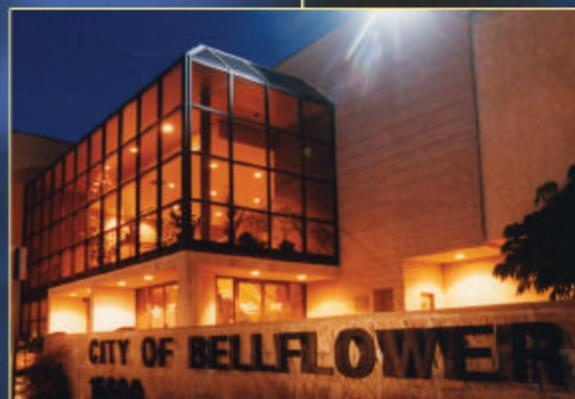
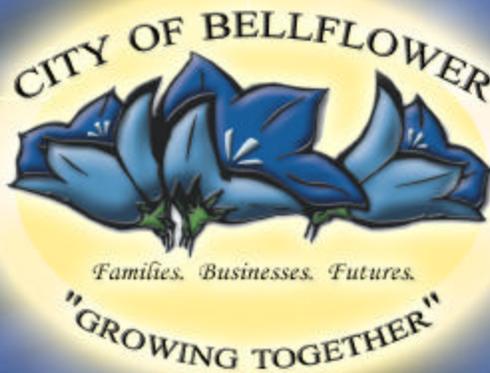


# City of Bellflower, California Comprehensive Annual Financial Report

Year Ended June 30, 2003





City of Bellflower

**CITY OF BELLFLOWER  
CALIFORNIA**  
[www.bellflower.org](http://www.bellflower.org)

**COMPREHENSIVE  
ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2003**

**PREPARED BY  
FINANCE DEPARTMENT**

Tae G. Rhee – Finance Director/City Treasurer  
Hue C. Quach – Assistant Finance Director  
Maurina Lee – Senior Accountant  
Patricia A. Canning – Accounting Technician II  
Adriana Alatorre – Accounting Technician II  
Noemy Sandoval – Executive Assistant II



City of Bellflower

**CITY OF BELLFLOWER**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
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# City of Bellflower



December 30, 2003

Honorable Mayor, Members of the City Council, and Citizens  
City of Bellflower  
Bellflower, California

The Comprehensive Annual Financial Report (CAFR) for the City of Bellflower for the fiscal year ended June 30, 2003 is hereby respectfully submitted to you. The CAFR was prepared by the City's Finance Department in conformity with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants (AICPA).

This year's CAFR has been prepared to comply with the new financial reporting model developed as GASB Statement No. 34 (GASB 34). GASB 34 completely changes the format of the City's financial statements. It is intended to improve financial reporting by adding significant additional information not previously available in local government financial statements. Implementation is fully complete with the addition of supplemental information on infrastructure assets.

In addition to the fund-by-fund financial information currently presented in the City's financial statements, we are now including government-wide financial statements. The government-wide financial statements include a Statement of Net Assets that provides the total net equity of the City including infrastructure and the Statement of Activities that shows the cost of providing government services. These statements have been prepared using the accrual basis of accounting versus the modified accrual method used in the fund financial statements. A reconciliation report is provided as a key to understanding the changes between the two reporting methods. In addition, the new reporting model includes an emphasis on the City's major funds as shown in the Governmental Fund Statements. These new statements combined with other information are further analyzed in a new narrative section called Management's Discussion and Analysis (MD&A). The MD&A provides "financial highlights" and interprets the financial reports by analyzing trends and by explaining changes, fluctuations and variances in the financial data. In addition, the MD&A is intended to disclose any known significant events or decisions that affect the financial condition of the City.

Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The CAFR is presented in the following four sections:

1. **Introductory Section** – The introductory section includes this letter of transmittal, the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association of the United States and Canada (GFOA), the Certificate of Award for Outstanding Financial Reporting from the California Society of Municipal Finance Officers (CSMFO), the Mission Statement, a directory of the City of Bellflower's elected officials and administrative personnel, an organization chart, and City maps.
2. **Financial Section** – The financial section includes the Independent Auditor's Report, Management's Discussion and Analysis, government-wide financial statements, fund financial statements, individual major fund financial statements, notes to the basic financial statements, and combining and individual nonmajor financial statements.
3. **Statistical Section** – The statistical section includes unaudited financial, non-financial, and demographic information for the past ten years, where appropriate and available.
4. **Supplemental Section** – The supplemental section includes information related to the single audit, including the Independent Auditor's Reports, Schedule of Expenditures of Federal Awards, Schedule of Findings and Questioned Costs, and the Status of Prior Year's Findings and Questioned Costs. The City is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984 and the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

### **THE CITY AND ITS SERVICES**

Incorporated in 1957, "The Friendly City" of Bellflower is a general law city with a council-administrator form of government. The mayor is elected by the five-member Council each year. The City Administrator, City Clerk and City Attorney are appointed and serve at the will of the Council.

Bellflower is located in Los Angeles County, 18 miles southeast of the City of Los Angeles, 100 miles north of San Diego, and 450 miles south of San Francisco. The City is 6.1 square miles in size and currently houses more than 76,000 residents. Served by numerous freeways including Route 91, 105, 405, 605, and 710, residents of "The Friendly City" have easy access to major attractions all over Southern California. Bellflower is less than 20 miles from the downtown Los Angeles area, the Long Beach port, and Santa Ana.

Bellflower residents and business community appreciate the reality of our City motto, "The Friendly City." The City Council and staff listen and respond to residents and businesses, making their input an integral part of the City's approach to public service. Through this process, the Council and staff have effectively carried out the City mission, "To protect and enrich the quality of life to make Bellflower an excellent place to live, work and play."

Bellflower has a diverse business environment including many fine restaurants, major auto dealerships, an extreme sports theme park, numerous shopping areas, major medical hospitals, and a number of dental and medical practice groups. A large portion of the business sector is devoted to service rather than retail sales. For families, the City offers appealing residential areas, convenient shopping, an excellent school system, and close proximity to several colleges and universities.

Bellflower is a contract city which provides the following municipal services: street maintenance, public transportation, recreation, planning, landscape/park maintenance, lighting, as well as various youth, senior, and other community service programs. The City contracts with the County of Los Angeles for police and certain maintenance services. Sanitation and fire services are provided through County assessment districts. Library and health services are provided by the County.

Bellflower's Parks and Recreation program boasts several outstanding facilities for residents to enjoy. John S. Simms Park is home to the Simms Senior Club, and T. Mayne Thompson Park houses a community center, indoor and outdoor pools, and a weight room. Ruth R. Caruthers Park features several baseball diamonds, batting cages, and the Carpenter House Museum. Built in 1981, the William Bristol Civic Auditorium seats 378 guests and hosts numerous community events, fine arts productions, and City functions.

Bellflower is serviced by Metropolitan Transit Authority and Long Beach Transit bus lines. In addition, the City provides a fixed-route transportation line and Dial-A-Ride services to seniors and the disabled for their shopping and medical needs.

### **THE REPORTING ENTITY**

This report is prepared in compliance with the entity concept from Code Section 2100 of the Government Accounting Standards Board. Accordingly, this report includes all funds and account groups of the City, Bellflower Redevelopment Agency, and Bellflower Public Facilities Corporation. The financial operations of the City, Bellflower Redevelopment Agency, and Bellflower Public Facilities Corporation are closely related. The City Council has continuing responsibility over the City and the Redevelopment Agency as the City Council also serves as the Board of Directors of the Bellflower Redevelopment Agency. Five independent members serve as the Board of Directors of the Bellflower Public Facilities Corporation, which was organized primarily for the purpose of providing financial assistance to the City to construct a civic center and auditorium complex in addition to making certain park improvements.

### **ECONOMIC OUTLOOK**

The City's financial position remained favorable for fiscal year 2002-03. In addition, UCLA Anderson Forecast reports that a moderate growth across the U.S. and California is expected as recent job losses are offset by positive signs in profit, productivity and business investment. In California, the estimated nonfarm payroll employment numbers are 0.3% decline for 2003, 1.0% growth for 2004, and 2.2% growth for 2005. Personal income and taxable sales are also expected to show a similar pattern of moderate economic growth. For personal income, a 3.2% growth is expected for 2003, 3.9% for 2004, and 5.1% for 2005. The taxable sales forecast looks quite similar with a 1.7% growth for 2003, 4.1% for 2004, and 5.0% for 2005.

While this is good news for the general financial health of both the private and public entities throughout California, UCLA Anderson Forecast Senior Economist Tom Lieser indicated, "The forecasts for personal income and taxable sales, particularly for 2004, do not appear to be strong enough to solve the State's near-term budget problem through economic growth." Through its budget-balancing act, the State has already made a series of funding cuts and deferrals to local governments, in addition to shifting local revenues unjustifiably for its own benefit. For the latest State funding cuts, shifts, and deferrals amounting to \$1.2 million for fiscal year 2003-04, the City Council took prompt and appropriate action to make necessary cuts in the City's operating and capital budget.

With the State's ongoing budget crisis, which is estimated to be \$18 billion by June 30, 2005 if no structural deficit problems are corrected, the question of how the local governments' revenues and services may be devastated by the State's action is an immediate and grave concern of the City Council and City management. While the City Council and City management are actively battling with the State Legislature to protect local revenues, no matter what the outcome may be, both the City Council and City management are committed to continue exercising due diligence in allocating limited resources to essential community services and preserving the City's overall financial health.

For additional discussion on the State budget issues, please refer to MD&A.

### **MAJOR INITIATIVES FOR THE YEAR**

Hollywood Sports Park (HSP) – The extreme sports park was completed and opened to the public in July 2002. This park allows visitors from around the world to enjoy BMX biking, skateboarding, in-line skating, paintball games, rock climbing, a slick track speedway, volleyball, basketball, tennis, arcade and banquet facilities. Now that the Union Pacific Railroad has removed the railroad tracks in the MTA right-of-way immediately to the south of HSP, work will begin on the parking lot and Lakewood Boulevard entrance to HSP.

Bellflower Terrace Senior Housing Complex – The Bellflower Terrace senior housing complex was inaugurated in February 2003. The new 180-unit state-of-the-art active living facility located at the edge of the historic downtown area is owned and operated by a nonprofit organization. Each unit includes a private balcony, central air and heat, stove, refrigerator and emergency call system. The complex also boasts a media room, fitness center, community room, gated underground parking, and on-site management.

TownCenter Plaza – The initial phase to develop the TownCenter Plaza began in November 2002. This project will dramatically enhance downtown by adding decorative walking paths, grassy areas, water features, an outdoor civic plaza, and a mix of new retail shops and restaurants. Incorporating the best elements and features from similar successful projects seen in other cities, the TownCenter Plaza may include a mix of housing units such as studios, small cottages and live-work spaces. The project will have a positive impact on existing businesses throughout the community and attract new businesses to town. This innovative project strives to offer residents and visitors a cohesive link to plenty of quality options to dine, shop and enjoy performances in a beautiful setting along with a wide variety of essential community services.

91 Freeway Soundwall & Off-Ramps Improvements – The City is working with CalTrans on the installation of the soundwall that will ease traffic noise for residents living along the 91 freeway. The Project is approximately 50% complete. Completion is anticipated for June 2004. In conjunction with this project, landscape improvements will be performed on the 91/Bellflower off-ramps. The improvements will enhance the visual entry point to the City. Once the soundwall is constructed on the on and off-ramps on the north side of the freeway, at Bellflower Boulevard, then the landscaping project will commence. The on and off-ramps will be fully landscaped to add to the aesthetic quality of the downtown.

Artesia Boulevard Corridor Land Use Study – The field survey work has been about half completed. The results of the field survey will be a preparation of graphics illustrating the use of property, the grouping of property owners and similar information. The Council directed staff to begin the preparation of a specific plan for the Woodruff/Artesia intersection. This effort has commenced.

Street and Sidewalk Improvements – Placed slurry seal, asphalt overlays, and new sidewalks on local streets as part of an ongoing maintenance program.

Community Outreach – Bellflower has been awarded seven national awards for outstanding community outreach in the past two years.

- In 2003, the City earned three national Notoa Awards for excellence in communications and two national Savvy Awards for outstanding community outreach.
- The City's monthly news show "All About Bellflower" was named "Best News Series in the Nation" in 2003 by the National Association of Telecommunications Officials and Advisors.
- Strategic ongoing media relations has resulted in Bellflower garnering widespread positive media coverage for numerous events. The Bellflower Honors ceremony in April 2003 resulted in 49 positive TV and radio news stories, four that ran nationally.
- Arnold Schwarzenegger's visit to Hollywood Sports Park resulted in another 24 TV news stories, nine that aired nationally.
- The City's fireworks enforcement efforts were covered on Channel 2 News and Channel 9 News, the recent Liberty Day Parade was featured on Channel 7 News, and the "9/11" candlelight vigil was featured on Channel 4 News and Channel 34 Noticias, to name a few.
- Since October 2001, Bellflower has generated more than 35 million positive impressions from television, radio and newspaper coverage.

Recreation Programs – The City continued to expend its resources to provide the best possible park facilities and recreation to the Bellflower community. Some of the major accomplishments included:

- Implementation of the new Summer Streetfest special events programs.
- Completion of Bellflower Looking Better beautification projects in Areas 9c, 9b, 10b, 7a, 7 b, 6a, 12a, 11a, 1a, & 1b.
- Development of a City Store.
- Development and implementation of recreation programming for the Hollywood Sports Park.

GASB 34 Implementation – Completed full implementation of GASB 34 for financial reporting.

Wireless Data Network – The wireless technology has been implemented for all three critical remote locations (Substation, Simms Park, and Public Works Yard) to connect to the City Hall servers at much greater speed and lower cost.

### **MAJOR INITIATIVES FOR THE FUTURE**

TownCenter Plaza – Construction of the TownCenter Plaza (Civic Plaza) has been initiated in December 2003. Other components of the TownCenter Plaza project are the upgrades of the building facades for the commercial buildings fronting onto Belmont Boulevard, and immediately adjacent to the Plaza. The construction plans for the facade upgrades have been completed and have been submitted for plan check. Efforts continue on the acquisition of property within the downtown area. In addition, the developer for the portion of the TownCenter Plaza project (located north of Oak Street) has made efforts to expand the scope of the project to include the private property immediately north of Oak Street.

Ongoing Downtown Projects – Continue to implement the components of the Downtown Bellflower Revitalization vision strategy. This includes continuing with the construction of public plazas such as the Library Gardens and the expansion of Friendship Plaza, in addition to the upgrade to key facades and stores within the downtown area.

Laurel Street Project – This involves the creation of enhanced sidewalk dining on Laurel Street, immediately west of Bellflower Boulevard. This project includes signature monumentation, distinctive landscaping and hardscape.

Woodruff/Artesia Specific Plan – The development of a comprehensive and progressive land use plan and zoning tool for the Woodruff/Artesia intersection.

Artesia Boulevard Corridor Land Use Study – Funding has been allocated in the 2003-04 budget for the Artesia Boulevard Corridor Land Use Study. The purpose of the study is to look for opportunities to eliminate noxious uses and replace them with businesses that will serve the use of the community. The study will also look to bring new auto/related sales to sites in Bellflower, especially Artesia Corridor.

91 Freeway Soundwall & Off-Ramps Improvements – Continue working with CalTrans to complete the installation of the soundwall along the 91 freeway. Landscape improvements at the 91/Bellflower off-ramps are anticipated to start on January 2004.

Hollywood Sports Park – Continue marketing the Hollywood Sports Park to benefit downtown and the redevelopment area.

Street and Sidewalk Improvements – Place approximately 3,000 tons of slurry and 1,400 tons of asphalt overlay.

West Branch Greenway Multi-Modal Transit Corridor – Staff will continue to negotiate with the MTA on a conceptual plan for the improvement of the MTA right of way. The first plan that was shared with MTA staff received critical evaluation. A revised draft is being prepared that is envisioned to address some of the concerns expressed by MTA staff. The Greenway project consists of the design and construction of 2.5 miles of bike and pedestrian paths, including security lighting, landscaping, intersection signalization, and crosswalks. The bike path will be part of the Los Angeles Regional Bikeway network connecting to the San Gabriel River Bikeway Path. The Design, Preparation of Plans, Specifications and Estimates will be completed in accordance with State, County and City standards.

Recreation Programs – Continue to expend resources to provide the best possible park facilities and recreation programs to the community. Major initiatives for the future include:

- Continued partnership with public and private agencies for the development and expansion of recreation opportunities.
- Evaluate and extend or develop RFP for current transit services contract expiring June 2005.
- Evaluate customer satisfaction of contract class and youth sports programs through citizen surveys.

City's Website – Upgrade the City's website to include: regular streaming videos, downloadable version of the Bellflower citizen, a community calendar, events calendar for the Bristol Civic Auditorium, and interactive opportunities such as payment for parking tickets and Parks and Recreation class registration.

City Academy – Establish a City Academy program for residents that want to learn about the local government process.

Strategic Planning Process – Continue to strive toward a strategic planning process for the City that considers: short and long-term growth of the community, the need to replace and expand facilities, provision of additional services and staff, and the means for financing.

### **OTHER INFORMATION**

Internal Control. City management is responsible for establishing and maintaining an internal control structure designed to ensure that City assets 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 accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants (AICPA). 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 the cost of controls should not exceed the benefits likely to be derived, and the valuation of costs and benefits requires estimates and judgments by management.

Single Audit. As a recipient of federal, state, and county financial assistance, the City is also responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws, and regulations related to those programs. This internal control structure is subject to periodic evaluation by management, and auditors of the City. As part of the City's single audit, tests are conducted 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 City has complied with applicable laws and regulations. The results of the City's single audit for the fiscal year ended June 30, 2003 provided no instances of material weaknesses in the internal control structure or significant violations of applicable laws and regulations.

Budgeting Controls. The City maintains budgetary controls to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council. Activities of general, special revenue, debt services and capital projects funds are included in the annual appropriated budget. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established at the individual fund level. The City also maintains an encumbrance accounting system as a technique of accomplishing budgetary control. Encumbrances lapse at year-end; however, they are re-appropriated as part of the following year's budget. As demonstrated by the statements and schedules included in the financial section of this report, the City continues to meet its responsibility for sound financial management.

Cash Management. The City Treasurer is responsible for investing available cash in accordance with State Government Code and Investment Policy adopted by the City Council. These investments include the State Treasurer's Local Agency Investment Fund, government securities, and money market funds. The cash management system of the City is designed to monitor revenues and expenditures to ensure the investment of monies to the fullest extent possible. The criteria for selecting investments are, in order of priority: (a) safety, (b) liquidity, and (c) yield.

Risk Management. The objective of the City is the conservation of its resources from accidental loss and minimizing the effects of losses when they do occur. The City has continuously demonstrated its efforts to uncover significant loss exposures, to apply reasonable and effective risk controls, and to ensure that the financial integrity of the City is not impaired after a loss.

The City is currently a member of the California Joint Powers Insurance Authority (CJPIA) and participates in its general liability, workers' compensation, fidelity bonds, earthquake and flood, property, boiler and machinery protection programs. The City self-insures up to varying levels and excess coverage is purchased from third-party carriers through CJPIA. Management believes that sufficient funds are being accumulated in the General Fund to meet expenses as they arise.

Independent Audit. State statutes require an annual audit of the City's financial records by independent certified public accountants. As a result, the independent accounting firm of Moss, Levy & Hartzheim was selected to perform the audit for the fiscal year ended June 30, 2003. Because of substantial allocation of Federal Community Development Block Grant funds, the audit was also designed to meet the requirements of the Federal Single Audit Act of 1984 and OMB Circular A-133. The auditors' unqualified (clean) opinion on the basic financial statements and accompanying footnotes is included in the Financial Section of this report. The auditors' reports relating specifically to the single audit are included in the Supplemental Information Section.

Awards. 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 Bellflower for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2002. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized CAFR, whose contents conform to program standards. Such CAFR must satisfy both Generally Accepted Accounting Principles, and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The City of Bellflower has received a Certificate of Achievement for the last nine consecutive years. I believe our current report continues to conform to the Certificate of Achievement program requirements, and I am submitting it to GFOA to determine its eligibility for a Certificate of Achievement for the fiscal year ended June 30, 2003.

CSMFO CERTIFICATE OF AWARD: The California Society of Municipal Finance Officers (CSMFO) awarded a Certificate of Award for Outstanding Financial Reporting to the City of Bellflower for its CAFR for the fiscal year ended June 30, 2002. The City of Bellflower has received a Certificate of Award for the last nine consecutive years. I am also submitting the CAFR to CSMFO to determine its eligibility for a Certificate of Award for the fiscal year ended June 30, 2003.

Acknowledgments. The preparation of the City's comprehensive annual financial report could not have been accomplished without the efficient and dedicated services of the entire Finance Department staff. I would like to express appreciation to all members of the department and to Moss, Levy & Hartzheim, our independent auditors, who assisted and contributed to its preparation.

I would also like to thank the Mayor, members of the City Council and the City Administrator for their interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner, for the best interest of the citizens of the City of Bellflower.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Tae G. Rhee', followed by a vertical line.

Tae G. Rhee  
Finance Director/  
City Treasurer

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Bellflower,  
California

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2002

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.



A handwritten signature in black ink, appearing to read "William Patrick Barta".

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emer".

Executive Director

*California Society of  
Municipal Finance Officers*

**Certificate of Award**

***Outstanding Financial Reporting 2001-2002***

**Presented to the**

***City of Bellflower***

*This certificate is issued in recognition of meeting professional standards and criteria in reporting  
which reflect a high level of quality in the annual financial statements  
and in the underlying accounting system from which the reports were prepared.*

***February 24, 2003***

*Bret M. Plumlee*

Chair, Professional & Technical Standards Committee

***Dedicated to Excellence in Municipal Financial Management***



# MISSION STATEMENT

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## **The Mission of the City of Bellflower is:**

To protect and enrich the quality of life to make Bellflower an excellent place to live, work and play.

## DIRECTORY OF CITY OFFICIALS

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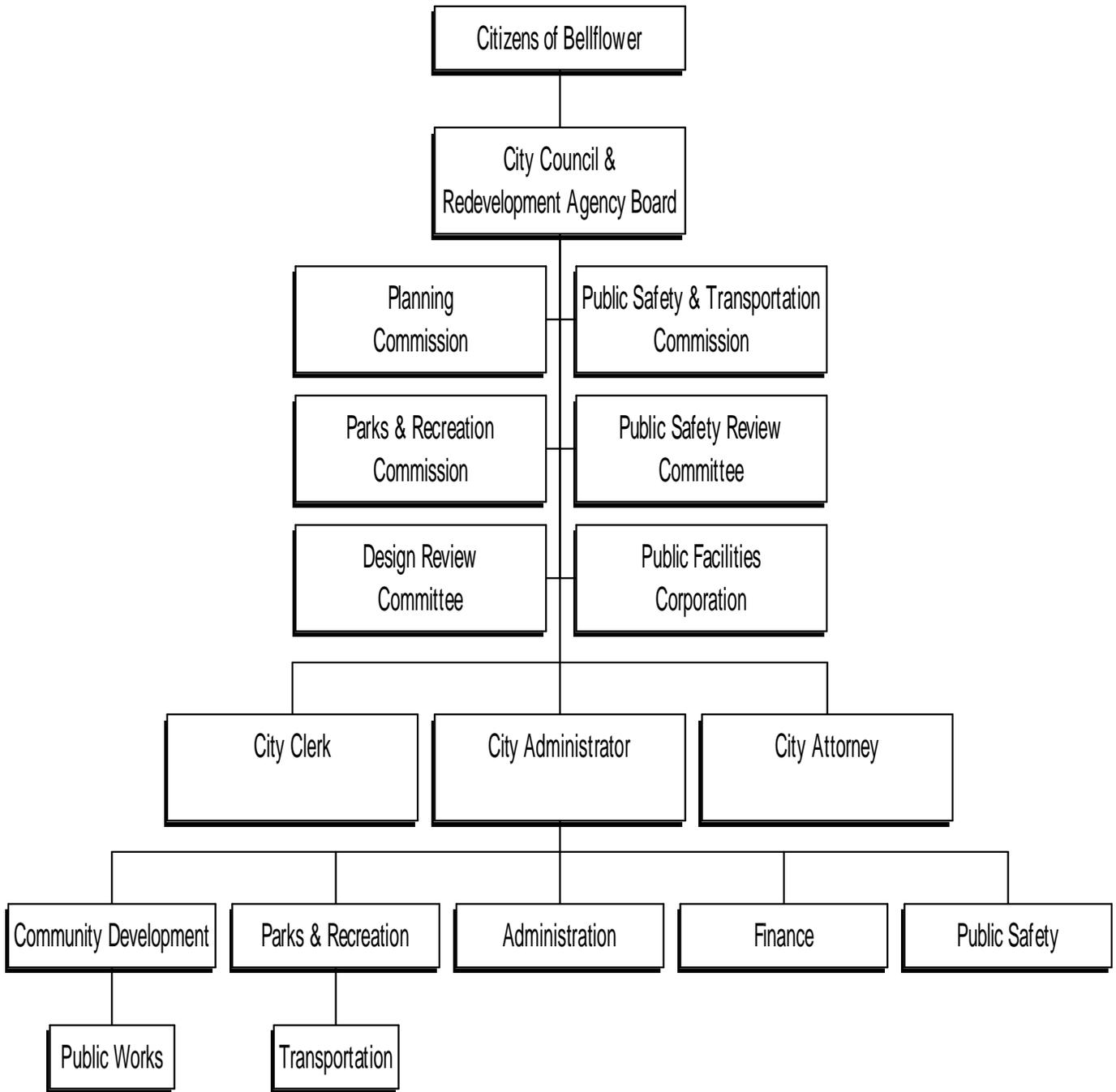
### CITY COUNCIL

Scott A. Larsen, Mayor  
Dorothy R. King, Mayor Pro Tem  
Randall J. Bomgaars, Councilmember  
John K. Pratt, Councilmember  
Ray T. Smith, Councilmember

### PRINCIPAL ADMINISTRATIVE OFFICERS

Michael J. Egan, City Administrator  
Debra D. Bauchop, City Clerk  
Leo L. Mingle, Assistant City Administrator  
Richard A. Pierce, Director of Parks and Recreation  
Brian K. Lee, Director of Community Development  
Joel D. Hockman, Director of Public Safety  
Tae G. Rhee, Director of Finance/City Treasurer

# City of Bellflower Organization Chart





# BELLFLOWER

## CALIFORNIA

# MOSS, LEVY & HARTZHEIM

CERTIFIED PUBLIC ACCOUNTANTS  
9107 WILSHIRE BLVD., SUITE 320  
BEVERLY HILLS, CALIFORNIA 90210

TELEPHONE (310) 273-2745

FAX (310) 273-1689

E-MAIL ADDRESS: mlhbh@pacbell.net

ROBERT M. MOSS, C.P.A. \*  
RONALD A. LEVY, C.P.A. \*  
CRAIG A. HARTZHEIM, C.P.A. \*  
BRETT I. MILLER, C.P.A.  
TONI RICE, C.P.A.

