

City of Bellflower, California

# Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2010



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

**COMPREHENSIVE  
ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2010**

**PREPARED BY  
FINANCE DEPARTMENT**

Tae G. Rhee – Director of Finance/City Treasurer  
Hazel Vitancol – Finance Analyst

**CITY OF BELLFLOWER**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**TABLE OF CONTENTS**

	<b>PAGE</b>
<b>TABLE OF CONTENTS .....</b>	<b>i</b>
 <b>INTRODUCTORY SECTION</b>	
Letter of Transmittal.....	v
GFOA Certificate of Achievement for Excellence in Financial Reporting .....	xv
Mission Statement and Directory of City Officials.....	xvi
Organization Chart .....	xvii
Bellflower City Map.....	xviii
 <b>FINANCIAL SECTION</b>	
Independent Auditors' Report .....	1
Management's Discussion and Analysis.....	3
 <b>Basic Financial Statements:</b>	
 <b>Government-wide Financial Statements:</b>	
Statement of Net Assets.....	23
Statement of Activities .....	24
 <b>Fund Financial Statements:</b>	
 Government Fund Financial Statements:	
Balance Sheet .....	26
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets .....	28
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds .....	30
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities .....	32
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual: General Fund .....	33
 Proprietary Funds Financial Statements:	
Statement of Net Assets.....	36

**TABLE OF CONTENTS**  
**(Continued)**

Statement of Revenues, Expenses and Changes in Net Assets – Proprietary Funds.....	37
Statement of Cash Flows .....	38
<b>Fiduciary Fund Financial Statements:</b>	
Statement of Fiduciary Net Assets - Fiduciary Funds .....	39
Statement of Changes in Fiduciary Net Assets - Fiduciary Fund .....	40
<b>Notes to Basic Financial Statements .....</b>	<b>41</b>
<b>Required Supplementary Information .....</b>	<b>75</b>
<b>Government Fund Financial Statements:</b>	
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual:	
Redevelopment Agency Capital Projects Fund .....	76
Redevelopment Agency Debt Service Fund.....	77
Financing Authority Debt Service Fund.....	78
<b>Combining and Individual Nonmajor Governmental Fund Statements and Schedules:</b>	
Combining Balance Sheet – Nonmajor Governmental Funds.....	84
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds .....	90
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Nonmajor Governmental Funds:	
Drug Forfeiture Special Revenue Fund .....	96
Transportation Special Revenue Fund.....	97
Proposition C Special Revenue Fund.....	98
Gas Tax Special Revenue Fund.....	99
AQMD Special Revenue Fund .....	100
Sewer Reconstruction Special Revenue Fund .....	101
TDA Article 3 Special Revenue Fund .....	102
Proposition 1B Special Revenue Fund.....	103
Parking District No. 1 Special Revenue Fund .....	104
Building and Safety Special Revenue Fund .....	105
Public Arts Special Revenue Fund .....	106
CA – COPS Grant Special Revenue Fund .....	107
COG Position Special Revenue Fund .....	108
Traffic Congestion Relief Special Revenue Fund.....	109
Public Facilities Special Revenue Fund .....	110
Park Facilities Special Revenue Fund.....	111
PEG Special Revenue Fund.....	112

**TABLE OF CONTENTS**  
**(Continued)**

Public Facilities Corporation Debt Service Fund .....	113
HOME Fund.....	114
CDBG Capital Projects Fund.....	115
Capital Projects Fund .....	116
Redevelopment Agency Housing Capital Project Fund.....	117
JAG Recovery Special Revenue Fund.....	118
Measure R Special Revenue Fund .....	119

Fiduciary Fund Financial Statements:

Statement of Changes in Assets and Liabilities - Agency Fund.....	121
---	-----

**STATISTICAL SECTION - Unaudited**

Net Assets by Component -	
Last Eight Fiscal Years.....	126
Changes in Net Assets -	
Last Eight Fiscal Years.....	128
Fund Balances of Governmental Funds -	
Last Eight Fiscal Years.....	132
Changes in Fund Balances of Governmental Funds -	
Last Eight Fiscal Years.....	134
Assessed Value and Estimated Actual Value of Taxable Property -	
Last Ten Fiscal Years.....	136
Direct and Overlapping Property Tax Rates -	
Last Ten Fiscal Years.....	137
Principal Property Taxpayers -	
Current and Nine Years Ago .....	138
Property Tax Levies and Collections -	
Last Ten Fiscal Years.....	139
Ratios of Outstanding Debt by Type -	
Last Ten Fiscal Years.....	140
Ratio of General Bonded Debt Outstanding	
Last Ten Fiscal Years.....	141
Legal Debt Margin Information -	
Last Ten Fiscal Years.....	142
Direct and Overlapping Debt .....	144
Pledged-Revenue Coverage -	
Last Ten Fiscal Years.....	145
Demographic and Economic Statistics -	
Last Ten Fiscal Years.....	146
Principal Employers.....	147
Full-Time and Part-Time City Employees by Function -	
Last Ten Fiscal Years.....	148
Operating Indicators by Function -	
Last Nine Fiscal Years.....	150
Capital Asset Statistics by Function –	
Last Four Fiscal Years.....	152

CITY OF BELLFLOWER



*Families. Businesses. Futures.*

"GROWING TOGETHER"



December 22, 2010

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, 2010, 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 report conforms to the latest financial reporting model developed by the Governmental Accounting Standards Board (GASB Statement 34). In addition to the fund-by-fund financial information, government-wide financial statements are also presented. 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, this latest reporting model includes an emphasis on the City's major funds as shown in the Governmental Fund Statements. These statements, combined with other information, are further analyzed in a 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 explaining changes, fluctuations and variances in the financial data. Furthermore, 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 of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

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

Incorporated in 1957, "The Friendly City" of Bellflower is a general law city with a council-manager form of government. The mayor is elected by the five-member Council each year. The City Manager, 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 approximately 77,300 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 mottos, "The Friendly City" and "Growing Together." 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, auto dealerships, an extreme sports theme park, numerous shopping areas, major medical facilities, 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. Fire, library, sanitation, and health services are provided by the County and County assessment districts.

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, a skate park, and the Carpenter House Museum. Built in 1981, the William and Jane Bristol Civic Auditorium seats 378 guests and hosts numerous community events, fine arts productions, and City functions. The Bellflower Bike Trail consists of 2.4 miles of bike and pedestrian path that is a part of the Los Angeles Regional Bikeway network connecting to the San Gabriel River bikeway path.

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 includes all funds of the City of Bellflower, Bellflower Redevelopment Agency, Bellflower Public Facilities Corporation, and Bellflower Financing Authority. The financial operations of the City, Redevelopment Agency, Public Facilities Corporation, and Financing Authority are closely related. The City Council has continuing responsibility over the City, Redevelopment Agency, and Financing Authority as the City Council also serves as the Board of Directors of the Redevelopment Agency and Financing Authority. The Redevelopment Agency was created under the provisions of the Redevelopment Law (California Health and Safety Code) to help eliminate blight and to provide an improved physical, social, and economic environment in the project area. The Financing Authority was organized primarily for the purpose of providing financing of public capital improvements. Five separate, independent members serve as the Board of Directors of the 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 and to make certain park improvements.

The Bellflower City Council provides vision and direction to lead the City on a path of long term growth and community development. In light of the prolonged recession and steep budget cuts, the following are the major accomplishments for the fiscal year and future initiatives.

## **MAJOR ACCOMPLISHMENTS FOR THE YEAR**

### Capital and Community Development Projects

- Completed construction of Bellflower Bike Trail, a 2.4 mile bicycle and pedestrian trails on former railroad right-of-way which is a part of the Los Angeles Regional Bikeway network connecting to the San Gabriel River bikeway path.
- Joined the Accumulative Capital Outlay Program of the Los Angeles County Consolidated Sewer Maintenance District. Through this action, an \$8 per year per sewer equivalent unit fee is charged to Bellflower properties on the property tax roll. The revenue goes to the District and the District in turn will be responsible for future preventive televised evaluation of sewer conditions and for implementation resultant recommended sewer repairs as well as emergency sewer repairs for the City owned sewers. The City remains responsible for completing a currently agreed upon program of repairs.
- Completed all six agreed upon sewer point repairs.
- For the first time since installation, replaced all red and green LED traffic signal lamps which have begun to fail.
- Completed the first local street rehabilitation in several years entailing pouring 3,810 tons of asphalt to restore 2.3 miles of local streets.
- Fire Museum and Event Center. Continued to work with and support the County of Los Angeles Fire Museum Association (CLAFMA) on their efforts to raise funds to enable the construction of a permanent Fire Museum and Event Center. Started negotiations with Verizon for the acquisition of property at the southeast corner of Oak Street and Adenmoor Avenue for an additional public parking lot that is necessary for the Fire Museum and Event Center project.
- Bellflower Village. Continued efforts to develop the Bellflower Village as a destination-oriented district within downtown Bellflower, pursuant to the provisions of the Bellflower Village Overlay Zone. This is a multi-faceted project involving the improvement of a portion of Walnut Avenue, immediately east of the Bellflower Boulevard intersection with planter areas, center median, decorative hardscape, signage, public parking lot, and a public plaza with decorative fountain, improvements to the alley and other pedestrian amenities adjacent to the Cafe Camellia project.
- Walnut Street Live/Work Project. Completed the development of six (6) live/work units at the old Bellflower Hotel site. The project entailed six 400-square-foot commercial units on the ground level and six 1,600-square-foot residential units above. The three-bedroom, two-bath residential units come complete with built-in kitchens, double garages and individual elevators.
- Café Camellia Project. Continued with the preparation of construction drawings. This project entails redevelopment of the northeast corner of Bellflower Boulevard and Walnut Street to expand the existing Café Camellia restaurant and add new retail and office space, new pedestrian plaza and walkways and other amenities.

- Walnut Street and Public Parking. Completed the construction plans for the project. Preparing to distribute for the public bid process.
- Southeast Corner of Oak Street and Bellflower Boulevard. Continued efforts to redevelop the approximate 15,000 square feet of RDA-owned property into a viable commercial project.
- Bellflower and Belmont. Continued to seek innovative development opportunities on the southeast corner of Bellflower Boulevard and Belmont Street to recycle these properties into a viable development that is complimentary to downtown Bellflower.
- North Downtown Mixed Use District. Continued ongoing efforts to prepare a specific plan or overlay zone for the portion of Bellflower Blvd and Alondra Ave, north of the Downtown district to create a viable mixed use/transit oriented development district to compliment and expand the downtown district. Grant funding will be sought to facilitate this goal.
- Old Greek Market. Continued to seek development opportunities to rehabilitate the existing building to upgrade the exterior façade and create pedestrian access to Bellflower Blvd and to the rear parking lot.
- Old “Sewing Machine” property. Continued to seek opportunities for the use of this property in the overall redevelopment of the downtown district.
- Continued to assemble property for the Artesia Boulevard Commercial Improvement project and assisted in the redevelopment of the northwest corner of Artesia Blvd and Lakewood Blvd.
- The Design for Development zoning for properties adjacent to the intersection of Bellflower Blvd and Artesia Blvd has been approved. Continued to support development interest for the redevelopment of those properties.
- Began the effort to expand the Redevelopment Project Area No. 1.

### Municipal Water System

- Completed construction of a 2,800 foot pipeline connecting customers in System 9 (bounded by Foster Road, Regentview Avenue, Greenhurst Street, and San Gabriel River) to Bellflower-Somerset Mutual Water Company’s 12-inch distribution line at McNab and Mapledale. The \$331,000 project, which was built using federal grant funds and proceeds from the 2008 Certificates of Participation, allows the MWS to purchase water at substantial savings.
- Completed reconstruction of the water system that serves up to 74 MWS customers in the low- and moderate-income census tract (Tract # 5543) which includes those portions of Oak and Belmont Streets between Pimenta and Hayter Avenues, as well as sections on Pimenta Avenue and Mayne Street. The project included replacement of main lines, service laterals, hydrants and service connections, and the relocation and as needed replacement of water meters. The project used \$319,000 in federal American Recovery and Reinvestment Act funds which do not require a local match and with no direct cost to the MWS customers. The reconstruction project has reduced operation, maintenance and repair costs.
- Began construction of a High Capacity Well to serve the needs of our MWS customers as well as the community at-large. Drilling will be completed in October 2010 and after well equipping is complete the well should be placed in service by October 2011. The estimated cost of the High Capacity Well is \$2.5 million.

- Continued the aggressive public outreach program using the Municipal Water System page on the City's website ([www.bellflower.org/water](http://www.bellflower.org/water)) to promote water conservation, provide information about the State-wide drought, and provide general information about water rates and rules, assistance programs, water quality, and other information.

### Other Accomplishments

- Bellflower experienced the lowest crime rate in more than 40 years (calendar year to date for 2010), dropping approximately 6% from the previous record.
- Detectives investigated approximately 1600 criminal cases and achieved an 85% solve rate.
- The City's robust traffic enforcement program throughout the year achieved an enforcement index that averaged approximately 75% higher than the standard set by the State of California (i.e. ratio of hazardous citations to fatal/injury collisions).
- In addition to their various other duties, the City's Special Assignment Deputies were able to effectively investigate and resolve over 60 "problem locations" (e.g. house containing suspicious activity) in response to requests from local residents.
- Bellflower deputies made approximately 2,300 arrests during the course of the year.
- Implemented and/or assisted with special events including the Boulevard Car Show, Prayer Breakfast, Service Club Luncheon, Community Job Fair, Christmas Tree Lighting ceremony, Children's Holiday Party, BRAVO, State of the City Luncheon, and Outgoing Mayor's Ceremony.
- Partnered with local service clubs, churches and residents for the School Supplies/Backpack Drive and Holiday Food Basket and Spring Easter Basket Programs.
- Completed five Bellflower Looking Better beautification projects throughout the City.
- Supervised and coordinated 10,000 hours of volunteer service through the Bellflower Volunteer Center.
- Through an RFP process, entered into a new three-year transportation contractual agreement for fixed route and Dial-A-Ride services.
- Continued work with a coalition of cities supporting reasonable storm water quality regulations.
- Continued work with elected officials in developing community parks on State and utility owned properties.
- Worked closely with Congresswoman Lucille Roybal-Allard, to secure federal funding for local water system and transportation projects, and for development and construction of a fire museum.
- Maintained accurate financial records for the successful completion of financial and special compliance audits including the City, Redevelopment Agency, Public Facilities Corporations, Financing Authority, Proposition A, Proposition C, Measure R, Transportation Development Act (TDA) Article 3, and Federal grants.
- Amended the Biennial Operating Budget timely for adoption by the Council.

- o Received the financial reporting excellence award from the Government Finance Officers Association (GFOA) for the Comprehensive Annual Financial Report (CAFR).

## **ECONOMIC CONDITION**

The City's revenues have declined significantly since the recession. When compared to the pre-recession fiscal year 2006-07, the General Fund alone has suffered an annual loss of \$2.9 million, or 11%, in recurring revenues in fiscal year 2009-10. Costs, on the other hand, have increased during the same period by approximately \$1 million for the General Fund based on the consumer price index. While the economy has shown signs of recovery, the City's revenues have yet to recover. For budgeting and fiscal management, the City continues its conservative and cautious outlook.

Under the American Recovery and Reinvestment Act of 2009, the City has been allocated \$2.5 million in Federal funding for capital projects related to bike trail landscaping, pavement rehabilitation, facilities improvements for energy efficiency and conservation, water system improvements, and public safety.

The State, on the other hand, has opted once again to unilaterally take and defer local governments' revenues to address its budget crisis and meet other financial obligations. In fiscal year 2009-10, Bellflower Redevelopment Agency lost \$816 thousand to the Supplemental Educational Revenue Augmentation Fund (SERAF) based on a State mandate with severe penalties for noncompliance. In fiscal year 2010-11, Bellflower Redevelopment Agency will lose another \$168 thousand to SERAF. The constitutionality of the SERAF shift is currently being litigated in an appellate court.

In addition, the State's prior budgetary actions altering local governments' revenues have created a long-term or permanent structural cash flow deficit of approximately \$3.4 million annually for the City (i.e., vehicle license fees for property taxes referred to as "VLFAA" and sales taxes for property taxes known as "triple flip"). The State's continued deferral of local government's transportation funds will cause another \$560 thousand in cash flow deficit for the City during the fiscal year 2010-11.

In response to the significant revenue decreases caused by the recession, the Council promptly took action during the fiscal year 2008-09 to make approximately \$4 million in broad budget cuts which included various community events, programs, services and capital projects including part-time layoffs, 10% furlough, freezing vacant positions, and offering early retirement incentives. In June 2009, the City Council adopted a balanced biennial 2009-11 Operating Budget with continued, significant cuts to services, programs, capital projects and staffing including part-time layoffs (84 total), frozen/eliminated full-time positions (10 total), and 10% furlough. There are currently a total of 14 frozen/eliminated full-time positions with the effective labor force reduction of more than one third. In light of these steep cuts, there continues to be concerted efforts on the part of staff for additional financial savings.

As a remedy, the Council unanimously approved and placed a temporary 5-year, 2% utility users tax (Measure A) for the November 2010 election. Unfortunately, Measure A failed by a very small margin of 13 votes out of 13,385 cast, less than one-tenth of one percent. Nonetheless, based on these important actions of the Council, it is clearly evident that the Council's intent and will is to act quickly and responsibly to ensure the continued financial stability and solvency of the City. To that end, the following major initiatives are undertaken with highly limited funding.

## **MAJOR INITIATIVES FOR THE FUTURE**

### **Capital and Community Development Projects**

- Complete Department of Energy Stimulus projects.
  - Replace the roof on Thompson Park Community Center with a new reflective energy conserving roof.
  - City Hall weatherization. Due to deterioration over time, City Hall is no longer watertight or airtight. Refurbishing all aperture caulking and any related repairs will protect the asset and decrease energy usage.
  - Replace lights and ballasts at all City buildings and some outdoor lighting will reduce energy usage.
- Complete Department of Transportation Stimulus projects.
  - Rehabilitation of Downey Avenue south City limit to north City limit. Project will include full width grind and asphalt overly. It will also include a truck landing pad to protect the pavement at the base of the 91 freeway off ramp, bring all curb ramps up to current ADA standards and add bicycle detection loops at the traffic signals.
  - Bike Trail Landscaping. The City's new 2.4 mile Bike Trail and pedestrian path sits on a 100 foot wide former railroad right of way. The only aesthetic improvement in the initial construction project was to cover the grounds with wood chips. The City has approval from the ROW owner to install irrigation and add trees and shrubs to the outside edges of the right of way. This project will accomplish that.
- Construct Riverview Park. This will be a new 16 acre passive park adjacent to the San Gabriel River. The park will include landscaping, walking and bicycle trail and a demonstration garden of drought tolerant and native plants.
- Complete first of two sewer lining projects to complete repair of sewers found in condition "4" in the 30% of the City's sewer system which was recently televised and evaluated. Condition "4" generally entails significant cracking. Relining creates an "as new" pipe without the cost and disruption of removal. Completion of the two projects mentioned will complete all recommended actions from the sewer condition evaluation.
- Update the Downtown Revitalization Vision Strategy.
- TownCenter Gateway Plaza. Expand the TownCenter Gateway Plaza to the southeast corner of Belmont Street and Bellflower Boulevard to seek a redevelopment and/or revitalization project to complement the revitalization efforts that have occurred on the northeast corner and the west-side of Bellflower Boulevard and Belmont Street.
- Bellflower Boulevard and Oak Street. Redevelop the approximate 15,000 square feet of RDA-owned property into a viable commercial project.
- Northwest Corner of Bellflower Boulevard and Mayne Street. Revitalize the old "Greek Market" site with a viable use or uses for the property.

- Fire Museum and Event Center. Continue to work with, and support the efforts of, the County of Los Angeles Fire Museum Association (CLAFMA) to establish a permanent Fire Museum and Event Center in downtown Bellflower. Assist in the acquisition of property that is needed to secure the museum's location.
- Downtown Transit Center. Continue to work on securing funding to acquire and construct a Transit Center north of the downtown that will also provide for parking that will benefit downtown Bellflower, and provide a shuttle connection to the Metro Green Line light rail station at Lakewood Boulevard at the I-105 freeway.
- Bellflower Village. Complete the Walnut "Live/Work" project. Begin construction of the Walnut Street improvements and public parking lot. Finish the construction drawings of the "Café Camellia" project and begin construction.
- West Artesia Boulevard Commercial Highway Specific Plan. Seek opportunities for viable commercial development within the West Artesia Boulevard Commercial Highway Specific Plan, located along Artesia Boulevard, between Lakewood Boulevard and Downey Avenue.
- Lakewood Boulevard. Seek opportunities for viable commercial development and revitalization opportunities along the Lakewood Boulevard commercial corridor.
- Bellflower Boulevard and Artesia Boulevard. Seek opportunities to revitalize properties located adjacent to this intersection, with emphasis on assembling property and redeveloping them into viable commercial/retail development.
- Continue to work on establishing a Multi-Family Improvement District for the Eucalyptus Avenue neighborhood and establish a property owner's association.

#### Municipal Water System

- Complete construction of the high capacity well.
- Continue seeking grant funding for water system improvements.

#### Other Initiatives

- Continue efforts to maintain safe and attractive City facilities with minimal staffing.
- Continue efforts to maintain essential services while reducing the City's operating budget.
- Continue partnerships with public and private agencies for the expansion and continuation of the School Supplies/Backpack Drive and Holiday Food Basket and Spring Easter Basket programs.
- Continue to implement and/or assist with special events including the Boulevard Car Show, Prayer Breakfast, Service Club Luncheon, Christmas Tree Lighting ceremony, Children's Holiday Party, BRAVO, State of the City Luncheon, election, Oath of Office Ceremony and Outgoing Mayor's Ceremony.
- Continue to provide five to six Bellflower Looking Better beautification projects throughout the year.

- Continue to foster human development by providing programs and activities for our special needs population.
- Continue to maintain accurate financial records for the successful completion of financial and special compliance audits including the City, Redevelopment Agency, Public Facilities Corporations, Financing Authority, Proposition A, Proposition C, Measure R, Transportation Development Act (TDA) Article 3, and Federal grants.
- Continue to prepare and update the Biennial Operating Budget for timely adoption by the Council and citizen participation.
- Due to the substantial revenue declines, continue to monitor financial activities closely to maintain the fiscal stability of the City.
- Continue to publish the Comprehensive Annual Financial Report (CAFR) to receive the financial reporting excellence award from the Government Finance Officers Association (GFOA).

### **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.

**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. 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, 2010. The auditors' unqualified (clean) opinion on the basic financial statements and accompanying footnotes is included in the Financial Section of this report.

In addition, the City issues audit reports for the following entities and funds: Redevelopment Agency, Public Facilities Corporation, Financing Authority, Federal funds (Single Audit Report), Proposition A, Proposition C, Measure R and Transportation Development Act Article 3.

Award. 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, 2009. 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. The 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 sixteen (16) consecutive years. I believe that our current CAFR continues to conform to the Certificate of Achievement Program's requirements and I am submitting it to GFOA to determine its eligibility for a Certificate of Achievement for the fiscal year ended June 30, 2010.

