
1,386	1,400	1,408	1,296
-	-	-	-
<u>(1,703)</u>	<u>3,009</u>	<u>3,712</u>	<u>6,248</u>
2,634	(5,368)	(3,522)	(1,974)
<u>49,675</u>	<u>51,173</u>	<u>46,941</u>	<u>43,419</u>
<u>\$ 52,309</u>	<u>\$ 45,805</u>	<u>\$ 43,419</u>	<u>\$ 41,445</u>
5.21%	4.44%	5.03%	3.39%

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)
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
2009-10	8,841,370	830	490,116	8,352,084	394,365	151,075	243,290	8,595,374	(3.9)

Note: Homeowner exemptions are not included in total exemptions.

CITY OF DOWNEY

ASSESSED VALUE OF TAXABLE PROPERTY
(amounts expressed in thousands)

Last Ten Fiscal Years

Category	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10
Residential	\$ 3,682,379	\$ 3,957,302	\$ 4,198,381	\$ 4,560,216	\$ 4,957,588	\$ 5,533,446	\$ 6,186,672	\$ 6,816,124	\$ 7,147,505	\$ 6,695,739
Commercial	607,495	592,253	623,835	680,932	704,305	774,652	873,724	919,334	1,004,451	1,048,645
Industrial	219,169	232,192	248,715	243,328	253,864	288,420	303,635	308,835	336,253	369,515
Government owned	-	-	-	-	-	-	109	-	-	-
Institutional	37,180	46,835	29,854	45,214	36,441	39,116	37,176	41,827	42,987	47,219
Miscellaneous	1,683	3,501	4,431	7,102	12	12	12	12	12	13
Recreational	17,445	17,898	22,568	28,986	27,639	23,017	26,408	24,413	25,322	25,189
Vacant Land	11,864	10,557	8,410	12,485	15,672	37,473	31,804	56,814	39,879	22,582
SBE Nonunitary	2,190	2,210	963	995	1,058	1,036	984	830	1,172	830
Possessory Int.	59,878	63,390	66,875	66,491	69,220	101,136	99,401	78,879	79,303	117,054
Unsecured	219,410	231,172	213,908	210,018	200,757	203,626	214,338	230,763	244,182	243,290
Exempt	-	-	-	-	-	-	-	-	-	-
Unknown	-	-	22	-	-	-	-	-	24,802	25,298
TOTALS	\$ 4,858,693	\$ 5,157,310	\$ 5,417,962	\$ 5,855,767	\$ 6,266,556	\$ 7,001,934	\$ 7,774,263	\$ 8,477,831	\$ 8,945,868	\$ 8,595,374
Total Direct Rate	0.1861%	0.1739%	0.1727%	0.1723%	0.1728%	0.1772%	0.1786%	0.1779%	0.1805%	0.1952%

Note: Exempt values are not included in Total.