MEMBER:

AMERICAN INSTITUTE OF C.P.A.S  
CALIFORNIA SOCIETY OF C.P.A.S  
CALIFORNIA SOCIETY OF  
MUNICIPAL FINANCE OFFICERS  
CALIFORNIA ASSOCIATION OF  
SCHOOL BUSINESS OFFICIALS

OFFICES:

BEVERLY HILLS, CALIFORNIA  
SANTA MARIA, CALIFORNIA  
SACRAMENTO, CALIFORNIA

HADLEY HUI, C.P.A.  
CONNIE WU, C.P.A.  
PAUL NIEDERMULLER, C.P.A.  
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\*DENOTES PROFESSIONAL CORPORATION

## Independent Auditor's Report

Honorable City Council  
Of the City of Bellflower  
Bellflower, California

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Bellflower, California (City) as of and for the fiscal year ended June 30, 2003, 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's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Bellflower, California, as of June 30, 2003, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in note 1 of the notes to the basic financial statements, the City adopted the provisions of Government Accounting Standards Board Statements No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, No. 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus*, No. 38, *Certain Financial Statement Note Disclosures*, and Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*, effective July 1, 2002.

In accordance with Government Auditing Standards, we have also issued a report dated September 19, 2003, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Management's discussion and analysis is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standard Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

*Moss, Levy & Hartzheim*

Moss, Levy & Hartzheim  
Beverly Hills, California  
September 19, 2003

## MANAGEMENT'S DISCUSSION AND ANALYSIS

This year, the City of Bellflower implemented the provisions of Governmental Accounting Standards Board Statement No. 34, "Basic Financial Statements — and Management's Discussion & Analysis — for State and Local Governments", known as GASB 34. GASB 34 represents a profound and far-reaching change in accounting and reporting for municipalities; it is an effort to make these statements clearer and more understandable to readers. GASB 34 requires the City to make substantial changes to its financial statement format; one of these requirements is that the City provides this Management's Discussion and Analysis (MD&A) of its financial activities for the fiscal year ended June 30, 2003. Other changes will be described in the financial statements themselves. Please read this document in conjunction with the accompanying Transmittal Letter and Basic Financial statements.

In general, the term "City," "Citywide" or "Government-wide" refers to the consolidated financial entity, which includes the City of Bellflower, the Bellflower Redevelopment Agency, and the Bellflower Public Facilities Corporation. The City does not have any business-type activities.

Note: Throughout this MD&A, dollar amounts may be expressed in multiples of one thousand or one million dollars using standard rounding conventions. In addition, percentages may be rounded to the nearest tenth or the whole number. As a result, there may be discrepancies with details not adding up to the corresponding totals.

### FISCAL YEAR 2002-03 FINANCIAL HIGHLIGHTS

During the fiscal year ended June 30, 2003, the City continued to maintain its stable financial position, enabling delivery of appropriate services to the community and undertaking necessary economic development and infrastructure projects.

#### Government-wide:

- ❑ At June 30, 2003, the City's total assets were \$51.9 million and total liabilities were \$11.3 million, resulting in net assets of \$40.6 million. Of this amount, \$17.2 million in unrestricted net assets may be used to meet the City's ongoing obligations to citizens and creditors.
- ❑ For the fiscal year ended June 30, 2003, net assets increased \$2.4 million, resulting from a favorable variance of revenues over expenses. Total revenues from all sources were \$27.6 million and total expenses for all functions/programs were \$25.2 million.
- ❑ Of total revenues of \$27.6 million, program revenues were \$8.7 million and general revenues were \$18.9 million. Program revenues are divided into three categories: Charges for Services, \$2.0 million; Operating Contributions and Grants, \$5.0 million; and Capital Contributions and Grants, \$1.7 million.

Fund Based:

- At June 30, 2003, the General Fund fund balance was \$15.6 million, an increase of \$627 thousand from the prior year balance of \$14.9 million. The unreserved fund balance (net of cash advances to the Redevelopment Agency and prepaid expenditures) was \$13.7 million.
- The actual General Fund revenues and operating transfers in of \$21.3 million represented an increase of \$205 thousand from the prior year actual of \$21.1 million and an increase of \$1.6 million from the final budget of \$19.7 million.
- The actual General Fund expenditures and operating transfers out of \$20.7 million represented an increase of \$1.4 million from the prior year actual of \$19.3 million and a decrease of \$2.0 million from the final budget of \$22.7 million.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The basic financial statements are comprised of three components: 1) Government-wide Financial Statements, 2) Fund Financial Statements, and 3) Notes to the 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 present the financial picture of the City from the economic resources measurement focus using the accrual basis of accounting. They typically present governmental activities. These statements include all assets of the City (including infrastructure) as well as all liabilities (including long-term debt). Additionally, certain eliminations have occurred as prescribed by the statement in regards to inter-fund activity, payables, and receivables.

The *Statement of Net Assets* and the *Statement of Activities* report information about the City as a whole and about its activities. These statements include all assets and liabilities of the City using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the City's net assets and changes in them. Net assets are the difference between assets and liabilities, which is one way to measure the City's financial health, or financial position. Over time, increases or decreases in the City's net assets are one indicator of whether its financial health is improving or deteriorating. Other factors to consider are changes in the City's property tax base and the condition of the City's roads.

*Governmental activities* report most of the City's basic service activities that include General Government (City Council, City Administration, City Clerk, Finance, Human Resources, Risk Management, etc.), Public Safety, Public Works, Parks and Recreation, and Community Development. Sales tax, vehicle license fees, property tax, franchise fees, business licenses, fines, user fees, state and federal grants, and interest income finance these activities.

### Fund Financial Statements

The Fund Financial Statements include statements for two categories of activities – governmental and fiduciary. The governmental activities are prepared using the current financial resources measurement focus and modified accrual basis of accounting. The fiduciary activities are agency funds, which only report a balance sheet and do not have a measurement focus. Reconciliation of the Fund Financial Statements to the Government-wide Financial Statements is provided to explain the differences created by the integrated approach.

The fund financial statements provide detailed information about the major funds – not the City as a whole. Some funds are required to be established by State law and by bond covenants. However, management establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money.

*Governmental Funds* consist of most of the City's basic services, which focuses on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. The differences of results in the Governmental fund financial statements to those in the Government-wide financial statements are explained in a reconciliation schedule following each Governmental Fund financial statement.

*Fiduciary Funds* involve the City's role as a trustee or fiduciary for certain funds held on behalf of other organizations or districts. These funds are used to account for assets held by the City and are purely custodial in nature, where assets equal liabilities therefore, related results of operations are not measured or reported. These activities are excluded from the City's other financial statements because the City cannot use these assets to finance its own operations. In addition, the City is responsible for ensuring that the assets reported in these funds are used for their intended purpose.

### Notes to the Basic Financial Statements

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

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain combining statements in connection with non-major governmental funds. These combining and individual fund statements and schedules can be found immediately following the Notes to the Basic Financial Statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As the government-wide financial statements represent the City's first statements issued pursuant to GASB 34, this analysis will focus only on the fiscal year ending June 30, 2003, for the net assets and changes in net assets of the City's governmental activities. In future years, the City management will include comparative data in its analysis.

Condensed Statement of Net Assets

Net Assets (in millions)	Governmental Activities FY 2003
Current and other assets	\$ 25.9
Capital assets	26.0
Total assets	51.9
Current and other liabilities	3.2
Long-term debt	8.1
Total liabilities	11.3
Net assets:	
Invested in capital assets, net of related debt	18.6
Restricted	4.8
Unrestricted	17.2
Total net assets	\$ 40.6

Note: Due to rounding, dollar and percentage details may not add up to corresponding totals.

The City's Government-wide (Governmental Activities) total net assets were \$40.6 million, with assets of \$51.9 million and liabilities of \$11.3 million. The net investment in capital assets of \$18.6 million represents 46% of the City's total net assets. Another portion of the City's net assets, \$4.8 million, or 12%, represents resources that are subject to external restrictions in how they may be used. The remaining balance of \$17.2 million, or 42%, in unrestricted net assets may be used to meet the City's ongoing obligations to citizens and creditors. Internally imposed designations of resources are not presented as restricted net assets.

In compliance with GASB 34, the City has reported infrastructure assets retroactive to July 1, 1980. Any infrastructure assets acquired or significantly improved prior to July 1, 1980 are not reflected in the financial statements. Investment in capital assets (e.g., infrastructure, land, buildings, machinery and equipment) for this financial reporting purpose is reduced by any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Furthermore, because the capital assets themselves cannot be used to liquidate any related debt, it should be noted that the resources needed to repay the debt must be provided from other available resources, primarily the unrestricted net assets.

Condensed Statement of Changes in Net Assets

Changes in Net Assets (in millions)	
	Governmental Activities FY 2003
Revenues	
Program Revenues:	
Charges for services	\$ 2.0
Operating contributions and grants	5.0
Capital contributions and grants	1.7
Total Program Revenues	8.7
General Revenues:	
Sales taxes	5.4
Property taxes	2.6
Franchise taxes	1.3
Utilities users taxes	3.2
Transient occupancy taxes	0.5
Business license taxes	0.5
Property transfer taxes	0.2
Motor vehicle in lieu	4.5
Earnings on investments	0.3
Miscellaneous	0.5
Total General Revenues	18.9
Total Revenues	27.6
Expenses:	
General government	3.8
Public safety	8.4
Public works	6.0
Community development	3.9
Parks and recreation	2.6
Interest on long-term debt	0.5
Total Expenses	25.2

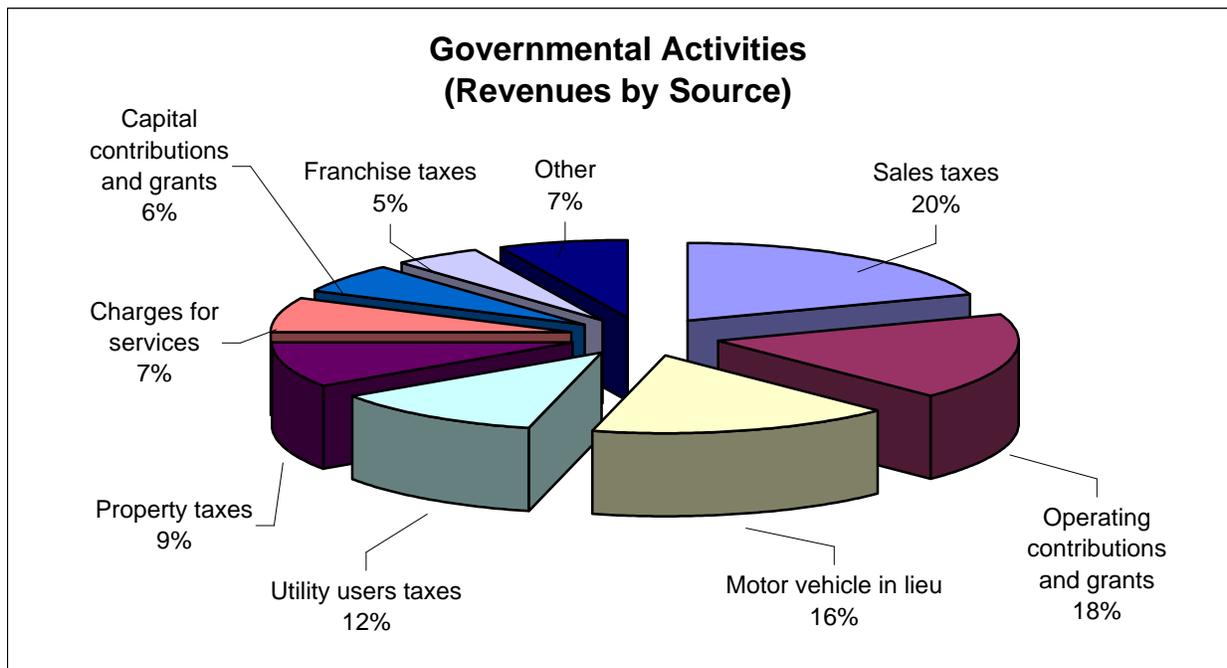
Changes in Net Assets  
 (in millions)

	Governmental Activities FY 2003
Increase in Net Assets	2.4
Net Assets – Beginning of Fiscal Year	38.1
Net Assets – End of Fiscal Year	<u>\$ 40.6</u>

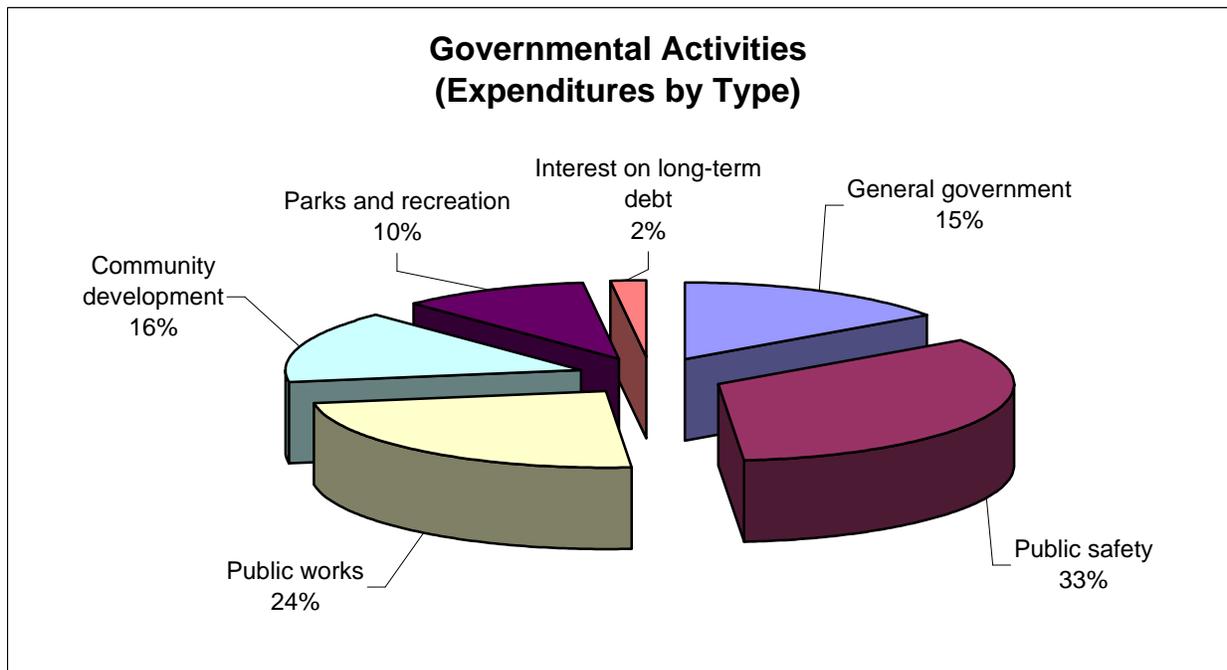
Note: Due to rounding, dollar and percentage details may not add up to corresponding totals.

The City’s net assets increased \$2.4 million with total revenues of \$27.6 million and total expenses of \$25.2 million. Program revenues were \$8.7 million and general revenues were \$18.9 million, funding the net difference between program revenues and expenses. Program revenues were comprised of \$2.0 million in charges for services, paid by those who directly benefited from services, and \$6.7 million in contributions and grants, paid by other governments and organizations that subsidize certain programs.

Sales tax, a general revenue, was the largest revenue category at \$5.4 million. The second largest revenue category was operating contributions and grants, a program revenue, at \$5.0 million. This revenue went directly against the expenses in recovering the costs of providing those services. The third, fourth, and fifth largest revenue sources were motor vehicle in lieu fees at \$4.5 million, utility users taxes at \$3.2 million, and property taxes at \$2.6 million. Motor vehicle in lieu fees, utility users taxes, and property taxes are considered general revenues.



As previously discussed, the cost of providing all governmental activities this year was \$25.2 million before applying program revenues of \$8.7 million. The remaining "public benefit" portion of governmental activities was paid with general revenues. Public Safety, the largest expense category, represented \$8.4 million, or 33% of Governmental Activities, of which \$1.5 million was funded with program revenues. The remaining balance of \$6.9 million was funded with general revenues. Public Works, the second largest expense category, represented \$6.0 million, or 24%, with program revenues of \$4.9 million. Community Development, the third largest expense category, represented \$3.9 million, or 16%, with program revenues of \$1.7 million. General Government had expenses of \$3.8 million, or 15%, with no program revenues. Parks and Recreation had expenses of \$2.6 million, or 10%, with program revenues of \$0.7 million. Interest on long-term debt was \$460 thousand, or 2%, paid entirely with general revenues.



### FINANCIAL ANALYSIS OF THE CITY'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. Types of governmental funds reported by the City include the General Fund, Special Revenue Funds, Debt Service Funds, and Capital Projects Funds.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$16.2 million, an increase of \$187 thousand, or 1 percent, in comparison with the prior year balance of \$16.0 million. Approximately 87%, or \$14.1 million, constitutes unreserved fund balance, which is available for spending at the City's discretion. The remainder of fund balance of \$2.1 million, or 13%, is reserved to indicate that it is not available for new spending because it has already been committed 1) as long-term cash advances to the Redevelopment Agency (\$1.9 million), 2) to pay debt service (\$216 thousand), and 3) for prepaid expenditures (\$5 thousand).

Revenues of governmental funds for the fiscal year ended June 30, 2003 were \$28.0 million, an increase of \$122 thousand, or 0.4%, from the prior year total of \$27.9 million. Expenditures of governmental funds were \$28.0 million, a decrease of \$726 thousand, or 2.5%, from the prior year total of \$28.7 million. Revenues of governmental funds exceeded expenditures by \$59 thousand.

The City has five major governmental funds: General Fund, Capital Projects Fund, CDBG Capital Projects Fund, HOME Capital Projects Fund, and the Redevelopment Agency Capital Projects Fund. An analysis of significant balances and transactions of the individual major funds has been provided below. With respect to the nonmajor funds, there are no significant balances and transactions that are reportable.

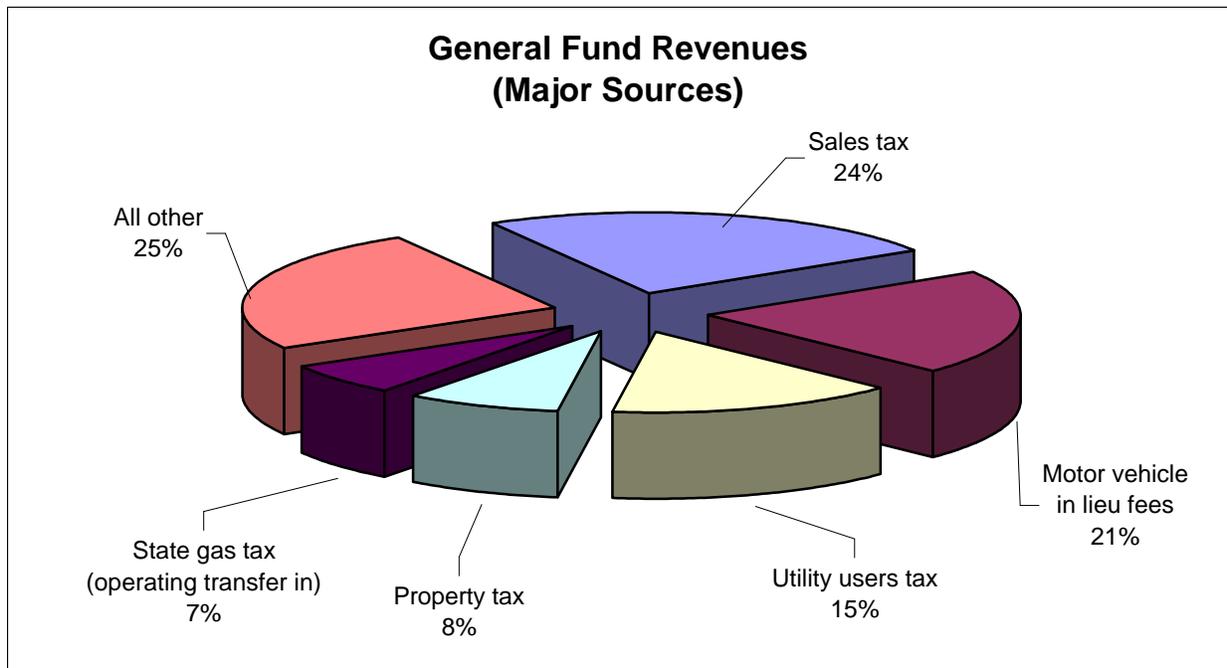
General Fund is the chief operating fund of the City, which is used to account for all discretionary revenues and expenditures necessary to carryout basic government functions that are not accounted for through other special revenue and grant funds.

At the end of the current fiscal year, the City's General Fund fund balance was \$15.6 million, an increase of \$627 thousand, or 4%, in comparison with the prior year balance of \$14.9 million. The unreserved fund balance was \$13.7 million. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures including recurring operating transfers out. Unreserved fund balance represents 66% of total fund expenditures and operating transfers out of \$20.7 million, while total fund balance represents 75% of the same amount.

General Fund revenues and operating transfers in for the fiscal year were \$21.3 million, an increase of \$205 thousand, or 1%, from the prior year total of \$21.1 million. The five largest General Fund revenue sources were sales tax, motor vehicle in lieu fees, utility users tax, property tax, and the State gas tax transfer. These revenues, in aggregate, amounted to 75% of the General Fund revenues and operating transfers in.

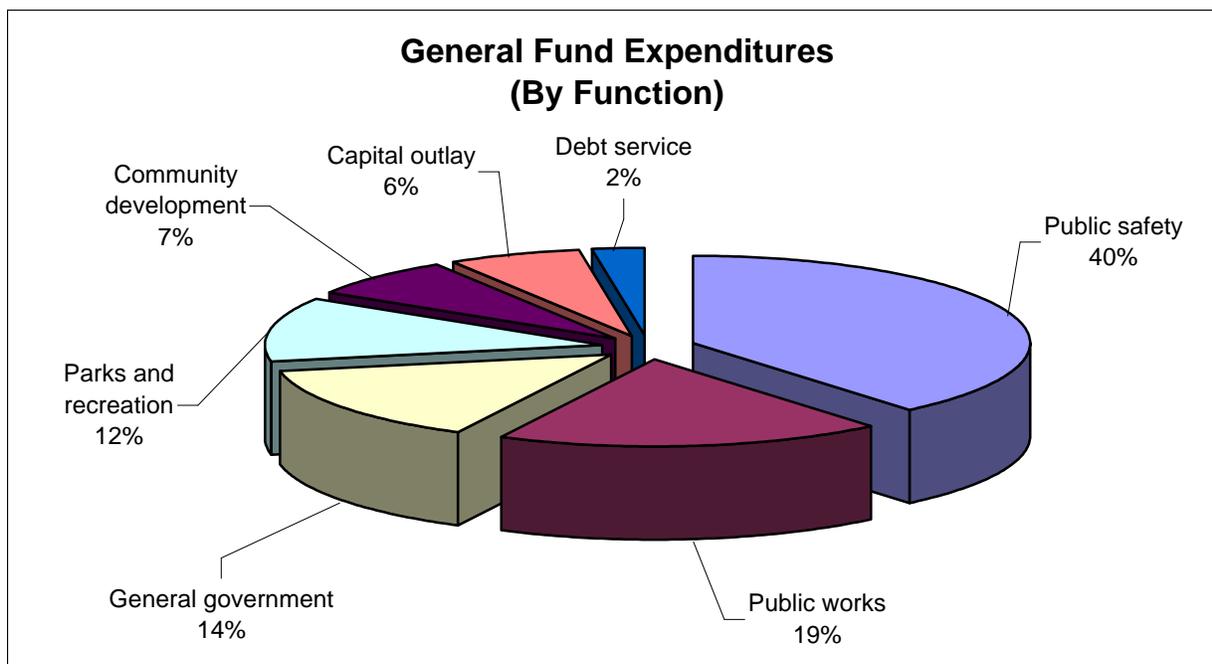
- Sales tax, the largest revenue source, was \$5.20 million, or 24% of General Fund revenues and operating transfers, a decrease of \$320 thousand, or 6%, when compared to the prior year amount of \$5.52 million. When adjusted for misallocated sales taxes currently under review by the State Board of Equalization, the net decrease only amounted to 1%.

- ❑ Motor vehicle in lieu fees, the second largest revenue source, was \$4.51 million, or 21% of General Fund revenues and operating transfers, an increase of \$160 thousand, or 4%, when compared to the prior year amount of \$4.35 million. The new vehicle sales and leases were still strong during the year.
- ❑ Utility users tax, the third largest revenue source, was \$3.24 million, or 15% of General Fund revenues and operating transfers, an increase of \$420 thousand, or 15%, when compared to the prior year amount of \$2.82 million. During the energy crisis in fiscal year 2001-02, the City Council suspended the electric portion of the utility users tax for a period of four months. Without the suspension, the two-year variance would have been nominal.
- ❑ Property tax, the fourth largest revenue source, was \$1.68 million, or 8% of General Fund revenues and operating transfers, an increase of \$120 thousand, or 8%, when compared to the prior year amount of \$1.56 million. The real estate market continued its boom during the fiscal year.
- ❑ State gas tax (operating transfer in), the fifth largest revenue source, remained static at \$1.4 million, which was 7% of General Fund revenues and operating transfers.



General Fund expenditures and operating transfers out were \$20.7 million, an increase of \$1.4 million, or 7%, from the prior year total of \$19.3 million. This overall expenditure increase is consistent with the City’s continued addition and enhancement of programs and activities to provide better service to the community.