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, the City's 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 Manager 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,



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, 2009

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



President

Executive Director

# **MISSION STATEMENT**

---

**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**

---

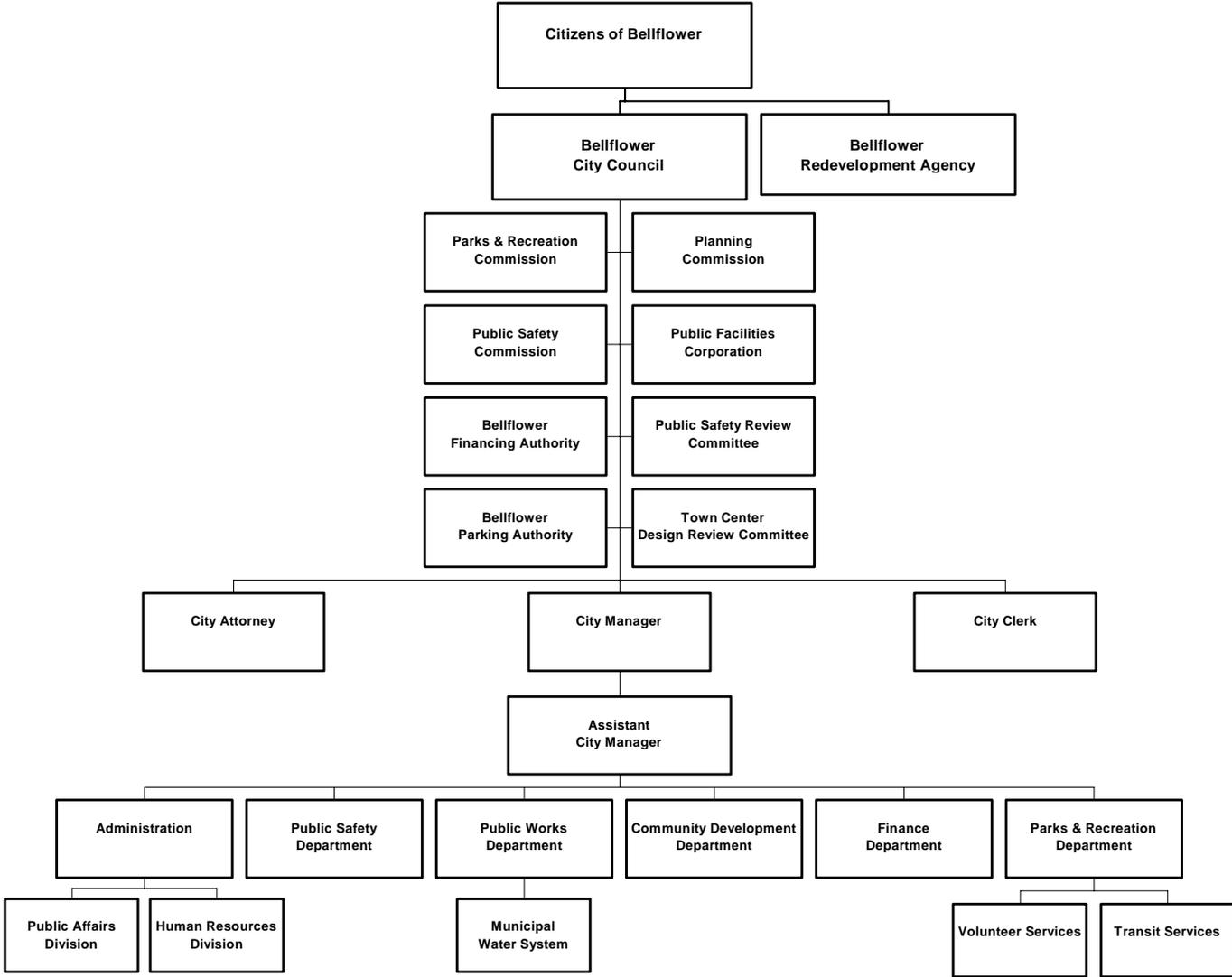
### **CITY COUNCIL**

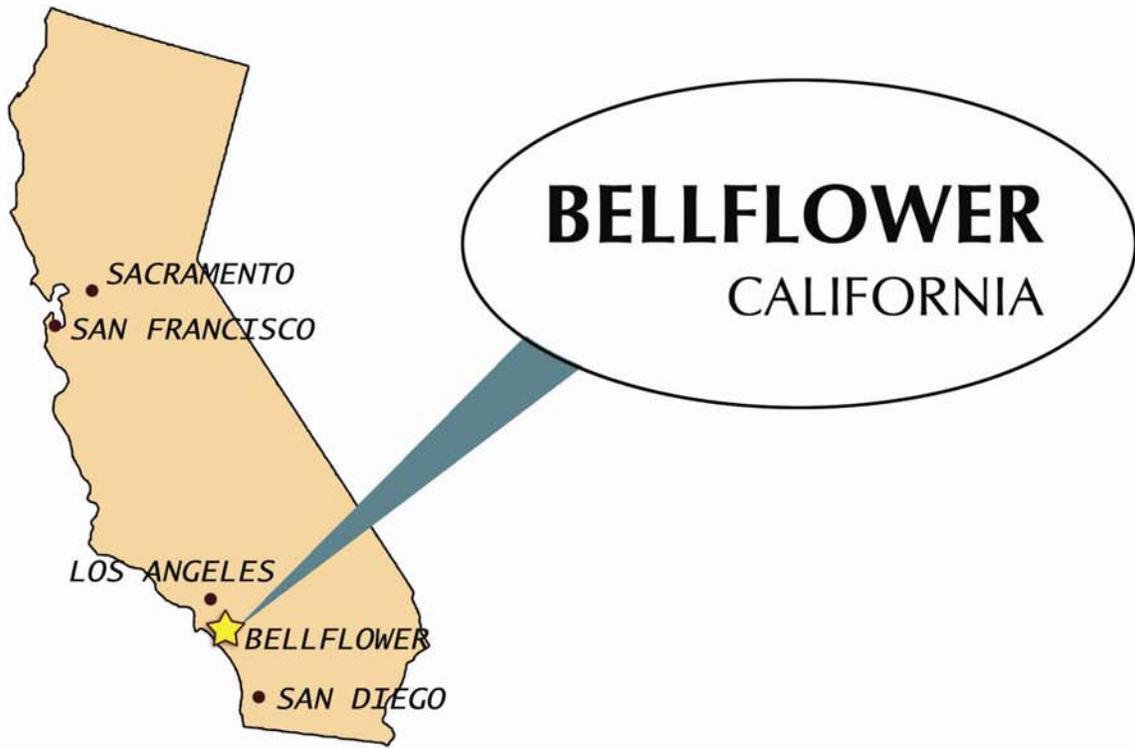
Raymond Dunton, Mayor  
Scott A. Larsen, Mayor Pro Tem  
Randy J. Bomgaars, Council Member  
Dan Koops, Council Member  
Ray T. Smith, Council Member

### **PRINCIPAL ADMINISTRATIVE OFFICERS**

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

# City of Bellflower Organization Chart







MOSS, LEVY & HARTZHEIM LLP

CERTIFIED PUBLIC ACCOUNTANTS

**PARTNERS**

RONALD A LEVY, CPA  
CRAIG A HARTZHEIM, CPA  
HADLEY Y HUI, CPA

9107 WILSHIRE BLVD., SUITE 400  
BEVERLY HILLS, CA 90210  
TEL: 310.273.2745  
FAX: 310.273.1689  
www.mlhcpas.com

## 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, the business-type 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, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Bellflower, California, as of June 30, 2010, 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.

The City adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, GASB Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple – Employer Plans*, and GASB Statement No. 58, *Accounting and Financial Reporting for Chapter 9 Bankruptcies Contained in the AICPA Statements on Auditing Standards*, effective July 1, 2009.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2010, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 20 and the Postemployment Retiree Benefits Funding Progress on page 72 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The major capital projects and debt service funds budgetary schedules, combining and individual nonmajor fund financial statements and schedules, introductory section and the statistical section are presented for purposes of additional analysis and are not required parts of the basic financial statements. The major capital projects and debt service funds budgetary schedules and the combining and individual nonmajor fund financial statements and schedules, have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects in relation to the basic financial statements taken as a whole. 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 LLP  
Beverly Hills, California  
December 7, 2010

## MANAGEMENT'S DISCUSSION AND ANALYSIS

This is management's discussion and analysis of the financial performance of the City of Bellflower for the fiscal year ended June 30, 2010. Readers are encouraged to consider the information presented here in conjunction with additional information that is furnished in the letter of transmittal and financial statements.

In general, the term "City," "Citywide" or "Government-wide" refers to the consolidated financial entity, which includes the City of Bellflower, Bellflower Redevelopment Agency, Bellflower Public Facilities Corporation, and Bellflower Financing Authority. The City has a business-type activity which is water distribution to retail customers.

*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, creating differences between the details and total.*

### **Financial Highlights**

During the fiscal year ended June 30, 2010, the City continued with its budget cuts since inception of the current recession to maintain its stable financial position despite substantial revenue decreases.

#### Government-wide:

- At June 30, 2010, the City's total assets were \$98.4 million and total liabilities were \$33.2 million, resulting in net assets of \$65.2 million. Of this amount, \$7.2 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, 2010, net assets increased \$4.1 million. Total revenues from programs and general revenues were \$38.0 million and total expenses for all functions and programs were \$33.9 million.
- Of total revenues of \$38.0 million, program revenues were \$13.4 million and general revenues were \$24.6 million. Program revenues are divided into three categories: Charges for services, \$4.6 million; Operating contributions and grants, \$6.1 million; and Capital contributions and grants, \$2.7 million.

#### Fund Based:

- At June 30, 2010, the General Fund balance was \$27.5 million, an increase of \$1.8 million from the prior year fund balance of \$25.7 million. The unreserved fund balance (net of cash advances to the Redevelopment Agency and Water Fund and prepaid expenditures) was \$15.1 million.
- The actual General Fund revenues and transfers in of \$25.2 million represented an increase of \$100 thousand from the prior year actual of \$25.1 million. The final budget was also \$25.2 million.
- The actual General Fund expenditures and transfers out of \$23.4 million represented a decrease of \$2.2 million from the prior year actual of \$25.6 million and a decrease of \$1.9 million from the final budget of \$25.3 million.

## **Overview of the Financial Statements**

This management's discussion and analysis is intended 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 Basic Financial Statements. This report also contains other supplementary information in addition to the basic financial statements.

### Government-wide Financial Statements

The Government-wide Financial Statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business. These statements include all assets of the City, as well as all liabilities (including long-term debt). Additionally, certain eliminations have occurred as prescribed by the statements 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 an 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, property tax, vehicle license fees, 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 three categories of activities – governmental, proprietary and fiduciary. The governmental activities are prepared using the current financial resources measurement focus and the 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 fiscal 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.

*Proprietary funds* are primarily used to account for City charges for the services it provides, whether to outside customers or to other units of the City. These funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statements of Activities, using an accrual basis of accounting. The City's enterprise fund (a component of proprietary funds) is a business-type activity we report in the government-wide financial statements with greater detail and additional information, such as the statement of cash flows. The City uses an internal service fund (the other component of proprietary funds) to report the activity that provides equipment for the City's programs and activities. Since this activity predominantly benefits governmental, rather than business-type, functions, it is included within the governmental activities in the government-wide financial statements.

*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**

The government-wide statements report information about the City as a whole. The statement of net assets includes all of the City's assets and liabilities. All current year revenues and expenses are reported in the statement of activities regardless of when cash is received or paid.

Condensed Statement of Net Assets

	(in millions)					
	Governmental Activities		Business-Type Activities		Government-Wide Totals	
	2010	2009	2010	2009	2010	2009
Current and other assets	\$ 44.6	\$ 42.3	\$ (7.2)	\$ (6.8)	\$ 37.4	\$ 35.5
Capital assets	54.0	52.1	7.0	6.3	61.0	58.4
Total assets	<u>98.6</u>	<u>94.4</u>	<u>(0.2)</u>	<u>(0.5)</u>	<u>98.4</u>	<u>93.9</u>
Current and other liabilities	7.6	6.5	0.4	0.3	8.0	6.8
Long-term debt	25.2	26.1	-	-	25.2	26.1
Total liabilities	<u>32.8</u>	<u>32.6</u>	<u>0.4</u>	<u>0.3</u>	<u>33.2</u>	<u>32.9</u>
Net Assets:						
Invested in capital assets, net of related debt	36.6	33.8	7.0	6.3	43.6	40.1
Restricted	13.4	13.7	1.0	-	14.4	13.7
Unrestricted	15.8	14.3	(8.5)	(7.0)	7.2	7.3
Total net assets	<u>\$ 65.8</u>	<u>\$ 61.8</u>	<u>\$ (0.6)</u>	<u>\$ (0.7)</u>	<u>\$ 65.2</u>	<u>\$ 61.1</u>

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

The City's government-wide total net assets were \$65.2 million, with assets of \$98.4 million and liabilities of \$33.2 million. The net investment in capital assets of \$43.6 million represents 67% of the City's total net assets. 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.

Another portion of the City's net assets, \$14.4 million, or 22%, represents resources that are subject to external restrictions in how they may be used. The remaining balance of \$7.2 million, or 11%, 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.

**Condensed Statement of Changes in Activities**

	Changes in Net Assets (in millions)					
	Governmental Activities		Business-Type Activities		Government-Wide Totals	
	FY 2009-10	FY 2008-09	FY 2009-10	FY 2008-09	FY 2009-10	FY 2008-09
Revenues						
Program revenues:						
Charges for services	\$ 3.2	\$ 3.3	\$ 1.4	\$ 1.5	\$ 4.6	\$ 4.8
Operating contributions and grants	6.1	5.1	-	-	6.1	5.1
Capital contributions and grants	2.3	1.9	0.4	-	2.7	1.9
Subtotal Program Revenues	<u>11.6</u>	<u>10.3</u>	<u>1.8</u>	<u>1.5</u>	<u>13.4</u>	<u>11.8</u>
General Revenues:						
Sales taxes	4.5	4.1	-	-	4.5	4.1
Property taxes	3.8	4.3	-	-	3.8	4.3
Property taxes in lieu of VLF	6.1	6.4	-	-	6.1	6.4
Franchise taxes	1.4	1.5	-	-	1.4	1.5
Utility users taxes	4.0	4.1	-	-	4.0	4.1
Transient occupancy taxes	0.5	0.5	-	-	0.5	0.5
Business license taxes	0.7	0.6	-	-	0.7	0.6
Property transfer taxes	0.1	0.1	-	-	0.1	0.1
Motor vehicle in lieu	0.2	0.3	-	-	0.2	0.3
Earnings on investments	2.9	1.2	-	0.1	2.9	1.3
Miscellaneous	0.4	0.5	-	-	0.4	0.5
Subtotal General Revenues	<u>24.6</u>	<u>23.5</u>	<u>-</u>	<u>0.1</u>	<u>24.6</u>	<u>23.6</u>
Total Revenues	<u>36.2</u>	<u>33.8</u>	<u>1.8</u>	<u>1.6</u>	<u>38.0</u>	<u>35.4</u>
Expenses:						
Governmental activities:						
General government	3.7	4.0	-	-	3.7	4.0
Public safety	10.3	10.5	-	-	10.3	10.5
Public works	8.7	8.5	-	-	8.7	8.5
Community development	3.8	7.8	-	-	3.8	7.8
Parks and recreation	2.2	2.9	-	-	2.2	2.9
Interest on long-term debt	3.6	1.4	-	-	3.6	1.4
Business-type activities:						
Water	-	-	1.3	1.3	1.3	1.3
Interest on long-term debt	-	-	0.4	0.1	0.4	0.1
Total Expenses	<u>32.2</u>	<u>35.1</u>	<u>1.7</u>	<u>1.4</u>	<u>33.9</u>	<u>36.5</u>
Excess (deficiency) before transfer:	\$ 4.0	\$ (1.3)	\$ 0.1	\$ 0.2	\$ 4.1	\$ (1.1)
Transfers:	-	0.3	-	(0.3)	-	-
Change in Net Assets	\$ 4.0	\$ (1.0)	\$ 0.1	\$ (0.1)	\$ 4.1	\$ (1.1)
Net Assets - Beginning of Fiscal Year	<u>61.8</u>	<u>62.8</u>	<u>(0.7)</u>	<u>(0.6)</u>	<u>61.1</u>	<u>62.2</u>
Net Assets - End of Fiscal Year	<u>\$ 65.8</u>	<u>\$ 61.8</u>	<u>\$ (0.6)</u>	<u>\$ (0.7)</u>	<u>\$ 65.2</u>	<u>\$ 61.1</u>

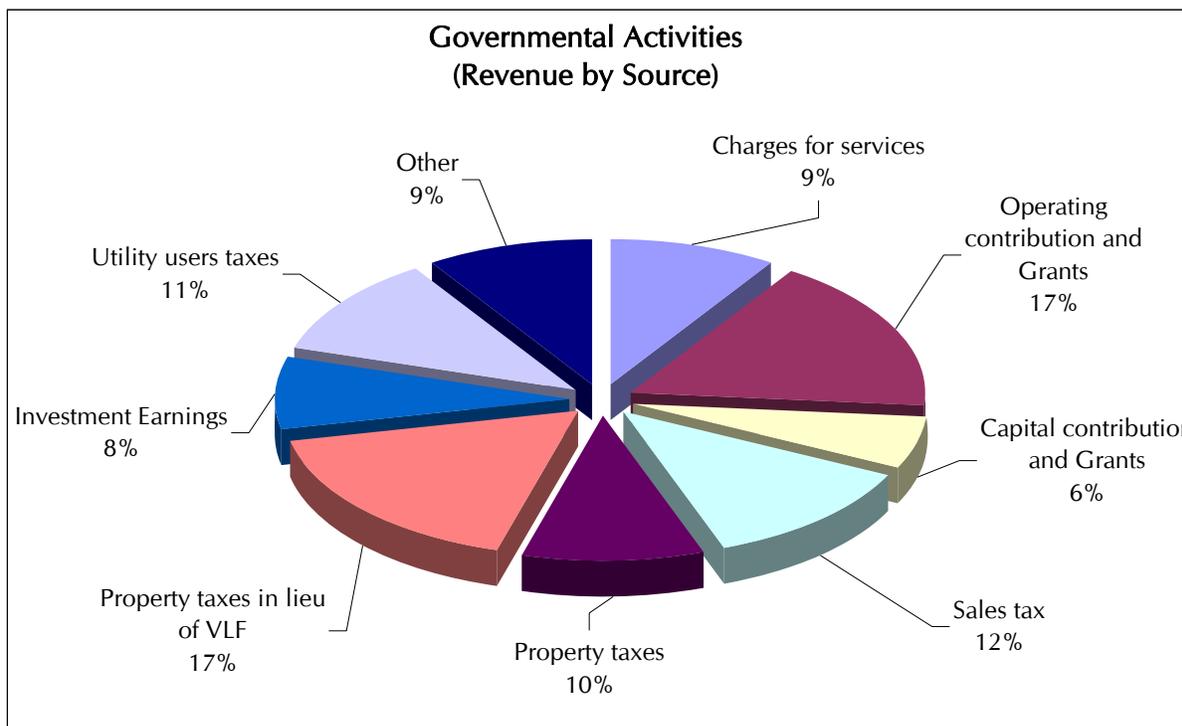
**Note:** Due to rounding, the dollar and percentage details may not add up to corresponding totals.

Revenues for the City's governmental and business-type activities increased 7%, from \$35.4 million last fiscal year to \$38.0 million in this fiscal year. Key elements of significant changes for governmental activities were as follows (business-type activities discussed later):

- The largest revenue source was property taxes, a general revenue, at \$9.9 million, which decreased \$784 thousand, or 7%, from the preceding fiscal year. For the purpose of this analysis, property taxes include property taxes in lieu of VLF (VLFAA) of \$6.1 million. The property taxes, excluding VLFAA, decreased \$475 thousand, or 11%, compared to the preceding fiscal year. The property tax decrease is attributable to the declining real estate values and mortgage defaults and foreclosures caused by the recession and related high unemployment rates.

VLFAA is a revenue source that the City has been receiving since fiscal year 2004-05. Beginning in 1998, the State took action to incrementally reduce the vehicle license fee (VLF) from 2% to 0.65%, potentially causing severe financial losses to many California cities and counties. To make affected cities and counties financially whole, the State took action to restore the lost VLF revenues with its property taxes. The City's VLFAA for this fiscal year totaled \$6.1 million. Although the local governments are made whole, this arrangement has caused cash flow issues, as VLF payments are made on a monthly basis but VLFAA payments are made during the second half of the fiscal year in January and May.

- The second largest revenue source was operating contributions and grants, a program revenue, at \$6.1 million, which increased \$991 thousand, or 19%, from the preceding fiscal year. Operating contributions and grants for public safety, community development, and parks and recreation increased \$223 thousand, \$305 thousand, and \$688 thousand, respectively. Operating contributions and grants for public works, on the other hand, decreased \$225 thousand.
- The third largest revenue source was sales taxes, a general revenue, at \$4.5 million, which increased \$418 thousand, 10% from the preceding fiscal year. There was a one-time positive retroactive adjustment during the fiscal year by the State Board of Equalization in an amount of \$484 thousand. The sales taxes revenue, once peaked at \$5.5 million, continues to be weak from the recession.
- The fourth largest revenue source was utility users taxes (UUT), a general revenue, at \$4.0 million, which decreased \$81 thousand, or 2%, from the preceding fiscal year. The UUT on electric and gas decreased during the fiscal year.
- The fifth largest revenue source was charges for services, a program revenue, at \$3.2 million, which decreased \$108 thousand, or 3%, from the preceding fiscal year. Charges for services for public works and parks and recreation decreased \$258 thousand and \$273 thousand, respectively. Charges for services for public safety and community development, on the other hand, increased \$290 thousand and \$133 thousand, respectively.