CITY OF DOWNEY

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

	Last Ten Fiscal Years									
	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10
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	0.13973	0.13973
RDA Incremental Rate	0.01167	0.00990	0.00861	0.00755	0.00697	0.00604	0.00541	0.00450	0.00430	1.00430
Total Direct Rate	0.18000	0.18163	0.18044	0.18016	0.18064	0.18518	0.18530	0.18454	0.18712	0.19517
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	0.13970	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	0.07340	0.07340
Great Los Angeles County Vector Control Dist	0.00039	0.00039	0.00039	0.00039	0.00039	0.00039	0.00039	0.00039	0.00039	0.00039
Los Angeles County Accum Cap Outlay	0.00012	0.00012	0.00012	0.00012	0.00012	0.00012	0.00012	0.00012	0.00012	0.00012
Los Angeles County Fire	0.00768	0.00768	0.00768	0.00768	0.00768	0.00768	0.00768	0.00768	0.00768	0.00768
Los Angeles County Flood Drain Imp Dist Maint	0.00183	0.00183	0.00183	0.00183	0.00183	0.00183	0.00183	0.00183	0.00183	0.00183
Los Angeles County Flood Ctrl Maintenance	0.01035	0.01035	0.01035	0.01035	0.01035	0.01035	0.01035	0.01035	0.01035	0.01035
Los Angeles County General	0.33481	0.33481	0.33481	0.33481	0.33481	0.33481	0.33481	0.33481	0.33481	0.33481
Water Replenishment District of Southern Calif	0.00018	0.00018	0.00018	0.00018	0.00018	0.00018	0.00018	0.00018	0.00018	0.00018
Total Prop. 13 Rate	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000
Cerritos Community College Dist	-	-	-	-	0.01908	0.02424	0.02392	0.01071	0.00994	0.01854
Compton Community College Dist	-	-	-	0.02714	0.00396	0.02051	0.01975	0.01763	0.01262	0.01296
County Detention Facilities 1987 Debt	0.00131	0.00113	0.00103	0.00099	0.00092	0.00080	0.00066	-	-	-
Downey Unified School District	0.02279	0.03233	0.03103	0.05130	0.06564	0.07719	0.06148	0.07569	0.05790	0.06507
Los Angeles Community College District	-	0.01600	0.01460	0.01986	0.01810	0.01429	0.02146	0.00879	0.02212	0.02311
Los Angeles County Flood Control	0.00155	0.00107	0.00088	0.00046	0.00025	0.00005	0.00005	-	-	-
Little Lake City School District	0.03489	0.02773	0.06882	0.06094	0.05313	0.03994	0.03483	0.07499	0.07360	0.07233
Los Angeles Unified School District	0.04077	0.04813	0.03697	0.07715	0.08884	0.08435	0.10681	0.12334	0.12478	0.15181
Metropolitan Water District	0.00880	0.00770	0.00670	0.00610	0.00580	0.00520	0.00470	0.00450	0.00430	0.00430
Montebello Unified School District	0.03423	0.04369	0.03983	0.04076	0.04172	0.07054	0.06731	0.06681	0.08063	0.09673
Norwalk-La Mirada Unified	-	-	-	0.05560	0.05316	0.05368	0.05036	0.05226	0.06271	0.06110
Rio Hondo Community College Dist	0.01859	0.02926	0.02631	0.03793	0.02170	0.01802	0.01469	0.01369	0.02320	0.02714
Whittier Union High School Dist	0.16293	0.20704	0.22617	0.37823	0.40315	0.04489	0.08918	0.04359	0.03728	0.04224
Total Voter Approved Rate	1.16293	1.20704	1.22617	1.37823	1.40315	1.45370	1.49520	1.49200	1.50908	1.57533

CITY OF DOWNEY

PRINCIPAL PROPERTY TAX PAYERS

Current Year and Nine Years Ago

Taxpayer	2009-10		2000-01	
	Taxable Assessed Value	% of Total City Taxable Assessed Value	Taxable Assessed Value	% of Total City Taxable Assessed Value
Gary L. Ball Trust	\$ 102,002,408	1.19%	\$ 72,328,236	1.49%
Coca Cola Bottling Company of Los Angeles	75,330,715	0.88%	57,946,679	1.19%
Kaiser Foundation Health Plan	48,381,134	0.56%	29,721,518	0.61%
Macerich Stinewood Limited Partnership	48,191,260	0.56%	42,938,366	0.88%
Downey Landing LLC	46,746,234	0.54%	57,990,919	1.19%
Fremont Rancho Limited	42,433,025	0.49%	35,631,208	0.73%
RLJ II-EM Downey	34,272,000	0.40%	-	0.00%
PRC Multi-Family LLC	30,874,718	0.36%	-	0.00%
Walton CWCA Downey 45 LLC	25,593,840	0.30%	-	0.00%
RIF IV - Cornerstone LLC	22,627,651	0.26%	-	0.00%
Sanwa Jutaku Company Limited	-	0.00%	30,878,309	0.64%
Norbert Gehr	-	0.00%	18,411,450	0.38%
The Boeing Company	-	0.00%	18,385,674	0.38%
Andrews Rancho Del Norte	-	0.00%	14,985,809	0.31%
	<u>\$ 476,452,985</u>	<u>5.54%</u>	<u>\$ 379,218,168</u>	<u>7.80%</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 2000/01 - 2009/10 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>
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	146	11,647	93.20
2009-10	12,008	11,842	98.62	(1)	11,842	98.62