- ❑ Public safety was the largest General Fund function at \$8.04 million, or 39% of General Fund expenditures and operating transfers out, an increase of \$440 thousand, or 6%, from the prior year total of \$7.60 million. The General Fund portion of the Los Angeles County contract services and Sky Knight totaled \$6.51 million (\$6.82 million including Special Revenue Funds), an increase of \$293 thousand, or 5%, from the prior year expenditure total of \$6.22 million.
- ❑ Public works was the second largest General Fund function at \$3.86 million, or 19% of General Fund expenditures and operating transfers out, an increase of \$430 thousand, or 13%, from the prior year total of \$3.43 million.
- ❑ General government (City Council, City Commissions, City Administration, City Clerk's Office, City Attorney, Finance, Personnel, Risk Management, and Non-departmental) was the third largest General Fund function at \$2.99 million, or 14% of General Fund expenditures and operating transfers out, an increase of \$250 thousand, or 9%, from the prior year total of \$2.74 million. Excluding the non-departmental component (costs not allocated to other functions) of \$1.29 million, general government expenditures totaled \$1.70 million, or 8% of General Fund expenditures and operating transfers out.
- ❑ Parks and recreation was the fourth largest General Fund function at \$2.45 million, or 12% of General Fund expenditures and operating transfers out, an increase of \$180 thousand, or 8%, from the prior year total of \$2.27 million.
- ❑ Community development was the fifth largest General Fund function at \$1.48 million, or 7% of General Fund expenditures and operating transfers out, an increase of \$140 thousand, or 10%, from the prior year total of \$1.34 million.
- ❑ Capital outlay remained static at \$1.34 million, or 6% of General Fund expenditures and operating transfers out. Funds were expended on maintenance and improvements of streets, sidewalks, curbs, gutters, trees, City facilities, and pocket parks.
- ❑ Operating transfers out totaled \$550 thousand, or 3% of General Fund expenditures and operating transfers out, a decrease of \$10 thousand, or 2%, from the prior year total of \$560 thousand. The majority of the funds (\$509 thousand) were used to pay interest, principal, and the trustee's administrative fees on the City's 1999 Refunding Certificates of Participation.



Capital Projects Fund accounts for most of the City’s special Federal, State, and other granting agency projects for streets, traffic signals, park facilities, greenway, and other qualified public improvements. The funding and related expenditures for capital projects, by their nature, can fluctuate significantly from year to year.

At the end of the current fiscal year, the City’s Capital Projects Fund fund balance was \$154 thousand, an increase of \$113 thousand, or 272%, in comparison with the prior year balance of \$41 thousand. Revenues for the fiscal year were \$1.14 million, an increase of \$524 thousand, or 85%, from the prior year total of \$614 thousand. Major revenue sources were: Federal grants (\$691 thousand), State grants (\$99 thousand), and Union Pacific Railroad contribution (\$327 thousand). During the fiscal year, the City also received a loan from the California Energy Commission in the amount of \$129 thousand for traffic signal improvements utilizing the Light Emitting Diode (LED) technology. Capital projects expenditures were \$1.15 million, an increase of \$420 thousand, or 57%, from the prior year total of \$734 thousand. Significant projects included: Artesia Boulevard median construction project (\$691 thousand), railroad crossing elimination project (\$325 thousand), and park facilities improvements (\$126 thousand).

CDBG Capital Projects Fund accounts for the City’s entitlements of the Federal Community Development Block Grant (CDBG) funds and related expenditures. The U.S. Department of Housing and Urban Development (HUD) provides annual allocations of CDBG funds that can be used to revitalize neighborhoods, prevent or eliminate slums or blight, expand affordable housing and economic opportunities, and improve community facilities and services, principally to benefit low- and moderate-income persons.

The City generally draws down CDBG program costs from its HUD-approved line of credit on a reimbursement basis only (as expenditures are made). As a result, the fund balance of the CDBG Capital Projects Fund is generally \$0 even though there may be funds available in the line of credit. At the end of the current fiscal year, the City's CDBG Capital Projects Fund fund balance was \$0, while the line of credit had an available balance of \$1.04 million. The annual CDBG entitlement for the fiscal year remained static at \$1.08 million.

Like most grants, CDBG is a reimbursement grant (also known as an expenditure-driven grant). As a result, revenues are recognized based on 1) incurrence of allowable expenditures, 2) compliance with any and all contingent requirements, and 3) the related amounts becoming available. CDBG expenditures were \$1.22 million, a decrease of \$113 thousand, or 8%, from the prior year total of \$1.33 million. CDBG funds were expended on public services, special economic development assistance program, residential and commercial property rehabilitation grant programs, code enforcement, and certain public improvements.

HOME Capital Projects Fund accounts for the City's entitlements of the Federal HOME Investment Partnerships Program (HOME) funds and related expenditures. HUD provides annual allocations of HOME funds that can be used for a wide range of activities (often in partnership with Community Housing Development Organizations – CHDO) that build, buy, and rehabilitate affordable housing for rent or homeownership or provide direct rental assistance to low-income residents.

Similar to CDBG, HOME program costs are generally drawn down from the HUD-approved line of credit on a reimbursement basis only (as expenditures are made). As a result, the fund balance of the HOME Capital Projects Fund is generally \$0 even though there may be funds available in the line of credit. At the end of the current fiscal year, the City's HOME Capital Projects Fund fund balance was \$0, while the line of credit had an available balance of \$986 thousand. The annual HOME entitlement for the fiscal year was \$502 thousand, a decrease of \$3 thousand, or 0.6%, when compared to the prior year entitlement of \$505 thousand.

Like CDBG, HOME is a reimbursement grant (an expenditure-driven grant). HOME expenditures were \$302 thousand, a decrease of \$1.14 million, or 79%, from the prior year total of \$1.44 million. The majority of the difference was caused by a senior housing construction project with current year expenditures of \$120 thousand and prior year expenditures of \$1.34 million. HOME funds were expended on the City's homebuyers assistance program, special needs housing, senior housing project, and a CHDO housing project.

Redevelopment Agency Capital Projects Fund, under California Redevelopment Law, finances activities that help remove blight, including but not limited to physical deterioration, lack of economic vitality, increase of negative social trends such as crime, aging infrastructure, and high business vacancies. The primary financing sources of the Redevelopment Agency are the property tax increment generated from the project area, tax allocation bonds, and cash advances and loans from the City. This Fund does not include low and moderate income housing activities that are separately accounted for in the Redevelopment Agency Housing Set Aside Fund, a capital projects fund.

At the end of the current fiscal year, the Redevelopment Agency Capital Projects Fund had a deficit fund balance of \$1.96 million, which was an increase of \$463 thousand, or 31%, from the prior year deficit of \$1.50 million. All cash flow and fund deficits are covered with cash advances and loans from the City's General Fund.

The financing sources for the fiscal year was \$530 thousand, a decrease of \$429 thousand, or 45%, from the prior year total of \$959 thousand. In general, property tax increment revenue, net of annual debt service payments and 20% set-aside for low and moderate income housing, is transferred from the Redevelopment Agency Debt Service Fund to the Redevelopment Agency Capital Projects Fund to finance authorized projects. The \$429 thousand difference in financing sources was caused by the availability of funds in the Debt Service Fund and the timing and incurrence of expenditures of the redevelopment projects.

Redevelopment project expenditures were \$993 thousand, a decrease of \$1.58 million, or 61%, from the prior year total of \$2.57 million. As discussed previously, capital projects expenditures, by their nature, can fluctuate significantly from year to year due to funding availability. This year's notable projects included: TownCenter Plaza Project (\$251 thousand), property acquisitions (\$327 thousand), and trash enclosures and ornamental fences (\$76 thousand).

#### GENERAL FUND BUDGETARY HIGHLIGHTS

In any fiscal year, the City Council and the City Administrator (with limited authority) may revise the budget from time to time to accommodate certain changes to the community's needs and requirements for programs and activities and to take necessary measures to address significant changes to the fiscal condition of the City resulting from emergencies and other unforeseen events.

*Revenues and Operating Transfers In* – The final budgeted revenues were \$18.3 million, an increase of \$76 thousand from the original budget. The used beverage container recycling grant was added at \$43 thousand, and the California Law Enforcement Equipment Grant was increased by \$33 thousand. The final budgeted operating transfers in were \$1.4 million, a decrease of \$81 thousand to provide for increased building and safety contract services.

*Appropriations and Operating Transfers Out* – The final appropriations were \$22.1 million, an increase of \$1.6 million from the original appropriations. This difference included: increase in capital projects appropriations including carryover projects of \$799 thousand, establishment of stormwater maintenance cost center of \$464 thousand, and increase in community promotions including special events of \$265 thousand. The budgeted operating transfers out remained the same.

#### CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. The City's investment in capital assets for governmental activities as of June 30, 2003, was \$26 million (net of accumulated depreciation). Infrastructure assets have been reported retroactive to July 1, 1980, in compliance with GASB 34. Any infrastructure assets acquired or significantly improved prior to July 1, 1980 are not included. For additional information on capital assets, please refer to the notes to the financial statements.

Capital Assets (in thousands)	
	Governmental Activities 2003
Land	\$ 9,031
Buildings and improvements	7,859
Equipment and furniture and fixtures	1,258
Infrastructure	6,876
Construction in progress	875
Water rights	67
Total Capital Assets	<u>\$ 25,966</u>

During the fiscal year 2002-03, the City added \$2.9 million in capital assets excluding equipment and furniture and fixtures. The following were major capital projects for the year:

❑ Artesia Boulevard Median Improvement Project	\$781 thousand
❑ Railroad Crossing Elimination Project (ongoing)	\$325 thousand
❑ Somerset Boulevard Improvement Project	\$304 thousand
❑ Sidewalk, Curb, and Gutter Improvement Project	\$277 thousand
❑ TownCenter Plaza Improvement Project	\$251 thousand
❑ Land value of property acquisition	\$318 thousand

For fiscal year 2003-04, the City has dedicated \$16.8 million in its capital improvement plan including the following major projects:

❑ TownCenter Plaza Improvement Project (HUD Section 108 Loan, CDBG, Redevelopment Agency)	\$8.3 million
❑ West Branch Greenway Project (Federal Transportation Efficiency Act Grant, State Grant, Proposition A Park Funds, Proposition C)	\$2.8 million
❑ Property Acquisition (Redevelopment Agency)	\$2.2 million
❑ Street Improvements (General Fund, Traffic Congestion Relief Fund)	\$867 thousand
❑ Park Facilities Improvements (2000 Park Bond Act, State Grants, Proposition 12, Proposition A Park Funds)	\$830 thousand
❑ 91 Freeway Ramp Beautification (Redevelopment Agency, State Transportation Improvement Program)	\$501 thousand

Long-Term Debt. At June 30, 2003, the City had \$8.4 million in outstanding long-term debt for Governmental Activities, an increase of \$15 thousand, or 0.2%, from prior year. The City met all of its regularly scheduled debt service payments. During the fiscal year, the City received a low interest loan from the California Energy Commission for the installation of LED traffic signal modules. Compensated absences increased due to the growth in unused vacation and sick leave hours. For additional information on long-term debt, please refer to the notes to the financial statements.

Long-Term Debt  
 (in thousands)

	Governmental Activities			
	2003	2002	Variance Increase/ (Decrease)	% Change
Certificates of participation	\$ 5,390	\$ 5,640	(\$ 250)	-4.4%
Tax allocation bonds	2,000	2,025	(25)	-1.2%
California Energy Commission Loan	129	0	129	n/a
Compensated absences	861	700	161	23.0%
<b>Total Long-Term Debt</b>	<b>\$ 8,380</b>	<b>\$ 8,365</b>	<b>\$ 15</b>	<b>0.2%</b>

Under the California Government Code Section 43605, the City's legal bonded debt limit for fiscal year 2002-03 was \$99 billion based on the assessed value of all real and personal property of the City. The City had no bonded indebtedness during the fiscal year.

**ECONOMIC FACTORS AND OUTLOOK FOR NEXT YEAR**

According to the UCLA Anderson Forecast, a moderate growth is expected in California as recent job losses are offset by positive signs in profit, productivity and business investment. While this is good news for the general financial health of both the private and public sector entities, the City of Bellflower, like most California municipalities, may face a significant financial loss from the State's ongoing, unprecedented budget deficit, which is currently estimated at \$18 billion by June 30, 2005, if no structural deficit problems are corrected.

For fiscal year 2003-04, the State has already made budget cuts and deferrals of over \$1.2 billion for local governments, in addition to causing other cash flow problems. The City of Bellflower's share is over \$1.2 million as described below. How the local governments' revenues will continue be impacted negatively by the State's ongoing budget crisis is both an immediate and major concern of the City Council and City management as essential local services may be greatly at risk.

*Local Revenue Cuts and Deferrals:*

- State deferred a portion of the 2003-04 vehicle license fee (VLF) backfill payments to local governments to year 2006. The City's share is \$910 thousand.

- ❑ State deferred 75% of its required 2003-04 General Fund transfer to the Transportation Investment Fund until year 2009. The City's share is \$200 thousand.
- ❑ State shifted redevelopment agencies' 2003-04 tax increment revenues to the Education Revenue Augmentation Fund (ERAF). The City's share is \$63 thousand.
- ❑ State made cuts to law enforcement programs. The City's share is \$36 thousand.

*Cash Flow Issue:*

- ❑ "Triple-Flip" – In sum, the triple-flip will swap either 25% or 50% (two proposals underway) of local governments' sales taxes with ERAF funds to provide the State with a dedicated new revenue source (local sales taxes) to finance the State's deficit bonds. Although the triple-flip is touted as being "revenue neutral," local governments will be faced with cash flow reductions, as sales taxes are distributed monthly while property taxes are distributed only twice a year – toward mid and latter part in January and May. The City's cash flow reduction can be as much as \$1.4 million annually beginning in fiscal year 2004-05.

*McClintock Initiatives to End VLF:*

- ❑ Senator Tom McClintock has filed two initiatives to either abolish the VLF or to set it at \$1 for the March 2004 election. If sufficient signatures are gathered and the voters approve any one of the two measures, the City stands to lose over \$4.5 million in VLF revenue, which translates to 21% of the City's total General Fund revenues. This potential revenue loss can devastate the City's ability to deliver essential services.

With the State's first major cuts, the City Council took immediate and appropriate action to reduce the operating and capital expenditures from the City's 2003-04 budget. With the potential future State budget cuts, the City Council and City management are committed to continue exercising due diligence in allocating limited resources to essential community services and preserving the City's overall financial health.

**REQUEST FOR FINANCIAL INFORMATION**

This financial report is designed to provide our citizens, taxpayers, investors, creditors, and other interested parties with a general overview of the City's finances and to demonstrate the City's accountability for the public funds it receives and manages. 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 Bellflower, 16600 Civic Center Drive, Bellflower, CA 90706, or by phone at (562) 804-1424. Additional financial information is also available at the City's official website at [www.bellflower.org](http://www.bellflower.org).



**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

**CITY OF BELLFLOWER**  
**STATEMENT OF NET ASSETS**  
**June 30, 2003**

	Governmental Activities
<b>ASSETS</b>	
Cash and investments	\$ 16,340,047
Cash and investments with fiscal agents	216,111
Receivables:	
Accounts receivable - net	4,206,638
Notes/Contract receivable	4,910,044
Interest receivable	72,928
Prepaid expenses	5,382
Deferred charges - net of accumulated amortization	150,280
Capital assets not being depreciated	9,906,027
Capital assets - net of accumulated depreciation	16,060,119
 Total assets	 51,867,576
<b>LIABILITIES</b>	
Accounts payable	1,848,342
Interest payable	145,732
Accrued expenses	435,120
Deferred revenue	459,900
Deposits	17,323
Noncurrent liabilities:	
Due within one year	278,089
Due in more than one year	8,101,133
 Total liabilities	 11,285,639
<b>NET ASSETS</b>	
Invested in capital assets, net of related debt	18,597,924
Restricted for:	
Construction of capital assets	515,604
Debt service	70,379
Streets, highways, bikeways, public transit, and other related purposes	1,611,160
Housing	296,557
Community development	2,221,855
Public safety	43,401
Unrestricted	17,225,057
 Total net assets	 \$ 40,581,937

**See Notes to the basic financial statements**

**CITY OF BELLFLOWER  
STATEMENT OF ACTIVITIES  
For the Fiscal Year Ended June 30, 2003**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants
Primary Government:				
General government	\$ 3,842,068	\$ -	\$ -	\$ -
Public safety	8,392,745	1,014,482	363,819	92,469
Public works	6,017,861	80,880	3,325,095	1,494,875
Community development	3,879,185	481,466	1,254,787	
Parks and recreation	2,629,115	455,731	81,750	118,157
Interest on long-term debt	460,005			
<b>Total Governmental Activities</b>	<b>\$ 25,220,979</b>	<b>\$ 2,032,559</b>	<b>\$ 5,025,451</b>	<b>\$ 1,705,501</b>

General Revenues:

Taxes:

- Sales taxes
- Property taxes
- Franchise taxes
- Utility users taxes
- Transient occupancy taxes
- Business license taxes
- Property transfer taxes
- Motor vehicle in lieu
- Earnings on investments
- Miscellaneous

Total general revenues

Change in net assets

Net assets - July 1

Net assets - June 30

**See Notes to the basic financial statements**

Net (Expense)  
Revenue and Change  
in Net Assets

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Governmental  
Activities

---

\$ (3,842,068)  
(6,921,975)  
(1,117,011)  
(2,142,932)  
(1,973,477)  

---

(460,005)  

---

(16,457,468)

5,367,504  
2,586,027  
1,254,579  
3,239,040  
499,837  
481,278  
153,101  
4,516,754  
317,933  
484,302

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18,900,355

2,442,887

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38,139,050

\$ 40,581,937

**See Notes to the basic financial statements**

**CITY OF BELLFLOWER  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2003**

	General Fund	Capital Projects Fund	CDBG Capital Projects Fund	HOME Capital Projects Fund
<b>ASSETS</b>				
Cash and investments	\$ 12,328,786	\$ -	\$ 56,041	\$ -
Cash and investments with fiscal agents				
Accounts receivable - net	2,443,774	976,063	179,845	89,089
Due from other funds	654,606			
Interest receivable	53,946			
Notes/Contract receivable	416,213		1,999,899	1,842,808
Prepaid expenditures	5,382			
Advances receivable	1,891,855			
Total assets	\$ 17,794,562	\$ 976,063	\$ 2,235,785	\$ 1,931,897
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 993,177	\$ 291,062	\$ 58,339	\$ 39,638
Accrued expenditures	267,391	63,911	15,404	2,294
Due to other funds		467,173		47,157
Deposits	17,123			
Deferred revenue	957,189		2,162,042	1,842,808
Advances payable				
Total liabilities	2,234,880	822,146	2,235,785	1,931,897
Fund balances				
Reserved:				
Debt service				
Prepaid expenditures	5,382			
Advances to redevelopment agency	1,891,855			
Unreserved:				
Designated for special revenue purposes				
Undesignated	13,662,445	153,917		
Total fund balances	15,559,682	153,917		
Total liabilities and fund balances	\$ 17,794,562	\$ 976,063	\$ 2,235,785	\$ 1,931,897

**See Notes to the Basic Financial Statements**

Redevelopment Agency Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 2,448,520	\$ 14,833,347
	216,111	216,111
	517,312	4,206,083
		654,606
	12,059	66,005
443,731	207,393	4,910,044
		5,382
		1,891,855
<u>\$ 443,731</u>	<u>\$ 3,401,395</u>	<u>\$ 26,783,433</u>
\$ 111,311	\$ 354,618	\$ 1,848,145
13,038	71,034	433,072
	140,276	654,606
	200	17,323
443,731	356,411	5,762,181
<u>1,839,530</u>	<u>52,325</u>	<u>1,891,855</u>
 <u>2,407,610</u>	 <u>974,864</u>	 <u>10,607,182</u>
	216,111	216,111
		5,382
		1,891,855
	2,242,222	2,242,222
<u>(1,963,879)</u>	<u>(31,802)</u>	<u>11,820,681</u>
 <u>(1,963,879)</u>	 <u>2,426,531</u>	 <u>16,176,251</u>
 <u>\$ 443,731</u>	 <u>\$ 3,401,395</u>	 <u>\$ 26,783,433</u>

See Notes to the Basic Financial Statements



**CITY OF BELLFLOWER  
GOVERNMENTAL FUNDS  
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET ASSETS  
June 30, 2003**

Fund balances of governmental funds	\$	16,176,251
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets net of accumulated depreciation have not been included as financial resources in governmental funds.		25,515,557
Certain taxes and fees will be collected after year end, but are not available soon enough to pay for current period's expenditures, and therefore are reported as deferred revenue in the governmental funds.		392,237
Certain notes receivable are not available to pay for current period expenditures and, therefore are offset by deferred revenue in the governmental funds		4,910,044
Long-term debt and compensated absences have not been included in the governmental funds:		
Long-term debt		(7,518,502)
Compensated absences		(860,720)
Deferred charges, net of accumulated amortization for debt issuance costs and discounts on long-term debt have not been reported in the governmental funds.		150,280
Accrued interest payable from the current portion of interest due on long-term debt has not been reported in the governmental funds.		(145,732)
The internal service fund is used by management to charge the costs of certain equipment replacement to individual funds. The assets and liabilities of the internal service fund must be added to the statement of net assets.		<u>1,962,522</u>
Net assets of governmental activities	\$	<u><u>40,581,937</u></u>

**See Notes to the Basic Financial Statements**

**CITY OF BELLFLOWER**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**For the Fiscal Year Ended June 30, 2003**

	General Fund	Capital Projects Fund	CDBG Capital Projects Fund	HOME Capital Projects Fund
<b>REVENUES</b>				
Taxes	\$ 12,499,661	\$ -	\$ -	\$ -
Licenses and permits	25,155			
Fines, forfeitures, and penalties	953,120			
Investment earnings	703,259		302,714	79,231
Charges for current services	600,709			
Intergovernmental revenue	4,797,569	810,776	889,292	222,669
Other revenues	327,140	326,681	23,394	
<b>Total revenues</b>	<b>19,906,613</b>	<b>1,137,457</b>	<b>1,215,400</b>	<b>301,900</b>
<b>EXPENDITURES</b>				
Current:				
General government	2,994,450			
Public safety	8,038,704			
Public works	3,860,834			
Community development	1,480,977		1,207,131	301,900
Parks and recreation	2,446,395			
Capital outlay	1,341,228	1,153,453	8,269	
Debt service:				
Principal retirement				
Interest and other charges				
Pass-through payments				
<b>Total expenditures</b>	<b>20,162,588</b>	<b>1,153,453</b>	<b>1,215,400</b>	<b>301,900</b>
Excess (deficiency) of revenues over (under) expenditures	(255,975)	(15,996)		
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from loan		128,502		
Operating transfers in	1,438,115			
Operating transfers out	(554,728)			
<b>Total other financing sources (uses)</b>	<b>883,387</b>	<b>128,502</b>		
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing (uses)	627,412	112,506		
Fund balances - July 1	14,932,270	41,411		
Fund balances - June 30	\$ 15,559,682	\$ 153,917	\$ -	\$ -

**See Notes to the Basic Financial Statements**

Redevelopment Agency Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 934,543	\$ 13,434,204
	429,565	454,720
	75,075	953,120
	9,626	1,160,279
	3,984,368	610,335
	50,234	10,704,674
		727,449
	<u>5,483,411</u>	<u>28,044,781</u>
		2,994,450
	322,600	8,361,304
	1,737,653	5,598,487
292,513	502,287	3,784,808
		2,446,395
700,452	845,325	4,048,727
	275,000	275,000
	452,960	452,960
	23,802	23,802
<u>992,965</u>	<u>4,159,627</u>	<u>27,985,933</u>
<u>(992,965)</u>	<u>1,323,784</u>	<u>58,848</u>
		128,502
529,838	596,540	2,564,493
	(2,009,765)	(2,564,493)
<u>529,838</u>	<u>(1,413,225)</u>	<u>128,502</u>
(463,127)	(89,441)	187,350
<u>(1,500,752)</u>	<u>2,515,972</u>	<u>15,988,901</u>
<u>\$ (1,963,879)</u>	<u>\$ 2,426,531</u>	<u>\$ 16,176,251</u>

See Notes to the Basic Financial Statements

**CITY OF BELLFLOWER**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**  
**For the Fiscal Year Ended June 30, 2003**

Net change in fund balances - total governmental funds	\$	187,350
Amounts reported for governmental activities in the statement of activities differ because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those capital assets are allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceed depreciation in the current period.		2,348,338
Certain taxes and fees in the statement of activities that do not provide current financial resources are not report as revenues in the governmental funds.		174,831
Certain notes receivable are reported in the governmental funds as expenditures and then offset by a deferred revenue as they are not available to pay current expenditures. Likewise when the note is collected it is reflected in revenue. This is the net change in between notes receivable collected and issued.		(591,407)
The issuance of long-term debt provides current financial resources to governmental funds, while repayment of the principal of long-term debt consumes the current financial resources of the governmental funds. Issuance of bond principal is an other financing source and repayment of bond principal is an expenditure in governmental funds, but the issuance increases long-term liabilities and the repayment reduces long-term liabilities in the statement of net assets.		146,498
Debt issuance costs are expenditures in the governmental funds, but these cost are capitalized on the statement of net assets. This is the amount of amortization in the current period.		(7,157)
Accrued interest is interest due on long-term debt payable. This is the net change in accrued interest or the current period.		112
Compensated absence expenditures reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in a governmental fund. This is the net change in compensated absences for the current period.		(160,593)
The internal service fund is used by management to charge the costs of equipment replacement to individual funds. The net revenues (expenses) of the internal service fund is reported with governmental activities.		344,915
Change in net assets of governmental activities	\$	2,442,887

**See Notes to the Basic Financial Statements**

**CITY OF BELLFLOWER**  
**STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**GENERAL FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