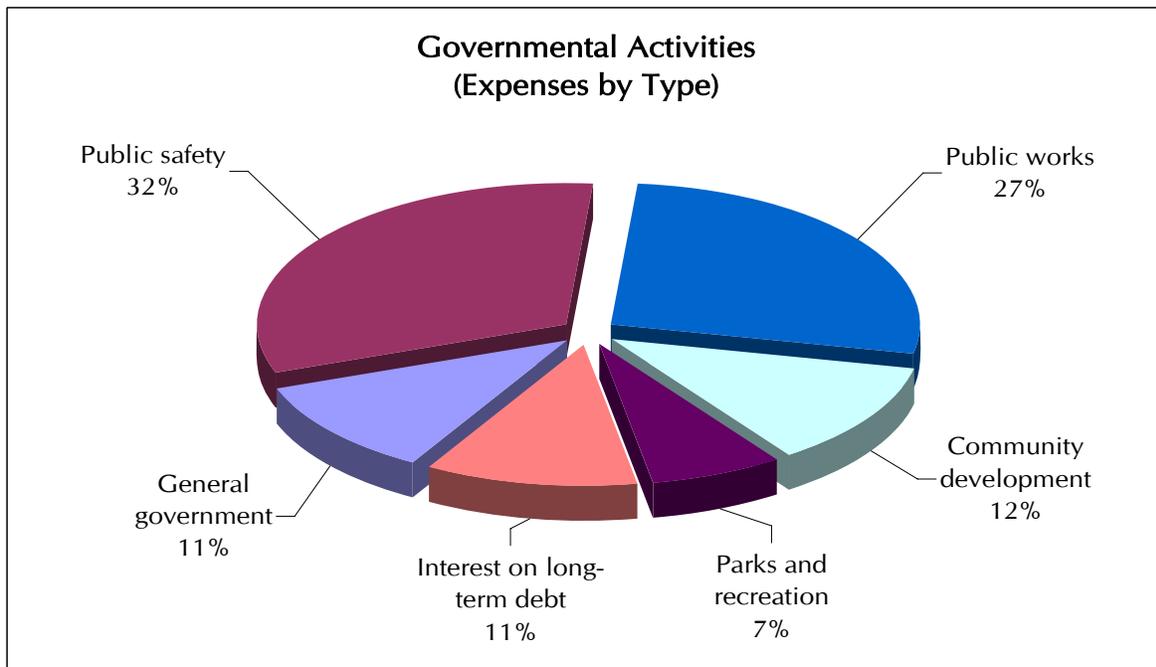
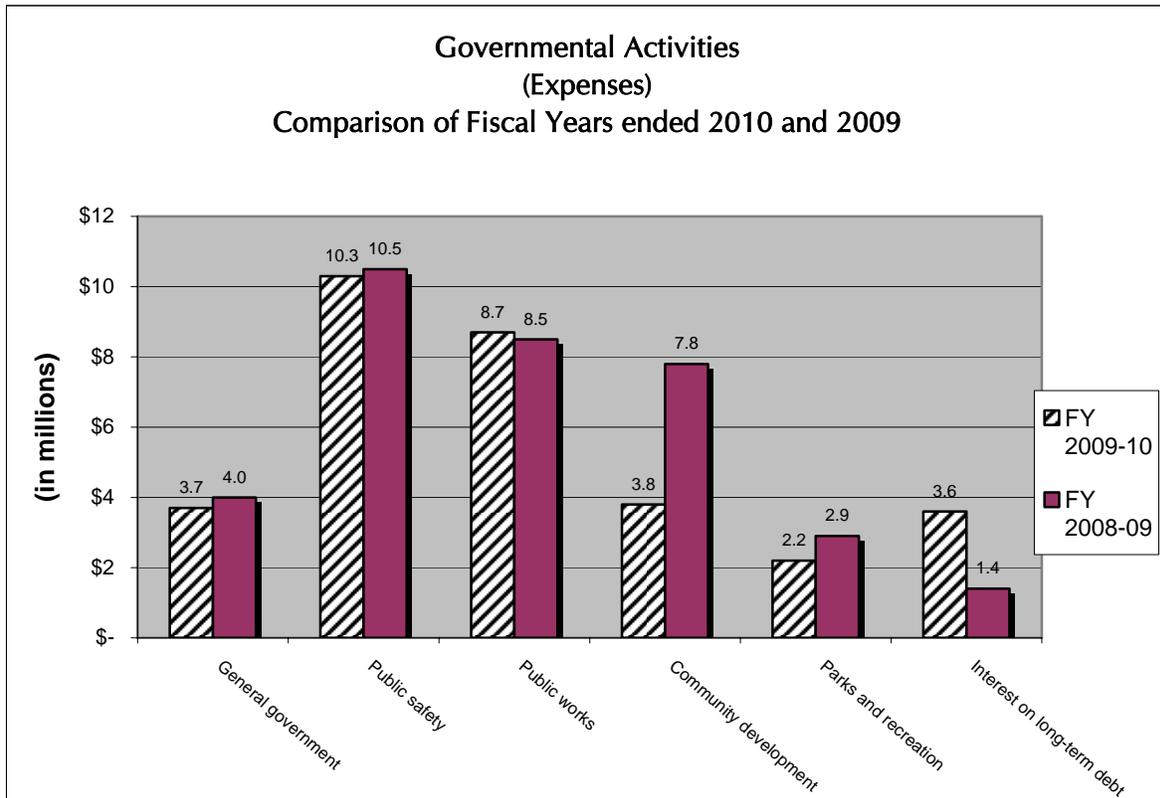


Note: Due to rounding, the percentages may not total 100%.

The cost of providing all governmental activities this year was \$32.2 million before applying program revenues of \$11.6 million. The remaining “public benefit” portion of governmental activities was paid with general revenues. Public Safety, the largest expense category, represented \$10.3 million, or 32% of Governmental Activities, of which approximately \$2.5 million was funded with program revenues. The remaining balance of \$7.8 million was funded with general revenues. Public Works, the second largest expense category, represented \$8.7 million, or 27%, with program revenues of \$5.4 million. Community Development, the third largest expense category, represented \$3.8 million, or 12%, funded by program revenues of \$2.7 million. General Government had expenses of \$3.7 million, or 11%, paid entirely with general revenues. Parks and Recreation had expenses of \$2.2 million, or 7%, with program revenues of \$1.0 million. Interest on long-term debt was \$3.6 million, or 11%, paid entirely with general revenues.

Significant changes in the Governmental Activities expense categories when compared to the prior fiscal year are summarized as follows. Because of the continuing substantial revenue declines due to the recession, there were additional significant cuts to the programs and services affecting personnel, operating and capital expenses.

The General Government, Public Safety, Community Development, and Parks and Recreation expenses decreased \$365 thousand, \$162 thousand, \$4.0 million, and \$693 thousand, respectively. The Community Development expense decrease included a \$2.2 million loss related to the contribution of real property to a developer for a mixed use project. Public Works expenses increased \$186 thousand, consistent with higher grant revenues. Interest on Long-Term Debt increased \$2.2 million.

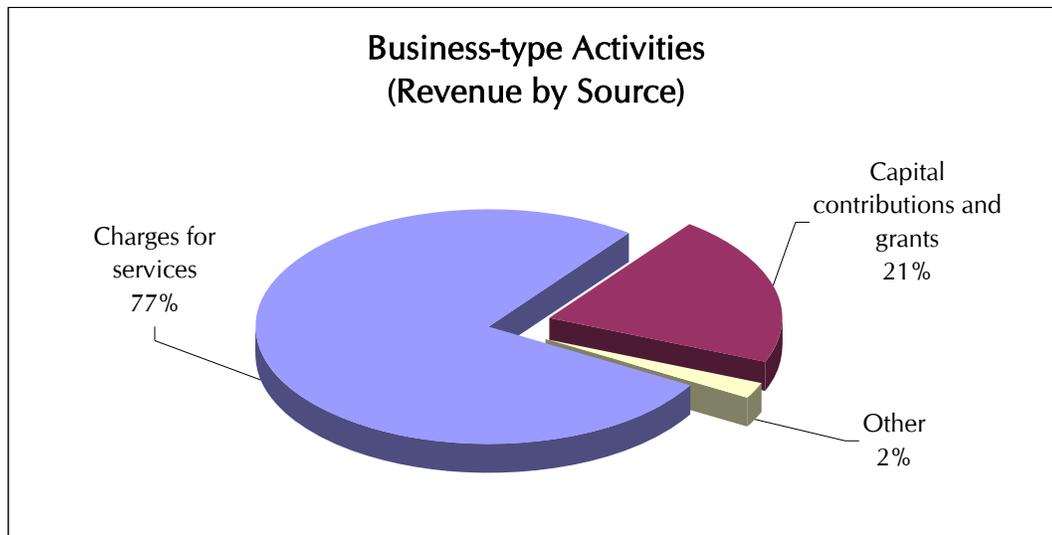


Note: The above chart may not total 100% due to rounding.

### Business-Type Activities.

The Municipal Water System (MWS) is the City's sole business-type activity.

- ❑ The total MWS revenues and transfers in were \$1.8 million, an increase of \$297 thousand, or 19%, compared to the preceding fiscal year. The program revenue was \$1.8 million.
- ❑ The total operating expenses and transfers out were \$1.7 million, an increase of \$22 thousand, or 1%, compared to the preceding fiscal year.
- ❑ At June 30, 2010, the deficit in net assets decreased \$144 thousand, to \$571 thousand.
- ❑ During the fiscal year, MWS incurred costs totaling \$863 thousands towards water system improvements projects. The following projects were completed during the fiscal year: water main line replacement at Mayne St, Oak St, Belmont St and Pimenta Ave and water line interconnection at Mapledale St and Van Ruiten St. The high capacity well project is expected to be completed during the latter part of calendar year 2011.



### **Financial Analysis of the Government's Funds**

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 current year revenues, expenditures, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the fiscal year ended June 30, 2010, the City's governmental funds reported combined ending fund balances of \$21.4 million, decrease of \$1.6 million, or 7%, in comparison with the prior year's total of \$23.0 million. Approximately 1%, or \$128 thousand, constituted unreserved fund balances which were available for spending at the City's discretion (see "Important Note" below). The remainder of fund balance of \$21.3 million, or 99%, was reserved to indicate that it was not available for new spending because it had already been committed 1) as loans to the Redevelopment Agency and Water Fund (\$20.1 million), 2) for debt service (\$1.2 million), and 3) as prepaid expenditures (\$8 thousand).

*Important Note: The information contained in the above paragraph, which is based on the combined balance sheet of the governmental funds pursuant to the GASB financial reporting standards, does not accurately reflect the true and much healthier fiscal condition of the City. Under the current GASB rules, advances payable of \$18.0 million from the Redevelopment Agency's Capital Projects Funds to the General Fund caused an unintended effect of artificially lowering the unreserved fund balance at the consolidated level. At June 30, 2010, the City's reported total unreserved fund balance (available for spending at the City's discretion) of \$128 thousand was, in reality, \$18.1 million when the economic effects of those advances are properly accounted for.*

Revenues of governmental funds for the fiscal year ended June 30, 2010 were \$35.4 million, an increase of \$1.2 million, or 3%, from the prior year total of \$34.2 million. Expenditures of governmental funds were \$37.0 million, a decrease of \$2.3 million or 6%, from the prior fiscal year total of \$39.3 million. Excluding other financing sources and uses, expenditures of governmental funds exceeded revenues by \$1.6 million.

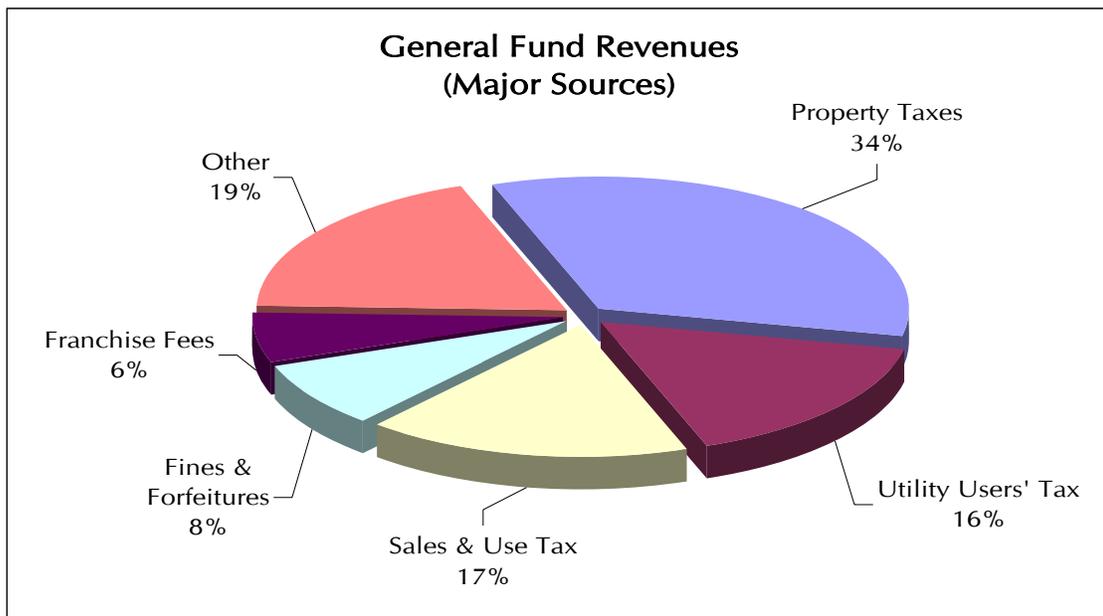
The City has four major governmental funds: General Fund, Financing Authority Debt Service Fund, Redevelopment Agency Debt Service Fund, and the Redevelopment Agency Capital Projects Fund. An analysis of significant balances and transactions of the individual major funds has been provided below. With respect to the nonmajor funds, there were 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 unreserved fund balance of the General Fund was \$15.1 million, while the total fund balance was \$27.5 million. As a measure of General Fund's liquidity, it may be useful to compare both the unreserved fund balance and the total fund balance to the total fund expenditures. The unreserved fund balance represented 66% of the total fund expenditures of \$22.7 million, while the total fund balance represented 121% of the expenditure total. The fund balance of the City's General Fund increased \$1.8 million, or 7%, during the fiscal year ended June 30, 2010. During the fiscal year, there was a total of \$1.3 million in one-time/non-recurring revenues. In addition, a total of \$874 thousand in capital projects budget allocation from fiscal year 2009-10 has been carried over to fiscal year 2010-11.

General Fund revenues and transfers in were \$25.2 million, an increase of \$98 thousand, or 0.4%, from the prior year total of \$25.1 million. Key elements of the changes are summarized as follows:

- ❑ The largest revenue source was property taxes, including property taxes in lieu of VLF (VLFAA), at \$8.5 million, or 34% of General Fund revenues and transfers in, a decrease of \$617 thousand, or 7%, when compared to the preceding fiscal year's amount of \$9.1 million. The revenue decrease is caused by the declining real estate values and rising mortgage defaults foreclosures.
- ❑ The second largest revenue source was sales taxes at \$4.3 million, or 17% of General Fund revenues and transfers in, an increase of \$195 thousand, or 5%, compared to the preceding fiscal year's amount of \$4.1 million. During the fiscal year, there was a positive one-time retroactive adjustment of \$484 thousand by the State Board of Equalization. Due to the recession, there continues to be a significant decline in consumer spending. The sales tax revenue at its peak was \$5.5 million.
- ❑ The third largest revenue source was utility users' taxes (UUT) at \$4.0 million, or 16% of General Fund revenues and transfers in, a decrease of \$81 thousand, or 2%, compared to the preceding fiscal year. The UUT on electric and gas decreased during the fiscal year.
- ❑ The fourth largest revenue source was fines and forfeitures at \$1.9 million, or 8% of General Fund revenues and transfers in, an increase of \$245 thousand, or 15%, compared to the preceding fiscal year.
- ❑ The fifth largest revenue source was franchise fees at \$1.4 million, or 6% of General Fund revenues and transfers in, a decrease of \$107 thousand, or 7% compared to the preceding fiscal year. The franchise fee on gas decreased \$78 thousand and there was a one-time refund of \$24 thousand to a franchisee.

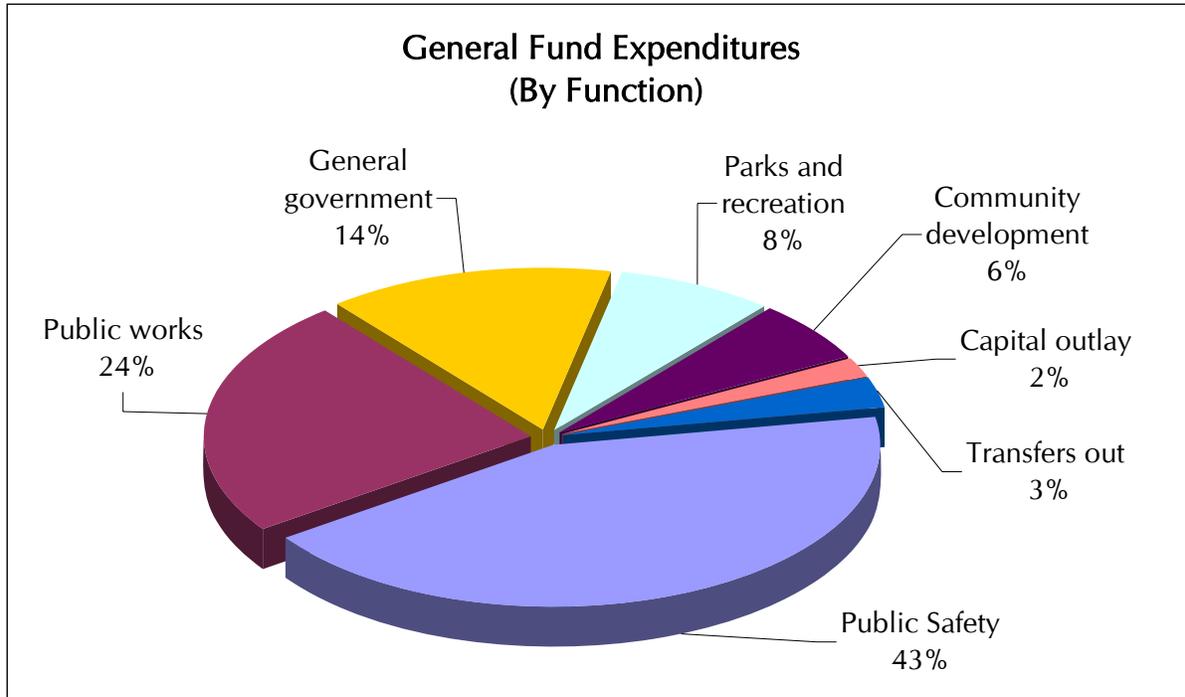


General Fund expenditures and transfers out were \$23.4 million, a decrease of \$2.2 million, or 8%, from the prior year total of \$25.6 million. Key elements of the changes are summarized as follows:

Due to the continuing substantial revenue decreases caused by the recession, additional broad budget cuts to the programs and services were made during the fiscal year, affecting personnel, operating and capital expenditures. Since inception of the current recession, over 80 part-time employees were laid off, 14 full-time positions have been either frozen or eliminated, and a 10% furlough has been implemented, resulting in an effective labor force reduction of more than one third.

- ❑ Public safety was the largest General Fund function at \$10.1 million, or 43% of General Fund expenditures and transfers out, a decrease of \$230 thousand, or 2%, from the preceding fiscal year's total of \$10.3 million. In addition to staffing and operating cuts, the contract law enforcement services with the Los Angeles County Sheriff's Department were reduced by eliminating three deputy positions.
- ❑ Public works was the second largest General Fund function at \$5.7 million, or 24% of General Fund expenditures and transfers out, an increase of \$113 thousand, or 2%, from the preceding fiscal year's total of \$5.6 million. Beginning in this fiscal year, approximately \$300 thousand in facility operating and maintenance costs that were previously charged to parks and recreation have been charged to public works. Without this transfer of costs, public works expenditures decreased 3% from the preceding fiscal year. Among other cuts, public works laid off all of its part-time employees.
- ❑ General government (City Council, City Commissions, City Administration, City Clerk's Office, City Attorney, Finance, Personnel, Public Affairs, Risk Management, and Non-departmental) was the third largest General Fund function at \$3.2 million, or 14% of General Fund expenditures and transfers out, a decrease of \$641 thousand, or 17%, from the preceding fiscal year's total of \$3.8 million. There were various cuts in staffing, operating costs and special community events.
- ❑ Parks and recreation was the fourth largest General Fund function at \$1.8 million, or 8% of General Fund expenditures and transfers out, a decrease of \$772 thousand, or 30%, from the preceding fiscal year's total of \$2.6 million. Without the transfer of approximately \$300,000 in costs to public works in this fiscal year, parks and recreation expenditures decreased 18% when compared to the preceding fiscal year. Parks and recreation suffered budget cuts in staffing, operating costs, and various activities.
- ❑ Community development was the fifth largest General Fund function at \$1.4 million, or 6% of General Fund expenditures and transfers out, a decrease of \$196 thousand, or 12%, from the preceding fiscal year's total of \$1.6 million. The decrease was largely due to budget cuts in staffing and operating costs.
- ❑ Transfers out totaled \$725 thousand, or 3% of General Fund expenditures and transfers out, a decrease of \$370 thousand, or 34%, from the preceding fiscal year's total of \$1.1 million. There was a reduction of \$374 thousand in transfers to cover deficits in the Building and Safety Fund, Community Development Block Grant Fund, and Parking District No. 1 Fund.

- Capital outlay totaled \$507 thousand, or 2% of General Fund expenditures and transfers out, a decrease of \$60 thousand, or 11%, from the preceding fiscal year's total of \$567 thousand. Capital outlay, by nature, can fluctuate greatly from year to year.



Note: The above chart may not total 100% due to rounding.

Financing Authority Debt Service Fund. Pursuant to the Joint Exercise of Powers Act (California Government Code Sections 6500, et seq.), Bellflower Financing Authority was established to provide the financing of public capital improvements and other projects for revitalization of the City. This Fund is used to account for the accumulation of resources (bond proceeds and lease revenues) and the payment of interest and principal on the Authority's long-term obligations.

At the end of the current fiscal year, the fund balance of the Financing Authority Debt Service Fund was \$8.3 million, of which \$566 thousand was reserved for debt service and \$7.7 million was reserved for cash advanced to the Municipal Water System for the acquisition and improvement of the water system. The fund balance increased \$15 thousand, or 0.2%, during the fiscal year.

The revenues and operating transfers in were \$419 thousand (lease interest and investment earnings), an increase of \$114 thousand, or 37% from the preceding fiscal year. Substantially all of the revenues were earned in the form of lease interest from the Municipal Water System. The annual lease revenue equals to the required annual debt service payments and trustee fees less interest earned on the trust reserve account.

The expenditures (interest and other charges) were \$404 thousand, an increase of \$111 thousand, or 38%, from the preceding fiscal year. The Financing Authority Debt Service Fund incurred expenditures solely related to the 2008 Water System Certificates of Participation issued in July 2008 in the amount of \$8,230,000.

Redevelopment Agency Debt Service Fund, pursuant to California Redevelopment Law, is used to account for 80% of property tax increment revenues generated from Redevelopment Project Area No. 1 and the payment of interest and principal on the Agency's debt obligations.

At the end of the current fiscal year, the fund balance of the Redevelopment Agency Debt Service Fund was \$619 thousand, an increase of \$6 thousand, or 1%, from the preceding fiscal year. The total fund balance has been reserved for debt service

The revenues were \$2.1 million, an increase of \$512 thousand, or 32%, from the preceding fiscal year. Substantially all of the revenues were property taxes and the increase is attributable to the loss of welfare tax exemption by the Kaiser hospital due to the change in the use of its facility. The transfers in were \$2.1 million, an increase of \$886 thousand, or 76%, from the preceding fiscal year. The increase in the transfer was from the Redevelopment Agency Capital Projects Fund to make the related debt service payments.