(1) Information not available

CITY OF DOWNEY

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

Last Eight 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	Total Business-type Activities				
2002-03	\$ 9,135	\$ 7,110	\$ 36,337	\$ 52,582	\$ 9,910	\$ -	\$ 9,910	\$ 62,492	14.60%	\$ 560	
2003-04	8,950	6,075	37,653	52,678	9,910	135	10,045	62,723	13.90%	556	
2004-05	29,189	4,990	41,526	75,705	9,640	214	9,854	85,559	17.80%	758	
2005-06	28,906	3,850	44,676	77,432	9,360	257	9,617	87,049	17.00%	770	
2006-07	28,618	2,650	46,213	77,481	9,070	323	9,393	86,874	16.10%	765	
2007-08	28,315	1,365	48,486	78,166	8,775	383	9,158	87,324	15.80%	769	
2008-09	27,987	-	46,595	74,582	8,470	497	8,967	83,549	15.20%	739	
2009-10	27,614	-	48,236	75,850	8,155	531	8,686	84,536	Not Available	743	

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
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	113,053	8,945,869	-	-	-	0.0%	0.0%
2009-10	113,715	8,595,374	-	-	-	0.0%	0.0%

Source: Finance Department, City of Downey

CITY OF DOWNEY

SCHEDULE OF DIRECT AND OVERLAPPING DEBT

June 30, 2010

City Assessed Valuation	\$ 8,595,374,067
Redevelopment Agency Incremental Valuation	522,211,389
Total Assessed Valuation	<u>\$ 8,073,162,678</u>

	Gross Bonded Debt Balance 6/30/2010	Percent Applicable to City of Downey	Net Bonded Debt
Metropolitan Water District*	\$ 121,475,156	0.937	\$ 1,137,637
Little Lake City SD 2000 Ser B Debt Svc	5,700,000	3.539	201,711
Little Lake City SD 2005 Refunding Bonds Debt Svc	7,850,000	3.539	277,795
Little Lake City SD 2000 Ser C Debt Svc	17,009,901	3.539	601,944
Whittier Union High SD 2005 Refunding Bonds	86,342,133	0.575	496,233
Whittier Union High 2008 Ser 2009A Debt Svc	38,001,949	0.575	218,408
Cerritos CCD 2004 Ser 2004 A Debt Svc	3,595,000	23.741	853,494
Cerritos CCD 2005 Refunding Bonds Debt Svc	22,875,994	23.741	5,431,025
Cerritos CCD 2004 Ser 2006 A Debt Svc	30,645,000	23.741	7,275,476
Cerritos CCD 2004 Ser 2009C	55,000,000	23.741	13,057,634
Compton Comm College Dist 2002 Ser A Debt Svc	35,990,000	0.741	266,625
Compton Comm College Dist 2002 Ser 2008A	15,000,000	0.741	111,126
LA City Community College 2001 Ser A Debt Svc	19,835,000	0.003	554
LA City Community College 2003, 2004 Ser B Debt Svc	74,435,000	0.003	2,078
L.A. CCD 2003 Taxable Ser 2004B Debt Svc	20,705,000	0.003	578
LA City Community College 2001 Taxable Ser 2004 A Debt Svc	74,940,000	0.003	2,092
LA City Community College Ref 2001 Ser 2005 A Debt Svc	431,720,000	0.003	12,053
LA City Community College 2001, Ser 2006 B Debt Svc	382,990,000	0.003	10,693
LA City Community College 2003, Ser 2006 C Debt Svc	300,625,000	0.003	8,393
LACC 2001, 2008 Ser E-1 Debt Svc	276,500,000	0.003	7,720
LACC 2001, 2008 Taxable Ser E-2 Debt Svc	5,250,000	0.003	147
LACC 2003, 2008 Ser F-1 Debt Svc	344,915,000	0.003	9,630
LACC 2003, 2008 Taxable Ser F-2 Debt Svc	8,600,000	0.003	240
LACC 2008, 2009 Taxable Ser A Debt Svc	350,000,000	0.003	9,772
LACC 2008, 2009 Taxable Ser B Debt Svc	75,000,000	0.003	2,094
Rio Hondo Comm College Dist Ser 2004A	8,475,000	0.003	31,094
Rio Hondo Comm College Dist 2005 Refunding Bond	45,590,253	0.003	167,265
Rio Hondo CC 2004 Ser 2008 Debt Svc	64,996,844	0.367	238,466
Downey Unified SD 1996 Ser C Debt Svc	3,930,000	91.651	3,601,885
Downey Unified SD Refund Bds 1999 Ser A Debt Svc	6,995,256	91.651	6,411,224
Downey Unified SD 1996 Ser E Debt Svc	1,345,000	91.651	1,232,706
Downey Unified SD 2002 Ser A Debt Svc	14,230,000	91.651	13,041,941
Downey Unified SD 2002 Ser B Debt Svc	5,595,000	91.651	5,127,875
Downey Unified SD 2002 Ser C Debt Svc	18,135,000	91.651	16,620,914
Downey Unified SD 2006 Ref. Bonds Debt Svc	9,650,000	91.651	8,844,324
Downey Unified SD 2007 Ref. Bonds Debt Svc	20,695,000	91.651	18,967,180
Montebello Unified SD 1998 Ser 98 Debt Svc	12,439,696	0.127	15,802
Montebello Unified SD 1998 Ser 99 Debt Svc	11,872,854	0.127	15,082
Montebello Unified SD 1998 Ser 2001 Debt Svc	12,847,827	0.127	16,321
Montebello Unified SD 1998 Ser 2002 Debt Svc	12,659,966	0.127	16,082
Montebello Unified SD 2004 Ser 2005 Debt Svc	26,810,000	0.127	34,057
Montebello Unified SD2004 Ser 2009 Debt Svc	33,000,000	0.127	41,920
Total Overlapping Debt repaid through voter-approved property tax indebtedness			<u>104,419,290</u>
City Direct Debt			<u>21,508,117</u>
Total Direct and Overlapping Debt			<u>\$ 125,927,407</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 2009/10 Lien Date Tax Rolls