	Original Budgeted Amount	Final Budgeted Amount	Actual Amount	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Taxes	\$ 11,901,000	\$ 11,901,000	\$ 12,499,661	\$ 598,661
Licenses and permits	32,200	32,200	25,155	(7,045)
Fines, forfeitures and penalties	815,000	815,000	953,120	138,120
Investment earnings	702,804	702,804	703,259	455
Intergovernmental revenue	3,777,001	3,852,793	4,797,569	944,776
Charges for current services	444,550	444,550	600,709	156,159
Other revenues	520,100	520,100	327,140	(192,960)
<b>Total revenues</b>	<b>18,192,655</b>	<b>18,268,447</b>	<b>19,906,613</b>	<b>1,638,166</b>
<b>EXPENDITURES</b>				
Current:				
General government:				
City council	192,412	199,500	183,566	15,934
City clerk	291,341	291,841	281,770	10,071
Election	60,627	65,352	52,401	12,951
City administrator	328,465	363,764	364,297	(533)
Parks and rec. commission	3,150	3,150	2,295	855
Planning commission	17,150	17,150	11,263	5,887
Finance	473,829	473,829	448,937	24,892
City attorney	210,000	210,000	88,989	121,011
Personnel/risk management	243,692	282,884	269,751	13,133
Non-departmental	1,277,738	1,304,738	1,291,181	13,557
<b>Total general government</b>	<b>3,098,404</b>	<b>3,212,208</b>	<b>2,994,450</b>	<b>217,758</b>
Public safety:				
Administration	1,208,581	1,290,491	1,207,409	83,082
Crossing guard	165,130	181,130	187,319	(6,189)
Sheriff	6,191,022	6,176,022	6,248,397	(72,375)
Support services	394,343	370,330	393,677	(23,347)
Emergency mgnt	5,700	5,700	1,902	3,798
<b>Total public safety</b>	<b>7,964,776</b>	<b>8,023,673</b>	<b>8,038,704</b>	<b>(15,031)</b>

Continued

**See Notes to the Basic Financial Statements**

**CITY OF BELLFLOWER**  
**STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**GENERAL FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

	Original Budgeted Amount	Final Budgeted Amount	Actual Amount	Variance with Final Budget Positive (Negative)
<b>EXPENDITURES - CONTINUED</b>				
Public works:				
Administration	\$ 226,982	\$ 258,374	\$ 364,799	\$ (106,425)
Street maintenance	1,773,620	1,677,534	1,855,760	(178,226)
Stormwater maintenance		464,403	134,063	330,340
Graffiti removal	10,100	10,100	10,012	88
Lighting and landscaping	778,875	778,875	482,989	295,886
Maintenance	1,228,448	1,228,448	1,013,211	215,237
Total public works	<u>4,018,025</u>	<u>4,417,734</u>	<u>3,860,834</u>	<u>556,900</u>
Community development:				
Administration	287,109	241,771	291,090	(49,319)
Planning	325,359	380,700	326,406	54,294
Building and safety -				
L.A. County contract	20,000	20,000	18,427	1,573
Farmers' market	18,996	18,996	16,417	2,579
Community promotion	362,315	626,959	622,008	4,951
Human services		52,700	52,700	
Code enforcement	191,480	161,762	153,929	7,833
Total community development	<u>1,205,259</u>	<u>1,502,888</u>	<u>1,480,977</u>	<u>21,911</u>
Parks and recreation:				
Administration	714,130	714,130	691,432	22,698
Simms park	458,916	458,916	399,637	59,279
Thompson park	312,045	312,045	302,244	9,801
Caruthers park	281,490	281,490	250,359	31,131
Aquatic center	359,739	359,739	342,482	17,257
Civic center	77,050	77,050	60,656	16,394
City-school recreation	259,809	259,809	209,492	50,317
Youth-teen program	194,457	129,396	120,980	8,416
Carpenter house	500	500	231	269
Batting cages	8,595	8,595	8,212	383
Preschool program	32,598	32,598	36,246	(3,648)
Share tri-cities	28,139	28,139	24,424	3,715
Total parks and recreation	<u>2,727,468</u>	<u>2,662,407</u>	<u>2,446,395</u>	<u>216,012</u>
Capital outlay	<u>1,503,500</u>	<u>2,302,709</u>	<u>1,341,228</u>	<u>961,481</u>
Total expenditures	<u>20,517,432</u>	<u>22,121,619</u>	<u>20,162,588</u>	<u>1,959,031</u>
Excess of revenues over (under) expenditures	<u>(2,324,777)</u>	<u>(3,853,172)</u>	<u>(255,975)</u>	<u>3,597,197</u>

Continued

**See Notes to the Basic Financial Statements**

**CITY OF BELLFLOWER  
STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

	Original Budgeted Amount	Final Budgeted Amount	Actual Amount	Variance with Final Budget Positive (Negative)
<b>OTHER FINANCING SOURCES (USES):</b>				
Operating transfers in	\$ 1,480,303	\$ 1,398,913	\$ 1,438,115	\$ 39,202
Operating transfers out	<u>(567,823)</u>	<u>(567,823)</u>	<u>(554,728)</u>	<u>13,095</u>
Total other financing sources (uses)	<u>912,480</u>	<u>831,090</u>	<u>883,387</u>	<u>52,297</u>
Excess of revenues and other sources over (under) expenditures and other (uses)	(1,412,297)	(3,022,082)	627,412	3,649,494
Fund balance - July 1	<u>14,932,270</u>	<u>14,932,270</u>	<u>14,932,270</u>	
Fund balance - June 30	<u><u>\$ 13,519,973</u></u>	<u><u>\$ 11,910,188</u></u>	<u><u>\$ 15,559,682</u></u>	<u><u>\$ 3,649,494</u></u>

**See Notes to the Basic Financial Statements**

**CITY OF BELLFLOWER**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**CAPITAL PROJECTS FUND**  
**For the Fiscal Year Ended June 30, 2003**

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amount	Vairance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Intergovernmental revenue	\$ 2,879,700	\$ 4,639,036	\$ 810,776	\$ (3,828,260)
Other revenues	1,984	760,470	326,681	(433,789)
Total revenues	<u>2,881,684</u>	<u>5,399,506</u>	<u>1,137,457</u>	<u>(4,262,049)</u>
<b>EXPENDITURES</b>				
Capital outlay	<u>2,998,500</u>	<u>5,570,622</u>	<u>1,153,453</u>	<u>4,417,169</u>
Total expenditures	<u>2,998,500</u>	<u>5,570,622</u>	<u>1,153,453</u>	<u>4,417,169</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(116,816)</u>	<u>(171,116)</u>	<u>(15,996)</u>	<u>155,120</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from loan	<u>                    </u>	<u>                    </u>	<u>128,502</u>	<u>128,502</u>
Total other financing sources (uses)	<u>#                    </u>	<u>                    </u>	<u>128,502</u>	<u>128,502</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing (uses)	(116,816)	(171,116)	112,506	283,622
Fund balance - July 1	<u>41,411</u>	<u>41,411</u>	<u>41,411</u>	<u>                    </u>
Fund balance - June 30	<u>\$ (75,405)</u>	<u>\$ (129,705)</u>	<u>\$ 153,917</u>	<u>\$ 283,622</u>

**CITY OF BELLFLOWER**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**CDBG CAPITAL PROJECTS FUND**  
**For the Fiscal Year Ended June 30, 2003**

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amount	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Investing earnings	\$ 52,000	\$ 52,000	\$ 302,714	\$ 250,714
Intergovernmental revenue	1,050,000	1,429,247	889,292	(539,955)
Other revenues	<u>                    </u>	<u>                    </u>	<u>23,394</u>	<u>23,394</u>
Total revenues	<u>1,102,000</u>	<u>1,481,247</u>	<u>1,215,400</u>	<u>(265,847)</u>
<b>EXPENDITURES</b>				
Current:				
Community development	1,353,600	1,633,247	1,207,131	426,116
Capital outlay	<u>                    </u>	<u>8,000</u>	<u>8,269</u>	<u>(269)</u>
Total expenditures	<u>1,353,600</u>	<u>1,641,247</u>	<u>1,215,400</u>	<u>425,847</u>
Excess (deficiency) of revenues over (under) expenditures	(251,600)	(160,000)		160,000
Fund balance - July 1	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Fund balance - June 30	<u>\$ (251,600)</u>	<u>\$ (160,000)</u>	<u>\$ -</u>	<u>\$ 160,000</u>

**CITY OF BELLFLOWER**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**HOME CAPITAL PROJECTS FUND**  
**For the Fiscal Year Ended June 30, 2003**

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amount	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Investment earnings	\$ 5,000	\$ 5,000	\$ 79,231	\$ 74,231
Intergovernmental revenue	500,000	896,913	222,669	(674,244)
<b>Total revenues</b>	<u>505,000</u>	<u>901,913</u>	<u>301,900</u>	<u>(600,013)</u>
<b>EXPENDITURES</b>				
Current:				
Community development	591,713	916,913	301,900	615,013
<b>Total expenditures</b>	<u>591,713</u>	<u>916,913</u>	<u>301,900</u>	<u>615,013</u>
Excess (deficiency) of revenues over (under) expenditures	(86,713)	(15,000)		15,000
Fund balance - July 1				
Fund balance - June 30	<u>\$ (86,713)</u>	<u>\$ (15,000)</u>	<u>\$ -</u>	<u>\$ 15,000</u>

**CITY OF BELLFLOWER**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**REDEVELOPMENT AGENCY CAPITAL PROJECTS FUND**  
**For the Fiscal Year Ended June 30, 2003**

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
EXPENDITURES			
Current:			
Community development	\$ 545,570	\$ 292,513	\$ 253,057
Capital outlay	<u>3,562,000</u>	<u>700,452</u>	<u>2,861,548</u>
 Total expenditures	 <u>4,107,570</u>	 <u>992,965</u>	 <u>3,114,605</u>
 Excess (deficiency) of revenues over (under) expenditures	 <u>(4,107,570)</u>	 <u>(992,965)</u>	 <u>3,114,605</u>
 OTHER FINANCING SOURCES (USES)			
Operating transfer in	<u>390,340</u>	<u>529,838</u>	<u>139,498</u>
 Total other financing sources (uses)	 <u>390,340</u>	 <u>529,838</u>	 <u>139,498</u>
 Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing (uses)	 <u>(3,717,230)</u>	 <u>(463,127)</u>	 <u>3,254,103</u>
 Fund balance - July 1	 <u>(1,500,752)</u>	 <u>(1,500,752)</u>	 <u>                    </u>
 Fund balance - June 30	 <u><u>\$ (5,217,982)</u></u>	 <u><u>\$ (1,963,879)</u></u>	 <u><u>\$ 3,254,103</u></u>

**CITY OF BELLFLOWER**  
**INTERNAL SERVICE FUND FINANCIAL STATEMENTS**  
**June 30, 2003**

Internal Service Fund is used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City on a cost reimbursement basis.

Equipment Replacement Fund - This fund was established to account for the cost of providing vehicles and equipment to operating funds. Costs are recovered by user charges.

**CITY OF BELLFLOWER  
STATEMENT OF NET ASSETS  
INTERNAL SERVICE FUND  
June 30, 2003**

	Governmental Activities <hr/> Equipment Replacement Fund <hr/>
<b>ASSETS</b>	
Current assets:	
Cash and investments	\$ 1,506,700
Accounts receivable	555
Interest receivable	<u>6,923</u>
Total current assets	<u>1,514,178</u>
Noncurrent assets:	
Capital assets	
Depreciable furniture and fixtures, and equipment, net	<u>450,589</u>
Total noncurrent assets	<u>450,589</u>
Total assets	<u>1,964,767</u>
 <b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	197
Accrued liabilities	<u>2,048</u>
Total liabilities	<u>2,245</u>
 <b>NET ASSETS</b>	
Invested in capital assets	450,589
Unrestricted	<u>1,511,933</u>
Total net assets	<u><u>\$ 1,962,522</u></u>

**See Notes to the Basic Financial Statements**

**CITY OF BELLFLOWER  
STATEMENT OF REVENUES,  
EXPENSES AND CHANGES IN NET ASSETS  
INTERNAL SERVICE FUND  
For the Fiscal Year Ended June 30, 2003**

	Governmental Activities <hr/> Equipment Replacement Fund <hr/>
<b>OPERATING REVENUES</b>	
Department charges	\$ 572,348
Total operating revenues	<hr/> 572,348
<b>OPERATING EXPENSES</b>	
Administration	27,671
Depreciation	235,038
Total operating expenses	<hr/> 262,709
Operating income	<hr/> 309,639
<b>NON-OPERATING REVENUES (EXPENSES)</b>	
Investment earnings	37,086
Gain (loss) on sale of fixed assets	(1,810)
Total non-operating revenues and expenses	<hr/> 35,276
Changes in net assets	344,915
Total net assets, July 1	<hr/> 1,617,607
Total net assets, June 30	<hr/> <u>\$ 1,962,522</u>

**See Notes to the Basic Financial Statements**

**CITY OF BELLFLOWER  
STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUND  
For the Fiscal Year Ended June 30, 2003**

	Governmental Activities
	Equipment Replacement Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Payments to employees	\$ (22,801)
Payments to suppliers	(15,322)
Internal activity - receipts from other funds	571,793
Net cash provided (used) by operating activities	533,670
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Purchases of capital assets	(81,393)
Net cash provided (used) by capital and related financing activities	(81,393)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest earnings	36,971
Net cash provided by investing activities	36,971
Net increase (decrease) in cash and cash equivalents	489,248
Cash and cash equivalents, July 1	1,017,452
Cash and cash equivalents, June 30	\$ 1,506,700
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>	
Operating income	\$ 309,639
Adjustments to reconcile operating income net cash provided (used)	
Depreciation	235,038
Changes in assets and liabilities:	
Receivables, net	(555)
Accounts and other payables	(10,452)
Net cash provided (used) by operating activities	\$ 533,670

**See Notes to the Basic Financial Statements**

**CITY OF BELLFLOWER**  
**FIDUCIARY FUND FINANCIAL STATEMENTS**  
**June 30, 2003**

Agency funds are generally used to account for assets held by the City for other funds, governments or individuals.

**Agency Fund**

Bellflower property owners who need to access utilities, and in doing so have to damage sidewalks or other pavements, are required to deposit a form of bond to ensure that they will fix the pavement. These monies are recorded in this fund.

**CITY OF BELLFLOWER  
STATEMENT OF FIDUCIARY FUND NET ASSETS  
AGENCY FUND  
June 30, 2003**

	<u>Agency Fund</u>
<b>ASSETS</b>	
Cash and investments	<u>\$ 273,444</u>
<b>LIABILITIES</b>	
Deposits payable	<u>273,444</u>
<b>NET ASSETS</b>	<u><u>\$ -</u></u>

**See Notes to the Basic Financial Statements**

**NOTES TO THE BASIC  
FINANCIAL STATEMENTS**

**CITY OF BELLFLOWER**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2003**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the City of Bellflower (City) have been prepared in conformity with accounting principles generally accepted in the United States of America (USGAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

**A. Reporting Entity**

The City of Bellflower incorporated in 1957, is a general law city covering approximately 6.1 square miles. The City is governed by a city council of five members. As required by accounting principles generally accepted in the United States of America, these basic financial statements present the City of Bellflower (the primary government) and its component units. The component units discussed in below are included in the City's reporting entity because of the significance of their operational or financial relationships with the City.

**Blended Component Units.** The Redevelopment Agency of the City of Bellflower (the "Agency") is governed by the City Council of the City of Bellflower. Although it is legally separate from the City, the Agency is reported as if it were part of the primary government because the City Council is the governing board, and is able to impose its will on the Agency. The Agency is reported as separate funds in the Capital Projects and Debt Service Funds.

The Bellflower Public Facilities Corporation (the "Corporation") is governed by City officers. Although it is legally separate from the City, the Corporation is reported as if it were part of the primary government because its sole purpose is to finance and construct the City's public facilities. The Corporation is reported as a separate fund in the Debt Service Funds.

Separate Redevelopment Agency and Public Facilities Corporation financial statements may be obtained by writing to the Finance Director, City of Bellflower, 16600 Civic Center Drive, Bellflower, CA 90706, or by calling (562) 804-1424.

**Discretely Presented Component Units.** There are no entities which meet the *Governmental Accounting Standards Board Statement No. 14* criteria for discrete disclosure within these financial statements.

**B. Implementation of New Accounting Principles**

**Governmental Accounting Standards Board Statement No. 34**

Effective July 1, 2002, the City adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. This statement affects the manner in which the City records transactions and presents information. State and local governments have traditionally used a financial reporting model substantially different from the one used to prepare private-sector financial reports.

**CITY OF BELLFLOWER**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2003**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. Implementation of New Accounting Principles (Continued)**

**Governmental Accounting Standards Board Statement No. 34 (Continued)**

GASB Statement No. 34 establishes new requirements and a new reporting model for the annual financial reports of state and local governments. The statement was developed to make annual reports of state and local governments easier to understand and more useful to the people who use governmental financial information to make decisions.

**Management's Discussion and Analysis** – GASB Statement No. 34 requires that financial statements be accompanied by a narrative introduction and analytical overview of the City's financial activities in the form of "Management's Discussion and Analysis" (MD&A). This analysis is similar to the analysis provided in the annual reports of private-sector organizations.

**Government-Wide Financial Statements** – The reporting model includes financial statements prepared using full accrual accounting for all of the City's activities. This approach includes not just current assets and liabilities but also reports all of the revenues and cost of providing services each year, not just those received or paid in the current year or soon thereafter.

**Statement of Net Assets** – The statement of net assets is designed to display the financial position of the primary government (governmental and business-type activities). The City now reports all capital assets in the government-wide statement of net assets and reports depreciation expense – the cost of "using up" capital assets – in the statement of activities. The net assets of the City are broken down into three categories – 1) invested in capital assets, net of related debt; 2) restricted; and 3) unrestricted.

**Statement of Activities** – The government-wide statement of activities reports expenses and revenues in a format that focuses on the cost of each of the City's functions. The expense of individual functions is compared to the revenue generated directly by the function.

Accordingly, the City has recorded capital and certain other long-term assets and liabilities in the statement of net assets, and has reported all revenues and the cost of providing services under the accrual basis of accounting in the statement of activities.

**Governmental Accounting Standards Board Statement No. 37**

Effective July 1, 2002, the City adopted the provisions of GASB Statement No. 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus*. The statement amends GASB Statement No. 34 to either 1) clarify certain provisions or 2) modify other provisions that GASB believes may have unintended consequences in some circumstances. Accordingly, the City considers the effects of this statement when adopting the provisions of GASB Statement No. 34 as previously described.

**CITY OF BELLFLOWER**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2003**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. Implementation of New Accounting Principles (Continued)**

**Governmental Accounting Standards Board Statement No. 38**

Effective July 1, 2002, the City adopted the provisions of GASB Statement No. 38, *Certain Financial Statement Note Disclosures*. This statement modifies, establishes, and rescinds certain financial statement disclosure requirements. Accordingly, certain footnote disclosures have been revised to conform to the provisions of GASB Statement No. 38.

**Governmental Accounting Standards Board Interpretation No. 6**

Effective July 1, 2002, the City adopted the provisions of GASB Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*. This interpretation clarifies the application standards for modified accrual recognition of certain liabilities and in areas where differences have arisen, or could arise, in interpretation and practices. Accordingly, the City has not recognized the current portion of certain long-term liabilities (e.g., compensated absences) and related expenditures in the governmental fund financial statements for amounts not considered to be due and payable as of June 30, 2003. Amounts are properly recorded in the government-wide financial statements.

**C. 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 of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements.

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.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

**CITY OF BELLFLOWER**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2003**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the fiscal year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund and agency fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within 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 the liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due.

Certain taxes, interest, subventions, and grant 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.

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. The principal operating revenues of the Internal Service Fund are charges to other departments or agencies of the City for sales and services. Operating expenses for the Internal Service Fund 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.

The City reports the following major governmental funds:

**General Fund**

The General Fund is used to account for all financial resources traditionally associated with government activities which are not required legally to be accounted for in another fund.

**Capital Projects Fund**

The Capital Projects Fund is used to account for the expenditures associated with the City's major capital projects funded with grants and restricted monies.

**CITY OF BELLFLOWER**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2003**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

**CDBG Capital Projects Fund**

The CDBG Capital Projects Fund is used to account for the Federal Community Development Block Grant funds and selected program income expended for commercial, multifamily and single-family rehabilitation, economic development, and public service.

**HOME Capital Projects Fund**

The HOME Capital Projects Fund is used to account for the Federal HOME funds expended to increase the supply of safe, sanitary, and affordable housing, to strengthen the ability of states and local governments to provide housing, to expand the capacity of nonprofit community-based housing development organizations, and to leverage private sector participation in the financing of affordable housing.

**Redevelopment Agency Capital Projects Fund**

The Redevelopment Agency Capital Projects Fund is used account for the expenditures incurred by the Bellflower Redevelopment Agency on redevelopment projects.

Additionally, the City reports the following fund types:

**Proprietary Fund**

The Internal Service Fund (Equipment Replacement Fund) is used to account for the cost of providing vehicles and equipment to operating funds. Costs are recovered by user charges.

**Fiduciary Fund**

The Agency Fund (Agency Fund) is used to account for assets held by the City for Bellflower property owners who need to access utilities, and in doing so have to damage sidewalks or other pavements, are required to deposit a form of bond to ensure that they will fix the pavement.

In accordance with GASB Statement Number 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, the City has opted to apply to the proprietary fund all applicable GASB pronouncements and all FASB Statements and Interpretations, Accounting Principles Board (APB) Opinions and Accounting Research Bulletins (ARB) issued on or before November 30, 1989, unless they conflict with or contradict GASB pronouncements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

**CITY OF BELLFLOWER**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2003**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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.

**E. Assets, Liabilities, Net Assets, or Equity**

**Cash and Investments**

The City pools idle cash from all funds for the purpose of increasing income through investment. Earnings from such investments are allocated to the respective funds on the basis of applicable cash balances of each fund.

In compliance with the applicable State statute, the Statement of Investment Policy is adopted annually by the City Council. Investments authorized under the Investment Policy included:

- Local Agency Investment Fund (LAIF) - State of California Investment Pool
- U.S. Treasury Obligations
- Federal Agency Securities
- Certificates of Deposit
- Money Market Accounts
- Savings Accounts
- Commercial Paper
- Mutual Funds

The City adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 31, "Accounting and Financial Reporting for Certain Investments and External Pools", which require governmental entities to report certain investments at fair value in the balance sheet and recognize the corresponding change in the fair value of investments in the year in which the change occurred.

The City's investments are carried at fair value which equal cost. The fair value of equity and debt securities is determined based on sales prices or bid-and-asked quotations from SEC-registered securities exchanges or NASDAQ dealers. LAIF determines the fair value of its portfolio quarterly and reports a factor to the City; the City applies that factor to convert its share of LAIF from amortized cost to fair value. Changes in fair value are allocated to each participating fund.

For purposes of the statement of cash flows for the internal service fund, all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased are considered cash equivalents.

**CITY OF BELLFLOWER**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2003**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Assets, Liabilities, Net Assets, or Equity (Continued)**

**Receivables and Payables**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as interfund receivables/interfund payables (i.e., the current portion of interfund loans) or advances to/from other funds (the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as interfund receivables or interfund payables.

Advances between funds, as reported in the fund financial statements, are offset by a fund reserve account in applicable governmental funds to indicate that are not available for appropriation and are not expendable available financial resources.

All trade and tax receivables are shown net of an allowance for uncollectible accounts if applicable, and estimated refunds due.

Property taxes in the State of California are administered for all local agencies at the county level, and consist of secured, unsecured, and utility tax rolls. The following is a summary of major policies and practices relating to property taxes:

Property Valuations - are established by the Assessor of the County of Los Angeles for the secured and unsecured property tax rolls; the utility property tax rolls are valued by the State Board of Equalization. Under the provisions of Article XIII A of the State Constitution (Proposition 13 adopted by the voters on June 6, 1978) properties are assessed at 100% of full value. From this base of assessment, subsequent annual increases in valuation are limited to a maximum of 2%. However, increases to full value are allowed for property improvements or upon change in ownership. Personal property is excluded from these limitations, and is subject to annual reappraisal.

Tax Levies - are limited to 1% of full value which results in a tax rate of \$1.00 per \$100 assessed valuation, under the provisions of Proposition 13. Tax rates for voter-approved indebtedness are excluded from this limitation.

Tax Levy Dates - are attached annually on January 1 preceding the fiscal year for which the taxes are levied. The fiscal year begins July 1 and ends June 30 of the following year. Taxes are levied on both real and unsecured personal property as it exists at that time. Liens against real estate, as well as the tax on personal property, are not relieved by subsequent renewal or change in ownership.

**CITY OF BELLFLOWER**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2003**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Assets, Liabilities, Net Assets, or Equity (Continued)**

**Receivables and Payables (Continued)**

Tax Collections - are the responsibility of the county tax collector. Taxes and assessments on secured and utility rolls which constitute a lien against the property, may be paid in two installments: the first is due on November 1 of the fiscal year and is delinquent if not paid by December 10; and the second is due on March 1 of the fiscal year and is delinquent if not paid by April 10. Unsecured personal property taxes do not constitute a lien against real property unless the taxes become delinquent. Payment must be made in one installment, which is delinquent if not paid by August 31 of the fiscal year. Significant penalties are imposed by the County for late payments.

Tax Levy Apportionments - Due to the nature of the Citywide maximum levy, it is not possible to identify general purpose tax rates for specific entities. Under state legislation adopted subsequent to the passage of Proposition 13, apportionments to local agencies are made by the county auditor-controller based primarily on the ratio that each agency represented of the total City-wide levy for the three years prior to fiscal year 1979.

Property Tax Administration Fees - The State of California FY 1990-91 Budget Act authorized counties to collect an administrative fee for collection and distribution of property taxes. Property taxes are recorded as net of administrative fees withheld during the fiscal year.

**Prepaid Items**

Payments to vendors that reflect costs applicable to future accounting periods are recorded as prepaid items in both government-wide and fund financial statements.

**Capital Assets**

Capital assets which include land, buildings and improvements, furniture and fixtures, machinery and equipment, infrastructure (e.g., roads, bridges, sidewalks, traffic lights and signals, street lights, and similar items), and water rights assets are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an estimated useful life in excess of one year. Infrastructure assets are capitalized if the original cost exceeds \$20,000. Such capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the capital asset or materially extend capital asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is included as part of the capitalized value of the assets constructed. No interest was capitalized during the fiscal year ended June 30, 2003.

**CITY OF BELLFLOWER**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2003**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Assets, Liabilities, Net Assets, or Equity (Continued)**

**Capital Assets (Continued)**

Capital assets of the City are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and improvements	20-50
Infrastructure	40-65
Machinery and equipment	3-20
Furniture and fixtures	5-20
Water rights	99

Periodic restoration and maintenance costs on particular items are charged to expense as incurred.