The expenditures were \$4.2 million as follows: \$2.9 million in debt service payments, \$1.3 million in pass-through payments and \$34 thousand in Los Angeles County administrative fees. The expenditure increase of \$1.4 million, or 51%, from the preceding fiscal year, was caused by the following: increase in the debt service payments by \$597 thousand and the State's shift of the Redevelopment Agency's property taxes in the amount of \$816 thousand to the Supplemental Educational Revenue Augmentation Fund (SERAF) to address its budget deficit problem. An additional SERAF shift of \$168 thousand is mandated for the following fiscal year. The constitutionality of the SERAF shift is under dispute in an appellate court.

Redevelopment Agency Capital Projects Fund, pursuant to 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 revenues 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.

In general, property tax increment revenues, net of annual debt service payments and 20% set-aside for low and moderate income housing, are transferred from the Redevelopment Agency Debt Service Fund to the Redevelopment Agency Capital Projects Fund to finance authorized projects. As with prior years, Redevelopment projects continue to be largely supported with loans and cash advances from the City's General Fund.

At the end of the current fiscal year, the fund deficit of the Redevelopment Agency Debt Service Fund was \$17.5 million, an increase of \$2.7 million, or 18%, from the preceding fiscal year.

The revenues were \$56 thousand, a decrease of \$203 thousand, or 78%, from the preceding fiscal year. The current fiscal year's revenues were solely from investment earnings. The preceding fiscal year's revenues included \$216 thousand in reimbursed costs and loan repayment.

The expenditures were \$827 thousand as follows: \$638 thousand in community development and \$189 thousand in capital outlay. The expenditure decrease of \$1.9 million, or 70%, from the preceding fiscal year was caused by a decrease in community development of \$903

thousand and a decrease in capital outlay of \$1.0 million. The reductions are consistent with the broad budget cuts made due to the continuing and substantial revenue declines caused by the current recession.

The transfers to the Redevelopment Agency Debt Service Fund were \$1.9 million, an increase of \$830 thousand, or 79%, compared to the preceding fiscal year. The transfers were made to provide funds necessary to make debt service payments on the debt incurred to fund prior redevelopment projects.

### **General Fund Budgetary Highlights**

In any fiscal year, the City Council and the City Manager (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 Transfers In* – The original and final budgeted revenues and transfers in were \$25.2 million.

*Appropriations and Transfers Out* – The final appropriations and transfers out were \$25.3 million, an increase of \$215 thousand from the original allocations of \$25.1 million as follows: \$36 thousand increase in general government, \$359 thousand increase in capital outlay, and \$180 thousand decrease in public safety.

### **Budget to Actual Variance**

The actual revenues and transfers in of \$25.2 million were approximately the same as the final budgeted revenues and transfers in of \$25.2 million. Major variances in revenue categories were as follows: taxes lower by \$431 thousand, fines, forfeitures and penalties higher by \$385 thousand, charges for current services higher by \$249 thousand, and transfers in lower by \$213 thousand.

The actual expenditures and transfers out of \$23.4 million were lower than the final appropriations and transfers out of \$25.3 million by approximately \$1.9 million as follows: \$94 thousand in general government, \$294 thousand in public works, \$173 thousand in community development, \$1.3 million in capital outlay, \$180 thousand transfers out and \$92 thousand (higher) in public safety.

### **Capital Asset and Debt Administration**

Capital Assets. The City's investment in capital assets for governmental and business-type activities as of June 30, 2010, was \$60.1 million (net of accumulated depreciation). Infrastructure assets have been reported retroactive to July 1, 1980, in compliance with GASB Statement No. 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 Note 9 to the basic financial statements.

Capital Assets (in thousands)						
	Governmental Activities		Business-Type Activities		Total	
	FY 2009-10	FY 2008-09	FY 2009-10	FY 2008-09	FY 2009-10	FY 2008-09
Land	\$ 17,406	\$ 17,336	\$ 827	\$ 827	\$ 18,233	\$ 18,163
Buildings and improvements	19,025	19,631	78	83	19,103	19,714
Equipment and furniture and fixtures	1,683	1,444	13	14	1,696	1,458
Infrastructure	13,334	10,239	1,455	1,061	14,789	11,300
Construction in progress	1,611	2,436	344	9	1,955	2,445
Water rights	94	94	4,000	4,000	4,094	4,094
Acquisition costs	-	-	270	311	270	311
Total Capital Assets	<u>\$ 53,152</u>	<u>\$ 51,180</u>	<u>\$ 6,986</u>	<u>\$ 6,306</u>	<u>\$ 60,139</u>	<u>\$ 57,485</u>

**Note:** Due to rounding, the dollar details may not add up to corresponding totals.

During this fiscal year, the City added \$4.1 million in capital assets excluding equipment and furniture and fixtures. The following were major projects for the fiscal year:

- ❑ West Branch Greenway Project \$1.3 million
- ❑ Water System Improvements \$1.2 million  
(water main lines, interconnection, high capacity well)
- ❑ Various Street Improvements \$612 thousand
- ❑ Traffic Signal Improvements \$192 thousand
- ❑ Various Facilities Improvements \$284 thousand
- ❑ Public Arts \$198 thousand
- ❑ Bellflower/Walnut Village Project \$122 thousand

**Long-Term Debt.** At June 30, 2010, the City had \$27.1 million in outstanding long-term debt for Governmental Activities, a decrease of \$859 thousand, or 3%, from the preceding fiscal year. The overall decrease was due to the City's scheduled repayment of the outstanding long-term debt. For additional information on long-term debt, please refer to Note 10 to the notes to the basic financial statements.

Long-Term Debt (in thousands)				
	2010	2009	Variance Increase/ (Decrease)	% Change
1999 Refunding Certificates of Participation	\$ 3,655	\$ 3,935	\$ (280)	-7%
2004 Refunding Tax Allocation Bonds	7,010	7,135	(125)	-2%
2008 Certificates of Participation (Water System)	8,230	8,230	-	0%
HUD Section 108 Loan	5,828	6,088	(260)	-4%
Notes Payable	957	1,173	(216)	-18%
Compensated Absences	1,408	1,386	22	2%
Total Long-Term Debt	<u>\$ 27,087</u>	<u>\$ 27,948</u>	<u>\$ (859)</u>	<u>-3%</u>

**Note:** Due to rounding, the dollar details may not add up to corresponding totals.

Under the California Government Code Section 43605, the City's legal bonded debt limit for this fiscal year was \$135 million 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 Outlook- Fiscal Year 2010-2011**

The City's finances and the ability to pay for essential services and capital projects are heavily dependent on the economy, legislative actions of the Federal and State governments, and laws governing local finances.

In its fourth quarterly report of 2010, the UCLA Anderson Forecast calls for "modest growth and distressingly high unemployment" for most of 2011, with an acceleration of growth in late 2011 that will gradually lower the unemployment rate. The California forecast reads similarly, with slow growth expected until the end of 2011. The Los Angeles County projections appear slightly more optimistic as 2010's high unemployment rates begin to gradually descend in early 2011. All three forecasts are brighter for 2012 as the economies grow more rapidly and unemployment rates continue to drop.

The National Bureau of Economic Research, a panel of academic economists that dates the beginning and end of recessions, declared the current recession started in December 2007 and had ended in June 2009. However, the unemployment rates remain high, real estate and mortgage problems persist, and state and local governments are still suffering from substantial revenue declines. While the worst recession since the Great Depression may have bottomed, it is still a long and slow struggle to a full economic recovery we once enjoyed. The City does not expect to immediately participate in a recovery should there be one in the near future.

A substantial portion of the City's revenues are intergovernmental grants and pass-through revenues. In the event of fiscal distress or for other political reasons, both the Federal and State governments can cut funding for local governments. Under the American Recovery and Reinvestment Act of 2009, the City has been allocated \$2.5 million in Federal funding for capital projects related to bike trail landscaping, pavement rehabilitation, facilities improvements for energy efficiency and conservation, water system improvements, and public safety. The State, on the other hand, has a track record of unilaterally taking and deferring local governments' revenues to address its budget crisis and meet other financial obligations. Even though local government's revenues are protected under Proposition 1A of 2004 (Protection of Local Government Revenues), through the adoption of fiscal year 2008-09 budget, the State had yet again taken irresponsible action to solve its budget crisis by raiding local governments' revenues, permanently shifting \$984 thousand from the Bellflower Redevelopment Agency (\$816 thousand in fiscal year 2009-10 and \$168 thousand in fiscal year 2010-11) into the Supplemental Educational Revenue Augmentation Fund with severe penalties for noncompliance. The constitutionality of this statewide revenue shift is being litigated in an appellate court, as the trial court had validated the State's seizure. In addition, the State's prior budgetary actions altering local governments' revenues have created a long-term or permanent structural cash flow deficit of approximately \$3.4 million annually for the City (i.e., vehicle license fees for property taxes referred to as "VLFAA" and sales taxes for property taxes known as "triple flip"). The State's continued deferral of local government's transportation funds will cause another \$560 thousand in cash flow deficit for the City during the fiscal year 2010-11. Fortunately as a remedy, Proposition 22 (Local Taxpayer, Public Safety and Transportation Protection Act of 2010) was recently passed by the voters in November 2010 to provide further fiscal protection for local governments' revenues from the State.

The local governments' ability to raise revenues has significant limitations under various propositions that impose restrictions on locally raised taxes, assessments and fees. The following are those with substantial constraints: Proposition 13 of 1978 (People's Initiative to Limit Property Taxation), Proposition 4 of 1979 and Proposition 111 of 1990 (annual

appropriations limit), Proposition 62 of 1986 (Voter Approval of Taxes Act), Proposition 218 of 1996 (Voter Approval for Local Government Taxes; Limitations on Fees, Assessments, and Charges), and Proposition 26 of 2010 (certain state and local fees be approved by two-thirds vote).

### **Adopted Budget**

For fiscal year 2010-11, the total recurring revenues and transfers in for the General Fund is expected to be approximately the same as the preceding fiscal year at \$23.9 million, a reduction of \$2.9 million, or 11%, from the pre-recession fiscal year 2006-07. At the same time, costs have risen by approximately \$1 million based on the CPI. The adopted General Fund budget for fiscal year 2010-11 less adjustments and cuts to date total \$25.1 million. The unreserved, undesignated General Fund balance was \$15.1 million at June 30, 2010.

In consideration of substantial and continuing decreases in revenues coupled with the general increase in the cost of goods and services, in June 2009, the City Council adopted a balanced biennial 2009-11 Operating Budget with continued, significant cuts to services, programs, capital projects and staffing including part-time layoffs (84 total), frozen/eliminated full-time positions (10 total), and 10% furlough. There are currently a total of 14 frozen/eliminated full-time positions with the effective labor force reduction of more than one third. In light of these steep cuts, there continues to be concerted efforts on the part of staff for additional financial savings.

Prior to this, in response to the unanticipated, significant revenue decreases caused by the recession, the Council promptly took action during the fiscal year 2008-09 to make approximately \$4 million in broad budget cuts which included various community events, programs, services and capital projects including part-time layoffs, 10% furlough, freezing vacant positions, and offering early retirement incentives.

Through these tough decisions, the City was able to stop two consecutive years of General Fund operating deficits and close fiscal year 2009-10 with a General Fund operating surplus of \$1.8 million. Included in the amount was \$1.3 million in one-time/non-recurring revenues. In addition, a total of \$874 thousand in General Fund capital projects budget allocation from fiscal year 2009-10 has been carried over to fiscal year 2010-11. Considering that the recurring revenues and transfers in for the General Fund had declined \$2.9 million from the pre-recession fiscal year 2006-07 and costs had also risen since, this marks a great achievement on the part of the Council and staff at all levels.

Based on these important actions of the Council and the direct results produced, it is clearly evident that the Council's intent and will is to act quickly and responsibly to ensure the continued financial stability and solvency of the City.

### **Request for Information**

This financial report is designed to provide a general overview of the City's finances for our citizens, taxpayers, investors, creditors, and other interested parties and to demonstrate the City's accountability for the public funds it receives and manages. Questions concerning 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).

CITY OF BELLFLOWER



*Families. Businesses. Futures.*

"GROWING TOGETHER"

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

**CITY OF BELLFLOWER**  
**STATEMENT OF NET ASSETS**  
**June 30, 2010**

	Governmental Activities	Business-type Activities	Totals
<b>ASSETS</b>			
Cash and investments	\$ 22,903,027	\$ 406,984	\$ 23,310,011
Cash and investments with fiscal agents	1,177,525	991,719	2,169,244
Receivables:			
Accounts receivable - net	3,477,362	477,645	3,955,007
Notes receivable	7,284,435		7,284,435
Interest receivable	77,602	1,368	78,970
Loans receivable	17,027		17,027
Inventory		14,693	14,693
Prepaid expenses	8,210	1,000	9,210
Net OPEB asset	31,524		31,524
Internal balances	9,609,303	(9,609,303)	
Deferred charges - net of accumulated amortization	507,599	480,197	987,796
Deferred loss on refunding - net of accumulated amortization	368,389		368,389
Pre-acquisition costs - net of accumulated amortization		32,500	32,500
Capital assets not being depreciated	19,110,480	5,170,580	24,281,060
Capital assets - net of accumulated depreciation	34,041,591	1,815,914	35,857,505
<b>Total assets</b>	<b>98,614,074</b>	<b>(216,703)</b>	<b>98,397,371</b>
<b>LIABILITIES</b>			
Accounts payable	2,506,870	175,956	2,682,826
Accrued expenses	1,027,617	2	1,027,619
Interest payable	522,828	100,655	623,483
Pre-acquisition costs payable		15,000	15,000
Deferred revenue	1,291,235		1,291,235
Deposits	144,969	43,752	188,721
Retention payable	259,907	18,711	278,618
Noncurrent liabilities:			
Due within one year	1,883,129		1,883,129
Due in more than one year	25,204,321		25,204,321
<b>Total liabilities</b>	<b>32,840,876</b>	<b>354,076</b>	<b>33,194,952</b>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	36,578,312	6,986,494	43,564,806
Restricted for:			
Construction of capital assets	130,104	991,719	1,121,823
Debt service	8,353,124		8,353,124
Streets, highways, bikeways, public transit, and other related purposes	2,388,584		2,388,584
Housing	2,463,896		2,463,896
Public safety	70,176		70,176
Unrestricted	15,789,002	(8,548,992)	7,240,010
<b>Total net assets (deficit)</b>	<b>\$ 65,773,198</b>	<b>\$ (570,779)</b>	<b>\$ 65,202,419</b>

**See Notes to the Basic Financial Statements**

**CITY OF BELLFLOWER  
STATEMENT OF ACTIVITIES  
For the Fiscal Year Ended June 30, 2010**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants
<b>Governmental Activities:</b>				
General government	\$ 3,651,270	\$ -	\$ -	\$ -
Public safety	10,303,163	2,082,459	378,270	
Public works	8,720,389	119,975	3,095,177	2,170,207
Community development	3,761,972	665,881	1,954,126	84,275
Parks and recreation	2,187,622	305,658	688,624	21,798
Interest on long-term debt	3,617,692			
<b>Total Governmental Activities</b>	<b>32,242,108</b>	<b>3,173,973</b>	<b>6,116,197</b>	<b>2,276,280</b>
<b>Business-type Activities:</b>				
Water	1,317,455	1,441,351		392,093
Interest on long-term debt	412,027			
<b>Total Business Activities</b>	<b>1,729,482</b>	<b>1,441,351</b>		<b>392,093</b>
<b>Total primary government</b>	<b>\$ 33,971,590</b>	<b>\$ 4,615,324</b>	<b>\$ 6,116,197</b>	<b>\$ 2,668,373</b>

**General Revenues:**

Taxes:

- Sales taxes
- Property taxes
- Property tax in lieu of VLF
- Franchise taxes
- Utility users taxes
- Transient occupancy taxes
- Business license taxes
- Property transfer taxes

Intergovernmental - unrestricted:

- Motor vehicle in lieu
- Earnings on investments
- Miscellaneous
- Gain on sale of property

Transfers

Total general revenues and transfers

Change in net assets

Net assets (deficit) - July 1, 2009

Net assets (deficit) - June 30, 2010

**See Notes to the Basic Financial Statements**

Net (Expenses) Revenues and Changes in Net Assets

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
\$ (3,651,270)	\$ -	\$ (3,651,270)
(7,842,434)		(7,842,434)
(3,335,030)		(3,335,030)
(1,057,690)		(1,057,690)
(1,171,542)		(1,171,542)
<u>(3,617,692)</u>		<u>(3,617,692)</u>
<u>(20,675,658)</u>		<u>(20,675,658)</u>
	515,989	515,989
	<u>(412,027)</u>	<u>(412,027)</u>
	103,962	103,962
<u>(20,675,658)</u>	<u>103,962</u>	<u>(20,571,696)</u>
4,491,686		4,491,686
3,784,401		3,784,401
6,099,840		6,099,840
1,410,399		1,410,399
4,037,569		4,037,569
450,715		450,715
659,970		659,970
114,075		114,075
227,345		227,345
2,943,647	11,500	2,955,147
425,759	19,490	445,249
1,229		1,229
<u>(9,339)</u>	<u>9,339</u>	
<u>24,637,296</u>	<u>40,329</u>	<u>24,677,625</u>
3,961,638	144,291	4,105,929
<u>61,811,560</u>	<u>(715,070)</u>	<u>61,096,490</u>
<u>\$ 65,773,198</u>	<u>\$ (570,779)</u>	<u>\$ 65,202,419</u>

**CITY OF BELLFLOWER  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2010**

	<u>General Fund</u>	<u>Financing Authority Debt Service Fund</u>	<u>Redevelopment Agency Debt Service Fund</u>
<b>ASSETS</b>			
Cash and investments	\$ 16,064,611	\$ -	\$ 7,773
Cash and investments with fiscal agents		562,730	614,795
Accounts receivable - net	2,216,616		142,545
Due from other funds	306,822		
Interest receivable	51,551	3,584	4,669
Loans receivable	17,027		
Prepaid expenditures	8,210		
Notes receivable			
Advances receivable	<u>19,869,473</u>	<u>7,690,181</u>	<u></u>
Total assets	<u>\$ 38,534,310</u>	<u>\$ 8,256,495</u>	<u>\$ 769,782</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 1,970,143	\$ -	\$ 2,040
Accrued expenditures	1,027,474		
Due to other funds			148,285
Deposits	22,904		
Retention payable	23,331		
Deferred revenue	8,021,386		
Advances payable			
Total liabilities	<u>11,065,238</u>	<u></u>	<u>150,325</u>
Fund balances:			
Reserved:			
Debt service		566,314	619,457
Prepaid expenditures	8,210		
Advances, net of deferred interest	12,375,406	7,690,181	
Unreserved reported in:			
General fund	15,085,456		
Special revenue funds			
Capital projects funds			
Total fund balances	<u>27,469,072</u>	<u>8,256,495</u>	<u>619,457</u>
Total liabilities and fund balances	<u>\$ 38,534,310</u>	<u>\$ 8,256,495</u>	<u>\$ 769,782</u>

**See Notes to the Basic Financial Statements**

Redevelopment Agency Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 4,099,667	\$ 20,172,051
		1,177,525
	1,118,201	3,477,362
148,285		455,107
	9,305	69,109
		17,027
		8,210
86,776	7,197,659	7,284,435
		27,559,654
<u>\$ 235,061</u>	<u>\$ 12,424,832</u>	<u>\$ 60,220,480</u>
\$ 47,346	\$ 487,341	\$ 2,506,870
		1,027,474
	306,822	455,107
2,123	119,942	144,969
3,311	233,265	259,907
86,776	8,371,444	16,479,606
17,588,890	361,461	17,950,351
<u>17,728,446</u>	<u>9,880,275</u>	<u>38,824,284</u>
		1,185,771
		8,210
		20,065,587
		15,085,456
	2,888,638	2,888,638
(17,493,385)	(344,081)	(17,837,466)
<u>(17,493,385)</u>	<u>2,544,557</u>	<u>21,396,196</u>
<u>\$ 235,061</u>	<u>\$ 12,424,832</u>	<u>\$ 60,220,480</u>

**CITY OF BELLFLOWER  
GOVERNMENTAL FUNDS  
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET ASSETS  
June 30, 2010**

Fund balances of governmental funds	\$ 21,396,196
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.	53,152,071
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.	409,869
Net OPEB asset has not been included as financial resources in governmental funds.	31,524
Interest accrued on advances are not available to pay for current expenditures and, therefore are offset by deferred revenue in the governmental funds.	7,494,067
Certain notes receivable are not available to pay for current period expenditures and, therefore are offset by deferred revenue in the governmental funds. Also, accrued interest on notes receivable has not been reported in the governmental funds.	7,284,435
Long-term debt and compensated absences have not been included in the governmental funds:	
Long-term debt	(25,679,747)
Compensated absences	(1,407,703)
Deferred charges, net of accumulated amortization for debt issuance costs and discounts on long-term debt have not been reported in the governmental funds.	507,599
Deferred losses on refunding, net of accumulated amortization for long-term debt issuance have not been reported in the governmental funds.	368,389
Accrued interest payable from the current portion of interest due on long-term debt has not been reported in the governmental funds.	(522,828)
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. The amount is net of capital assets which have been already included as the governmental capital assets.	<u>2,739,326</u>
Net assets of governmental activities	<u>\$ 65,773,198</u>

**See Notes to the Basic Financial Statements**

**THIS PAGE INTENTIONALLY LEFT BLANK**

**CITY OF BELLFLOWER**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**For the Fiscal Year Ended June 30, 2010**

	General Fund	Financing Authority Debt Service Fund	Redevelopment Agency Debt Service Fund
<b>REVENUES</b>			
Taxes	\$ 19,522,220	\$ -	\$ 2,091,183
Licenses and permits	62,087		
Fines, forfeitures, and penalties	1,911,150		
Investment earnings	358,599	418,911	16,152
Charges for current services	750,348		
Intergovernmental revenue	1,012,964		
Other revenues	333,735		
<b>Total revenues</b>	<b>23,951,103</b>	<b>418,911</b>	<b>2,107,335</b>
<b>EXPENDITURES</b>			
Current:			
General government	3,192,559		
Public safety	10,097,516		
Public works	5,730,919		
Community development	1,374,727		33,519
Parks and recreation	1,804,542		
Capital outlay	507,149		
Debt service:			
Principal retirement			341,520
Interest and other charges		404,319	2,527,053
Pass-through payments			1,257,353
<b>Total expenditures</b>	<b>22,707,412</b>	<b>404,319</b>	<b>4,159,445</b>
Excess of revenues over (under) expenditures	1,243,691	14,592	(2,052,110)
<b>OTHER FINANCING SOURCES (USES)</b>			
Proceeds on sale of property	3,418		
Transfers in	1,245,222		2,057,767
Transfers out	(724,570)		
<b>Total other financing sources (uses)</b>	<b>524,070</b>		<b>2,057,767</b>
<b>Net change in fund balances</b>	<b>1,767,761</b>	<b>14,592</b>	<b>5,657</b>
Fund balances (deficit) - July 1, 2009	25,701,311	8,241,903	613,800
Fund balances (deficit) - June 30, 2010	<u>\$ 27,469,072</u>	<u>\$ 8,256,495</u>	<u>\$ 619,457</u>