CITY OF DOWNEY

SCHEDULE OF LEGAL DEBT MARGIN
(amounts expressed in thousands)

Last Ten Fiscal Years

	Fiscal Year									
	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10
Assessed Valuation	\$ 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	\$ 8,595,374
Charter Debt Limited (15% of Assessed Valuation)	728,804	773,597	812,691	878,365	939,983	1,050,359	1,166,139	1,271,675	1,341,880	1,289,306
Amount of debt applicable to debt limit	-	-	-	-	-	-	-	-	-	-
Legal Debt Margin	\$ 728,804	\$ 773,597	\$ 812,691	\$ 878,365	\$ 939,983	\$ 1,050,359	\$ 1,166,139	\$ 1,271,675	\$ 1,341,880	\$ 1,289,306

Total Debt applicable to the limit as a percentage of debt limit	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
--	----	----	----	----	----	----	----	----	----	----

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	
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	11,786	10,054	1,732	-	-	-	-
2008-09	9,318	9,731	(413)	-	-	-	-
2009-10	8,798	10,344	(1,546)	-	-	-	-

Source: Finance Department, City of Downey

CITY OF DOWNEY

GOLF COURSE REVENUE COVERAGE
(amounts expressed in thousands)

Last Ten Fiscal Years

Fiscal Year	Gross Revenue	Direct Operating Expenses	Net Available for Debt Service	Debt Service Requirement			Coverage
				Principal	Interest	Total	
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
2009-10	3,067	2,432	635	315	386	701	0.91

Source: Finance Department, City of Downey

CITY OF DOWNEY
DEMOGRAPHIC AND ECONOMIC STATISTICS

Last Ten Calendar Years

Calendar Year	Population ¹	Calif. Metropolitan Personal Income (in thousands) ²	Calif. Metropolitan Per Capita Personal Income ²	Unemployment Rate 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	113,053	551,271,235	42,818	9.1%
2010	113,715	Not Available	Not Available	9.9%

Sources:

¹ State Department of Finance, City population as of January 1

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

³ State of California Employment Development Department (data shown is for the City of Downey in June)

CITY OF DOWNEY

PRINCIPAL EMPLOYERS

Current Year and Nine Years Ago

Employer	2009-10		2000-01	
	Number of Employees	Percent of Total Employment	Number of Employees	Percent of Total Employment
Kaiser Permanente	3,000	6.1%	-	
Downey Unified School District	1,739	3.5%	1,500	N
Stonewood Shopping Center	1,700	3.4%	1,608	O
Rancho Los Amigos Medical Center	1,500	3.0%	2,600	T
Coca-Cola Bottling Company	1,000	2.0%	-	
Downey Regional Medical Center	955	1.9%	1,300	A
Office of Education, County of Los angeles	900	1.8%	800	V
Lakewood Park Health Center	325	0.7%	-	A
All American Home Center	235	0.5%	-	I
Porto's Bakery	190	0.4%	-	L
Internal Service Dept., County of Los Angeles	-	-	723	A
Kirk Paper Company	-	-	484	B
General Telephone Company	-	-	453	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									
	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10
General government	33	33	33	32	32	33	33	37	38	36
Police	165	166	167	167	166	169	169	179	201 (1)	193
Fire	87	86	87	87	86	85	85	86	92	91
Parks and recreation	336	337	335	339	338	338	338	368 (2)	383 (2)	370
Public works	83	83	83	83	81	81	81	82	87	82
Community development	29	30	30	31	32	34	34	32	30	33
Total	733	735	735	739	735	740	740	784	831	805