**Compensated Absences**

Vacation time may be accumulated up to 1,040 hours per non-represented employee and 320 hours per represented employee. Cash compensation for accrued vacations is generally not payable until the employee terminates employment with the City. Sick leave may be accumulated to a maximum of 160 hours. Cash compensation for unused sick leave in excess of 160 hours for employees is payable to an employee on the last payday in November. Cash compensation for the balance of sick leave is payable to an employee upon termination of employment with the City.

**Long-Term Obligations**

In the government-wide financial statements, and the proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities. Initial-issue bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bond issuance costs and underwriters' discount are reported as deferred bond issuance costs. Amortization of bond premiums or discounts and issuance costs is included in interest expense.

In the fund financial statements, governmental fund types recognize bond premiums, discounts, and issuance costs during the period issued. The face amount of debt issued is reported as other financing sources. Premiums received are reported as other financing sources, while discounts are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**CITY OF BELLFLOWER**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2003**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Assets, Liabilities, Net Assets, or Equity (Continued)**

**Net Assets and Fund Equity**

In the Government-wide financial statements and proprietary fund financial statements, net assets are reported in three categories: net assets invested in capital assets, net of related debt; restricted net assets, and unrestricted net assets. Restricted net assets represent net assets restricted by parties outside of the City (such as creditors, grantors, contributors, laws and regulations of other governments) and include unspent proceeds of bonds issued to acquire or construct capital assets. The City's other restricted net assets are temporarily restricted (ultimately expendable assets). All other net assets are considered unrestricted.

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. Undesignated fund balance represents that portion of fund balance which is available for budgeting in future periods.

**F. Estimates**

The preparation of basic 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 revenue and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

**G. Reconciliation of Government-Wide and Fund Financial Statements**

Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets:

The governmental fund balance sheet includes a reconciliation between fund balance – governmental funds and net assets of governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that “long-term debt and compensated absences from the general long-term debt account group have not been included in the governmental fund activity”. The detail of the \$7,518,502 long-term debt difference is as follows:

Long-term debt	
Refunding certificates of participation payable	\$ 5,390,000
Taxable tax allocation bonds payable	2,000,000
California energy commission loan payable	<u>128,502</u>
Net adjustment to reduce fund balance of total governmental funds to arrive at net assets of governmental activities	  <u><u>\$ 7,518,502</u></u>

**CITY OF BELLFLOWER**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2003**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**G. Reconciliation of Government-Wide and Fund Financial Statements (Continued)**

Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities:

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – of total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this \$2,348,338 difference are as follows:

Capital outlay	
Capital outlay	\$ 4,048,727
Capital assets disposition	(4,163)
Depreciation	(845,373)
Capital outlay recorded in governmental funds but not meeting the capitalization policy of the City	(850,853)
Net adjustment to increase net changes in fund balances of total governmental funds to arrive at changes in net assets of governmental activities	\$ 2,348,338

Another element of that reconciliation states that “the issuance of long-term debt (e.g., bonds, loans) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds”. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The details of this \$146,498 difference are as follows:

Debt issued or incurred:	
California Energy Commission loan payable	\$ (128,502)
Principal repayments:	
Refunding certificates of participation	250,000
Taxable tax allocation bonds	25,000
Net adjustment to decrease net changes in fund balances of total governmental funds to arrive at changes in net assets of governmental activities	\$ 146,498

**CITY OF BELLFLOWER**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2003**

**NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. General Budget Policies**

The City Council has the responsibility for adoption of the City's budget. Budgets are adopted for governmental funds. From the effective date of the budget, the amounts stated as proposed expenditures become appropriations to the various City departments. The City Council may amend the budget by motion during each fiscal year. The city administrator is authorized to transfer funds from one major expenditure category to another within the same department and fund. Any revisions that alter the total expenditures of any fund must be approved by the City Council.

All appropriations lapse at the end of the fiscal year to the extent that they have not been expended. Lease contracts entered into by the City are subject to annual review by the City Council; hence, they legally are one-year contracts with an option for renewal for another fiscal year.

Budgetary comparison is provided in the accompanying financial statements for the General Fund, Special Revenue Funds, Capital Projects Funds and Debt Service Funds. The City's Lighting Assessment Special Revenue Fund does not have a legally adopted budget. Budgeted revenue and expenditure amounts shown represent the City's originally-adopted legal budget and originally-adopted legal budget adjusted for unanticipated revenues and appropriations during the course of the fiscal year. Budget amounts, as adjusted, reported for the governmental funds of the City are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Supplementary budgetary appropriations were \$5,934,358 for the fiscal year.

**B. Deficit Fund Balances, and Net Assets**

At June 30, 2003, a fund deficit of \$31,802 existed in the AQMD Fund. This deficit is expected to eliminate in the next fiscal year when allocation is available from South Coast Air Quality Management District.

At June 30, 2003, a fund deficit of \$1,963,879 existed in the Redevelopment Agency Fund. This deficit was both anticipated and budgeted as the City and Redevelopment Agency agreed to loan and expend necessary funds as their ongoing efforts to revitalize the downtown area. While the fund deficit is expected to be eliminated with future property tax increment, it is not expected to be anytime soon in the near future. Until then, the General Fund will continue to provide necessary cash advances to cover the Agency's cash deficit.

**CITY OF BELLFLOWER**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2003**

**NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)**

**C. Excess Expenditures over Appropriations**

The following are funds in which certain expenditures exceeded appropriations for the fiscal year ended June 30, 2003.

<u>Fund/Function</u>	<u>Final Appropriation</u>	<u>Expenditures</u>	<u>Excess</u>
General Fund:			
Public safety	\$ 8,023,673	\$ 8,038,704	\$ 15,031
Major Fund:			
CDBG capital projects			
Capital outlay	8,000	8,269	269
Non-major Funds:			
AQMD			
Capital outlay	356,000	366,264	10,264
Buildings and safety			
Community development	359,271	364,820	5,549
Redevelopment agency			
debt service			
Community development	18,500	20,099	1,599
Redevelopment agency			
Housing			
Community development	116,447	117,368	921

**NOTE 3 - CASH AND INVESTMENTS**

On June 30, 2003, the City had the following cash and investments on hand:

	<u>Carrying Amount</u>
Petty cash	\$ 3,609
Pooled cash	949,637
Pooled investments	15,660,245
Cash and investments with fiscal agents	216,111
Total cash and investments	<u>\$ 16,829,602</u>

On June 30, 2003, cash and investments were reported in the accompanying financial statements as follows:

	<u>Cash and Investments</u>	<u>Cash and Investments with Fiscal Agents</u>	<u>Total</u>
Governmental Activities	\$ 16,340,047	\$ 216,111	\$ 16,556,158
Fiduciary Fund	273,444		273,444
	<u>\$ 16,613,491</u>	<u>\$ 216,111</u>	<u>\$ 16,829,602</u>

**CITY OF BELLFLOWER**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2003**

**NOTE 3 - CASH AND INVESTMENTS (Continued)**

**Pooled Cash**

Pooled cash includes cash on hand, commercial bank accounts and certificates of deposit. All pooled cash is entirely insured or collateralized. The California Government Code requires California banks and savings and loan associations to secure a city's deposits by pledging government securities as collateral. The fair value of pledged securities must equal at least 110% of a city's deposits. California law also allows financial institutions to secure city deposits by pledging first trust deed mortgage notes having a value of 150% of a city's total deposits. The City may waive collateral requirements for deposits which are fully insured up to \$100,000 by the Federal Deposit Insurance Corporation (FDIC).

Cash is classified in three categories of credit risk as follows:

- Category 1 - insured or collateralized with securities held by the entity or by its agent in the City's name;
- Category 2 - collateralized with securities held by the pledging financial institution's trust department or agent in the City's name; and
- Category 3 - uncollateralized.

The carrying amount of the City's deposits was \$949,637. The bank's balances were \$1,713,450. The difference is due to the normal deposits in transit and outstanding checks. The City's deposits by category as of June 30, 2003 were as follow:

	Category			Bank Balance	Carrying Amount
	1	2	3		
Deposits:					
Demand Accounts	\$ 356,017	\$ 1,307,152	\$ -	\$ 1,663,169	\$ 899,356
Certificates of Deposit	50,281			50,281	50,281
Total Deposits	<u>\$ 406,298</u>	<u>\$ 1,307,152</u>	<u>\$ -</u>	<u>\$ 1,713,450</u>	<u>\$ 949,637</u>

**Investment**

Investments are also classified in three categories of credit risk as follows:

- Category 1 - insured or registered, with securities held by entity or its agent in the City's name;
- Category 2 - uninsured and unregistered, with securities held by the counterparty's trust department or agent in the City's name; and
- Category 3 - uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent, but not in the City's name.

Investments in pools managed by other governments or in mutual funds are not required to be categorized.

**CITY OF BELLFLOWER**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2003**

**NOTE 3 - CASH AND INVESTMENTS (Continued)**

**Investment (Continued)**

The City's investments by category as of June 30, 2003 were as follows:

	Category			Carrying Amount/ Fair Value
	1	2	3	
Investments Controlled by the City:				
Federal Home Loan Bank (FHLB)	\$ 1,000,000	\$ -	\$ -	\$ 1,000,000
Corporate Bond	99,000			99,000
State of California Local Agency Investment Fund	N/A	N/A	N/A	\$ 14,561,245
Total Investments Controlled by the City	<u>1,099,000</u>			<u>15,660,245</u>
Investments with Fiscal Agents:				
U.S. Government Money Market Fund	N/A	N/A	N/A	\$ 18,111
Certificates of Deposit	100,000	98,000		198,000
Total Investments with Fiscal Agents	<u>100,000</u>	<u>98,000</u>		<u>216,111</u>
 Total Investments	<u><u>\$ 1,199,000</u></u>	<u><u>\$ 98,000</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 15,876,356</u></u>

During the fiscal year ended June 30, 2003, the City did not invest in repurchase agreements.

**Local Agency Investment Fund (LAIF)**

The LAIF is a special fund of the California State Treasury through which local governments may pool investments. It is overseen by the Local Agency Investment Advisory Board, which consists of five members, in accordance with State Statute. The State Treasurer's Office audits the fund annually. The City may invest up to \$40,000,000 in the fund for the City and \$40,000,000 for the Redevelopment Agency. Investments in LAIF are highly liquid, as deposits can be converted to cash within 24 hours without loss of interest. Investments with LAIF are secured by the full faith and credit of the State of California.

**Allocation of Interest Income Among Funds**

Interest income from pooled investments is allocated to those funds which are required by law or administrative action to receive interest. Interest is allocated on a monthly basis based on the ending cash balances of the previous month in each fund receiving interest.

**CITY OF BELLFLOWER**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2003**

**NOTE 4 - NOTES AND CONTRACT RECEIVABLE**

	<u>Amount</u>
Notes receivable from mortgage loans for housing and commercial property rehabilitation and construction:	
Redevelopment Agency	\$ 443,731
Redevelopment Agency Housing Set-Aside	207,393
Community Development Block Grant	1,953,112
HOME	1,842,808
Total Notes Receivable	4,447,044
Contract receivable from the sale of the City's Water system:	
General Fund	416,213
Community Development Block Grant	46,787
Total Contract Receivable	463,000
Total Notes and Contract Receivable	\$ 4,910,044

**NOTE 5 – ACCOUNTS RECEIVABLE**

The following is a list of accounts receivable at June 30, 2003

	<u>Receivable</u>	<u>Allowance</u>	<u>Net</u>
Governmental Activities –			
Accounts	\$ 779,139	\$ -	
\$ 779,139			
Due from other governments	3,427,499		3,427,499
Total Governmental Activities	\$ 4,206,638	\$ -	\$ 4,206,638

**CITY OF BELLFLOWER**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2003**

**NOTE 6 – INTERFUND ACTIVITY**

The following represents the interfund activity of the City for the fiscal year ended June 30,2003

**A. Due To/From Other Funds**

<u>Due to/Due from</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
To: General Fund	\$ 654,606	\$ -
From: Capital Projects Fund		467,173
From: Gas Tax Fund		140,276
From: HOME Capital Projects Fund		47,157
	<u>\$ 654,606</u>	<u>\$ 654,606</u>

**B. Advances Receivable/Payable**

<u>Advances Receivable/Payable</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 1,891,855	\$ -
Redevelopment Agency Capital Projects Fund		1,839,530
Redevelopment Agency Debt Service Fund		52,325
	<u>\$ 1,891,855</u>	<u>\$ 1,891,855</u>

**C. Operating Transfers**

<u>Funds</u>	<u>Operating Transfer In</u>	<u>Operating Transfer Out</u>
Major Funds:		
General Fund	\$ 1,438,115	\$ 554,728
Capital Projects Funds:		
Redevelopment Agency	529,838	
Redevelopment Agency Housing		
41,812		
Non Major Funds		
Special Revenue Funds:		
Gas Tax Fund		1,372,697
Lighting Assessment Fund		673
Parking District No.1 Fund	27,704	
Building and Safety Fund		64,745
Fed – LLEBG Fund	17,528	
Debt Service Funds:		
Public Facilities Corporation Fund	509,496	
Redevelopment Agency Fund	41,812	529,838
	<u>\$ 2,564,493</u>	<u>\$ 2,564,493</u>

**CITY OF BELLFLOWER**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2003**

**NOTE 7 – CAPITAL ASSETS**

**Governmental Activities**

Changes in capital assets for governmental activities for the year ended June 30, 2003 were as follows:

	Balance July 1, 2002	Adjustments, Net	Restated Balance July 1, 2002	Additions	Deletion	Balance June 30, 2003
Capital Assets, not being depreciated						
Land	\$ 8,712,745	\$ -	\$ 8,712,745	\$ 318,331	\$ -	\$ 9,031,076
Construction in progress				874,951		874,951
Total	<u>8,712,745</u>		<u>8,712,745</u>	<u>1,193,282</u>		<u>9,906,027</u>
Capital Assets, being depreciated:						
Building and improvements	11,805,635	304,768	12,110,403	1,133,220		13,243,623
Water rights	94,010		94,010			94,010
Equipment and furniture and fixtures	4,947,764		4,947,764	373,125	138,279	5,182,610
Infrastructure		10,002,666	10,002,666	580,195		10,582,861
Total	<u>16,847,409</u>	<u>10,307,434</u>	<u>27,154,843</u>	<u>2,086,540</u>	<u>138,279</u>	<u>29,103,104</u>
Less accumulated depreciation for:						
Buildings and improvements		5,103,764	5,103,764	280,717		5,384,481
Water rights		26,114	26,114	950		27,064
Equipment and furniture and fixtures	1,179,404	2,334,872	3,514,276	542,337	131,752	3,924,861
Infrastructure		3,450,172	3,450,172	256,407		3,706,579
Total	<u>1,179,404</u>	<u>10,914,922</u>	<u>12,094,326</u>	<u>1,080,411</u>	<u>131,752</u>	<u>13,042,985</u>
Total, net of accumulated depreciation	<u>15,668,005</u>	<u>(607,488)</u>	<u>15,060,517</u>	<u>1,006,129</u>	<u>6,527</u>	<u>16,060,119</u>
Total Capital Assets, Net	<u>\$ 24,380,750</u>	<u>\$ (607,488)</u>	<u>\$ 23,773,262</u>	<u>\$ 2,199,411</u>	<u>\$ 6,527</u>	<u>\$ 25,966,146</u>

Depreciation expense was charged to functions/programs of the City's governmental activities as follow:

General government	\$ 554,064
Public safety	58,694
Public works	208,854
Community development	26,189
Parks and recreation	<u>232,610</u>
Total	<u>\$ 1,080,411</u>

Depreciation expense for governmental activities (governmental funds) is \$845,373.

Depreciation expense for governmental activities (internal service fund) is \$235,038.

**CITY OF BELLFLOWER**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2003**

**NOTE 7 – CAPITAL ASSETS (Continued)**

**Governmental Activities (Continued)**

As part of the GASB Statement No. 34 implementation process, the City appraised its infrastructure and buildings and improvements. Assets placed in service prior to July 1, 2002 are shown as an adjustment to restate the July 1, 2002 balance.

Adjustments include the addition of \$10,307,434 for appraised infrastructure and buildings and improvements related to City's roads, traffic lights, sidewalks, signage, storm drains, and bike paths.

Adjustments also include the addition of \$10,914,922 of accumulated depreciation for assets which reported under general fixed assets account group in the previous fiscal year.

**NOTE 8 – LONG-TERM DEBT**

A. The following is a summary of changes in the City's long-term liabilities for the fiscal year ended June 30, 2003:

	Balance July 1, 2002	Additions	Deletions	Balance June 30, 2003	Due Within One Year
Governmental Activities:					
Certification of participation	\$ 5,640,000	\$ -	\$ 250,000	\$ 5,390,000	\$ 220,000
Tax allocation bonds	2,025,000		25,000	2,000,000	25,000
California energy commission loan			128,502	(128,502)	33,089
Compensated absences	700,127	584,388	423,795	860,720	
	<u>\$ 8,365,127</u>	<u>\$ 584,388</u>	<u>\$ 827,297</u>	<u>\$ 8,122,218</u>	<u>\$ 278,089</u>

**B. Refunding Certificates of Participation**

The 1999 Refunding Certificates of Participation (COPS) issued by the Bellflower Public Facilities Corporation and outstanding at June 30, 2003 bear interest at 3.6% to 5% a year and mature serially in increasing amounts on each October 1, through 2019. The 1989 Refunding COPS, 1983 Refunding COPS, and 1981 Leasehold Mortgage Revenue Serial Bonds were retired on October 1, 1999, December 1, 1992, and September 1, 1992, respectively. The COPS balance outstanding as of June 30, 2003 was \$5,390,000.

**C. Taxable Tax Allocation Bonds**

The 1996 Taxable Tax Allocation Bonds issued by the Bellflower Redevelopment Agency and outstanding at June 30, 2003 bear interest at 8.70% to 9.625% a year and mature serially in increasing amounts on each August 1, through 2026. The bonds balance outstanding as of June 30, 2003 was \$2,000,000.

**CITY OF BELLFLOWER**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2003**

**NOTE 8 – LONG-TERM DEBT (Continued)**

**D. Loan Payable**

In August, 2002, the City entered into a loan agreement with California Energy Commission. The loan bears interest at 3.0% a year with semi-annual principal payments due on each June and December. The loan balance outstanding as of June 30, 2003 was \$128,502.

**E. General Long-Term Debt Amortization**

The annual requirements to amortize long-term debt outstanding at June 30, 2003 (other than compensated absences) are as follows:

<u>Fiscal Year Ended June 30,</u>	<u>1999 Refunding Certificates of Participation</u>		
	<u>Principal Amount</u>	<u>Interest Amount</u>	<u>Total</u>
2004	\$ 220,000	\$ 249,075	\$ 469,075
2005	225,000	240,285	465,285
2006	240,000	230,865	470,865
2007	245,000	220,739	465,739
2008	260,000	209,943	469,943
2009-2013	1,460,000	862,310	2,322,310
2014-2018	1,860,000	461,583	2,321,583
2019-2020	<u>880,000</u>	<u>44,500</u>	<u>924,500</u>
	<u>\$ 5,390,000</u>	<u>\$ 2,519,300</u>	<u>\$ 7,909,300</u>

<u>Fiscal Year Ended June 30,</u>	<u>1996 Taxable Tax Allocation Bonds</u>		
	<u>Principal Amount</u>	<u>Interest Amount</u>	<u>Total</u>
2004	\$ 25,000	\$ 189,045	\$ 214,045
2005	25,000	186,870	211,870
2006	30,000	184,478	214,478
2007	30,000	181,867	211,867
2008	35,000	178,922	213,922
2009-2013	230,000	836,250	1,066,250
2014-2018	360,000	700,206	1,060,206
2019-2023	575,000	480,047	1,055,047
2024-2027	<u>690,000</u>	<u>140,043</u>	<u>830,043</u>
	<u>\$ 2,000,000</u>	<u>\$ 3,077,728</u>	<u>\$ 5,077,728</u>

**CITY OF BELLFLOWER**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2003**

**NOTE 8 – LONG-TERM DEBT (Continued)**

**E. General Long-Term Debt Amortization (Continued)**

<u>Fiscal Year Ended June 30,</u>	<u>California Energy Commission Loan</u>		
	<u>Principal Amount</u>	<u>Interest Amount</u>	<u>Total</u>
2004	\$ 33,089	\$ 6,811	\$ 39,900
2005	37,315	2,585	39,900
2006	38,443	1,457	39,900
2007	<u>19,655</u>	<u>296</u>	<u>19,951</u>
	<u>\$ 128,502</u>	<u>\$ 11,149</u>	<u>\$ 139,651</u>

<u>Fiscal Year Ended June 30,</u>	<u>Total Governmental Activities</u>		
	<u>Principal Amount</u>	<u>Interest Amount</u>	<u>Total</u>
2004	\$ 278,089	\$ 444,931	\$ 723,020
2005	287,315	429,740	717,055
2006	308,443	416,800	725,243
2007	294,655	402,902	697,557
2008	295,000	388,865	683,865
2009-2013	1,690,000	1,698,560	3,388,560
2014-2018	2,220,000	1,161,789	3,381,789
2019-2023	1,455,000	524,547	1,979,547
2024-2027	<u>690,000</u>	<u>140,043</u>	<u>830,043</u>
	<u>\$ 7,518,502</u>	<u>\$ 5,608,177</u>	<u>\$13,126,679</u>

**NOTE 9 - CITY EMPLOYEES RETIREMENT PLAN (DEFINED BENEFIT PENSION PLAN)**

**Plan Description**

The City of Bellflower contributes to the California Public Employees Retirement System (PERS), 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 agent for participating public entities within the State of California. A menu of benefit provisions as well as other requirements is established by State statutes within the Public Employees' Retirement Law. The City of Bellflower selects optional benefit provisions from the benefit menu by contract with PERS and adopts those benefits through local ordinance. PERS issues a separate comprehensive annual financial report. Copies of the PERS' annual financial report may be obtained from the PERS Executive Office - 400 P Street, Sacramento, CA 95814.

**CITY OF BELLFLOWER**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2003**

**NOTE 9 - CITY EMPLOYEES RETIREMENT PLAN (DEFINED BENEFIT PENSION PLAN)**  
**(Continued)**

**Funding Policy**

Active participants are required to contribute 7% of their annual covered salary. The City makes the contributions required of city employees on their behalf and for their account. For the year ended June 30, 2003, the amount contributed by the City on behalf of the employees was \$286,324. The City is also required to contribute at an actuarially determined rate calculated as a percentage of covered payrolls. The actuarial methods and assumptions used are those adopted by the PERS Board of Administration. The required employer contribution rate for the year ended June 30, 2003 was 0% for miscellaneous employees. Benefit provisions and contribution requirements of participants are established by State statute and city contract with employee bargaining groups, and the employer contribution rate is established and may be amended by PERS.

**Annual Pension Cost**

For the year ended June 30, 2003, the City's annual pension cost (employer contribution) of \$0 for miscellaneous employees was equal to the City's required and actual contributions. The required contribution was determined as part of the June 30, 2000, actuarial valuation using the entry age normal actuarial cost method.

The actuarial assumptions included (a) 8.25% long term investment rate of return (net of administrative expenses), (b) projected annual salary increases that vary from 3.75% to 14.20% depending on age, service, and type of employment, (c) long term inflation of 3.50% which is a component of both the long term rate of return and the salary scale, (d) overall payroll growth of 3.75% which consists of inflation and worker productivity, and (e) individual salary growth that varies by duration of employment coupled with an assumed annual inflation component of 3.50% 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. PERS unfunded actuarial accrued liability (or excess assets) is being amortized as a level percentage of projected payroll on a closed basis. PERS has combined the prior service unfunded liability and current service unfunded liability into a single initial unfunded liability.

**Three-Year Trend Information for PERS**

<u>Fiscal Year</u>	<u>Annual Pension Cost (APC) *</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/01	\$ 0	100%	\$ 0
6/30/02	0	100%	0
6/30/03	0	100%	0

\* Employer contribution.

**CITY OF BELLFLOWER**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2003**

**NOTE 9 - CITY EMPLOYEES RETIREMENT PLAN (DEFINED BENEFIT PENSION PLAN)**  
**(Continued)**

**Schedule of Funding Progress for PERS**

Actuarial Valuation Date	Entry Age Normal Accrued Liability (A)	Actuarial Value of Assets (B)	Unfunded Liability (Excess Assets) (A-B)	Funded Status (B/A)	Annual Covered Payroll (C)	UAAL** As a % of Covered Payroll [(A-B)/C]
6/30/00	\$ 13,792,256	\$ 20,316,575	\$ (6,524,319)	147.3%	\$ 3,117,826	(209.3%)
6/30/01	14,915,052	20,922,173	(6,007,121)	140.3%	3,284,340	(182.9%)
6/30/02	16,463,074	19,778,076	(3,315,002)	120.1%	3,950,796	(83.9%)

\*\* UAAL - Unfunded actuarial accrued liability

**NOTE 10 - DEFERRED COMPENSATION PLAN AND TRUST**

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The Plan, available to all City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the employees. Accordingly, the plan/trust assets have been excluded from the City's reported assets.

**NOTE 11 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS**

In addition to the pension benefits described in Note 9, the City provides postemployment medical benefits in accordance with the public employee's medical and hospital care act and the state employee's medical and hospital care act to all employees who retire from the City. The same benefits are provided to the active employees through the Public Employees' Retirement System (PERS). During the fiscal year, expenditures of \$294,908 were recognized for postemployment medical benefits, covering 46 retirees. Postemployment benefits are funded on a pay-as-you-go basis.

**NOTE 12 - CALIFORNIA JOINT POWERS INSURANCE AUTHORITY (CJPIA)**

The City of Bellflower is a member of the California Joint Powers Insurance Authority (Authority). The Authority is composed of 91 California public entities and is organized under a joint powers agreement pursuant to California Government Code §6500 et seq. The purpose of the Authority is to arrange and administer programs for the pooling of self-insured losses, to purchase excess insurance or reinsurance and to arrange for group-purchased insurance for property and other coverages. The Authority's pool began covering claims of its members in 1978. Each member government has an elected official as its representative on the Board of Directors which operates through a 9-member Executive Committee.