**See Notes to the Basic Financial Statements**

Redevelopment Agency Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 522,796	\$ 22,136,199
	389,995	452,082
		1,911,150
56,375	56,444	906,481
	68,439	818,787
	7,595,693	8,608,657
	197,485	531,220
<u>56,375</u>	<u>8,830,852</u>	<u>35,364,576</u>
	183,117	3,375,676
	112,219	10,209,735
	2,369,816	8,100,735
637,980	2,278,709	4,324,935
		1,804,542
189,201	2,865,982	3,562,332
	540,000	881,520
	517,286	3,448,658
		1,257,353
<u>827,181</u>	<u>8,867,129</u>	<u>36,965,486</u>
<u>(770,806)</u>	<u>(36,277)</u>	<u>(1,600,910)</u>
	3,521	6,939
	715,232	4,018,221
<u>(1,884,971)</u>	<u>(1,418,019)</u>	<u>(4,027,560)</u>
<u>(1,884,971)</u>	<u>(699,266)</u>	<u>(2,400)</u>
(2,655,777)	(735,543)	(1,603,310)
<u>(14,837,608)</u>	<u>3,280,100</u>	<u>22,999,506</u>
<u>\$ (17,493,385)</u>	<u>\$ 2,544,557</u>	<u>\$ 21,396,196</u>

**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, 2010**

Net change in fund balances - total governmental funds	\$	(1,603,310)
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.		1,978,056
Governmental funds report entire proceeds from disposal of capital assets as revenue. In the statement of activities, only resulting gain or loss is reported. The difference between the proceeds from disposal of capital assets and the resulting gain or loss is:		(5,710)
Certain taxes and fees in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.		169,810
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.		795,109
Interest revenue in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.		2,005,734
The issuance of long-term debt provides current financial resources to governmental funds, while repayment of the principal and issuance cost 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 and issuance cost are 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. This is the retirement of long-term debt.		881,520
Debt issuance costs and deferred loss on refunding are expenditures in the governmental funds, but these cost are capitalized and amortized on the statement of net assets. This is the amortization of debt issuance costs and deferred loss on refunding in the current period.		(46,437)
Accrued interest is interest due on long-term debt payable. This is the net change in accrued interest for the current period.		(122,597)
OPEB 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 OPEB for the current period.		(27,717)
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.		(21,271)
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 (excluding net change in capital assets of \$(216,148)).		(41,549)
Change in net assets of governmental activities	\$	3,961,638

**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, 2010**

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 19,953,000	\$ 19,953,000	\$ 19,522,220	\$ (430,780)
Licenses and permits	34,690	34,690	62,087	27,397
Fines, forfeitures, and penalties	1,525,750	1,525,750	1,911,150	385,400
Investment earnings	447,120	447,120	358,599	(88,521)
Charges for current services	501,700	501,700	750,348	248,648
Intergovernmental revenue	990,100	990,100	1,012,964	22,864
Other revenues	258,500	258,500	333,735	75,235
Total revenues	<u>23,710,860</u>	<u>23,710,860</u>	<u>23,951,103</u>	<u>240,243</u>
<b>EXPENDITURES</b>				
Current:				
General government:				
City council	223,631	223,631	188,293	35,338
Public affairs	287,800	287,800	246,257	41,543
Special events	77,330	77,330	46,158	31,172
City manager	503,084	503,084	467,294	35,790
City clerk	309,774	309,774	333,911	(24,137)
Election		36,400	36,392	8
Parks and rec. commission	3,100	3,100	1,950	1,150
Planning commission	13,200	13,200	9,222	3,978
Finance	797,747	797,747	773,429	24,318
City attorney	120,000	120,000	94,681	25,319
Personnel/Risk management	280,692	280,692	288,244	(7,552)
Public safety commission	4,300	4,300	150	4,150
Non-departmental	629,550	629,550	706,578	(77,028)
Total general government	<u>3,250,208</u>	<u>3,286,608</u>	<u>3,192,559</u>	<u>94,049</u>
Public safety:				
Administration	1,404,093	1,404,093	1,432,412	(28,319)
Crossing guard	152,350	152,350	144,010	8,340
Sheriff	7,739,150	7,559,150	7,590,517	(31,367)
Support services	885,717	885,717	927,476	(41,759)
Emergency management	4,550	4,550	3,101	1,449
Total public safety	<u>10,185,860</u>	<u>10,005,860</u>	<u>10,097,516</u>	<u>(91,656)</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, 2010**  
**(Continued)**

<b>EXPENDITURES - CONTINUED</b>	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
Public works:				
Administration	\$ 761,349	\$ 761,349	\$ 774,275	\$ (12,926)
Street maintenance	2,468,725	2,468,725	2,233,658	235,067
Stormwater maintenance	459,553	459,553	401,762	57,791
Lighting and landscaping	581,088	581,088	611,397	(30,309)
Facility maintenance	1,753,754	1,753,754	1,709,827	43,927
Total public works	6,024,469	6,024,469	5,730,919	293,550
Community development:				
Administration	397,170	397,170	384,955	12,215
Planning	775,914	775,914	664,823	111,091
Building and safety- LA contract	47,000	47,000	42,804	4,196
Farmers' market	1,200	1,200	1,305	(105)
Code enforcement	326,839	326,839	280,840	45,999
Total community development	1,548,123	1,548,123	1,374,727	173,396
Parks and recreation:				
Administration	666,387	666,387	638,432	27,955
Simms park	311,675	311,675	362,157	(50,482)
Thompson park	242,577	242,577	267,532	(24,955)
Caruthers park	237,105	237,105	254,818	(17,713)
Aquatic center	184,542	184,542	190,160	(5,618)
Civic auditorium	69,878	69,878	68,990	888
Cultural arts	22,190	22,190	22,453	(263)
Total parks and recreation	1,734,354	1,734,354	1,804,542	(70,188)
Capital outlay	1,451,500	1,810,500	507,149	1,303,351
Total expenditures	24,194,514	24,409,914	22,707,412	1,702,502
Excess of revenues over (under) expenditures	(483,654)	(699,054)	1,243,691	1,942,745

(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, 2010  
(Continued)**

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>OTHER FINANCING SOURCES (USES):</b>				
Proceeds on sale of property	\$ 500	\$ 500	\$ 3,418	2,918
Transfers in	1,458,500	1,458,500	1,245,222	\$ (213,278)
Transfers out	<u>(904,324)</u>	<u>(904,324)</u>	<u>(724,570)</u>	<u>179,754</u>
 Total other financing sources (uses)	 <u>554,676</u>	 <u>554,676</u>	 <u>524,070</u>	 <u>(30,606)</u>
 Net change in fund balance	 71,022	 (144,378)	 1,767,761	 1,912,139
 Fund balance - July 1, 2009	 <u>25,701,311</u>	 <u>25,701,311</u>	 <u>25,701,311</u>	 <u>                    </u>
 Fund balance - June 30, 2010	 <u><u>\$ 25,772,333</u></u>	 <u><u>\$ 25,556,933</u></u>	 <u><u>\$ 27,469,072</u></u>	 <u><u>\$ 1,912,139</u></u>

**See Notes to the Basic Financial Statements**

**CITY OF BELLFLOWER  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
June 30, 2010**

	Business-type Activities Enterprise Fund	Governmental Activities Internal Service Fund
	Water Fund	Equipment Replacement Fund
<b>ASSETS</b>		
Current assets:		
Cash and investments	\$ 406,984	\$ 2,730,976
Cash and investments with fiscal agent	991,719	
Accounts receivable	477,645	
Interest receivable	1,368	8,493
Inventory	14,693	
Prepaid expense	1,000	
Total current assets	1,893,409	2,739,469
Noncurrent assets:		
Deferred charges - net of accumulated amortization	480,197	
Pre-acquisition costs - net of accumulated amortization	32,500	
Capital assets not being depreciated	5,170,580	
Capital assets - net of accumulated depreciation	1,815,914	503,314
Total noncurrent assets	7,499,191	503,314
Total assets	9,392,600	3,242,783
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	175,956	
Accrued liabilities	2	143
Accrued interest payable	100,655	
Pre-acquisition costs payable	15,000	
Retention payable	18,711	
Refundable deposits	43,752	
Total current liabilities	354,076	143
Noncurrent liabilities:		
Advances from other funds	9,609,303	
Total noncurrent liabilities	9,609,303	
Total liabilities	9,963,379	143
<b>NET ASSETS</b>		
Invested in capital assets	6,986,494	503,314
Restricted for:		
Construction of capital assets	991,719	
Unrestricted	(8,548,992)	2,739,326
Total net assets (deficit)	\$ (570,779)	\$ 3,242,640

**See Notes to the Basic Financial Statements**

**CITY OF BELLFLOWER**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS**  
**PROPRIETARY FUNDS**  
For the Fiscal Year Ended June 30, 2010

	Business-type Activities Enterprise Fund	Governmental Activities Internal Service Fund
	Water Fund	Equipment Replacement Fund
<b>OPERATING REVENUES</b>		
Charges for services (net of refunds)	\$ 1,441,351	\$ -
Total operating revenues	1,441,351	
<b>OPERATING EXPENSES</b>		
Salaries	198,157	28,947
Benefits	68,093	3,734
Administration	51,049	
Alarm	376	
Communications	4,400	
Distribution lines	5,430	
Energy	13,644	
Hydrants, meters, covers & services	10,560	
Insurance	21,168	
Licenses	15,352	
Maintenance	10,544	4,936
Reclaimed water	5,009	
Office supplies and expenses	13,394	
Professional services	178,514	
Pumps and wells	6,767	
Taxes	15,271	
Telephone	3,515	
Tools and equipment	825	
Treatment & test	20,273	
Utilities	2,422	
Auto	9,108	
Water purchases	447,686	
Water subsidy	9,339	
Other expenses	2,552	
Amortization	21,417	
Depreciation	182,590	246,434
Total operating expenses	1,317,455	284,051
Operating income (loss)	123,896	(284,051)
<b>NON-OPERATING REVENUES (EXPENSES)</b>		
Intergovernmental revenue	392,093	
Investment earnings	7,500	31,432
Water rights lease	4,000	
Interest expense	(412,027)	
Gain (loss) on sale of capital assets		(5,078)
Other non-operating revenue	19,490	
Total non-operating revenues (expenses)	11,056	26,354
Income (loss) before transfers	134,952	(257,697)
<b>Transfers in</b>	9,339	
Net transfers	9,339	
Changes in net assets	144,291	(257,697)
Total net assets (deficit), July 1, 2009	(715,070)	3,500,337
Total net assets (deficit) , June 30, 2010	\$ (570,779)	\$ 3,242,640

**See Notes to the Basic Financial Statements**

**CITY OF BELLFLOWER  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
For the Fiscal Year Ended June 30, 2010**

	Business-type Activities Enterprise Fund	Governmental Activities Internal Service Fund
	Water Fund	Equipment Replacement Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from customers and users	\$ 1,247,719	\$ -
Cash paid to employees	(266,250)	(32,681)
Cash paid to suppliers	(747,906)	(7,671)
	<u>233,563</u>	<u>(40,352)</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>		
Intergovernmental revenue	392,093	
Cash transfers to/from other funds	9,339	
	<u>401,432</u>	<u></u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Internal activity - receipts from other funds	714,846	
Pre-acquisition cost payable	(10,000)	
Interest expense	(412,027)	
Purchases of capital assets	(863,392)	(35,364)
	<u>(570,573)</u>	<u>(35,364)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest earnings	29,298	33,865
Water rights lease	4,000	
	<u>33,298</u>	<u>33,865</u>
Net cash provided (used) by investing activities	<u>33,298</u>	<u>33,865</u>
Net increase (decrease) in cash and cash equivalents	97,720	(41,851)
Cash and cash equivalents, July 1, 2009	<u>1,300,983</u>	<u>2,772,827</u>
Cash and cash equivalents, June 30, 2010	<u>\$ 1,398,703</u>	<u>\$ 2,730,976</u>
<b>RECONCILIATION OF OPERATING INCOME(LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>		
Operating income (loss)	\$ 123,896	\$ (284,051)
Adjustments to reconcile operating income (loss) to net cash provided (used)		
Amortization	21,417	
Depreciation	182,590	246,434
Changes in assets and liabilities:		
Accounts receivable	(199,553)	
Inventory	(6,526)	
Accounts payable	130,078	(2,677)
Accrued liabilities	(42,971)	(58)
Retention payable	18,711	
Refundable deposits	5,921	
	<u>233,563</u>	<u>(40,352)</u>
Net cash provided (used) by operating activities	<u>\$ 233,563</u>	<u>\$ (40,352)</u>

**See Notes to the Basic Financial Statements**

**CITY OF BELLFLOWER  
STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
June 30, 2010**

	BUSD Trust	Agency Fund
<b>ASSETS</b>		
Cash and investments	\$ 602,032	\$ 661,511
Interest receivable	557	
Total assets	602,589	\$ 661,511
 <b>LIABILITIES</b>		
Deposits payable		\$ 661,511
Total liabilities		\$ 661,511
 <b>NET ASSETS</b>		
Held in trust for other purposes	\$ 602,589	

**See Notes to the Basic Financial Statements**

**CITY OF BELLFLOWER  
FIDUCIARY FUND  
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
For the Fiscal Year ended June 30, 2010**

<b>ADDITION</b>	<u>BUSD Trust</u>
Contributions	\$ 401,321
Investment earnings	<u>557</u>
Total additions	<u>401,878</u>
Change in net assets	401,878
Net assets - July 1, 2009	<u>200,711</u>
Net assets- June 30, 2010	<u><u>\$ 602,589</u></u>

**See Notes to the Basic Financial Statements**

**NOTES TO BASIC  
FINANCIAL STATEMENTS**

**CITY OF BELLFLOWER**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2010**

**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 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.

The Bellflower Financing Authority (the "Authority") is formed by a joint powers of the City and the Agency. Although the Authority is a legal separate entity, the Authority is reported as a separate fund in the Debt Service Funds.

Separate Redevelopment Agency, Public Facilities Corporation and Financing Authority 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* as amended by GASB Statement No. 39, criteria for discrete disclosure within these financial statements.

**B. Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all 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 is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment.

**CITY OF BELLFLOWER**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2010**

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

**B. Government-wide and Fund Financial Statements (Continued)**

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.

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary 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 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 except for sales tax revenue which is 90 days. 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 grants 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 Enterprise Fund and the Internal Service Fund are charges to customers for sales and services. Operating expenses for the Enterprise Fund and 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.

**CITY OF BELLFLOWER**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2010**

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

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

Fiduciary funds focus on net assets and changes in net assets. Trust funds use the flow of economic resources measurement focus and the accrual basis of accounting, except for the recognition of certain liabilities of defined benefit pension plans. Agency funds also use the accrual basis of accounting, but since they are custodial in nature and do not involve the measurement of results of operations, they do not use a measurement focus.

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.

**Bellflower Financing Authority Debt Service Fund**

The Bellflower Financing Authority Debt Service Fund is used to account for the financing of public capital improvements and other projects for revitalization of the City.

**Redevelopment Agency Debt Service Fund**

The Redevelopment Agency Debt Service Fund is used to account for debt service payments on the Bellflower Redevelopment Agency's long-term debt issues.

**Redevelopment Agency Capital Projects Fund**

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

The City reports the following major proprietary fund:

**The Water Enterprise Fund**

The Water Enterprise Fund is used to accounts for the operation and maintenance of the City's water distribution system.

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 Funds**

- 1) 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.

**CITY OF BELLFLOWER**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2010**

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

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

**Fiduciary Funds (Continued)**

- 2) BUSD Trust Fund is established as a private-purpose trust for the Bellflower Redevelopment Agency to benefit the Bellflower Unified School District in accordance with the settlement agreement. The Agency is required to deposit into the BUSD Trust Fund twice a year within its budget. Deposits in the BUSD Trust Fund shall be disbursed only to or on behalf of the District and only for the projects listed on the agreement.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, are generally followed in both the government-wide and proprietary fund financial statements to the extent that those standards do no conflict with or contradict guidance of the Governmental Accounting Standards Board (GASB). For proprietary fund type activities, the City has elected to apply all applicable GASB pronouncements as well as any applicable pronouncements of the Financial Accounting Standards Board (FASB), the Accounting Principles Board (APB), or any Accounting Research Bulletins (ARB) issued on or before November 30, 1989, unless they contradict or conflict with GASB pronouncements.

**D. 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
- Negotiable Certificates of Deposit
- Medium-Term Notes
- Banker Acceptances
- 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.

**CITY OF BELLFLOWER**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2010**

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

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

**Cash and Investments (Continued)**

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 water fund and internal service fund, all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased are considered cash equivalents.

**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 they 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 BASIC FINANCIAL STATEMENTS**  
**June 30, 2010**

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

**D. 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 City-wide 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, water system, and similar items), and water rights assets are reported in the applicable governmental activities and business-type 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, 2010.

**CITY OF BELLFLOWER**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2010**

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

**D. 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

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.

**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 enabling legislation (such as citizens, public interest groups, or the judiciary - can compel a government to honor) and include unspent proceeds of bonds issued to acquire or construct capital assets. The City's other net assets are considered unrestricted.

**CITY OF BELLFLOWER**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2010**

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

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

**Net Assets and Fund Equity (Continued)**

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.

**E. Use of Restricted/Unrestricted Net Assets**

When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, the City's policy is to apply restricted net assets first.

**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 funds balance sheet and the government-wide statement of net assets:

The governmental funds balance sheet includes 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 is not due and payable within the current period and therefore is not reported in the funds”. The detail of the \$25,679,747 long-term debt difference is as follows:

Refunding certificates of participation payable	\$ 3,655,000
Refunding taxable tax allocation bonds payable	7,010,000
Certificates of Participation payable	8,230,000
Section 108 loan payable	5,828,000
Notes payable	<u>956,747</u>
Net adjustment to reduce fund balance of total governmental funds to arrive at net assets of governmental activities	<u><u>\$ 25,679,747</u></u>

**CITY OF BELLFLOWER**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2010**

**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 funds 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 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 \$ 1,978,056 difference are as follows:

Capital outlay	
Capital outlay	\$ 3,562,332
Depreciation	<u>(1,584,276)</u>
Net adjustment to increase net changes in fund balances of total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 1,978,056</u>

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 \$881,520 difference are as follows:

Principal repayments:	
Refunding certificates of participation	\$ 280,000
Taxable tax allocation bonds	125,000
Section 108 loan	260,000
Notes payable	<u>216,520</u>
Net adjustment to increase net changes in fund balances of total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 881,520</u>

**CITY OF BELLFLOWER**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2010**

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

**H. New Accounting Pronouncements**

The City has implemented the requirements of GASB Statements No. 51, No. 53, No. 57, and No. 58 during the fiscal year ended June 30, 2010.

**GASB Statement No. 51 – Accounting and Financial Reporting for Intangible Assets**

This Statement is effective for periods beginning after June 15, 2009. The Statement addresses accounting and financial reporting requirements for intangible assets including easements, water rights, timber rights, patents, trademarks, and computer software. The City reported water rights as fixed assets both in governmental activities and business-type activities. See note 9 for details.

**GASB Statement No. 53 – Accounting and Financial Reporting for Derivative Instruments**

This Statement is effective for periods beginning after June 15, 2009. The Statement establishes accounting and financial reporting requirements for derivative instruments entered into by state and local government. Implementation of GASB Statement No. 53 did not have an impact on the City's financial statements for the fiscal year ended June 30, 2010.

**GASB Statement No. 57 – OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans**

For the fiscal year ended June 30, 2010, the City implemented GASB Statement No. 57, "OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans". This Statement establishes standards for the measurement and financial reporting of actuarially determined information by agent employers with individual-employer OPEB plans that have fewer than 100 total plan members and by the agent multiple-employer OPEB plans in which they participate. Implementation of GASB Statement No. 57 did not have an impact on the City's financial statements for the fiscal year ended June 30, 2010.

**GASB Statement No. 58 – Accounting and Financial Reporting for Chapter 9 Bankruptcies**

This Statement is effective for periods beginning after June 15, 2009. This Statement establishes accounting and financial reporting guidance for governments that have petitioned for protection from creditors by filing for bankruptcy under Chapter 9 of the United States Bankruptcy Code. Implementation of GASB Statement No. 58 did not have an impact on the City's financial statements for the fiscal year ended June 30, 2010.

**CITY OF BELLFLOWER**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2010**

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

**A. General Budget Policies**

The City Council adopts a biennial budget prior to the commencement of a new two-year budget cycle. Budgets are adopted for governmental funds. The City Council may amend the budget by motion at any time during the fiscal year. The City maintains budgetary controls that ensure compliance with the budget adopted by the City Council. In compliance with the budget amendment policies adopted by the City Council, under certain circumstances with fiscal thresholds, the city manager is authorized to increase appropriations and make interfund and inter-departmental budget transfers.

Except for capital projects, appropriations generally lapse at the end of the fiscal year to the extent that they have not been expended or otherwise encumbered by contract or law. Certain lease contracts entered into by the City are subject to annual review by the City Council. As a result, they are legally 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 with presentation of the final budget. For the General Fund, the originally-adopted budget is also presented. Both the original and final budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Supplementary budgetary appropriations were \$5,783,871 for the fiscal year.

**B. Excess Expenditures over Appropriations**

The following are funds in which certain expenditures exceeded appropriations for the fiscal year ended June 30, 2010.