(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									
	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10
Police:										
Number of arrests	5,056	4,667	4,785	3,351	4,228	4,402	4,984	4,519	4,437	4,663
Number of collision reports issued	844	901	861	1,272	1,596	1,601	1,473	1,402	1,311	1,143
Number of traffic citations issued	45,462	40,741	47,981	45,611	42,479	41,499	47,508	43,188	42,078	40,871
Number of reported crimes & incidents	13,941	13,891	12,297	13,933	14,129	14,139	15,016	13,543	13,294	13,230
Fire:										
Number of emergency incidents	4,985	5,086	5,057	5,700	5,413	5,474	5,451	5,983	6,021	6,126
Number of fire & other incidents	2,545	2,892	2,710	2,683	2,344	2,530	2,567	1,881	1,136	1,384
Number of special services and other incidents	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	535	297
Number of traffic accidents	344	312	265	350	350	540	752	735	715	747
Parks and recreation:										
Number of general park attendance	484,000	436,000	506,374	499,576	445,984	513,059	676,731	520,340	929,974	935,457
Number of participants in theatre	40,000	40,000	40,000	40,000	41,000	41,000	40,738	54,114	38,891	42,882
Number of library attendance	387,656	387,656	423,177	428,561	400,700	371,445	359,502	397,002	413,510	416,605
Public works:										
Engineering (CIP related improvement):										
Street striping (no. of lineal ft)	n/a	n/a	n/a	n/a	n/a	29,866	39,005	45,148	27,600	27,000
Asphalt replacement (no. of tons)	n/a	n/a	n/a	n/a	n/a	15,947	21,506	3,944	7,981	34,000
Trees planted (each)	n/a	n/a	n/a	n/a	n/a	108	444	434	372	127
Trees removed (each)	n/a	n/a	n/a	n/a	n/a	10	20	5	13	62
Maintenance:										
Pavement markings (square feet)	n/a	n/a	n/a	n/a	n/a	84,170	59,201	80,365	102,651	42,638
Street striping (no. of lineal ft)	n/a	n/a	n/a	n/a	n/a	368,109	375,471	191,707	501,357	272,266
Asphalt repair (no. of tons)	350	400	400	500	550	575	587	466	508	428
Graffiti removed (square feet)	250,297	200,000	277,658	380,000	516,093	503,704	627,970	755,485	719,661	685,482
Trees trimmed (each)	8,886	10,208	11,349	5,550	9,503	7,697	8,870	9,870	6,288	7,100
Trees planted (each)	213	240	296	769	718	434	200	239	155	241
Trees removed (each)	256	290	263	159	227	350	234	320	199	494
Vehicles serviced - Preventative	342	152	216	310	265	326	441	469	575	694
Vehicles serviced - Repairs (each)	438	545	655	683	541	397	597	612	498	911
Water:										
Number of customers	23,080	22,339	22,910	22,955	22,955	22,734	22,356	22,806	22,421	22,249
Annual supply (acre feet)	18,306	18,347	17,643	18,925	17,571	18,043	19,313	18,402	17,973	16,953
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)	59	25	187	187	198	187	18	18	25	12
Vector coating applied to sewer manholes	n/a	n/a	n/a	n/a	n/a	1,750	1,818	1,920	2,000	1,000
Golf course:										
Golf rounds played	78,830	74,159	66,744	65,449	64,784	70,071	68,980	67,050	64,105	62,154

CITY OF DOWNEY

CAPITAL ASSET STATISTICS BY FUNCTION

Last Ten Fiscal Years

Function	Fiscal Year									
	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10
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	102	102	115	115	115	115	115	115
No. of street lights	5,072	5,072	5,430	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	315	320	320	320	263	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	12	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