**CITY OF BELLFLOWER**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2003**

**NOTE 12 - CALIFORNIA JOINT POWERS INSURANCE AUTHORITY (CJPIA) (Continued)**

**General Liability**

Each member government pays a primary deposit to cover estimated losses for a fiscal year (claims year). Six months after the close of a fiscal year, outstanding claims are valued. A retrospective deposit computation is then made for each open claims year. Costs are spread to members as follows: the first \$30,000 of each occurrence is charged directly to the member; costs from \$30,001 to \$750,000 are pooled based on a member's share of costs under \$30,000; costs from \$750,001 to 5,000,000 are pooled based on payroll. Costs of covered claims above \$5,000,000 are currently paid by reinsurance. The protection for each member is \$50,000,000 per occurrence and \$50,000,000 annual aggregate.

**Workers' Compensation Coverage**

The City of Bellflower also participates in the workers' compensation pool administered by the Authority. Pool deposits and retrospective adjustments are valued in a manner similar to the General Liability pool. City of Bellflower is charged for the first \$50,000 of each claim. Costs from \$50,001 to \$100,000 per claim are pooled based on the member's losses under its retention level. Costs between \$100,001 and \$2,000,000 per claim are pooled based on payroll. Costs in excess of \$2,000,000 and \$50,000,000 are paid by excess insurance purchased by the Authority. Costs in excess of \$50,000,000 are pooled by the members based on payroll.

**Environmental Insurance**

The City of Bellflower participates in the pollution legal liability and remediation legal liability insurance which is available through the Authority. The policy covers sudden and gradual pollution of scheduled property, streets, and storm drains owned by City of Bellflower. Coverage is on a claims-made basis. There is a \$50,000 deductible. The Authority has a limit of \$120,000,000 for the 3-year period from July 1, 2002 through June 30, 2005. Each member of the Authority has a \$10,000,000 limit during the 3-year term of the policy.

**Property Insurance**

The City of Bellflower participates in the all-risk property protection program of the Authority. This insurance protection is underwritten by several insurance companies. The City of Bellflower property is currently insured according to a schedule of covered property submitted by the City to the Authority. Total all-risk property insurance coverage is \$19,828,357. There is a \$5,000 per loss deductible. Premiums for the coverage are paid annually and are not subject to retroactive adjustments.

**CITY OF BELLFLOWER**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2003**

**NOTE 12 - CALIFORNIA JOINT POWERS INSURANCE AUTHORITY (CJPIA) (Continued)**

**Earthquake and Flood Insurance**

The City of Bellflower purchases earthquake and flood insurance on a portion of its property. The earthquake insurance is part of the property protection insurance program of the Authority. The City of Bellflower property currently has earthquake protection in the amount of \$14,866,519. There is a deductible of 5% of value with a minimum deductible of \$100,000. Premiums for the coverage are paid annually and are not subject to retroactive adjustments.

**NOTE 13 NET ASSETS – GOVERNMENTAL ACTIVITIES**

The government-wide statement of net assets includes three equity categories entitled net assets invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. The invested in capital assets, net of related debt category presents the City's equity interest in capital assets less outstanding principal of related debt. The restricted net assets category is designed to reflect net assets that are subject to restrictions beyond the City's control (externally imposed or imposed by law). The unrestricted net assets category equals any remaining balance and can be subdivided into designated and undesignated portions. Designations reflect the City's self-imposed limitations on the use of otherwise available current financial resources. Detail of the three categories is as follows:

	Governmental Activities
Net Assets	
Invested in capital assets, net of related debt:	
Total capital assets, net depreciation	\$ 25,966,146
Less: total capital related debt	(7,368,222)
Invested in capital assets, net of related debt	18,597,924
Restricted for:	
Construction of capital assets	515,604
Debt service	70,379
Street, highways, bikeways, public transit, and other purposes	1,611,160
Housing	296,557
Community development	2,221,855
Public safety	43,401
Total Restricted	4,758,956
Unrestricted	17,225,057
Total net assets	\$ 40,581,937

**CITY OF BELLFLOWER**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2003**

**NOTE 14 – MULTIFAMILY HOUSING REVENUE BONDS (SERIES 2002A & 2002B)**

On May 29, 2001, the Bellflower Redevelopment Agency and 9920 Flora Vista, L.P. (Developer) entered into a Disposition and Development/Affordable Housing Agreement (DDA) to construct 180 low-income rental units for seniors, at an approximate cost of \$17,640,985. Under the terms of the DDA, subsequently amended and restated, the Agency along with the City's HOME fund agreed to certain financial commitments including the purchase of vacant land, a developer loan in the amount of \$2,124,776, and tax-exempt bond financing. In April 2001, the Agency purchased vacant land required for the development and ground lease from the Los Angeles County Metropolitan Transportation Authority at the cost of \$1,051,075. In April 2002, the City's HOME fund loaned \$1,238,000 to the developer. As of June 30, 2003, the agency loaned \$110,847 to the development, leaving an outstanding loan commitment of \$775,929. This balance is payable by the Agency in seven annual installments of \$110,847, with the next payment due on January 15, 2004. The total developer loan of \$2,124,776 is evidenced by two promissory notes, bearing 7% interest and repayable with residual rent receipts.

To fulfill its bond financing commitment, the Agency adopted a resolution on March 25, 2002 to authorize the sale and issuance of conduit Multifamily Housing Revenue Bonds (Bellflower Terrace Seniors), Series 2002A and 2002B, in the aggregate amount of \$9,000,000 as allocated in private activity bonds by the California Debt Limit Allocation Committee. In April 2002, Series 2002A bonds in the amount of \$8,595,000 and Series 2002B bonds in the amount of \$405,000 were issued to fund the project. The Series 2002A bonds are senior bonds that are credit enhanced by Fannie Mae and secured by certain property. The senior bonds bear 5% to 5.5% interest with the maturity date of June 1, 2035 and mandatory remarketing date of June 1, 2023. The Series 2002B bonds are subordinate bonds that are not credit enhanced by Fannie Mae, but are secured by certain property. These subordinate bonds bear 8% interest with the maturity date of August 20, 2035.

Neither the faith, credit nor the taxing power of the City or the Agency is pledged to the repayment of the bonds. Accordingly, no liability has been recorded in the basic financial statements. As of June 30, 2003, the amounts of principal outstanding on the bonds were \$8,595,000 for Series 2002A and \$405,000 for Series 2002B, for a total of \$9,000,000.

**NOTE 15 - COMMITMENTS**

**Multifamily Low-Income Rental Housing Development for Seniors**

In connection with the low-income housing project described in Note 16, the Redevelopment Agency and the City's HOME fund made certain financial commitments to the developer, specifically land purchase, \$2,124,776 in loans and \$9,000,000 in conduit bond financing. At June 30, 2003, the only outstanding commitment was the \$775,929 balance remaining on the developer loan, payable in seven annual installments of \$110,847, with the next payment due on January 15, 2004.

**Hollywood Sports Park**

On March 21, 2000, the City of Bellflower, Redevelopment Agency, and Hollywood Sports Park, LLC entered into a Disposition and Development Agreement (DDA) to construct a 23-acre extreme sports theme park providing paintball, rock climbing, BMX biking, skateboarding, in-line skating and other activities. Under the terms of the DDA, subsequently amended and restated, the City agreed to lease its land to the developer, and the Agency agreed to provide certain improvements and financial assistance, including \$650,000 for the construction of a parking lot. At June 30, 2003, the remaining balance on the parking lot construction commitment was \$244,956.

**CITY OF BELLFLOWER**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2003**

**NOTE 15 – COMMITMENTS ( Continued)**

**Other Construction Commitments**

The City has other construction contracts-in-progress as follows:

<u>Vendor</u>	<u>Project</u>	<u>Project Authorization</u>	<u>Expended to June 30, 2003</u>	<u>Committed</u>
Tyner Paving Co.	Structural improvement	\$ 98,659	\$ 42,477	\$ 56,182
DN AM Construction	Town center trash enclosures	73,116		73,116
Procon Developers	Aquatic center improvement	92,220	31,190	61,030
Sequel Contractors	Artesia Blvd. Median Const.	653,153	471,060	182,093
Shade Zones	Aquatic center improvement	17,556		17,556
Pavement Coatings	Slurry contract	115,182	107,192	7,990
Nativ Engineering Inc.	91 Freeways ramp beaut.	248,791		248,791
Southern Cal Roofing	Aquatic center improvement	29,710		29,710
Courtmaster Sports	Simms & Caruthers park impro.	29,981		29,981
Green Giant Landscape	Handicap ramps	76,135		76,135
		<u>\$ 1,434,503</u>	<u>\$ 651,919</u>	<u>\$ 782,584</u>
Totals		<u>\$ 1,434,503</u>	<u>\$ 651,919</u>	<u>\$ 782,584</u>

**NOTE 16 - CONTINGENCIES**

According to the City's attorneys, no contingent liabilities are outstanding and no lawsuits of any real financial consequence are pending. The City has also received state and federal funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowances under terms of the grants, it is believed that any required reimbursements will not be material.



**COMBINING AND INDIVIDUAL NONMAJOR GOVERNMENTAL  
FUND STATEMENTS AND SCHEDULES**

**CITY OF BELLFLOWER**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**June 30, 2003**

**Special Revenue Funds:**

**Bikeway Fund** - Monies received from the State's apportionment of state gas tax revenues for the construction of bikeways and pedestrian walkways are accounted for in this fund.

**Drug Forfeiture Fund** - Revenues that are disbursed by the county relating to drug offenses are accounted for in this fund. Expenditures of these revenues are restricted to law enforcement.

**Transportation Fund** - Monies received from the half-cent tax authorized under Proposition A are received and expended from this fund. The use of the fund is restricted to providing transportation services.

**Proposition C Fund** - This fund shall receipt the City's allocation of California voter-approved Proposition C Sales Tax Funds which is administered through the LACTC (Los Angeles County Transportation Commission).

**Gas Tax Fund** - The City's share of the state gas tax allocations is recorded in this fund. These funds are expended for street maintenance expenditures.

**Traffic Congestion Relief Fund** - In fiscal year 2000-01, Assembly Bill 2928 established the Traffic Congestion Relief Fund (TCRF) in the State Treasury for the purpose of aiding cities and counties in maintaining and reconstructing local streets and roads. To expend the funds, certain maintenance of efforts requirements must be met.

**AQMD Fund (AB 2766)** - This allotment of fees is distributed by the AQMD to the City on a population basis. The funds originate from motor vehicle registration fees, collected by the California Department of Motor Vehicles (DMV). AB 2766 funds are used for the reduction of air pollution from motor vehicles.

**Sewer Reconstruction Fund** - The City charges developers fees to increase the existing capacity of the sewer system as required. All revenues and expenditures related to this end are accounted for in this fund.

**Lighting Assessment Fund** - From the fiscal year 1991-92 to 1996-97, the City charges residences and commercial properties to maintain street lights and pay related energy costs. Since fiscal year 1997-98, no new assessments were charged for this purpose.

**CITY OF BELLFLOWER**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**June 30, 2003**

**Special Revenue Funds (Continued):**

**Parking District No. 1 Fund** - Property tax levied and collected by Los Angeles County assessor, on property along the west side of Bellflower Boulevard between Mayne and Flower Streets, for maintenance of Parking District No. 1.

**Building and Safety Fund** - This fund is used to account for the City's buildings and safety operations with a private company. The types of fees charged by the City include various permit fees (building, electrical, plumbing, mechanical and miscellaneous) and plan check fees.

**FED-LLEBG Fund** - Under the Fiscal Year 1996 Omnibus Appropriations Act, the City receives and expends Federal funds under the Local Law Enforcement Block Grant (LLEBG) Program established within the Bureau of Justice Assistance.

**CA-COPS Grant Fund** - Under Assembly Bill 3229 (Brulte), the City receives Citizens Option for Public Safety funds from the State General Fund to supplement front line municipal law enforcement services.

**Debt Service Funds:**

**Public Facilities Corporation Debt Service Fund** - This fund is used to account for the payment of interest and principal on certificates of participation issued by the Bellflower Public Facilities Corporation.

**Redevelopment Agency Debt Service Fund** - This fund is used to account for the payment of interest and principal on taxable tax allocation bonds issued by the Redevelopment Agency.

**Capital Projects Fund:**

**Redevelopment Agency Housing Set-Aside Fund** - This fund accounts for the activities for the 20% housing set-aside for low and moderate income housing.

**CITY OF BELLFLOWER  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
June 30, 2003**

	Special Revenue Funds			
	Bikeway Path Fund	Drug Forfeiture Fund	Transportation Fund	Proposition C Fund
<b>ASSETS</b>				
Cash and investments	\$ -	\$ 21,033	\$ 327,224	\$ 1,062,793
Cash and investments with fiscal agents				
Accounts receivable - net		3,835	102,259	112,815
Interest receivable		67	1,864	5,654
Notes receivable				
<b>Total assets</b>	<b>\$ -</b>	<b>\$ 24,935</b>	<b>\$ 431,347</b>	<b>\$ 1,181,262</b>
 <b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ 67,303	\$ 41,786
Accrued expenditures			10,655	33,612
Deposit payable				
Due to other funds				
Deferred revenue				
Advances payable				
<b>Total Liabilities</b>			<b>77,958</b>	<b>75,398</b>
Fund Balances:				
Reserved:				
Debt service				
Unreserved:				
Designated for special revenue purposes		24,935	353,389	1,105,864
Undesignated				
<b>Total fund balances</b>		<b>24,935</b>	<b>353,389</b>	<b>1,105,864</b>
 Total liabilities and fund balances	 \$ -	 \$ 24,935	 \$ 431,347	 \$ 1,181,262

Special Revenue Funds

Gas Tax Fund	Traffic Congestion Fund	AQMD Fund	Sewer Reconstruction Fund	Lighting Assessment Fund
\$ -	\$ 245,694	\$ 24,828	\$ 360,040	\$ -
140,276	51,856 1,455	27,655 105	1,647	
<u>\$ 140,276</u>	<u>\$ 299,005</u>	<u>\$ 52,588</u>	<u>\$ 361,687</u>	<u>\$ -</u>
\$ -	\$ 11 10,277	\$ 74,696 9,694	\$ -	\$ -
140,276				
<u>140,276</u>	<u>10,288</u>	<u>84,390</u>		
	288,717	(31,802)	361,687	
	<u>288,717</u>	<u>(31,802)</u>	<u>361,687</u>	
<u>\$ 140,276</u>	<u>\$ 299,005</u>	<u>\$ 52,588</u>	<u>\$ 361,687</u>	<u>\$ -</u>

Continued

**CITY OF BELLFLOWER  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
June 30, 2003  
(Continued)**

	Special Revenue Funds			
	Parking District No. 1 Fund	Building and Safety Fund	FED-LLEBG Fund	CA-COPS Grant Fund
<b>ASSETS</b>				
Cash and investments	\$ 2,366	\$ 103,803	\$ 193,701	\$ 41,627
Cash and investments with fiscal agents				
Accounts receivable - net	8			
Interest receivable			984	278
Notes receivable				
<b>Total assets</b>	<b><u>\$ 2,374</u></b>	<b><u>\$ 103,803</u></b>	<b><u>\$ 194,685</u></b>	<b><u>\$ 41,905</u></b>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 1,447	\$ 97,734	\$ 45,667	\$ 23,439
Accrued expenditures	927	5,869		
Deposit payable		200		
Due to other funds				
Deferred revenue			149,018	
Advances payable				
<b>Total Liabilities</b>	<b><u>2,374</u></b>	<b><u>103,803</u></b>	<b><u>194,685</u></b>	<b><u>23,439</u></b>
Fund Balances:				
Reserved:				
Debt service				
Unreserved:				
Designated for special revenue purposes				18,466
Undesignated				
<b>Total fund balances</b>				<b><u>18,466</u></b>
<b>Total liabilities and fund balances</b>	<b><u>\$ 2,374</u></b>	<b><u>\$ 103,803</u></b>	<b><u>\$ 194,685</u></b>	<b><u>\$ 41,905</u></b>

Debt Service Funds		Capital Projects Fund	
Public Facilities Corporation Fund	Redevelopment Agency Fund	Redevelopment Agency Housing Set-Aside Fund	Totals
\$ -	\$ -	\$ 65,411	\$ 2,448,520
20	216,091		216,111
	54,089	24,519	517,312
	5		12,059
		207,393	207,393
<u>\$ 20</u>	<u>\$ 270,185</u>	<u>\$ 297,323</u>	<u>\$ 3,401,395</u>
\$ -	\$ 1,769	\$ 766	\$ 354,618
			71,034
			200
			140,276
		207,393	356,411
	52,325		52,325
	54,094	208,159	974,864
20	216,091		216,111
		89,164	2,242,222
			(31,802)
<u>20</u>	<u>216,091</u>	<u>89,164</u>	<u>2,426,531</u>
<u>\$ 20</u>	<u>\$ 270,185</u>	<u>\$ 297,323</u>	<u>\$ 3,401,395</u>

**CITY OF BELLFLOWER**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**NON MAJOR GOVERNMENTAL FUNDS**  
**For the Fiscal Year Ended June 30, 2003**

	Special Revenue Funds			
	Bikeway Path Fund	Drug Forfeiture Fund	Transportation Fund	Proposition C Fund
<b>REVENUES</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits				
Investment earnings		320	11,155	28,622
Charges for current services				
Intergovernmental revenue	39,012	15,180	988,961	848,157
Other revenues				
<b>Total revenues</b>	<u>39,012</u>	<u>15,500</u>	<u>1,000,116</u>	<u>876,779</u>
<b>EXPENDITURES</b>				
Current:				
Public safety		6,216		
Public works			1,186,271	514,725
Community development				
Capital outlay	39,012			330,664
Debt service:				
Principal retirement				
Interest and other charges				
Pass-through payments				
<b>Total expenditures</b>	<u>39,012</u>	<u>6,216</u>	<u>1,186,271</u>	<u>845,389</u>
Excess (deficiency) of revenues over (under) expenditures		<u>9,284</u>	<u>(186,155)</u>	<u>31,390</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfers in				
Operating transfers out				
<b>Total other financing sources (uses)</b>				
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing (uses)		9,284	(186,155)	31,390
Fund balances - July 1		<u>15,651</u>	<u>539,544</u>	<u>1,074,474</u>
Fund balances - June 30	<u>\$ -</u>	<u>\$ 24,935</u>	<u>\$ 353,389</u>	<u>\$ 1,105,864</u>

Special Revenue Funds

Gas Tax Fund	Traffic Congestion Fund	AQMD Fund	Sewer Reconstruction Fund	Lighting Assessment Fund
\$ -	\$ -	\$ -	\$ -	\$ -
	6,085	1,586	8,789	
1,372,697	194,582	218,855		673
<u>1,372,697</u>	<u>200,667</u>	<u>227,106</u>	<u>8,789</u>	<u>673</u>
	109,385	366,264		
	<u>109,385</u>	<u>366,264</u>		
<u>1,372,697</u>	<u>91,282</u>	<u>(139,158)</u>	<u>8,789</u>	<u>673</u>
<u>(1,372,697)</u>				<u>(673)</u>
<u>(1,372,697)</u>				<u>(673)</u>
	91,282	(139,158)	8,789	
	<u>197,435</u>	<u>107,356</u>	<u>352,898</u>	
<u>\$ -</u>	<u>\$ 288,717</u>	<u>\$ (31,802)</u>	<u>\$ 361,687</u>	<u>\$ -</u>

Continued

**CITY OF BELLFLOWER**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**NON MAJOR GOVERNMENTAL FUNDS**  
**For the Fiscal Year Ended June 30, 2003**  
**(Continued)**

	Special Revenue Funds			
	Parking District No. 1 Fund	Building and Safety Fund	FED-LLEBG Fund	CA-COPS Grant Fund
<b>REVENUES</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits		429,565		
Investment earnings			6,792	1,762
Charges for current services	8,953			
Intergovernmental revenue			157,752	149,172
Other revenues				
<b>Total revenues</b>	<u>8,953</u>	<u>429,565</u>	<u>164,544</u>	<u>150,934</u>
<b>EXPENDITURES</b>				
Current:				
Public safety			182,072	134,312
Public works	36,657			
Community development		364,820		
Capital outlay				
Debt service:				
Principal retirement				
Interest and other charges				
Pass-through payment				
<b>Total expenditures</b>	<u>36,657</u>	<u>364,820</u>	<u>182,072</u>	<u>134,312</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(27,704)</u>	<u>64,745</u>	<u>(17,528)</u>	<u>16,622</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfers in	27,704		17,528	
Operating transfers out		(64,745)		
<b>Total other financing sources (uses)</b>	<u>27,704</u>	<u>(64,745)</u>	<u>17,528</u>	
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing (uses)				16,622
Fund balances - July 1				1,844
Fund balances - June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,466</u>

Debt Service Funds		Capital Projects Fund		Totals
Public Facilities Corporation Fund	Redevelopment Agency Fund	Redevelopment Agency Housing Fund		
\$ -	\$ 741,706	\$ 192,837	\$ 934,543	
102	9,577	285	429,565	
			75,075	
			9,626	
			3,984,368	
		43,569	50,234	
<u>102</u>	<u>751,283</u>	<u>236,691</u>	<u>5,483,411</u>	
			322,600	
			1,737,653	
	20,099	117,368	502,287	
			845,325	
250,000	25,000		275,000	
259,615	193,345		452,960	
	23,802		23,802	
<u>509,615</u>	<u>262,246</u>	<u>117,368</u>	<u>4,159,627</u>	
<u>(509,513)</u>	<u>489,037</u>	<u>119,323</u>	<u>1,323,784</u>	
509,496	41,812		596,540	
	(529,838)	(41,812)	(2,009,765)	
<u>509,496</u>	<u>(488,026)</u>	<u>(41,812)</u>	<u>(1,413,225)</u>	
(17)	1,011	77,511	(89,441)	
<u>37</u>	<u>215,080</u>	<u>11,653</u>	<u>2,515,972</u>	
<u>\$ 20</u>	<u>\$ 216,091</u>	<u>\$ 89,164</u>	<u>\$ 2,426,531</u>	

**CITY OF BELLFLOWER**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**BIKEWAY PATH SPECIAL REVENUE FUND**  
**For the Fiscal Year Ended June 30, 2003**

	Original Budgeted Amount	Final Budgeted Amount	Actual Amount	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Investment earnings	\$ 100	\$ 100	\$ -	\$ (100)
Intergovernmental revenue	23,900	39,012	39,012	
Total revenues	<u>24,000</u>	<u>39,112</u>	<u>39,012</u>	<u>(100)</u>
<b>EXPENDITURES</b>				
Capital outlay	24,000	39,112	39,012	100
Total expenditures	<u>24,000</u>	<u>39,112</u>	<u>39,012</u>	<u>100</u>
Excess (deficiency) of revenues over (under) expenditures				
Fund balance - July 1				
Fund balance - June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**CITY OF BELLFLOWER**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**DRUG FORFEITURE SPECIAL REVENUE FUND**  
**For the Fiscal Year Ended June 30, 2003**

	Original and Final Budgeted Amount	Actual Amount	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Investment earnings	\$ 300	\$ 320	\$ 20
Intergovernmental revenue	10,000	15,180	5,180
Total revenues	<u>10,300</u>	<u>15,500</u>	<u>5,200</u>
<b>EXPENDITURES</b>			
Current:			
Public safety	<u>10,000</u>	<u>6,216</u>	<u>3,784</u>
Total expenditures	<u>10,000</u>	<u>6,216</u>	<u>3,784</u>
Excess (deficiency) of revenues over (under) expenditures	300	9,284	8,984
Fund balance - July 1	<u>15,651</u>	<u>15,651</u>	
Fund balance - June 30	<u><u>\$ 15,951</u></u>	<u><u>\$ 24,935</u></u>	<u><u>\$ 8,984</u></u>

**CITY OF BELLFLOWER**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**TRANSPORTATION SPECIAL REVENUE FUND**  
**For the Fiscal Year Ended June 30, 2003**

	Original and Final Budgeted Amount	Actual Amount	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Investment earnings	\$ 25,000	\$ 11,155	\$ (13,845)
Intergovernmental revenue	850,000	988,961	138,961
Total revenues	<u>875,000</u>	<u>1,000,116</u>	<u>125,116</u>
<b>EXPENDITURES</b>			
Current:			
Public works	<u>1,228,329</u>	<u>1,186,271</u>	<u>42,058</u>
Total expenditures	<u>1,228,329</u>	<u>1,186,271</u>	<u>42,058</u>
Excess (deficiency) of revenues over (under) expenditures	(353,329)	(186,155)	167,174
Fund balance - July 1	<u>539,544</u>	<u>539,544</u>	
Fund balance - June 30	<u><u>\$ 186,215</u></u>	<u><u>\$ 353,389</u></u>	<u><u>\$ 167,174</u></u>

**CITY OF BELLFLOWER**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**PROPOSITION C SPECIAL REVENUE FUND**  
**For the Fiscal Year Ended June 30, 2003**

	Original Budgeted Amount	Final Budgeted Amount	Actual Amount	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Investment earnings	\$ 5,000	\$ 5,000	\$ 28,622	\$ 23,622
Intergovernmental revenue	710,000	710,000	848,157	138,157
Total revenues	<u>715,000</u>	<u>715,000</u>	<u>876,779</u>	<u>161,779</u>
<b>EXPENDITURES</b>				
Current:				
Public works	506,471	572,471	514,725	57,746
Capital outlay	466,500	1,019,100	330,664	688,436
Total expenditures	<u>972,971</u>	<u>1,591,571</u>	<u>845,389</u>	<u>746,182</u>
Excess (deficiency) of revenues over (under) expenditures	(257,971)	(876,571)	31,390	907,961
Fund balance - July 1	<u>1,074,474</u>	<u>1,074,474</u>	<u>1,074,474</u>	<u>                    </u>
Fund balance - June 30	<u>\$ 816,503</u>	<u>\$ 197,903</u>	<u>\$ 1,105,864</u>	<u>\$ 907,961</u>

**CITY OF BELLFLOWER**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**GAS TAX SPECIAL REVENUE FUND**  
**For the Fiscal Year Ended June 30, 2003**