<u>Fund/Function</u>	<u>Final Appropriation</u>	<u>Expenditures</u>	<u>Excess</u>
Major Funds:			
General:			
Public safety	\$ 10,005,860	\$ 10,097,516	\$ 91,656
Parks and recreation	1,734,354	1,804,542	70,188
Redevelopment Agency:			
Debt service fund:			
Community development	1,271,862	1,257,353	519
Nonmajor Funds:			
Special revenue funds:			
Proposition 1B:			
Public works		76,498	76,498
Building and safety:			
Community development	591,762	613,007	21,245
Public arts:			
Community development		9,500	9,500
CA-COP Grant:			
Public safety	98,400	100,271	1,871
Capital project fund:			
Redevelopment Agency:			
Community development	792,286	822,484	30,198

**CITY OF BELLFLOWER**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2010**

**NOTE 3 - CASH AND INVESTMENTS**

Cash and investments as of June 30, 2010 are classified in the accompanying financial statements as follows:

Statement of net assets:	
Cash and investments	\$ 23,310,011
Cash and investments with fiscal agents	2,169,244
Fiduciary funds:	
Cash and investments	<u>1,263,543</u>
 Total cash and investments	 <u>\$ 26,742,798</u>

Cash and investments as of June 30, 2010 consist of the following:

Petty cash	\$ 3,417
Deposits with financial institutions	489,498
Investments	<u>26,249,883</u>
 Total cash and investments	 <u>\$ 26,742,798</u>

**Investments Authorized by the California Government Code and the City's Investment Policy**

The table below identifies the investment types that are authorized for the City by the California Government Code (or the City's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the City's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustees that are governed by the provisions of debt agreements of the City, rather than the general provisions of the California Government Code or the City's investment policy.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
Bankers Acceptances	180 days	40%	30%
Certificates of Deposit	5 years	None	None
Negotiable Certificates of Deposit	5 years	30%	None
Commercial Paper, Prime Quality	270 days	25%	None
State of California Local Agency Investment Fund (State Pool)	N/A	None	\$50,000,000
Medium Term Notes, Prime Quality	5 years	30%	None
Money Market Funds, Prime Quality	N/A	20%	10%
Mutual Funds, Prime Quality	N/A	20%	10%
Passbook Savings and Money Market Accounts (Insured)	None	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Government Agency Issues	5 years	None	None

**CITY OF BELLFLOWER**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2010**

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

**Investments Authorized by Debt Agreements**

Investment of debt proceeds held by bond trustees are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the City's investment policy. The table below identifies the investment types that are authorized for investments held by bond trustees. The table also identifies certain provisions of these debt agreements that address interest rate risk, credit risk, and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Certificates of Deposit with Bank of Savings & Loans	None	None	None
U.S. Treasury Obligations	None	None	None
U.S. Agency Securities	None	None	None
Municipal Obligations	None	None	None
Banker's Acceptances, Prime Quality	360 days	None	None
Commercial Paper, Prime Quality	270 days	None	None
Money Market Mutual Funds	N/A	None	None
Investment Contracts	None	None	None
Local Agency Investment Fund (State Pool)	None	None	None

**Disclosures Relating to Interest Rate Risk**

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

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

Investment Type	Totals	Remaining Maturity (in Months)					
		12 Months Or Less	13 to 24 Months	25-36 Months	37-48 Months	49-60 Months	More Than 60 Months
Certificates of Deposit	\$ 32,254	\$ 32,254	\$ -	\$ -	\$ -	\$ -	\$ -
FNMA	5,860,000					5,860,000	
FHLMC	1,000,000				1,000,000		
Local Agency Investment Fund	17,183,384	17,183,384					
Money Market Funds	5,001	5,001					
Held by Bond Trustees:							
FNMA	1,156,300					1,156,300	
Local Agency Investment Fund	988,549	988,549					
Money Market Funds	24,395	24,395					
<b>Totals</b>	<b>\$ 26,249,883</b>	<b>\$ 18,233,583</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,000,000</b>	<b>\$ 7,016,300</b>	<b>\$ -</b>

**CITY OF BELLFLOWER**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2010**

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

**Investments with Fair Values Highly Sensitive to Interest Rate Fluctuations**

The City's investments (including investments held by bond trustees) include the following investments that are highly sensitive to interest rate fluctuations (to a greater degree than already indicated in the information provided above). The City does not hold any specific investments that need to be reported here.

**Disclosures Relating to Credit Risk**

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the City's investment policy, or debt agreements, and the actual rating as of fiscal year end for each investment type.

Investment Type	Amount	Minimum Legal Rating	Exempt From Disclosure	Rating as of Fiscal Year End			
				AAA	AA	A	Not Rated
Certificates of Deposit	\$ 32,254	N/A	\$ -	\$ -	\$ -	\$ -	\$ 32,254
FNMA	5,860,000	N/A		5,860,000			
FHLMC	1,000,000	N/A		1,000,000			
Local Agency Investment Fund	17,183,384	N/A					17,183,384
Money Market Funds	5,001	N/A					5,001
Held by Bond Trustees:							
FNMA	1,156,300	N/A		1,156,300			
Local Agency Investment Fund	988,549	N/A					988,549
Money Market Funds	24,395	N/A		24,395			
<b>Totals</b>	<b>\$ 26,249,883</b>		<b>\$ -</b>	<b>\$ 8,040,695</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 18,209,188</b>

**Concentration of Credit Risk**

The investment policy of the City contains limitations on the amount that can be invested in any one issuer. Investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total City investments are as follows:

Issuer	Investment Type	Reported Amount
FNMA	Federal Agency Securities	\$ 7,016,300

Investments in any one issuer that represent 5% or more of total investments by reporting unit (governmental activities, business-type activities, major funds, nonmajor funds) are as follows:

\$7,016,300 of the cash and investments (including amounts held by bond trustees) reported in the governmental activities are held in the form of securities issued by the Federal National Mortgage Association.

**CITY OF BELLFLOWER**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2010**

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

**Custodial Credit Risk**

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

As of June 30, 2010, none of the City's deposits with financial institutions in excess of federal depository insurance limits were held in uncollateralized accounts. As of June 30, 2010, the City investments in the following investment types were held by the same broker-dealer (counterparty) that was used by the City to buy the securities:

<u>Issuer</u>	<u>Investment Type</u>	<u>Reported Amount</u>
FHLMC	Federal Agency Securities	\$ 1,000,000
FNMA	Federal Agency Securities	7,016,300

**Investment in State Investment Pool**

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

**NOTE 4 - ACCOUNTS RECEIVABLE**

The following is a list of accounts receivable at June 30, 2010:

	<u>Receivable</u>	<u>Allowance</u>	<u>Net</u>
Governmental Activities –			
Accounts	\$ 1,351,271	\$ -	\$ 1,351,271
Due from other governments	<u>2,126,091</u>		<u>2,126,091</u>
Total Governmental Activities	<u>\$ 3,477,362</u>	<u>\$ -</u>	<u>\$ 3,477,362</u>

**CITY OF BELLFLOWER**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2010**

**NOTE 4 - ACCOUNTS RECEIVABLE (Continued)**

Business-type Activities –	<u>Receivable</u>	<u>Allowance</u>	<u>Net</u>
Accounts	\$ 477,645	\$ -	\$ 477,645
Total Business-type Activities	<u>\$ 477,645</u>	<u>\$ -</u>	<u>\$ 477,645</u>

**NOTE 5 - NOTES RECEIVABLE**

	<u>Amount</u>
Notes receivable from mortgage loans for housing and commercial property rehabilitation and construction:	
Major Funds	
Redevelopment Agency Capital Projects Fund	\$ 86,776
Nonmajor Funds	
Community Development Block Grant Fund	703,238
Redevelopment Agency Housing Set-Aside Fund	2,770,986
HOME Fund	<u>3,723,435</u>
Total Notes Receivable	<u>\$ 7,284,435</u>

**NOTE 6 - DEFERRED CHARGES**

Deferred charges consist of issuance costs and discounts for debt issues. The following is the list of deferred charges at June 30, 2010:

	<u>Period In Months</u>	<u>Deferred Charges</u>	<u>Accumulated Amortization</u>	<u>Deferred Charges, net of Amortization</u>	<u>Amortization for the Fiscal Year</u>
<b>Business-Type Activities</b>					
2008 Certificate of Participation	375	\$ 513,031	\$ 32,834	\$ 480,197	\$ 16,417
<b>Governmental Activities</b>					
2004 Refunding Tax Allocation Bonds	358	579,637	119,812	459,825	19,429
Section 108 Loan	241	33,120	9,894	23,226	1,649
1999 Refunding Certificates of Participation	252	51,542	26,994	24,548	2,454
		<u>664,299</u>	<u>156,700</u>	<u>507,599</u>	<u>23,532</u>
Total		<u>\$ 1,177,330</u>	<u>\$ 189,534</u>	<u>\$ 987,796</u>	<u>\$ 39,949</u>

**Note 7 – DEFERRED LOSS ON REFUNDING**

The City recorded a deferred loss on the refunding of its 1996 tax allocation bonds in the amount of \$509,637. The amortization period is 267 months which is the lesser of the remaining period of the old debt or the remaining period of the new debt. Accumulated amortization as of June 30, 2010 was \$141,248 with amortization expense for the fiscal year of \$22,905.

**CITY OF BELLFLOWER**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2010**

**NOTE 8 - INTERFUND ACTIVITY**

The following represents the interfund activity of the City for the fiscal year ended June 30, 2010.

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

Current interfund balances arise in the normal course of business and to assist funds with negative cash balance at the fiscal year end. They are expected to be repaid shortly after the end of the fiscal year.

<u>Due to/Due from</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Major Governmental Funds		
To: General Fund	\$ 306,822	\$ -
To: Redevelopment Agency Capital Project Fund	148,285	
From: Redevelopment Agency Debt Service Fund		148,285
Nonmajor Governmental Funds		
Special Revenue Funds:		
From: Gas Tax Fund		115,237
From: AQMD Fund		11,217
From: TDA Article 3 Fund		15,781
From: Public Arts Fund		12,578
From: COG Position Fund		61,957
Capital Project Funds:		
From: Community Development Block Grant Fund	<u>89,962</u>	<u>                    </u>
	<u>\$ 455,107</u>	<u>\$ 455,107</u>

**A. Advances Receivable/Payable**

Advances made to the Redevelopment Agency from the General Fund are due to the Agency's project expenditures and other costs exceeding revenues collected by the Agency. The advances also include interest accrued on the outstanding balance.

The advances made from the Bellflower Financing Authority to the Water Fund are due to the long-term debt (2008 Water System Certificates of Participation) issued to provide funds to the City for the reimbursement of costs incurred by the General Fund in connection with the acquisition of a water system and to make certain improvements to the system.

The advances made from the General Fund to the Water Fund are due to the Water Fund's working capital needs and cash flow deficits.

**CITY OF BELLFLOWER**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2010**

**NOTE 8 - INTERFUND ACTIVITY (Continued)**

**B. Advances Receivable/Payable (Continued)**

At June 30, 2010, the funds below have made/received advances that were not expected to be repaid within one year.

	Advances Receivable	Advances Payable
Major Funds:		
General Fund	\$ 19,869,473	\$ -
Redevelopment Agency Capital Projects Fund		17,588,890
Bellflower Financing Authority Debt Service Fund		7,690,181
Major Proprietary Fund:		
Water Fund		9,609,303
Nonmajor Governmental Fund:		
Redevelopment Agency Housing Fund		361,461
	\$ 27,559,654	\$ 27,559,654

The advances from the General Fund to the Redevelopment Agency bear interest at 12% per annum. There is no repayment schedule as repayment will be made when funds are available.

The advances from the Bellflower Financing Authority to the Water Fund bear the same interest costs as the 2008 Water System Certificates of Participation. The repayment schedule matches the debt service schedule for the 2008 Water System Certificates of Participation.

The advances from the General Fund to the Water Fund for working capital (\$261,574) bear zero percent interest. The advances for cash flow deficits bear the same interest rates as the State of California Local Agency Investment Fund. There is no repayment schedule as repayment will be made when funds are available.

**C. Transfers**

With council approval, resources may be transferred from one City fund to another. The purpose of the majority of transfers is to reimburse a fund that has made an expenditure on behalf of another fund. The General Fund transfers to the Water Fund were related to the water rate subsidy for low income households and to the Building and Safety and Community Development Block Grant Funds were to eliminate fund deficits.

Funds	Transfers In	Transfers Out
Major Governmental Funds:		
General Fund	\$ 1,245,222	\$ 724,570
Redevelopment Agency Debt Service Fund	2,057,767	
Redevelopment Agency Capital Project Fund	1,884,971	
Major Proprietary Fund:		
Water Fund	9,339	

**CITY OF BELLFLOWER**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2010**

**NOTE 8 - INTERFUND ACTIVITY (Continued)**

**B. Transfers (Continued)**

<u>Funds</u>	<u>Transfers In</u>	<u>Transfers Out</u>
NonMajor Funds:		
Special Revenue Funds:		
Gas Tax Fund	\$ -	\$ 1,245,222
Building and Safety Fund	223,012	
Debt Service Fund:		
Public Facilities Corporation Fund	467,893	
Capital Projects Funds:		
Community Development Block Grant Fund	24,327	
Redevelopment Agency Housing Fund		<u>172,797</u>
	<u>\$ 4,027,560</u>	<u>\$ 4,027,560</u>

**NOTE 9 – CAPITAL ASSETS**

**Governmental Activities**

Changes in capital assets for governmental activities for the fiscal year ended June 30, 2010 were as follows:

	<u>Balance July 1, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>Balance June 30, 2010</u>
Capital Assets, not being depreciated					
Land	\$ 17,335,900	\$ 70,000	\$ -	\$ -	\$ 17,405,900
Water rights	94,010				94,010
Construction in progress	<u>2,436,250</u>	<u>3,164,055</u>		<u>(3,989,735)</u>	<u>1,610,570</u>
Total	<u>19,866,160</u>	<u>3,234,055</u>		<u>(3,989,735)</u>	<u>19,110,480</u>
Capital Assets, being depreciated:					
Building and improvements	27,879,788			65,863	27,945,651
Equipment and furniture and fixtures	6,945,757	328,277	(71,361)	411,628	7,614,301
Infrastructure	<u>15,719,319</u>			<u>3,512,244</u>	<u>19,231,563</u>
Total	<u>50,544,864</u>	<u>328,277</u>	<u>(71,361)</u>	<u>3,989,735</u>	<u>54,791,515</u>
Less accumulated depreciation for:					
Buildings and improvements	(8,249,095)	(671,861)			(8,920,956)
Equipment and furniture and fixtures	(5,501,457)	(495,105)	65,651		(5,930,911)
Infrastructure	<u>(5,480,747)</u>	<u>(417,310)</u>			<u>(5,898,057)</u>
Total	<u>(19,231,299)</u>	<u>(1,584,276)</u>	<u>65,651</u>		<u>(20,749,924)</u>
Total, net of accumulated depreciation	<u>31,313,565</u>	<u>(1,255,999)</u>	<u>(5,710)</u>		<u>34,041,591</u>
Total Capital Assets, Net	<u>\$ 51,179,725</u>	<u>\$ 1,978,056</u>	<u>\$ (5,710)</u>	<u>\$ -</u>	<u>\$ 53,152,071</u>

**CITY OF BELLFLOWER**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2010**

**NOTE 9 – CAPITAL ASSETS (CONTINUED)**

**Governmental Activities (Continued)**

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

General government	\$ 214,263
Public safety	88,414
Public works	578,681
Community development	328,010
Parks and recreation	374,908
Total	<u>\$ 1,584,276</u>

Depreciation expense for governmental activities (governmental funds) is \$1,337,842.

Depreciation expense for governmental activities (internal service fund) is \$246,434.

**Business-type Activities**

Changes in capital assets for business-type activities for the fiscal year ended June 30, 2010 were as follows:

	Balance July 1, 2009	Additions	Deletion	Balance June 30, 2010
Capital Assets, not being depreciated				
Land	\$ 827,065	\$ -	\$ -	\$ 827,065
Water rights	4,000,000			4,000,000
Construction in progress	9,291	334,224		343,515
Total	<u>4,836,356</u>	<u>334,224</u>		<u>5,170,580</u>
Capital Assets, being depreciated:				
Building and improvements	95,000			95,000
Machinery and Equipment	15,544			15,544
Acquisition costs	412,081			412,081
Infrastructure	1,388,244	529,168		1,917,412
Total	<u>1,910,869</u>	<u>529,168</u>		<u>2,440,037</u>
Less accumulated depreciation for:				
Buildings and improvements	(11,875)	(4,750)		(16,625)
Machinery and equipment	(1,468)	(1,036)		(2,504)
Acquisition costs	(101,340)	(41,208)		(142,548)
Infrastructure	(326,850)	(135,596)		(462,446)
Total	<u>(441,533)</u>	<u>(182,590)</u>		<u>(624,123)</u>
Total, net of accumulated depreciation	<u>1,469,336</u>	<u>346,578</u>		<u>1,815,914</u>
Total Capital Assets, Net	<u>\$ 6,305,692</u>	<u>\$ 680,802</u>	<u>\$ -</u>	<u>\$ 6,986,494</u>

**CITY OF BELLFLOWER**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2010**

**NOTE 9 – CAPITAL ASSETS (CONTINUED)**

**Business-type Activities (Continued)**

Depreciation expense was charged to functions/programs of the City's business-type activities as follows:

Water \$ 182,590

**NOTE 10 – 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, 2010:

	Balance July 1, 2009	Additions	Deletions	Balance June 30, 2010	Due Within One Year
Governmental Activities:					
1999 Refunding Certificates of Participation	\$ 3,935,000	\$ -	\$ (280,000)	\$ 3,655,000	\$ 290,000
2004 Refunding Tax Allocation Bonds	7,135,000		(125,000)	7,010,000	130,000
2008 Certificates of Participation	8,230,000			8,230,000	135,000
Section 108 Loan	6,088,000		(260,000)	5,828,000	273,000
Notes Payable	1,173,267		(216,520)	956,747	231,778
Compensated Absences	1,386,432	844,622	(823,351)	1,407,703	823,351
	\$ 27,947,699	\$ 844,622	\$ (1,704,871)	\$ 27,087,450	\$ 1,883,129

**B. Refunding Certificates of Participation**

The 1999 Refunding Certificates of Participation (COPS) issued by the Bellflower Public Facilities Corporation and outstanding at June 30, 2010 bear interest at 3.60% to 5.00% 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, 2010 was \$3,655,000.

**C. Tax Allocation Bonds**

**2004 Refunding Tax Allocation Bonds**

The 2004 Tax Allocation Bonds issued by the Bellflower Redevelopment Agency and outstanding at June 30, 2010 bear interest at 1.55% to 6.60% a year and mature serially in increasing amounts on each February 1, through 2034. The principal amount less original issue discount and reserve funds from the 1996 issue were used to pay costs of issuance, fund redevelopment projects, fund a reserve account, and fund an escrow account for future debt service payment on the 1996 Tax Allocation Bonds.

The Agency's refunding of the 1996 Tax Allocation Bonds resulted in an increase of its total debt service payments by \$519,611 and an economic gain (difference between the present values of the old and new debt) of \$109,705. The outstanding balance of the bonds as of June 30, 2010 was \$7,010,000.

**CITY OF BELLFLOWER**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2010**

**NOTE 10 – LONG-TERM DEBT (Continued)**

**D. Certificates of Participation**

The 2008 Certificates of Participation (COPS) issued by the Bellflower Financing Authority and outstanding at June 30, 2010 bear interest at 4.50% to 5.25% a year and mature serially in increasing amounts on each October 1, through 2039. The Certificates represent undivided proportionate interests of the owners in certain lease payments, to be made by the City to the Financing Authority. The City subleases from the Authority a leasehold interest in the Civic Center Property and Thompson Park. The COPS balance outstanding as of June 30, 2010 was \$8,230,000.

**E. Loan Payable**

**Section 108 Loan**

On June 30, 2004, the City entered into a loan agreement with U.S. Department of Housing and Urban Development. The loan bears interest at 5.0% a year with annual principal payment due on each August. The loan balance outstanding as of June 30, 2010 was \$5,828,000.

**F. Notes Payable**

**a. Note Payable – Dietz**

On December 2, 2004, the Bellflower Redevelopment Agency bought a property at 9831 Belmont Street in an amount of \$280,956. The transaction was financed in cash and a note agreement in an amount of \$210,717. The note bears interest at 4.0% a year with annual payment due on each December. The note balance outstanding as of June 30, 2010 was \$172,390.

**b. Note Payable – Goslins/Cleveland**

On December 1, 2008, the Bellflower Redevelopment Agency bought a property at 16515 Bellflower Blvd. in an amount of \$432,632. The transaction was financed in cash and a note agreement in an amount of \$430,000. The note bears interest at 5.0% a year with annual payment due on each December. The note balance outstanding as of June 30, 2010 was \$374,280.

**c. Note Payable – Nathan/Slavens**

On March 1, 2009, the Bellflower Redevelopment Agency bought a property at 16512-1618 Bellflower Blvd. in an amount of \$1,328,229. The transaction was financed in cash and a note agreement in an amount of \$1,320,000. The note bears interest at 7.0% a year with monthly payment due on the first day of each month. The note balance outstanding as of June 30, 2010 was \$410,077.

**CITY OF BELLFLOWER**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2010**

**NOTE 10 – LONG-TERM DEBT (Continued)**

**G. Compensated Absences**

The City employees accumulate earned but unused vacation and sick pay benefits, which can be converted to cash at termination of employment. The City has estimated that \$823,351 is the amount that might be liquidated with expendable, currently available, financial resources of the General Fund and this amount is classified in the accrued wages. The remaining amounts are reported as long-term debt on the Statement of Net Assets. No expenditure is reported for these amounts in the fund statements. In the statement of activities, the expenditure is allocated to each function based on usage. The non-current portion of these vested benefits, payable in accordance with various collective bargaining agreements, at June 30, 2010, total \$1,407,703.

**H. Long-Term Debt Amortization**

The annual requirements to amortize long-term debt outstanding at June 30, 2010 (other than compensated absences) are as follows:

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>1999 Refunding Certificates of Participation</u>		
	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Amount</u>	<u>Total</u>
2011	\$ 290,000	\$ 173,422	\$ 463,422
2012	305,000	159,509	464,509
2013	320,000	144,465	464,465
2014	335,000	128,457	463,457
2015	355,000	111,375	466,375
2016-2020	<u>2,050,000</u>	<u>266,250</u>	<u>2,316,250</u>
	<u>\$ 3,655,000</u>	<u>\$ 983,478</u>	<u>\$ 4,638,478</u>
	<u>2004 Refunding Tax Allocation Bonds</u>		
<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Amount</u>	<u>Total</u>
2011	\$ 130,000	\$ 457,584	\$ 587,584
2012	140,000	450,252	590,252
2013	150,000	442,356	592,356
2014	155,000	433,896	588,896
2015	165,000	425,154	590,154
2016-2020	995,000	1,947,692	2,942,692
2021-2025	1,370,000	1,572,007	2,942,007
2026-2030	1,890,000	1,055,340	2,945,340
2031-2035	<u>2,015,000</u>	<u>343,530</u>	<u>2,358,530</u>
	<u>\$ 7,010,000</u>	<u>\$ 7,127,811</u>	<u>\$14,137,811</u>

**CITY OF BELLFLOWER**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2010**

**NOTE 10 – LONG-TERM DEBT (Continued)**

**H. Long-Term Debt Amortization (Continued)**

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>2008 Certificates of Participation</u>		
	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Amount</u>	<u>Total</u>
2011	\$ 135,000	\$ 399,919	\$ 534,919
2012	140,000	394,419	534,419
2013	145,000	388,719	533,719
2014	150,000	382,819	532,819
2015	160,000	376,819	536,619
2016-2020	890,000	1,778,941	2,668,941
2021-2025	1,100,000	1,558,081	2,658,081
2026-2030	1,405,000	1,253,181	2,658,181
2031-2035	1,795,000	847,550	2,642,550
2036-2040	<u>2,310,000</u>	<u>315,525</u>	<u>2,625,525</u>
	<u>\$ 8,230,000</u>	<u>\$ 7,695,773</u>	<u>\$15,925,773</u>

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Section 108 Loan</u>		
	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Amount</u>	<u>Total</u>
2011	\$ 273,000	\$ 317,538	\$ 590,538
2012	286,000	304,451	590,451
2013	300,000	290,161	590,161
2014	314,000	274,745	588,745
2015	330,000	258,206	588,206
2016-2020	1,906,000	995,997	2,901,997
2021-2025	<u>2,419,000</u>	<u>374,078</u>	<u>2,793,078</u>
	<u>\$ 5,828,000</u>	<u>\$ 2,815,176</u>	<u>\$ 8,643,176</u>

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Note Payable - Dietz</u>		
	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Amount</u>	<u>Total</u>
2011	\$ 8,609	\$ 6,896	\$ 15,505
2012	8,954	6,551	15,505
2013	9,312	6,193	15,505
2014	9,684	5,821	15,505
2015	10,072	5,433	15,505
2016-2020	56,734	20,791	77,525
2021-2025	<u>69,025</u>	<u>8,500</u>	<u>77,525</u>
	<u>\$ 172,390</u>	<u>\$ 60,185</u>	<u>\$ 232,575</u>

**CITY OF BELLFLOWER**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2010**

**NOTE 10 – LONG-TERM DEBT (Continued)**

**H. Long-Term Debt Amortization (Continued)**

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Note Payable – Goslins/Cleveland</u>		
	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Amount</u>	<u>Total</u>
2011	\$ 6,006	\$ 18,714	\$ 24,720
2012	6,305	18,414	24,719
2013	6,621	18,098	24,719
2014	6,952	17,767	24,719
2015	7,300	17,420	24,720
2016-2020	42,353	81,245	123,598
2021-2025	54,053	69,544	123,597
2026-2030	68,988	54,610	123,598
2031-2035	88,048	35,550	123,598
2036-2040	<u>87,654</u>	<u>11,224</u>	<u>98,878</u>
	<u>\$ 374,280</u>	<u>\$ 342,586</u>	<u>\$ 716,866</u>

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Note Payable – Nathan/Slavens</u>		
	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Amount</u>	<u>Total</u>
2011	\$ 217,163	\$ 21,826	\$ 238,989
2012	<u>192,914</u>	<u>6,243</u>	<u>199,157</u>
	<u>\$ 410,077</u>	<u>\$ 28,069</u>	<u>\$ 438,146</u>

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Total Governmental Activities</u>		
	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Amount</u>	<u>Total</u>
2011	\$ 1,059,778	\$ 1,395,899	\$ 2,455,677
2012	1,079,173	1,339,839	2,419,012
2013	930,933	1,289,992	2,220,925
2014	970,636	1,243,506	2,214,142
2015	1,027,372	1,194,207	2,221,579
2016-2020	5,940,087	5,090,916	11,031,003
2021-2025	5,012,078	3,582,209	8,594,287
2026-2030	3,363,988	2,363,131	5,727,119
2031-2035	3,898,048	1,226,630	5,124,678
2036-2040	<u>2,397,654</u>	<u>326,749</u>	<u>2,724,403</u>
	<u>\$25,679,747</u>	<u>\$19,053,078</u>	<u>\$44,732,825</u>

**CITY OF BELLFLOWER**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2010**

**NOTE 11 - CITY EMPLOYEES RETIREMENT PLAN (DEFINED BENEFIT PENSION PLAN)**

**Plan Description**

The City of Bellflower contributes to the California Public Employees Retirement System (PERS), a cost sharing multiple-employer 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.

**Funding Policy**

Active participants are required to contribute 7% of their annual covered salary. The City is required to contribute at an actuarially determined rate calculated as a percentage of covered payroll. The employer contribution rate for the fiscal year ended June 30, 2010 was 7.770% 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. The City's contributions to PERS for the fiscal years ending June 30, 2010, 2009, and 2008 were \$532,350, \$539,353, and \$500,365, respectively, and equal 100% of the required contributions for each fiscal year.

**NOTE 12 - 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 13 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS**

*Plan Description.* The City's retiree healthcare plan (Plan) is provided through California Employers' Retirement Benefit Trust (CERBT), an agent multiple-employer defined benefit healthcare program administered by CalPERS. The City maintains the same healthcare plans for its retirees as for its active employees. However, the City does not contribute towards the cost of dental and vision benefits for its retirees. CalPERS issues a publicly available entity-wide financial report that includes certain financial statements and required supplementary information pertaining to CERBT. This report may be obtained by writing to CalPERS Executive Office – 400 P Street, Sacramento, CA 95814.

**CITY OF BELLFLOWER**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2010**

**NOTE 13 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (Continued)**

*Funding Policy.* The contribution requirement of plan members and the City are established under a funding policy approved by the City Council, and may be amended by the City from time to time. The City's funding policy is to contribute an amount sufficient to pay the current year's retiree premium and plan expenses, with an additional amount to pre-fund benefits as determined by the City's actuary on a biennial basis. For fiscal year 2009-10, the City contributed \$582,459 to the plan, including \$336,366 for current premium and plan expenses, and an additional \$246,093 to prefund benefits.

*Annual OPEB and Net OPEB Obligation.* The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), and amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for the fiscal year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation.

Annual required contribution	\$ 610,176
Interest on net OPEB obligation	
Adjustment to annual required contribution	
Annual OPEB cost (expense)	610,176
Contributions made	582,459
Change in OPEB obligation	27,717
Net OPEB obligation (assets) - beginning of fiscal year	(59,241)
Net OPEB obligation (assets) - end of fiscal year	\$ (31,524)

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2010 and the three preceding fiscal years were as follows:

<b>Fiscal Year Ended</b>	<b>Annual OPEB Cost</b>	<b>Percentage of Annual OPEB Cost Contribution</b>	<b>Net OPEB Obligation (Asset)</b>
6/30/2008	\$ 611,037	105%	\$ (33,338)
6/30/2009	610,176	104%	(59,241)
6/30/2010	610,176	95%	(31,524)

*Funded Status and Funding Progress.* As of January 1, 2009, the most recent actuarial valuation date, the plan was funded for 8 percent. The actuarial accrued liability for benefits was \$7,181,087 and the actuarial value of assets was \$586,615, resulting in an unfunded actuarial accrued liability (UAAL) of \$6,594,472. The covered payroll (annual payroll of active employees covered by the plan) was \$5,510,000, and the ratio of the UAAL to the covered payroll was 120 percent.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

**CITY OF BELLFLOWER**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2010**

**NOTE 13 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (Continued)**

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

In the January, 2009, actuarial valuation, the entry age normal cost method was used. The actuarial assumptions included a 7.75 percent investment rate of return, which is the expected long-term investment returns on plan assets and an annual healthcare cost trend rate of 4 percent. The actuarial value of assets is \$586,615. The UAAL is being amortized as a flat percentage of covered payroll over thirty years. The remaining amortization period at January 1, 2009 was thirty years. The amortization period closed for initial UAAL and open for remaining UAAL for thirty years.

**NOTE 14 - 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 114 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.

**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. Claims are pooled separately between police and non-police. Costs are allocated to members as follows: (1) the first \$30,000 of each occurrence is charged directly to the member's primary deposit; (2) Costs from \$30,001 to \$750,000 and the loss development reserves associated with losses up to \$750,000 are pooled based on the member's share of losses under \$30,000; (3) Losses from \$750,001 to \$5,000,000 and the associated loss development reserves are pooled based on payroll; (4a) Costs of covered claims from \$5,000,001 to \$10,000,000 are paid under reinsurance and excess insurance policies subject to a \$2,500,000 annual aggregate deductible; (4b) Costs of covered claims from \$10,000,001 to 50,000,000 are covered through excess insurance policies; (4c) Costs of covered claims for subsidence losses are paid by excess insurance with a sub-limit of \$25,000,000 per occurrence per member. This \$25,000,000 subsidence sub-limit is composed of \$10,000,000 in reinsurance and \$15,000,000 in excess insurance. The excess insurance layer has a \$15,000,000 annual aggregate. The costs associated with the 4a, 4b, and 4c are estimated using actuarial models and pre-funded as part of the primary and retrospective deposits. The overall policy limit for each member including all layers of coverage is \$50,000,000 per occurrence.

**CITY OF BELLFLOWER**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2010**

**NOTE 14 – CALIFORNIA JOINT POWERS INSURANCE AUTHORITY (CJPIA) (Continued)**

**Workers' Compensation Coverage**

The City of Bellflower also participates in the workers' compensation pool administered by the Authority. Each member pays a primary deposit to cover estimated losses for a fiscal year (claims year. After the close of a fiscal year (claims year), outstanding claims are valued. A retrospective deposit computation is then made for each open claims year. Claims are pooled separately between public safety and non-public safety. Costs are allocated to members by the following methods within each of the four layers of coverage: (1) the first \$50,000 of each loss is charged directly to the member's primary deposit; (2) losses from \$50,001 to \$100,000 and the loss development reserve associated with losses up to \$100,000 is pooled base on the member's share of losses under \$50,000; (3) losses from \$100,001 to \$2,000,000 and loss development reserves associated with those losses are pooled based on payroll; (4) losses from \$2,000,001 up to statutory limits are paid under an excess insurance policy. Protection is provided per statutory liability under California Worker's Compensation law. Employer's liability losses are pooled among members to \$2,000,000 coverage from \$2,000,000 to \$4,000,000 is purchased as part of an excess insurance policy, and losses from \$4,000,000 to \$10,000,000 are pooled among members.

**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 the City of Bellflower. Coverage is on a claims-made basis. There is a \$50,000 deductible. The Authority has a limit of \$50,000,000 for the 3-year period from July 1, 2008 through July 1, 2011. Each member of the Authority has a \$10,000,000 sub-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 \$29,587,757. There is a \$5,000 deductible per occurrence except for non-emergency vehicle insurance which has \$1,000 deductible. Premiums for the coverage are paid annually and are not subject to retroactive adjustments.

**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's property currently has earthquake protection in the amount of \$21,748,313. 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.

**Crime Insurance**

The City of Bellflower purchases crime insurance coverage in the amount of \$1,000,000 with \$2,500 deductible. The fidelity coverage is provided through the Authority. Premiums are paid annually and are not subject to retroactive adjustments.

**CITY OF BELLFLOWER**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2010**

**NOTE 14 – CALIFORNIA JOINT POWERS INSURANCE AUTHORITY (CJPIA) (Continued)**

**Special Event Tenant User Liability Insurance**

The City of Bellflower further protects against liability damages by requiring tenant users of certain property to purchase low-cost tenant user liability insurance for certain activities on City property. The insurance premium is paid by the tenant user and is paid to the City of Bellflower according to a schedule. The City of Bellflower then pays for the insurance. The insurance is arranged by the Authority.

During the past three fiscal (claims) years, none of the above programs of protection have had settlements or judgments that exceeded pooled or insured coverage. There have been no significant reductions in pooled or insured liability coverage from coverage in the prior year.

**NOTE 15 - 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.

Details of the three categories are as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Net Assets		
Invested in capital assets, net of related debt:		
Total capital assets, net of accumulated depreciation	\$ 53,152,071	\$ 6,986,494
Less: total capital related debt	<u>(16,573,759)</u>	
Invested in capital assets, net of related debt	<u>36,578,312</u>	<u>6,986,494</u>
Restricted for:		
Construction of capital assets	130,104	991,719
Debt service	8,353,124	
Street, highways, bikeways, public transit, and other purposes	2,388,584	
Housing	2,463,896	
Public safety	<u>70,176</u>	
Total restricted	<u>13,405,884</u>	<u>991,719</u>
Unrestricted	<u>15,789,002</u>	<u>(8,548,992)</u>
Total net assets	<u>\$ 65,773,198</u>	<u>\$ (570,779)</u>

\$4,922,656 of the restricted net assets in the government-wide statement of net assets is restricted by enabling legislation.

**CITY OF BELLFLOWER**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2010**

**NOTE 16 – DEFICIT FUND BALANCES, RETAINED EARNINGS, AND NET ASSETS**

The Redevelopment Agency Capital Projects fund has a deficit fund balance of \$17,493,385 at June 30, 2010. It is uncertain whether the tax increment revenue received over the life of the Agency will be adequate to eliminate the deficit. Any remaining deficit at the end of the Agency's life will be absorbed by the City's General Fund. The Public Arts fund and the Redevelopment Agency Housing fund also have deficit fund balances of \$62,578 and \$307,090, respectively, at June 30, 2010. These deficits are expected to be remedied in the near future as revenues are collected in excess of anticipated expenditures.

The water fund has deficit net assets of \$570,779 at June 30, 2010 which should be alleviated as future revenues are expected to increase and costs are expected to decrease with a new high capacity well.

**NOTE 17 - 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 and the City agreed to certain financial commitments including the purchase of vacant land, a developer loan in the amount of \$2,124,776 funded by City's HOME fund in the amount of \$1,238,000 and by Redevelopment Agency in the amount of \$886,779 payable in eight annual installment of \$110,847, 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. In fiscal year 2003 and 2004, the Agency loaned \$221,694 to the developer. During the fiscal year 2005, the Agency had decided to payoff its loan commitment to prepay the remaining six installment payments in the amount of \$540,631. 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 Agency is pledged to the repayment of the bonds. Accordingly, no liability has been recorded in the Statement of Net Assets. As of June 30, 2010, the amounts of principal outstanding on the bonds were \$8,000,000 for Series 2002A and \$330,000 for Series 2002B, for a total of \$8,330,000.

**CITY OF BELLFLOWER**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2010**

**NOTE 18 - COMMITMENTS**

**Construction Commitments**

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

Vendor	Project	Project Authorization	Expended as of June 30, 2010	Committed
Alliance Streetworks	West Branch Greenway	\$ 2,170,578	\$ 2,143,120	\$ 27,458
	Municipal Water System High			
Southwest Pump & Drilling, Inc.	Capacity Well	644,569	187,148	457,421
	Downey Avenue Pavement			
Silvia Construction, Inc	Rehabilitation Project	304,873		304,873
Pavement Coatings Company	Slurry Seal	272,322		272,322

**NOTE 19 – CONTINGENT LIABILITY**

The Bellflower Redevelopment Agency and the Bellflower Unified School District (District) entered into the Amended Memorandum of Understanding and Settlement Agreement and Mutual Release on November 24, 2008. In accordance with the agreement, the Agency established within its budget a BUSD Trust Fund for the benefit of the District. The Agency must make 20 deposits of \$200,000 each to the BUSD Trust Fund from funds available to the Agency. Deposits will be made on December 31 and June 30 of each year, with the first deposit to be made on December 31, 2008. The Agency will concurrently provide the District with written notice of such deposit. In addition, if the City and the Agency take actions pursuant to SB 211 (Chapter 741 of Stats. 2001) to implement amendments which extend financial limitations applicable to the Agency's Redevelopment Plan, then the Agency also agrees to deposit into the BUSD Trust Fund an amount equal to the amount the Agency would be required to pay to the District pursuant to SB 211 but for the MOU and the agreement. Money deposited into the BUSD Trust Fund must bear interest at the rate at which the Agency actually earns interest on that money (either through a separate or pooled account(s)) and the interest on that money must be credited to the BUSD Trust Fund. Interest must begin to accrue on the day after the deposit of money into the BUSD Trust Fund and must continue to accrue on that money only so long as it remains in the BUSD Trust Fund. Monies from the BUSD Trust Fund must be disbursed only to or on behalf of the District and only for the projects listed on the agreement.

**SERAF Contingency**

During the fiscal year 2008-2009, the State of California experienced a severe budgetary crisis. Various "budget trailer bills" were passed by the state legislature to balance the state's budget, including bills that required California redevelopment agencies to transfer funds to the Educational Revenue Augmentation Fund (ERAF) and Supplemental Educational Revenue Augmentation Fund (SERAF) administered by the various county auditor-controllers. Noted below is a general explanation of the SERAF legislation, together with the effect of this legislation on the City of Bellflower and its Community Redevelopment Agency (the Agency).

Pursuant to AB 26 4x, a budget trailer bill, California redevelopment agencies were required to make SERAF contributions totaling \$1.7 billion for the fiscal year 2009-2010 and \$350 million for the fiscal year 2010-2011. Under AB 26 4x, agencies may borrow a portions of the required contributions from their low and moderate income housing fund.

**CITY OF BELLFLOWER**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2010**

**NOTE 19 – CONTINGENT LIABILITY (CONTINUED)**

**SERAF Contingency (Continued)**

Alternatively, sponsoring governmental agencies (the cities or counties) may elect to pay the SERAF contributions on behalf of their redevelopment agencies. On October 20, 2009, the (CRA) filed a class action lawsuit on behalf of all California redevelopment agencies challenging the SERAF obligations as unconstitutional.

The Agency's SERAF contributions are \$816,422 for the fiscal year 2009-2010 and \$168,087 for 2010-2011. It is the position of Agency officials that the SERAF contributions required by AB 26 4x are unconstitutional, and that the Agency is not obligated to make these contributions, however, the Agency has made the contribution for 2009-2010.

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.

**NOTE 20 – PROPOSITION 1A SECURITIZATION PROGRAM**

Under the provisions of Proposition 1A and as part of the 2009-10 budget package passed by the California state legislature on July 28, 2009, the State of California borrowed 8% of the amount of property tax revenue, including those property taxes associated with the in-lieu motor vehicle license fee, the triple flip in lieu sales tax, and supplemental property tax, apportioned to cities, counties, and special districts (excluding redevelopment agencies). The state is required to repay this borrowing plus interest by June 30, 2013. After repayment of this initial borrowing, the California legislature may consider only one additional borrowing within a ten-year period. The amount of this borrowing pertaining to the City of Bellflower was \$835,489.

Authorized with the 2009-10 State budget package, the Proposition 1A Securitization Program was instituted by the California Statewide Communities Development Authority ("California Communities"), a joint powers authority sponsored by the California State Association of Counties and the League of California Cities, to enable local governments to sell their Proposition 1A receivables to California Communities. Under the Securitization Program, California Communities simultaneously purchased the Proposition 1A receivables and issued bonds ("Prop 1A Bonds") to provide local agencies with cash proceeds in two equal installments, on January 15, 2010 and May 3, 2010. The purchase price paid to the local agencies equaled 100% of the amount of the property tax reduction. All transaction costs of issuance and interest were paid by the State of California.

Participating local agencies have no obligation on the bonds and no credit exposure to the State. The City participated in the securitization program and accordingly property taxes have been recorded in the same manner as if the State had not exercised its rights under Proposition 1A. The receivable sale proceeds were equal to the book value and, as a result, no gain or loss was recorded.

**CITY OF BELLFLOWER  
REQUIRED SUPPLEMENTARY INFORMATION  
June 30, 2010**

Postemployment Benefit Plans Other Than Pensions

Trend Information

REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF FUNDING PROGRESS FOR  
RETIREE HEALTH PLAN

Actuarial Valuation Date	Actuarial Accrued Liability	Actuarial Value of Assets	Unfunded Liability (Excess Assets)	Funded Ratio	Annual Covered Payroll	UAAL as a % of Payroll
1/1/2007	\$ 5,825,888	\$ -	\$ 5,825,888	0%	\$ 6,420,000	91%
1/1/2009	7,181,087	586,615	6,594,472	8%	5,510,000	120%

**CITY OF BELLFLOWER**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**REDEVELOPMENT AGENCY CAPITAL PROJECTS FUND**  
**For the Fiscal Year Ended June 30, 2010**

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Investment earnings	\$ 43,477	\$ 56,375	\$ 12,898
Other revenue	1,000		(1,000)
<b>Total revenues</b>	<u>44,477</u>	<u>56,375</u>	<u>11,898</u>
<b>EXPENDITURES</b>			
Current:			
Community development	739,934	637,980	101,954
Capital outlay	2,131,100	189,201	1,941,899
<b>Total expenditures</b>	<u>2,871,034</u>	<u>827,181</u>	<u>2,043,853</u>
Excess of revenues over (under) expenditures	<u>(2,826,557)</u>	<u>(770,806)</u>	<u>2,055,751</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers out	<u>(2,567,283)</u>	<u>(1,884,971)</u>	<u>682,312</u>
<b>Total other financing sources (uses)</b>	<u>(2,567,283)</u>	<u>(1,884,971)</u>	<u>682,312</u>
<b>Net change in fund balance</b>	(5,393,840)	(2,655,777)	2,738,063
Fund balance (Deficit) - July 1, 2009	<u>(14,837,608)</u>	<u>(14,837,608)</u>	
Fund balance (Deficit) - June 30, 2010	<u>\$ (20,231,448)</u>	<u>\$ (17,493,385)</u>	<u>\$ 2,738,063</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, 2010**

	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES</b>			
Taxes	\$ 1,979,000	\$ 2,091,183	\$ 112,183
Investment earnings	12,000	16,152	4,152
Total revenues	<u>1,991,000</u>	<u>2,107,335</u>	<u>116,335</u>
<b>EXPENDITURES</b>			
Current:			
Community development	33,000	33,519	(519)
Debt service:			
Principal retirement	341,521	341,520	1
Interest and other charges	3,029,827	2,527,053	502,774
Pass-through payments	1,271,862	1,257,353	14,509
Total expenditures	<u>4,676,210</u>	<u>4,159,445</u>	<u>516,765</u>
Excess of revenues over (under) expenditures	<u>(2,685,210)</u>	<u>(2,052,110)</u>	<u>633,100</u>
<b>OTHER FINANCING SOURCES</b>			
Transfers in	<u>2,685,210</u>	<u>2,057,767</u>	<u>(627,443)</u>
Total other financing sources	<u>2,685,210</u>	<u>2,057,767</u>	<u>(627,443)</u>
Net change in fund balance		5,657	5,657
Fund balance - July 1, 2009	<u>613,800</u>	<u>613,800</u>	
Fund balance - June 30, 2010	<u>\$ 613,800</u>	<u>\$ 619,457</u>	<u>\$ 5,657</u>

**CITY OF BELLFLOWER**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**FINANCING AUTHORITY DEBT SERVICE FUND**  
**For the Fiscal Year Ended June 30, 2010**

	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES</b>			
Investment earnings	\$ 413,619	\$ 418,911	\$ 5,292
Total revenues	<u>413,619</u>	<u>418,911</u>	<u>5,292</u>
<b>EXPENDITURES</b>			
Debt service:			
Interest and other charges	<u>405,619</u>	<u>404,319</u>	<u>1,300</u>
Total expenditures	<u>405,619</u>	<u>404,319</u>	<u>1,300</u>
Net change in fund balance	8,000	14,592	6,592
Fund balance - July 1, 2009	<u>8,241,903</u>	<u>8,241,903</u>	
Fund balance - June 30, 2010	<u>\$ 8,249,903</u>	<u>\$ 8,256,495</u>	<u>\$ 6,592</u>

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

**CITY OF BELLFLOWER  
NONMAJOR GOVERNMENTAL FUNDS  
June 30, 2009**

**Special Revenue Funds:**

**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 receipted 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.

**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.

**TDA Article 3 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.

**Proposition 1B Fund** - This fund accounts for the receipt and use of Prop 1B bond funds allocated to the City for street and road improvements, congestion relief and traffic safety.

**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.

**Public Arts Fund** - Accounts for the fees collected from certain capital improvement and development projects. The intent of the Public Arts Fund is to promote the visual arts in the City of Bellflower by creating a collection of permanent outdoor art work by recognized artists throughout the City, to be of public benefit, and to present the community with a variety of art work styles and themes, all of the highest possible quality.

**CITY OF BELLFLOWER  
NONMAJOR GOVERNMENTAL FUNDS  
June 30, 2010**

**Special Revenue Funds (Continued):**

**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.

**COG Position Fund** - City costs reimbursed by the Gateway Cities Council of Governments for the position of Special Assistant to the City Manager who provides special transportation related services.