	Original and Final Budgeted Amount	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES			
Intergovernmental revenue	\$ 1,236,500	\$ 1,372,697	\$ 136,197
Total revenues	<u>1,236,500</u>	<u>1,372,697</u>	<u>136,197</u>
OTHER FINANCING SOURCES (USES)			
Operating transfers out	<u>(1,236,500)</u>	<u>(1,372,697)</u>	<u>(136,197)</u>
Total other financing sources (uses)	<u>(1,236,500)</u>	<u>(1,372,697)</u>	<u>(136,197)</u>
Excess (deficiency) of revenues and other financing sources over (under) other financing uses			
Fund balance - July 1	<u>                    </u>	<u>                    </u>	<u>                    </u>
Fund balance - June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**CITY OF BELLFLOWER**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**TRAFFIC CONGESTION SPECIAL REVENUE FUND**  
**For the Fiscal Year Ended June 30, 2003**

	Original Budgeted Amount	Final Budgeted Amount	Actual Amount	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Investment earnings	\$ 10,000	\$ 10,000	\$ 6,085	\$ (3,915)
Intergovernmental revenue	216,000	216,000	194,582	(21,418)
Total revenues	<u>226,000</u>	<u>226,000</u>	<u>200,667</u>	<u>(25,333)</u>
<b>EXPENDITURES</b>				
Capital outlay	250,000	350,300	109,385	240,915
Total expenditures	<u>250,000</u>	<u>350,300</u>	<u>109,385</u>	<u>240,915</u>
Excess (deficiency) of revenues over (under) expenditures	(24,000)	(124,300)	91,282	215,582
Fund balance - July 1	<u>197,435</u>	<u>197,435</u>	<u>197,435</u>	
Fund balance - June 30	<u><u>\$ 173,435</u></u>	<u><u>\$ 73,135</u></u>	<u><u>\$ 288,717</u></u>	<u><u>\$ 215,582</u></u>

**CITY OF BELLFLOWER**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**AQMD SPECIAL REVENUE FUND**  
**For the Fiscal Year Ended June 30, 2003**

	Original Budgeted Amount	Final Budgeted Amount	Actual Amount	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Investment earnings	\$ 150	\$ 150	\$ 1,586	\$ 1,436
Intergovernmental revenue	75,000	210,000	218,855	8,855
Other revenues	<u>        </u>	<u>        </u>	<u>6,665</u>	<u>6,665</u>
Total revenues	<u>75,150</u>	<u>210,150</u>	<u>227,106</u>	<u>16,956</u>
<b>EXPENDITURES</b>				
Capital outlay	<u>78,000</u>	<u>356,000</u>	<u>366,264</u>	<u>(10,264)</u>
Total expenditures	<u>78,000</u>	<u>356,000</u>	<u>366,264</u>	<u>(10,264)</u>
Excess (deficiency) of revenues over (under) expenditures	(2,850)	(145,850)	(139,158)	6,692
Fund balance - July 1	<u>107,356</u>	<u>107,356</u>	<u>107,356</u>	<u>        </u>
Fund balance - June 30	<u>\$ 104,506</u>	<u>\$ (38,494)</u>	<u>\$ (31,802)</u>	<u>\$ 6,692</u>

**CITY OF BELLFLOWER**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**SEWER RECONSTRUCTION SPECIAL REVENUE FUND**  
**For the Fiscal Year Ended June 30, 2003**

	Original and Final Budgeted Amount	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES			
Investment earnings	\$ 15,000	\$ 8,789	\$ (6,211)
Total revenues	<u>15,000</u>	<u>8,789</u>	<u>(6,211)</u>
Excess (deficiency) of revenues over (under) expenditures	15,000	8,789	(6,211)
Fund balance - July 1	<u>352,898</u>	<u>352,898</u>	
Fund balance - June 30	<u><u>\$ 367,898</u></u>	<u><u>\$ 361,687</u></u>	<u><u>\$ (6,211)</u></u>

**CITY OF BELLFLOWER**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**LIGHTING ASSESSMENT SPECIAL REVENUE FUND**  
**For the Fiscal Year Ended June 30, 2003**

	Original and Final Budgeted Amount	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES			
Charges for current services	\$ -	\$ 673	\$ 673
Total revenues	<u>                    </u>	<u>          673</u>	<u>          673</u>
OTHER FINANCING SOURCES (USES)			
Operating transfers out	<u>                    </u>	<u>          (673)</u>	<u>          (673)</u>
Total other financing sources (uses)	<u>                    </u>	<u>          (673)</u>	<u>          (673)</u>
Excess (deficiency) of revenues and other financing sources over (under) other financing (uses)			
Fund balance - July 1	<u>                    </u>	<u>                    </u>	<u>                    </u>
Fund balance - June 30	<u><u>          \$ -</u></u>	<u><u>          \$ -</u></u>	<u><u>          \$ -</u></u>

**CITY OF BELLFLOWER**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**PARKING DISTRICT NO. 1 SPECIAL REVENUE FUND**  
**For the Fiscal Year Ended June 30, 2003**

	Original and Final Budgeted Amount	Actual Amount	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Charges for current services	\$ 7,700	\$ 8,953	\$ 1,253
Total revenues	<u>7,700</u>	<u>8,953</u>	<u>1,253</u>
<b>EXPENDITURES</b>			
Current:			
Public works	42,058	36,657	5,401
Total expenditures	<u>42,058</u>	<u>36,657</u>	<u>5,401</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(34,358)</u>	<u>(27,704)</u>	<u>6,654</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Operating transfers in	34,358	27,704	(6,654)
Total other financing sources (uses)	<u>34,358</u>	<u>27,704</u>	<u>(6,654)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing (uses)	<u>                    </u>	<u>                    </u>	<u>                    </u>
Fund balance - July 1	<u>                    </u>	<u>                    </u>	<u>                    </u>
Fund balance - June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**CITY OF BELLFLOWER**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**BUILDING AND SAFETY SPECIAL REVENUE FUND**  
**For the Fiscal Year Ended June 30, 2003**

	Original Budgeted Amount	Final Budgeted Amount	Actual Amount	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Licenses and permits	\$ 454,500	\$ 454,500	\$ 429,565	\$ (24,935)
Total revenues	<u>454,500</u>	<u>454,500</u>	<u>429,565</u>	<u>(24,935)</u>
<b>EXPENDITURES</b>				
Current:				
Community development	<u>277,881</u>	<u>359,271</u>	<u>364,820</u>	<u>(5,549)</u>
Total expenditures	<u>277,881</u>	<u>359,271</u>	<u>364,820</u>	<u>(5,549)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>176,619</u>	<u>95,229</u>	<u>64,745</u>	<u>(30,484)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfers out	<u>(176,619)</u>	<u>(95,229)</u>	<u>(64,745)</u>	<u>30,484</u>
Total other financing sources (uses)	<u>(176,619)</u>	<u>(95,229)</u>	<u>(64,745)</u>	<u>30,484</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing (uses)				
Fund balance - July 1				
Fund balance - June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**CITY OF BELLFLOWER**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**FED - LLEBG SPECIAL REVENUE FUND**  
**For the Fiscal Year Ended June 30, 2003**

	Original and Final Budgeted Amount	Actual Amount	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Investment earnings	\$ 6,000	\$ 6,792	\$ 792
Intergovernmental revenue	205,650	157,752	(47,898)
Total revenues	<u>211,650</u>	<u>164,544</u>	<u>(47,106)</u>
<b>EXPENDITURES</b>			
Current:			
Public safety	<u>232,852</u>	<u>182,072</u>	<u>50,780</u>
Total expenditures	<u>232,852</u>	<u>182,072</u>	<u>50,780</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(21,202)</u>	<u>(17,528)</u>	<u>3,674</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Operating transfers in	<u>22,850</u>	<u>17,528</u>	<u>(5,322)</u>
Total other financing sources (uses)	<u>22,850</u>	<u>17,528</u>	<u>(5,322)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing (uses)	1,648		(1,648)
Fund balance - July 1	<u>                    </u>	<u>                    </u>	<u>                    </u>
Fund balance - June 30	<u>\$ 1,648</u>	<u>\$ -</u>	<u>\$ (1,648)</u>

**CITY OF BELLFLOWER**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**CA - COPS GRANT SPECIAL REVENUE FUND**  
**For the Fiscal Year Ended June 30, 2003**

	Original and Final Budgeted Amount	Actual Amount	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Investment earnings	\$ 3,000	\$ 1,762	\$ (1,238)
Intergovernmental revenue	150,000	149,172	(828)
Total revenues	<u>153,000</u>	<u>150,934</u>	<u>(2,066)</u>
<b>EXPENDITURES</b>			
Current:			
Public safety	<u>152,227</u>	<u>134,312</u>	<u>17,915</u>
Total expenditures	<u>152,227</u>	<u>134,312</u>	<u>17,915</u>
Excess (deficiency) of revenues over (under) expenditures	773	16,622	15,849
Fund balance - July 1	<u>1,844</u>	<u>1,844</u>	
Fund balance - June 30	<u><u>\$ 2,617</u></u>	<u><u>\$ 18,466</u></u>	<u><u>\$ 15,849</u></u>

**CITY OF BELLFLOWER**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**PUBLIC FACILITIES CORPORATION DEBT SERVICE FUND**  
**For the Fiscal Year Ended June 30, 2003**

	Original and Final Budgeted Amount	Actual Amount	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Investment earnings	\$ -	\$ 102	\$ 102
Total revenues	<u>                    </u>	<u>                    102</u>	<u>                    102</u>
<b>EXPENDITURES</b>			
Debt service:			
Principal retirement	250,000	250,000	
Interest and other charges	<u>260,615</u>	<u>259,615</u>	<u>1,000</u>
Total expenditures	<u>510,615</u>	<u>509,615</u>	<u>1,000</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(510,615)</u>	<u>(509,513)</u>	<u>1,102</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Operating transfers in	<u>510,615</u>	<u>509,496</u>	<u>(1,119)</u>
Total other financing sources (uses)	<u>510,615</u>	<u>509,496</u>	<u>(1,119)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing (uses)		(17)	(17)
Fund balance - July 1	<u>37</u>	<u>37</u>	<u>                    </u>
Fund balance - June 30	<u>\$ 37</u>	<u>\$ 20</u>	<u>\$ (17)</u>

**CITY OF BELLFLOWER**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**REDEVELOPMENT AGENCY DEBT SERVICE FUND**  
**For the Fiscal Year Ended June 30, 2003**

	Original and Final Budgeted Amount	Actual Amount	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Taxes	\$ 680,000	\$ 741,706	\$ 61,706
Investment earnings	100	9,577	9,477
Total revenues	<u>680,100</u>	<u>751,283</u>	<u>71,183</u>
<b>EXPENDITURES</b>			
Current:			
Community development	18,500	20,099	(1,599)
Debt service:			
Principal retirement	25,000	25,000	
Interest and other charges	194,220	193,345	875
Pass-through payments	<u>28,700</u>	<u>23,802</u>	<u>4,898</u>
Total expenditures	<u>266,420</u>	<u>262,246</u>	<u>4,174</u>
Excess (deficiency) of revenues over (under) expenditures	<u>413,680</u>	<u>489,037</u>	<u>75,357</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Operating transfers in	43,844	41,812	(2,032)
Operating transfers out	<u>(457,524)</u>	<u>(529,838)</u>	<u>(72,314)</u>
Total other financing sources (uses)	<u>(413,680)</u>	<u>(488,026)</u>	<u>(74,346)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing (uses)		1,011	1,011
Fund balance - July 1	<u>215,080</u>	<u>215,080</u>	
Fund balance - June 30	<u>\$ 215,080</u>	<u>\$ 216,091</u>	<u>\$ 1,011</u>

**CITY OF BELLFLOWER**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**REDEVELOPMENT AGENCY HOUSING SET-ASIDE CAPITAL PROJECT FUND**  
**For the Fiscal Year Ended June 30, 2003**

	Original and Final Budgeted Amount	Actual Amount	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Taxes	\$ 170,000	\$ 192,837	\$ 22,837
Investment earnings	100	285	185
Other revenues	<u>11,254</u>	<u>43,569</u>	<u>32,315</u>
Total revenues	<u>181,354</u>	<u>236,691</u>	<u>55,337</u>
<b>EXPENDITURES</b>			
Current:			
Community development	<u>116,447</u>	<u>117,368</u>	<u>(921)</u>
Total expenditures	<u>116,447</u>	<u>117,368</u>	<u>(921)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>64,907</u>	<u>119,323</u>	<u>54,416</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Operating transfers out	<u>(43,844)</u>	<u>(41,812)</u>	<u>2,032</u>
Total other financing sources (uses)	<u>(43,844)</u>	<u>(41,812)</u>	<u>2,032</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing (uses)	21,063	77,511	56,448
Fund balance - July 1	<u>11,653</u>	<u>11,653</u>	
Fund balance - June 30	<u>\$ 32,716</u>	<u>\$ 89,164</u>	<u>\$ 56,448</u>



**STATISTICAL SECTION  
(UNAUDITED)**

# CITY OF BELLFLOWER

## GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION Last Ten Fiscal Years

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Fiscal Year	General Government	Public Safety	Public Works (1)	Parks & Recreation	Community Development	Capital Outlay	Debt Service	Total
2002-03	\$ 2,994,450	\$ 8,361,304	\$ 5,598,487	\$2,446,395	\$3,808,610	\$4,048,727	\$ 727,960	\$ 27,985,933
2001-02	2,735,896	7,991,080	5,199,187	2,270,664	4,203,269	5,587,972	723,930	28,711,998
2000-01	2,580,453	7,766,193	6,412,466	1,905,992	3,049,791	3,514,889	724,267	25,954,051
1999-00	2,198,650	7,493,235	5,900,080	1,696,505	2,478,172	1,371,988	977,394	22,116,024
1998-99	2,030,988	7,247,832	6,573,090	1,576,844	2,607,867	974,431	719,892	21,730,944
1997-98	1,548,215	7,258,907	6,406,753	1,629,262	2,348,599	1,038,591	719,476	20,949,803
1996-97	1,813,446	7,418,756	5,538,223	1,686,927	2,028,609	1,809,937	671,621	20,967,519
1995-96	2,055,473	6,905,123	5,357,989	2,273,574	2,685,196	2,118,422	493,259	21,889,036
1994-95	1,786,716	6,937,306	4,736,531	2,022,710	1,680,115	1,260,804	500,276	18,924,458
1993-94	2,021,747	5,985,816	4,693,132	2,031,288	1,771,539	1,239,182	501,829	18,244,533

NOTE: Includes General, Special Revenue, Debt Service and Capital Projects Funds

(1) Includes pass-through water operations sold in May 2001.

SOURCE: City Finance Department

# CITY OF BELLFLOWER

## GENERAL GOVERNMENTAL REVENUES BY SOURCE Last Ten Fiscal Years

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Fiscal Year	Taxes	Licenses and permits	Fines and penalties	Investment revenue	Inter-governmental revenue	Charges for current services	Other	Total
2002-03	\$ 13,434,204	\$ 454,720	\$ 953,120	\$ 1,160,279	\$ 10,704,674	\$ 610,335	\$ 727,449	\$ 28,044,781
2001-02	13,108,206	640,057	816,619	975,559	11,379,955	500,371	501,834	27,922,601
2000-01	12,773,814	647,811	814,744	1,191,166	10,195,797	1,635,140	577,697	27,836,169
1999-00	11,524,762	357,217	866,297	1,432,147	7,965,810	1,510,844	544,749	24,201,826
1998-99	11,066,593	373,674	704,405	948,842	7,999,213	2,461,741	335,941	23,890,409
1997-98	10,293,947	314,897	432,971	864,593	7,419,807	2,343,572	153,671	21,823,458
1996-97	10,042,897	377,456	465,767	914,354	6,787,077	2,746,086	164,977	21,498,614
1995-96	10,763,576	483,049	545,278	857,772	7,627,404	2,886,471	93,075	23,256,625
1994-95	10,076,660	522,787	559,447	713,199	5,455,245	2,849,447	59,356	20,236,141
1993-94	7,693,276	599,228	402,538	1,454,699	5,144,189	2,544,733	100,116	17,938,779

NOTE: Includes General, Special Revenue, Debt Service and Capital Projects Funds

SOURCE: City Finance Department

# CITY OF BELLFLOWER

## GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE Last Ten Fiscal Years

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Fiscal Year	Sales & Use (1)	Utility Users (2)	Property (3)	Franchise	Transient Occupancy	Business License	Other	Total
2002-03	\$5,196,540	\$3,239,040	\$2,609,828	\$1,254,579	\$499,837	\$481,278	\$153,102	\$13,434,204
2001-02	5,523,843	2,818,491	2,452,283	1,241,640	505,666	438,995	127,288	13,108,206
2000-01	5,561,785	2,838,923	2,106,280	1,280,342	474,991	409,389	102,104	12,773,814
1999-00	5,026,873	2,551,194	2,007,127	1,057,004	386,802	386,961	108,801	11,524,762
1998-99	4,667,089	2,634,142	1,941,087	998,691	322,363	419,369	83,852	11,066,593
1997-98	4,280,040	2,525,611	1,742,070	961,305	312,094	388,793	84,034	10,293,947
1996-97	4,190,847	2,470,010	1,744,709	930,338	285,763	358,567	62,663	10,042,897
1995-96	4,722,126	2,536,002	1,839,103	932,890	295,787	384,416	53,252	10,763,576
1994-95	4,330,197	2,406,304	1,651,986	882,511	343,447	407,427	54,788	10,076,660
1993-94	4,142,141	1,047,387	946,841	828,349	288,642	377,378	62,538	7,693,276

NOTES: Includes General, Special Revenue, Debt Service and Capital Projects Funds

(1) Sales tax revenue for fiscal year 1995-96 includes a one-time accounting adjustment of \$432,600. Without this adjustment, the revenue would have been \$4,289,526.

(2) A five percent (5%) utility users' tax was implemented in November 1993.

(3) With the passage of Assembly Bill No. 1197, the City began receiving property tax allocations in fiscal year 1989-90.

The Redevelopment Agency began receiving property tax increment in fiscal year 1994-95.

SOURCE: City Finance Department

# CITY OF BELLFLOWER

## SPECIAL ASSESSMENT COLLECTIONS Last Ten Fiscal Years

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<u>Fiscal Year</u>	<u>Lighting District No. 70</u>	<u>Vehicle Parking District No. 1</u>	<u>Total</u>
2002-03	\$ 673	\$ 8,953	\$ 9,626
2001-02	2,160	8,501	10,661
2000-01	4,590	8,139	12,729
1999-00	13,598	13,053	26,651
1998-99	11,158	7,414	18,572
1997-98	26,802	7,124	33,926
1996-97	509,885	6,615	516,500
1995-96	514,108	6,582	520,690
1994-95	499,073	6,894	505,967
1993-94	445,382	6,897	452,279

- NOTES:
1. Beginning in fiscal year 1991-92, the Lighting District charged a special assessment to residential and commercial property owners to provide and maintain street lights throughout the City. However, the City Council subsequently took action to cease the lighting assessment by providing all related energy and maintenance costs out of the General Fund beginning with the fiscal year 1997-98. The amounts shown above for 1997-98 and subsequent fiscal years are delinquent taxes and related penalties and interest for 1996-97 and prior fiscal years.
  2. The Vehicle Parking District charges owners of property along the west side of Bellflower Boulevard between Mayne and Flower Streets for the maintenance of parking lots within the District.

SOURCE: City Finance Department

# CITY OF BELLFLOWER

## ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY Last Ten Fiscal Years

Fiscal Year	Land	Improvements	Personal Property	Gross Value	Exemptions	Net Taxable Value	Percent to Property Change	Assessed Property Value
2002-03	\$1,213,028,016	\$1,431,248,147	\$152,900,682	\$2,797,176,845	\$148,336,054	\$2,648,840,791	6.32%	100%
2001-02	1,131,802,098	1,423,226,763	77,724,389	2,632,753,250	141,341,517	2,491,411,733	5.66%	100%
2000-01	1,066,098,292	1,346,905,544	80,936,931	2,493,940,767	135,999,931	2,357,940,836	5.82%	100%
1999-00	1,006,767,852	1,290,295,895	77,455,036	2,374,518,783	146,343,611	2,228,175,172	3.12%	100%
1998-99	974,649,004	1,251,812,453	75,519,358	2,301,980,815	141,240,459	2,160,740,356	1.80%	100%
1997-98	950,130,061	1,226,385,344	69,101,560	2,245,616,965	123,075,179	2,122,541,786	-0.54%	100%
1996-97	947,209,871	1,244,610,566	66,475,258	2,258,295,695	124,218,776	2,134,076,919	-0.39%	100%
1995-96	949,751,809	1,239,384,417	41,634,154	2,230,770,380	88,390,050	2,142,380,330	0.85%	100%
1994-95	932,235,143	1,242,462,150	67,041,212	2,241,738,505	117,432,458	2,124,306,047	2.47%	100%
1993-94	891,432,157	1,227,919,579	57,724,135	2,177,075,871	104,039,184	2,073,036,687	4.84%	100%

SOURCE: Los Angeles County Auditor-Controller

# CITY OF BELLFLOWER

## PROPERTY TAX RATES FOR ALL DIRECT AND OVERLAPPING GOVERNMENTS Last Ten Fiscal Years

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Fiscal Year	Los Angeles County	Los Angeles County Flood Control District	Metropolitan Water District	ABC Unified School District	Downey Unified School District	Paramount Unified School District	General (1)	Total (2)
2002-03	0.001033	0.000881	0.006700	0.027792	0.031029	0.055659	1.000000	\$ 1.123094
2001-02	0.001128	0.001073	0.007700	0.024963	0.032329	0.055645	1.000000	1.122838
2000-01	0.001314	0.001552	0.008800	0.025668	0.022793	0.056877	1.000000	1.117004
1999-00	0.001422	0.001765	0.008900	0.025778	0.023764	0.063709	1.000000	1.125338
1998-99	0.001451	0.001953	0.008900	0.026393	0.021035	0.064974	1.000000	1.124706
1997-98	0.001584	0.002197	0.008900	0.030676	0.016232	-	1.000000	1.059589
1996-97	0.001604	0.001991	0.008900	-	-	-	1.000000	1.012495
1995-96	0.001814	0.000963	0.008900	-	-	-	1.000000	1.011677
1994-95	0.001993	0.006041	0.008900	-	-	-	1.000000	1.016934
1993-94	0.001713	0.004212	0.008900	-	-	-	1.000000	1.014825

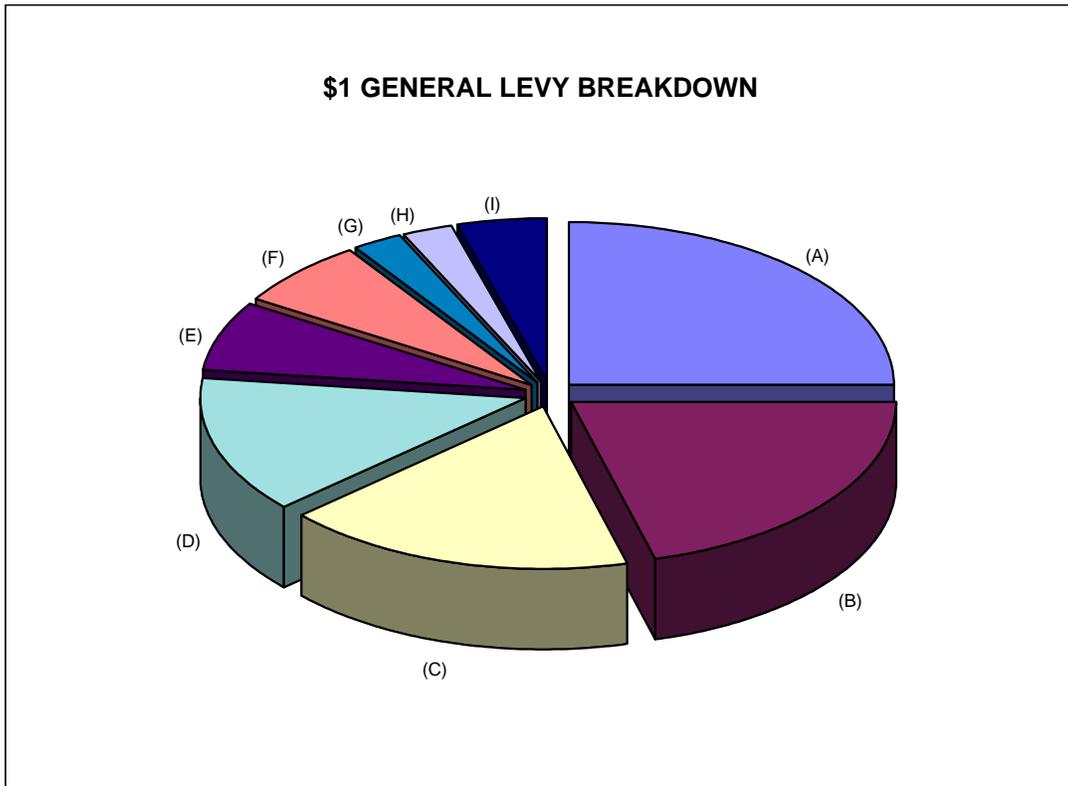
NOTE: (1) The breakdown of \$1 base levy per \$100 of assessed valuation is shown on the following page.

(2) Tax rates are based on per \$100 of assessed valuation.

SOURCES HdL Coren & Cone for 1995-96 and subsequent fiscal years  
California Municipal Statistics, Inc. for 1994-95 and prior fiscal years

# CITY OF BELLFLOWER

## PROPERTY TAX DOLLAR BREAKDOWN Fiscal Year Ended June 30, 2003



Los Angeles County General	(A)	\$ 0.2500	Other:	
Bellflower Unified School District	(B)	0.2090	County Sanitation Dist. No. 2 Operating	0.0134
Consolidated Fire Protection District of L.A. Co.	(C)	0.1760	L.A. County Flood Control Maintenance	0.0099
Educational Augmentation Fund Impound	(D)	0.1350	County School Service Fund Bellflower	0.0075
Educational Revenue Augmentation Fund	(E)	0.0690	L.A. County - FFW	0.0073
<b>City of Bellflower Tax District 1</b>	<b>(F)</b>	<b>0.0670</b>	Children's Institutional Tuition Fund	0.0028
Cerritos Community College District	(G)	0.0260	L.A. Co. Flood Control Imp. Dist. Maint.	0.0018
L.A. County Library	(H)	0.0240	County School Services	0.0014
Other	(I)	0.0448	Greater L.A. Co. Vector Control	0.0004
Total		1.0008	Water Replenishment Dist. of So. Calif.	0.0002
Rounding		(0.0008)	L.A. Co. Accumulative Capital Outlay	0.0001
\$1 general levy		<u>\$ 1.0000</u>	Total Other	<u>0.0448</u>

NOTE: Annual tax increment ratios for tax rate area 02336, excluding redevelopment factors and additional debt service.

SOURCE: HdL Coren & Cone (based on 2002-03 property tax data provided by the Los Angeles County Assessor)

# CITY OF BELLFLOWER

## SECURED PROPERTY TAX LEVIES AND COLLECTIONS Last Ten Fiscal Years

Fiscal Year	CITY (1)			REDEVELOPMENT AGENCY (2)		
	Total Current Levy	Total Current Collections	Percent of Levy Collected	Total Current Levy	Total Current Collections	Percent of Levy Collected
2002-03	\$ 1,540,995	\$ 1,504,116	97.6%	\$ 608,522	\$ 592,430	97.4%
2001-02	1,427,697	1,391,526	97.5%	550,369	540,985	98.3%
2000-01	1,353,946	1,316,044	97.2%	443,085	430,405	97.1%
1999-00	1,278,105	1,239,153	97.0%	420,919	412,446	98.0%
1998-99	1,238,027	1,202,729	97.1%	392,608	371,141	94.5%
1997-98	1,222,737	1,186,162	97.0%	296,532	281,245	94.8%
1996-97	1,256,740	1,206,265	96.0%	328,833	322,669	98.1%
1995-96	1,268,727	1,214,211	95.7%	374,300	341,367	91.2%
1994-95	1,156,209	1,156,209	100.0%	383,651	334,292	87.1%
1993-94	946,841	946,841	100.0%	326,007	255,816	78.5%

NOTES: (1) Since fiscal year 1989-90, the City of Bellflower, a "no" property tax city, began receiving property tax allocations under Assembly Bill No. 1197. The Assembly Bill allowed for a 7-year phase-in period in which the qualifying cities received property tax allocations at an annual increment of 1% of the base levy (\$1 per \$100 of assessed valuation), with a maximum allocation of 7% in the 7th and subsequent years. The City received the 7% maximum in fiscal year 1995-96.

Unlike previous years, the City began sharing in the property tax delinquencies and redemptions in fiscal year 1995-96. Furthermore, instead of reporting the combined total of secured and unsecured taxes, only secured property tax collections are reported beginning in fiscal year 1995-96.

(2) The Redevelopment Agency's property tax levy and collection amounts are net of the County's 2% base year adjustments under the Health and Safety Code Section 33676.

SOURCE: Los Angeles County Auditor-Controller

# CITY OF BELLFLOWER

## RATIO OF NET GENERAL BONDED DEBT TO ASSESSED VALUE, NET BONDED DEBT PER CAPITA, AND COMPUTATION OF LEGAL DEBT MARGIN Last Ten Fiscal Years

Fiscal Year	Population (1)	Assessed Value (2)	General Bonded Debt (3)	Less Debt Service Fund	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita
2002-03	76,428	\$ 2,648,840,791	\$ -	\$ -	\$ -	0.0%	\$ -
2001-02	75,057	2,491,411,733	-	-	-	0.0%	-
2000-01	74,893	2,357,940,836	-	-	-	0.0%	-
1999-00	68,345	2,228,175,172	-	-	-	0.0%	-
1998-99	67,574	2,160,740,356	-	-	-	0.0%	-
1997-98	66,640	2,122,541,786	-	-	-	0.0%	-
1996-97	65,990	2,134,076,919	-	-	-	0.0%	-
1995-96	65,264	2,142,380,330	-	-	-	0.0%	-
1994-95	64,458	2,124,306,047	-	-	-	0.0%	-
1993-94	63,911	2,073,036,687	-	-	-	0.0%	-

### COMPUTATION OF LEGAL DEBT MARGIN:

Assessed Valuation	<u>\$ 2,648,840,791</u>
Legal Debt Limit - 3.75% of Assessed Valuation	\$ 99,331,530
Amount of Debt Applicable to Debt Limit	-
LEGAL DEBT MARGIN	<u>\$ 99,331,530</u>

NOTE: California Government Code Section 43605 requires a legal debt limit of 15% of the assessed value of all real and personal property of the City. This provision was enacted when assessed valuation was established at 25% of market value. Because taxable property is assessed at 100% of market value as of fiscal year 1981-1982, the percentage has been proportionately adjusted to 3.75% in order to reflect the intent of the debt limit stipulation. The City currently has no bonded indebtedness.

SOURCES (1) State Department of Finance  
(2) Los Angeles County Auditor-Controller  
(3) City Finance Department

# CITY OF BELLFLOWER

## SCHEDULE OF DIRECT AND OVERLAPPING BONDED DEBT Fiscal Year Ended June 30, 2003

	Percent Applicable	Debt at June 30, 2003
<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>		
Los Angeles County	0.429%	\$ 129,665
Los Angeles County Flood Control District	0.454%	699,841
Metropolitan Water District	0.223%	990,778
Compton Community College District	2.814%	281,400
Downey Unified School District	3.801%	1,734,216
Norwalk-La Mirada Unified School District	0.021%	12,600
Paramount Unified School District	10.788%	3,672,233
Los Angeles County Regional Park and Open Space Assessment District	0.429%	1,693,413
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT		\$ 9,214,146
 <u>DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT:</u>		
Los Angeles County General Fund Obligations	0.429%	\$ 6,753,136
Los Angeles County Pension Obligations	0.429%	6,662,166
Los Angeles County Superintendent of Schools Certificates of Participation	0.429%	119,066
Los Angeles County Sanitation District No.2 Authority	10.363%	4,683,530
Los Angeles County Sanitation District No.3 Authority	0.253%	86,882
Los Angeles County Sanitation District No.18 Authority	0.006%	1,516
Cerritos Community College District Certificates of Participation	12.424%	2,112,080
Bellflower Unified School District Certificates of Participation	68.787%	12,168,420
Paramount Unified School District Certificates of Participation	10.788%	3,337,268
City of Bellflower Certificates of Participation	100.000%	5,390,000
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT		\$ 41,314,064
Less: Los Angeles County Certificates of Participation (100% self-supporting from leasehold revenues on properties in Marina Del Rey)		357,057
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT		\$ 40,957,007
GROSS COMBINED TOTAL DEBT		\$ 50,528,210 (1)
NET COMBINED TOTAL DEBT		\$ 50,171,153

(1) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

Ratios to 2002-03 Assessed Valuation:

Total Overlapping Tax and Assessment Debt 0.35%

Ratios to Adjusted Assessed Valuation:

Combined Direct Debt (\$5,390,000) 0.21%  
Gross Combined Total Debt 2.00%  
Net Combined Total Debt 1.99%

2002-03 Assessed Valuation	\$ 2,648,840,791
Redevelopment Incremental Valuation	127,740,406
Adjusted Assessed Valuation	\$ 2,521,100,385

STATE SCHOOL BUILDING AID REPAYABLE AS OF JUNE 30, 200 \$0

SOURCE: California Municipal Statistics, Inc.

# CITY OF BELLFLOWER

## RATIO OF ANNUAL DEBT SERVICE OF GENERAL BONDED DEBT TO TOTAL GENERAL EXPENDITURES Last Ten Fiscal Years

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<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>	<u>Total General Expenditures</u>	<u>Ratio of Debt Service to General Expenditures</u>
2002-03	\$ -	\$ -	\$ -	\$ 27,985,933	0.0%
2001-02	-	-	-	28,711,998	0.0%
2000-01	-	-	-	25,954,051	0.0%
1999-00	-	-	-	22,116,024	0.0%
1998-99	-	-	-	21,730,944	0.0%
1997-98	-	-	-	20,949,803	0.0%
1996-97	-	-	-	20,967,519	0.0%
1995-96	-	-	-	21,889,036	0.0%
1994-95	-	-	-	18,924,458	0.0%
1993-94	-	-	-	18,244,533	0.0%

NOTE: Includes General, Special Revenue, Debt Service and Capital Projects Funds

SOURCE: City Finance Department

# CITY OF BELLFLOWER

## PROPERTY VALUE, CONSTRUCTION AND BANK DEPOSITS Last Ten Fiscal Years

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<u>Fiscal Year</u>	<u>Number of Commercial Permits (1)</u>	<u>Number of Residential Permits (1)</u>	<u>Total Number of Permits</u>	<u>Total Valuation (1) (\$000)</u>	<u>Bank Deposits (2) (\$000)</u>
2002-03	255	1,166	1,421	30,907	\$ 461,790
2001-02	315	986	1,301	62,151	447,860
2000-01	201	920	1,121	34,179	424,850
1999-00	220	759	979	24,797	415,292
1998-99	278	696	974	36,235	405,933
1997-98	270	637	907	18,068	431,400
1996-97	352	565	917	10,521	440,660
1995-96	275	504	779	8,742	458,676
1994-95	170	470	640	11,917	472,577
1993-94	134	621	755	7,089	488,358

SOURCES: (1) City Community Development Department

(2) FDIC website at <http://www2.fdic.gov/sod/> for FY 2000-01 and subsequent fiscal years.  
The Findley Reports on California Financial Institutions for 1999-00 and prior fiscal years

# CITY OF BELLFLOWER

## TOP 25 PROPERTY TAXPAYERS Fiscal Year Ended June 30, 2003

*\*\* Listed Alphabetically*

	Owner (Number of Parcels)	Assessed Value	Estimated Total Tax	Average Tax Ratio
1	A T & T	4,371,952	16,642	0.381%
2	Advanced Group 98 71	14,283,661	9,279	0.065%
3	Ahern Rentals Inc.	4,003,242	24,090	0.602%
4	Bellflower Shopping Center LLC	5,355,000	20,035	0.374%
5	Belmont Place Bellflower Associates	8,628,500	32,144	0.373%
6	Bruce H. & Mia M. Kang	2,810,262	10,465	0.372%
7	Chin Star Inc.	2,531,192	9,407	0.372%
8	Dan Top U S A Inc.	3,334,679	11,065	0.332%
9	Haggen GDH Partnership & Leonard Marx	12,736,079	47,427	0.372%
10	Hollywood Sports Park LLC	2,628,672	9,789	0.372%
11	HPW Properties Inc.	4,056,880	15,077	0.372%
12	Hufcor Airwall Inc.	2,604,803	10,451	0.401%
13	Kaiser Foundation Hospitals	105,108,936	8,993	0.009%
14	Kenneth J. Cleveland	6,625,958	11,415	0.172%
15	Kuve Limited	4,529,017	11,760	0.260%
16	Lorrin S. Wong Company Turst, Et. Al.	7,017,755	18,654	0.266%
17	Mediaone of LA Inc.	30,719,595	138,624	0.451%
18	Micha Mottale	2,501,426	9,315	0.372%
19	Ronald D. Slate Company Trust	3,510,603	13,044	0.372%
20	Shadrall Associates	3,508,501	13,065	0.372%
21	Stephen & Mary Sandberg Trust	3,347,600	12,466	0.372%
22	Stockton Lyons LLC	2,889,906	10,900	0.377%
23	Universal Care Inc.	2,846,992	12,811	0.450%
24	William J. Wade Trust	6,680,211	24,827	0.372%
25	WRI Golden State LLC	6,477,000	24,119	0.372%

SOURCE: HdL Coren & Cone (based on Los Angeles County Assessor 2002-03 Combined Tax Rolls)

# CITY OF BELLFLOWER

## TOP 25 SALES TAX PRODUCERS Fiscal Year Ended June 30, 2003

*\*\* Listed Alphabetically*

	Name of Business	Type of Business
1	99 Cents Only Stores	Variety Stores
2	Banc of America Auto Finance	Auto Lease
3	Delphin Computer Supply	Office Supplies/Furniture
4	Dennys	Restaurants Liquor
5	Don A Vee Jeep Suzuki	New Motor Vehicle Dealers
6	Emilios Beverage Warehouse	Package Liquor Stores
7	Empresa Motors	Used Automotive Dealers
8	Finishmaster	Trailers/Auto Parts
9	Ford Credit Titling Trust	Auto Lease
10	Ford West	New Motor Vehicle Dealers
11	G & M Oil	Service Stations
12	George Chevrolet	New Motor Vehicle Dealers
13	K Mart	Discount Dept Stores
14	M P Gas	Service Stations
15	Mc Donalds	Fast Food
16	Mikes Am Pm Mini Market	Service Stations
17	Mkes Auto Sales	Used Automotive Dealers
18	Nabhan I Simaan	Service Stations
19	Norms Restaurants	Fast Food
20	Pep Boys	Automotive Supply Stores
21	Ralphs	Grocery Stores Liquor
22	Rapid Gas	Service Stations
23	Rons Mini Mart & Gas	Service Stations
24	Staples	Office Supplies/Furniture
25	Stater Bros	Grocery Stores Liquor

Percent of total sales tax paid by  
the top 25 producers: 57%

SOURCE: Hinderliter de Llamas & Associates (based on sales tax data from the State Board of Equalization)

# CITY OF BELLFLOWER

## SCHEDULE OF INSURANCE IN FORCE Fiscal Year Ended June 30, 2003

Carrier	Type of Insurance	Policy Number	Effective Date	Liability Limits	Annual Premium
California Joint Powers Insurance Authority (CJPIA)	Comprehensive General and Automobile Liability	Pooled Insurance	07/01/02-06/30/03	Per Claim: \$ 50,000,000 Annual: \$ 50,000,000 Deductible: \$ 20,000	\$ 371,144
CJPIA	Workers' Compensation	Pooled Insurance	07/01/02-06/30/03	Per Claim: \$ 5,000,000 Annual: \$ 5,000,000 Deductible: \$ 50,000	\$ 149,685
CJPIA	All Risk Property	Pooled Insurance	2003	Insured Value: \$ 19,828,357 Deductible: \$ 5,000	\$ 6,605
CJPIA	Boiler & Machinery	Pooled Insurance	2003	Insured Value: \$ 15,652,734 Deductible: \$ 5,000	\$ 1,890
CJPIA	Earthquake and Flood	Pooled Insurance	2003	Per Claim: \$ 14,866,519 Aggregate: \$ 14,866,519 Earthquake Deductible: 5% (\$100,000 minimum) Flood Deductible: \$ 25,000	\$ 79,698
CJPIA	Environmental Liability	Pooled Insurance	07/01/02-06/30/03	Aggregate: \$ 10,000,000 Deductible: \$ 50,000	\$ 6,733
National Notary Association	Notary Errors and Omissions				
	City Clerk	21289324N01	08/16/02-08/15/03	Maximum: \$ 100,000	\$ 156
	Deputy City Clerk	21279872N01	10/17/02-10/16/03	Maximum: \$ 100,000	\$ 156
Driver Alliant Insurance Service	General Liability for Special Events	CCL0040170	07/01/02-06/30/03	Coverage Limit: \$ 1,000,000 Per Claim: \$ 1,000,000 Aggregate: \$ 1,000,000	\$ 8,771
Driver Alliant Insurance Service (Hartford Fire Insurance Co.) (National Union Fire Insurance Co.)	Commercial Crime	72BPEBQ8642 2143148	04/01/03-04/01/04	Maximum: \$ 1,000,000 Deductible: \$ 2,500	\$ 1,803
Williams Insurance Brokers (US Plate Glass Insurance Co.)	Plate Glass	04-29319	09/12/02-09/12/03	Per Claim: Unspecified Aggregate: Unspecified Deductible: \$ 840	\$ 840

SOURCE: City Finance Department

# CITY OF BELLFLOWER

## DEMOGRAPHIC STATISTICS AND OTHER MISCELLANEOUS STATISTICAL DATA Fiscal Year Ended June 30, 2003

Date of Incorporation	September 3, 1957	Police Protection: *	
Location	County of Los Angeles, 18 miles southeast of the City of Los Angeles, 100 miles north of San Diego and 450 miles south of San Francisco.	Officers:	
Form of Government	Council - Administrator	Lieutenant	1
Type of Government	General Law	Sergeants	3
Physical Area	6.1 square miles	Special Assignment	10
Population:		Detectives	5
2003 State Estimate	76,428	Community Relations	1
2000 U.S. Census	72,878	Community Services	14 (5 full-time & 9 part-time)
1990 U.S. Census	61,815	Probation	1
1980 U.S. Census	53,441	Deputy District Attorney	1
Race Per 2000 U.S. Census:		40-Hour Patrol Cars	26
Hispanic	31,503      43.2%	Patrol Helicopter	1 (shared among six cities)
White	22,403      30.7%	Hotels and Motels:	18 facilities; 685 rooms
Black	9,540      13.1%	Transportation:	
Asian	7,062      9.7%	Rail	Amtrak; Southern Pacific and Santa Fe (freight only)
Other	2,370      3.3%	Air	Long Beach Airport, 5 miles; Los Angeles International Airport (LAX), 20 miles; John Wayne International Airport (Orange County), 24 miles
Streets	97.4 miles	Bus	The Bus (City of Bellflower); Dial-A-Ride; Long Beach Transit Company; Norwalk Transit Company; Metropolitan Transportation Authority (MTA)
Parks	8	Water	Long Beach and Los Angeles Ports
Employees	86 full-time 153 part-time	Highways	I-105, I-605, S-91 and S-710
Education	10 Elementary Schools 3 High Schools 1 Adult School 7 Private Institutions	Major Thoroughfares	Alondra, Artesia, Bellflower and Lakewood Boulevards and Rosecrans Avenue
Library *	1	Occupied City Dwellings:	
Fire Protection: *		2003 (State Estimate)	24,536
Number of Stations	2	2000 (U.S. Census)	23,367
* Services provided by the Los Angeles County		1984	23,250
		1960	15,035



CITY OF BELLFLOWER  
SINGLE AUDIT REPORT  
FOR THE FISCIAL YEAR ENDED JUNE 30,2003

# MOSS, LEVY & HARTZHEIM

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TONI RICE, C.P.A.

MEMBER:

AMERICAN INSTITUTE OF C.P.A.S  
CALIFORNIA SOCIETY OF C.P.A.S  
CALIFORNIA SOCIETY OF  
MUNICIPAL FINANCE OFFICERS  
CALIFORNIA ASSOCIATION OF  
SCHOOL BUSINESS OFFICIALS

OFFICES:

BEVERLY HILLS, CALIFORNIA  
SANTA MARIA, CALIFORNIA  
SACRAMENTO, CALIFORNIA

HADLEY HUI, C.P.A.  
CONNIE WU, C.P.A.  
PAUL NIEDERMULLER, C.P.A.  
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\*DENOTES PROFESSIONAL CORPORATION

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Honorable Mayor and Members of City Council  
Of the City of Bellflower  
Bellflower, California

We have audited the basic financial statements of the City of Bellflower (City) as of and for the fiscal year ended June 30, 2003, and have issued our report thereon dated September 19, 2003. 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.

Compliance

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, and noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the city council and management, the State Controller's Office, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Moss, Levy & Hartzheim*

Moss, Levy & Hartzheim  
Beverly Hills, California  
September 19, 2003

# MOSS, LEVY & HARTZHEIM

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## **INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the Honorable Mayor and Members of City Council  
Of the City of Bellflower  
Bellflower, California

### Compliance

We have audited the compliance of the City of Bellflower (City) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable of its major federal programs for the fiscal year ended June 30, 2003. The City's major federal programs are identified in the summary of the auditor's result section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstance. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the fiscal year ended June 30, 2003. The results of our auditing procedures disclosed no instances of noncompliance with those requirements that are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs.

### Internal Control over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

### Schedule of Expenditures of Federal Awards

We have audited the basic financial statements of the City as of and for the fiscal year ended June 30, 2003, and have issued our report thereon dated September 19, 2003. Our audit was performed for the purpose of forming an opinion on the basic financial statement taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the city council and management, the State Controller's Office, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Moss, Levy & Hartzheim*

Moss, Levy & Hartzheim  
Beverly Hills, California  
September 19, 2003

**CITY OF BELLFLOWER**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For The Fiscal Year Ended June 30, 2003**

Federal Grantor/ Pass-Through Grantor Program Title	Federal CFDA Number	Agency or Pass-Through Program Number	Federal Expenditures
<b>Department of Transportation</b>			
Federal-Aid Project No. 07-5348	20.205	STPLH-5348 (008)	\$ 691,432
Traffic Safety Enhancement Project	20.600	PT0103	8,367
Total Department of Transportation			<u>699,799</u>
<b>Department of Housing and Urban Development:</b>			
Community Development Block Grant	14.218	B 01 MC 060512	844,165
Community Development Block Grant	14.218	B 02 MC 060512	45,127
HOME	14.239	M 99 MC 060547	76,512
HOME	14.239	M 00 MC 060547	124,726
HOME	14.239	M 01 MC 060547	21,431
Total Department of Housing and Urban Development			<u>1,111,961</u>
<b>Department of Justice:</b>			
Local Law Enforcement Block Grant	16.710	01 LLBX 1858	157,752
Juvenile Accountability Incentive Grant	16.523	IP 00 016219	23,276
Total Department of Justice			<u>181,028</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<u><u>\$ 1,992,788</u></u>

See notes to the schedule of expenditures of federal awards

# City of Bellflower

Notes to the Schedule of Expenditures of Federal Awards  
For the fiscal year ended June 30, 2003

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## 1. REPORTING ENTITY

The financial reporting entity consists of (a) the primary government, City of Bellflower (City), and (b) component units which include organizations for which the primary government is financially accountable, and other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The component units of the City are:

- Bellflower Community Redevelopment Agency
- Bellflower Public Facilities Corp.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### **Basis of Accounting**

Funds received under the various grant programs have been recorded within special revenue and capital projects of the City. The City utilizes the modified accrual method of accounting for the special revenue and capital project funds. The accrual basis of accounting is used for the enterprise funds. The accompanying Schedule of Expenditures of Federal Awards (Schedule) has been prepared accordingly.

### **Schedule of Expenditures of Federal Awards**

The accompanying schedule presents the activity of all federal financial assistance programs of the City. Federal financial assistance received directly from federal agencies as well as federal financial assistance passed through the State of California and the County of Los Angeles are also included in the schedule.

The schedule was prepared from only the accounts of various grant programs and, therefore, does not present the financial position or results of operations of the City.

## 3. PROGRAM DESCRIPTIONS

### Department of Transportation

#### **Highway Planning and Construction (Federal-Aid Highway Program)**

The objectives of the Highway Planning and Construction Cluster and TEA are to: (1) assist states in the planning and development of an integrated, interconnected transportation system important to

# City of Bellflower

Notes to the Schedule of Expenditures of Federal Awards  
For the fiscal year ended June 30,2003

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## 3. PROGRAM DESCRIPTIONS (Continued)

### Department of Transportation (Continued)

#### **Highway Planning and Construction (Federal-Aid Highway Program)(Continued)**

interstate commerce and travel by constructing and rehabilitating the National Highway System, including interstate highways and most other public roads; (2) provide aid for the repair of roads following disasters; (3) foster safe highway design, and to replace or rehabilitate structurally deficient or functionally obsolete bridges; and (4) to provide for other special purposes.

#### **Traffic Safety Enhancement Project**

This program aims to provide a coordinated national highway safety program to reduce traffic accidents, deaths, injuries, and property damage.

### Department of Housing and Urban Development

#### **Community Development Block Grant (CDBG)**

The Community Development Block Grant (CDBG) Program was authorized under Title I of the Housing and Community Development Act of 1974. The primary objective of the CDBG Program is the development of viable urban communities, including adequate housing, a suitable living environment, and expansion of economic opportunities, principally for persons of low to moderate income. Under this program, the Department of Housing and Urban Development (HUD) distributes funds based upon approved applications to eligible local governmental units for the purpose of community improvement and betterment. The City uses CDBG funds to finance a comprehensive home improvement program that assists low and moderate-income residents through low interest subsidies and deferred loans.

#### **Home Investment Partnerships Program (HOME)**

The objectives of the Home Investment Partnerships Program include: expanding the supply of decent and affordable housing, particularly housing for low and very low-income Americans; strengthening the abilities of state and local governments to design and implement strategies for achieving adequate supplies of decent, affordable housing; providing financial and technical assistance to participating jurisdictions, including the development of model programs for affordable low-income housing; and extending and strengthening partnerships among all levels of government and the private sector, including for-profit and non-profit organizations, in the production and operation of affordable housing.

# City of Bellflower

Notes to the Schedule of Expenditures of Federal Awards  
For the fiscal year ended June 30, 2003

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## 3. PROGRAM DESCRIPTIONS (Continued)

### Department of Justice

#### **Local Law Enforcement Block Grant**

The purpose of the Local Law Enforcement Block Grant is to procure equipment to be used in the operation of the police department.

#### **Juvenile Accountability Incentive Block Program (JAIBG)**

The objective of the Juvenile Accountability Incentive Program is to provide states and units of local government with funds to develop programs to promote greater accountability in the juvenile justice system; to survey the field and identify projects that would benefit from research, demonstration, and evaluation in the 12 purpose areas identified in the JAIBG program; to provide training and technical assistance to states and units of local governments so they may develop programs outlined in the 12 program areas to promote greater accountability in the juvenile justice system.

**CITY OF BELLFLOWER**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Fiscal Year Ended June 30, 2003**

**A. SUMMARY OF AUDIT RESULTS**

1. The auditor's report expresses an unqualified opinion on the basic financial statements of the City of Bellflower.
2. No reportable conditions relating to the audit of the financial statements were reported in the basic financial statements.
3. No instances of noncompliance material to the financial statements of the City of Bellflower were disclosed during the audit.
4. No reportable conditions relating to the audit of the major federal award programs were reported in the basic financial statements.
5. The auditor's report on compliance for the major federal award programs for the City of Bellflower expresses an unqualified opinion.
6. Audit findings relative to the major federal award programs for the City of Bellflower are reported in Part C of this Schedule.
7. The program tested as a major program is:  

Federal-Aid Project (Highway Planning and Construction)                      CFDA No. 20.205
8. The threshold for distinguishing Type A and B programs is \$300,000.
9. The City of Bellflower was determined to be a low risk auditee.

**B. FINDINGS – FINANCIAL STATEMENT AUDIT**

None

**C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAM AUDIT**

None

**CITY OF BELLFLOWER**  
**STATUS OF PRIOR YEAR'S FINDINGS AND QUESTIONED COSTS**  
**For the Fiscal Year Ended June 30, 2003**

NONE