**Traffic Congestion Relief Fund** - This fund accounts for projects funded with revenue received under AB 2928 beginning in fiscal year 2000-01. In part, the bill provides funding directly to cities for preservation, maintenance and rehabilitation of the local street and road system.

**Public Facilities Fund** - Accounts for the fees collected from certain capital improvement and development projects to pay for the cost of increased services and the facilities expansion needs arising from these projects.

**Park Facilities Fund** - Fees collected from certain capital improvement and development projects to pay for the cost of increased parkland needs from these projects.

**PEG Fund** - A 1% fee collected on cable TV and other video subscription services to fund the purchase and acquisition of capital equipment and facilities necessary to program and broadcast PEG (public, education and government) events on designated cable channels.

**Justice Assistance Grant (JAG) - Recovery Act Fund** - As part of the American Recovery and Reinvestment Act of 2009, additional funding is provided by the U.S. Department of Justice (DOJ) to assist state, local, and tribal law enforcement (including support for hiring), to combat violence against women, to fight internet crimes against children, to improve the functioning of the criminal justice system, to assist victims of crime, and to support youth mentoring.

**Measure R Fund** - Approved by voters in November 2008, Measure R, a half-cent sales tax effective July 1, 2009 for Los Angeles County, is estimated to generate \$40 billion for traffic relief and transportation upgrades throughout the county over the next 30 years - funding new rail and bus rapid transit projects, commuter rail improvements, Metro Rail system improvements, highway projects, improved countywide and local bus operations and local city sponsored transportation improvements.

**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.

**CITY OF BELLFLOWER  
NONMAJOR GOVERNMENTAL FUNDS  
June 30, 2010**

**Capital Projects Funds:**

**Community Development Block Grant Fund** - This fund accounts for the City's entitlements of the Federal Community Development Block Grant (CDBG) funds and related expenditures.

**Capital Projects Fund** - This fund accounts for the expenditures associated with the City's major capital projects funded with grants and restricted monies.

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

**HOME Fund** - This Fund accounts for Federal funds expended on low and moderate income housing.

**THIS PAGE INTENTIONALLY LEFT BLANK**

**CITY OF BELLFLOWER  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
June 30, 2010**

	Special Revenue Funds			
	Drug Forfeiture Fund	Transportation Fund	Proposition C Fund	Gas Tax Fund
<b>ASSETS</b>				
Cash and investments	\$ 17,375	\$ 56,999	\$ 583,427	\$ -
Accounts receivable - net				115,327
Interest receivable	44	358	1,937	
Notes receivable				
<b>Total assets</b>	<b>\$ 17,419</b>	<b>\$ 57,357</b>	<b>\$ 585,364</b>	<b>\$ 115,327</b>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ -	\$ 54,226	\$ 135,362	\$ -
Retention payable			2,732	
Deposit payable				
Due to other funds				115,327
Deferred revenue				
Advances payable				
<b>Total Liabilities</b>		<b>54,226</b>	<b>138,094</b>	<b>115,327</b>
Fund Balances:				
Unreserved:				
Designated for subsequent year's expenditures	17,419	3,131	447,270	
Undesignated				
<b>Total fund balances (deficits)</b>	<b>17,419</b>	<b>3,131</b>	<b>447,270</b>	
<b>Total liabilities and fund balances</b>	<b>\$ 17,419</b>	<b>\$ 57,357</b>	<b>\$ 585,364</b>	<b>\$ 115,327</b>

Special Revenue Funds

AQMD Fund	Sewer Reconstruction Fund	TDA Article 3 Fund	Proposition 1B Fund	Parking District No. 1 Fund	Building and Safety Fund
\$ 1,930	\$ 104,184	\$ -	\$ 975,162	\$ 105	\$ 1,640
23,473		15,781		515	8,125
42	333		3,021		
<u>\$ 25,445</u>	<u>\$ 104,517</u>	<u>\$ 15,781</u>	<u>\$ 978,183</u>	<u>\$ 620</u>	<u>\$ 9,765</u>
\$ -	\$ -	\$ -	\$ 456	\$ 620	\$ 9,765
			76,500		
11,217		15,781			
<u>11,217</u>		<u>15,781</u>	<u>76,956</u>	<u>620</u>	<u>9,765</u>
14,228	104,517		901,227		
<u>14,228</u>	<u>104,517</u>		<u>901,227</u>		
<u>\$ 25,445</u>	<u>\$ 104,517</u>	<u>\$ 15,781</u>	<u>\$ 978,183</u>	<u>\$ 620</u>	<u>\$ 9,765</u>

(Continued)

**CITY OF BELLFLOWER  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
June 30, 2010  
(Continued)**

	Special Revenue Funds			
	Public Arts Fund	CA-COPS Grant Fund	COG Position Fund	Traffic Relief Fund
<b>ASSETS</b>				
Cash and investments	\$ -	\$ -	\$ -	\$ 395,511
Accounts receivable - net		15,169	61,957	193,613
Interest receivable				1,473
Notes receivable				
<b>Total assets</b>	<u>\$ -</u>	<u>\$ 15,169</u>	<u>\$ 61,957</u>	<u>\$ 590,597</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 50,000	\$ -	\$ -	\$ 21,854
Deposit payable				37,442
Retention payable				
Due to other funds	12,578		61,957	
Deferred revenue				
Advances payable				
<b>Total Liabilities</b>	<u>62,578</u>		<u>61,957</u>	<u>59,296</u>
Fund Balances:				
Unreserved:				
Designated for subsequent year's expenditures		15,169		531,301
Undesignated	<u>(62,578)</u>			
<b>Total fund balances (deficits)</b>	<u>(62,578)</u>	<u>15,169</u>		<u>531,301</u>
<b>Total liabilities and fund balances</b>	<u>\$ -</u>	<u>\$ 15,169</u>	<u>\$ 61,957</u>	<u>\$ 590,597</u>

Special Revenue Funds					Debt Service Fund
Public Facilities Fund	Park Facilities Fund	PEG Fund	JAG Fund	Measure R Fund	Public Facilities Corporation Fund
\$ 49,508	\$ 157,138	\$ 96,919 22,627	\$ 38,354	\$ 490,252	\$ -
152	487		283	1,175	
<u>\$ 49,660</u>	<u>\$ 157,625</u>	<u>\$ 119,546</u>	<u>\$ 38,637</u>	<u>\$ 491,427</u>	<u>\$ -</u>
\$ -	\$ 1,470	\$ -	\$ 1,049	\$ -	\$ -
	1,470		1,049		
49,660	156,155	119,546	37,588	491,427	
49,660	156,155	\$ 119,546	37,588	491,427	
<u>\$ 49,660</u>	<u>\$ 157,625</u>	<u>\$ 119,546</u>	<u>\$ 38,637</u>	<u>\$ 491,427</u>	<u>\$ -</u>

(Continued)

**CITY OF BELLFLOWER  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
June 30, 2010  
(Continued)**

	Capital Projects Funds			
	CDBG Fund	Capital Projects Fund	Redevelopment Agency Housing Fund	HOME Fund
<b>ASSETS</b>				
Cash and investments	\$ -	\$ 1,125,191	\$	\$ 5,972
Accounts receivable - net	153,341	428,622	55,636	24,015
Interest receivable				
Notes receivable	703,238		2,770,986	3,723,435
Total assets	<u>\$ 856,579</u>	<u>\$ 1,553,813</u>	<u>\$ 2,826,622</u>	<u>\$ 3,753,422</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 63,379	\$ 118,380	\$ 1,265	\$ 29,515
Retention payable		230,061		472
Deposit payable		6,000		
Due to other funds	89,962			
Deferred revenue	703,238	1,173,785	2,770,986	3,723,435
Advances payable			361,461	
Total Liabilities	<u>856,579</u>	<u>1,528,226</u>	<u>3,133,712</u>	<u>3,753,422</u>
Fund Balances:				
Unreserved:				
Designated for subsequent year's expenditures				
Undesignated		25,587	(307,090)	
Total fund balances (deficits)		<u>25,587</u>	<u>(307,090)</u>	
Total liabilities and fund balances	<u>\$ 856,579</u>	<u>\$ 1,553,813</u>	<u>\$ 2,826,622</u>	<u>\$ 3,753,422</u>

Totals

\$ 4,099,667  
1,118,201  
9,305  
7,197,659

\$ 12,424,832

\$ 487,341  
233,265  
119,942  
306,822  
8,371,444  
361,461

9,880,275

2,888,638  
(344,081)

2,544,557

\$ 12,424,832

**CITY OF BELLFLOWER**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**For the Fiscal Year Ended June 30, 2010**

	Special Revenue Funds			
	Drug Forfeiture Fund	Transportation Fund	Proposition C Fund	Gas Tax Fund
<b>REVENUES</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits				
Fines, forfeitures, and penalties				
Investment earnings	173	1,460	8,869	
Charges for current services				
Intergovernmental revenue	3,652	981,047	813,821	1,245,222
Other revenues				
<b>Total revenues</b>	<u>3,825</u>	<u>982,507</u>	<u>822,690</u>	<u>1,245,222</u>
<b>EXPENDITURES</b>				
Current:				
General government				
Public safety	11,948			
Public works		976,851	964,422	
Community development				
Capital outlay		7,058	335,682	
Debt service:				
Principal retirement				
Interest and other charges				
<b>Total expenditures</b>	<u>11,948</u>	<u>983,909</u>	<u>1,300,104</u>	
Excess of revenues over (under) expenditures	<u>(8,123)</u>	<u>(1,402)</u>	<u>(477,414)</u>	<u>1,245,222</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds on sale of property			1,591	
Transfers in				
Transfers out				(1,245,222)
<b>Total other financing sources (uses)</b>			<u>1,591</u>	<u>(1,245,222)</u>
<b>Net change in fund balances</b>	(8,123)	(1,402)	(475,823)	
Fund balances (deficits) - July 1, 2009	<u>25,542</u>	<u>4,533</u>	<u>923,093</u>	
Fund balances (deficits) - June 30, 2010	<u>\$ 17,419</u>	<u>\$ 3,131</u>	<u>\$ 447,270</u>	<u>\$ -</u>

Special Revenue Funds

AQMD Fund	Sewer Reconstruction Fund	TDA Article 3 Fund	Proposition 1B Fund	Parking District No. 1 Fund	Building and Safety Fund
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
					389,995
2,043	1,344		11,214		
87,405		13,161		8,046	
	1,134				
<u>89,448</u>	<u>2,478</u>	<u>13,161</u>	<u>11,214</u>	<u>8,046</u>	<u>389,995</u>
			76,498	8,046	
396,694	7,022	13,161	27,656		613,007
<u>396,694</u>	<u>7,022</u>	<u>13,161</u>	<u>104,154</u>	<u>8,046</u>	<u>613,007</u>
<u>(307,246)</u>	<u>(4,544)</u>		<u>(92,940)</u>		<u>(223,012)</u>
1,930					223,012
<u>1,930</u>					<u>223,012</u>
(305,316)	(4,544)		(92,940)		
<u>319,544</u>	<u>109,061</u>		<u>994,167</u>		
<u>\$ 14,228</u>	<u>\$ 104,517</u>	<u>\$ -</u>	<u>\$ 901,227</u>	<u>\$ -</u>	<u>\$ -</u>

(Continued)

**CITY OF BELLFLOWER**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**For the Fiscal Year Ended June 30, 2010**  
**(Continued)**

	Special Revenue Funds			
	Public Arts Fund	CA-COPS Grant Fund	COG Position Fund	Traffic Relief Fund
<b>REVENUES</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits				
Fines, forfeitures, and penalties				
Investment earnings	619	33		5,400
Charges for current services				
Intergovernmental revenue		107,621		698,368
Other revenues			183,117	
<b>Total revenues</b>	<u>619</u>	<u>107,654</u>	<u>183,117</u>	<u>703,768</u>
<b>EXPENDITURES</b>				
Current:				
General government			183,117	
Public safety		100,271		
Public works				330,010
Community development	9,500			
Capital outlay	199,422			432,640
Debt service:				
Principal retirement				
Interest and other charges				
<b>Total expenditures</b>	<u>208,922</u>	<u>100,271</u>	<u>183,117</u>	<u>762,650</u>
Excess of revenues over (under) expenditures	<u>(208,303)</u>	<u>7,383</u>		<u>(58,882)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds on sale of property				
Transfers in				
Transfers out				
<b>Total other financing sources (uses)</b>				
<b>Net change in fund balances</b>	(208,303)	7,383		(58,882)
Fund balances (deficits) - July 1, 2009	<u>145,725</u>	<u>7,786</u>		<u>590,183</u>
Fund balances (deficits) - June 30, 2010	<u>\$ (62,578)</u>	<u>\$ 15,169</u>	<u>\$ -</u>	<u>\$ 531,301</u>

Special Revenue Funds					Debt Service Fund
Public Facilities Fund	Park Facilities Fund	PEG Fund	JAG Fund	Measure R Fund	Public Facilities Corporation Fund
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
511	1,736		268	1,770	
7,845	52,548				
		84,275	217,042	489,657	
<u>8,356</u>	<u>54,284</u>	<u>84,275</u>	<u>217,310</u>	<u>491,427</u>	
	25,802	3,812	179,722		280,000
					187,893
	<u>25,802</u>	<u>3,812</u>	<u>179,722</u>		<u>467,893</u>
<u>8,356</u>	<u>28,482</u>	<u>80,463</u>	<u>37,588</u>	<u>491,427</u>	<u>(467,893)</u>
					467,893
					<u>467,893</u>
8,356	28,482	80,463	37,588	491,427	
<u>41,304</u>	<u>127,673</u>	<u>39,083</u>			
<u>\$ 49,660</u>	<u>\$ 156,155</u>	<u>\$ 119,546</u>	<u>\$ 37,588</u>	<u>\$ 491,427</u>	<u>\$ -</u>

(Continued)

**CITY OF BELLFLOWER**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**For the Fiscal Year Ended June 30, 2010**  
**(Continued)**

	Capital Projects Funds			
	CDBG Fund	Capital Project Fund	Redevelopment Agency Housing Fund	Home Fund
<b>REVENUES</b>				
Taxes	\$ -	\$ -	\$ 522,796	\$ -
Licenses and permits				
Fines, forfeitures, and penalties				
Investment earnings	626		20,082	296
Charges for current services				
Intergovernmental revenue	1,696,830	900,296		257,296
Other revenues		1,984	11,250	
<b>Total revenues</b>	<u>1,697,456</u>	<u>902,280</u>	<u>554,128</u>	<u>257,592</u>
<b>EXPENDITURES</b>				
Current:				
General government				
Public safety				
Public works		13,989		
Community development	822,484		576,126	257,592
Capital outlay	309,906	927,405		
Debt service:				
Principal retirement	260,000			
Interest and other charges	329,393			
<b>Total expenditures</b>	<u>1,721,783</u>	<u>941,394</u>	<u>576,126</u>	<u>257,592</u>
Excess of revenues over (under) expenditures	<u>(24,327)</u>	<u>(39,114)</u>	<u>(21,998)</u>	
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds on sale of property				
Transfers in	24,327			
Transfers out			(172,797)	
<b>Total other financing sources (uses)</b>	<u>24,327</u>		<u>(172,797)</u>	
<b>Net change in fund balances</b>		(39,114)	(194,795)	
Fund balances (deficits) - July 1, 2009		64,701	(112,295)	
Fund balances (deficits) - June 30, 2010	<u>\$ -</u>	<u>\$ 25,587</u>	<u>\$ (307,090)</u>	<u>\$ -</u>

Totals

\$ 522,796  
389,995  
-  
56,444  
68,439  
7,595,693  
197,485

---

8,830,852

183,117  
112,219  
2,369,816  
2,278,709  
2,865,982

540,000  
517,286

---

8,867,129

---

(36,277)

---

3,521  
715,232  
(1,418,019)

---

(699,266)

---

(735,543)

3,280,100

---

\$ 2,544,557

---

---

**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, 2010**

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Investment earnings	\$ 100	\$ 173	\$ 73
Intergovernmental revenue	1,000	3,652	2,652
Total revenues	<u>1,100</u>	<u>3,825</u>	<u>2,725</u>
<b>EXPENDITURES</b>			
Current:			
Public safety	<u>23,000</u>	<u>11,948</u>	<u>11,052</u>
Total expenditures	<u>23,000</u>	<u>11,948</u>	<u>11,052</u>
Net change in fund balance	(21,900)	(8,123)	13,777
Fund balance - July 1, 2009	<u>25,542</u>	<u>25,542</u>	
Fund balance - June 30, 2010	<u><u>\$ 3,642</u></u>	<u><u>\$ 17,419</u></u>	<u><u>\$ 13,777</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, 2010**

	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES</b>			
Investment earnings	\$ 1,000	\$ 1,460	460
Intergovernmental revenue	<u>1,401,500</u>	<u>981,047</u>	<u>(420,453)</u>
Total revenues	<u>1,402,500</u>	<u>982,507</u>	<u>(419,993)</u>
<b>EXPENDITURES</b>			
Current:			
Public works	1,014,649	976,851	37,798
Capital outlay	<u>309,375</u>	<u>7,058</u>	<u>302,317</u>
Total expenditures	<u>1,324,024</u>	<u>983,909</u>	<u>340,115</u>
Net change in fund balance	78,476	(1,402)	(79,878)
Fund balance - July 1, 2009	<u>4,533</u>	<u>4,533</u>	<u></u>
Fund balance - June 30, 2010	<u><u>\$ 83,009</u></u>	<u><u>\$ 3,131</u></u>	<u><u>\$ (79,878)</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, 2010**

	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES</b>			
Investment earnings	\$ 10,000	\$ 8,869	\$ (1,131)
Intergovernmental revenue	<u>964,000</u>	<u>813,821</u>	<u>(150,179)</u>
Total revenues	<u>974,000</u>	<u>822,690</u>	<u>(151,310)</u>
<b>EXPENDITURES</b>			
Current:			
Public works	1,098,802	964,422	134,380
Capital outlay	<u>543,500</u>	<u>335,682</u>	<u>207,818</u>
Total expenditures	<u>1,642,302</u>	<u>1,300,104</u>	<u>342,198</u>
Excess of revenues over (under) expenditures	<u>(668,302)</u>	<u>(477,414)</u>	<u>190,888</u>
<b>OTHER FINANCING SOURCES</b>			
Proceeds on sale of property		<u>1,591</u>	<u>1,591</u>
Total other financing sources		<u>1,591</u>	<u>1,591</u>
Net change in fund balance	(668,302)	(475,823)	192,479
Fund balance - July 1, 2009	<u>923,093</u>	<u>923,093</u>	
Fund balance - June 30, 2010	<u>\$ 254,791</u>	<u>\$ 447,270</u>	<u>\$ 192,479</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, 2010**

	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Intergovernmental revenue	<u>\$ 1,208,500</u>	<u>\$ 1,245,222</u>	<u>\$ 36,722</u>
Total revenues	<u>1,208,500</u>	<u>1,245,222</u>	<u>36,722</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	<u>(1,208,500)</u>	<u>(1,245,222)</u>	<u>(36,722)</u>
Total other financing sources (uses)	<u>(1,208,500)</u>	<u>(1,245,222)</u>	<u>(36,722)</u>
Net change in fund balance			
Fund balance - July 1, 2009	<u>                    </u>	<u>                    </u>	<u>                    </u>
Fund balance - June 30, 2010	<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**  
**AQMD SPECIAL REVENUE FUND**  
**For the Fiscal Year Ended June 30, 2010**

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Investment earnings	\$ 1,000	\$ 2,043	\$ 1,043
Intergovernmental revenue	89,700	87,405	(2,295)
Total revenues	<u>90,700</u>	<u>89,448</u>	<u>(1,252)</u>
<b>EXPENDITURES</b>			
Capital outlay	<u>412,000</u>	<u>396,694</u>	<u>15,306</u>
Total expenditures	<u>412,000</u>	<u>396,694</u>	<u>15,306</u>
Excess of revenues over (under) expenditures	<u>(321,300)</u>	<u>(307,246)</u>	<u>14,054</u>
<b>OTHER FINANCING SOURCES</b>			
Proceeds on sale of property	<u>                    </u>	<u>1,930</u>	<u>1,930</u>
Total other financing sources	<u>                    </u>	<u>1,930</u>	<u>1,930</u>
Net change in fund balance	(321,300)	(305,316)	15,984
Fund balance - July 1, 2009	<u>319,544</u>	<u>319,544</u>	<u>                    </u>
Fund balance - June 30, 2010	<u>\$ (1,756)</u>	<u>\$ 14,228</u>	<u>\$ 15,984</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, 2010**

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES			
Investment earnings	\$ 1,400	\$ 1,344	\$ (56)
Other revenues	300	1,134	834
Total revenues	<u>1,700</u>	<u>2,478</u>	<u>778</u>
EXPENDITURES			
Capital outlay	<u>35,000</u>	<u>7,022</u>	<u>27,978</u>
Total expenditures	<u>35,000</u>	<u>7,022</u>	<u>27,978</u>
Net change in fund balance	(33,300)	(4,544)	28,756
Fund balance - July 1, 2009	<u>109,061</u>	<u>109,061</u>	
Fund balance - June 30, 2010	<u><u>\$ 75,761</u></u>	<u><u>\$ 104,517</u></u>	<u><u>\$ 28,756</u></u>

**CITY OF BELLFLOWER**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**TDA ARTICLE 3 SPECIAL REVENUE FUND**  
**For the Fiscal Year Ended June 30, 2010**

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES			
Intergovernmental revenue	\$ 97,700	\$ 13,161	\$ (84,539)
Total revenues	<u>97,700</u>	<u>13,161</u>	<u>(84,539)</u>
EXPENDITURES			
Capital outlay	<u>97,700</u>	<u>13,161</u>	<u>84,539</u>
Total expenditures	<u>97,700</u>	<u>13,161</u>	<u>84,539</u>
Net change in fund balance			
Fund balance - July 1, 2009	<u>                    </u>	<u>                    </u>	<u>                    </u>
Fund balance - June 30, 2010	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**CITY OF BELLFLOWER**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**PROPOSITION 1B SPECIAL REVENUE FUND**  
**For the Fiscal Year Ended June 30, 2010**

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Investment earnings	\$ 100	\$ 11,214	\$ 11,114
Intergovernmental revenue	1,171,000		(1,171,000)
Total revenues	<u>1,171,100</u>	<u>11,214</u>	<u>(1,159,886)</u>
<b>EXPENDITURES</b>			
Current:			
Public works		76,498	(76,498)
Capital outlay	971,532	27,656	943,876
Total expenditures	<u>971,532</u>	<u>104,154</u>	<u>867,378</u>
Net change in fund balance	199,568	(92,940)	(292,508)
Fund balance - July 1, 2009	<u>994,167</u>	<u>994,167</u>	
Fund balance - June 30, 2010	<u>\$ 1,193,735</u>	<u>\$ 901,227</u>	<u>\$ (292,508)</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, 2010**

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES			
Charges for current services	\$ 8,000	\$ 8,046	\$ 46
Total revenues	<u>8,000</u>	<u>8,046</u>	<u>46</u>
EXPENDITURES			
Current:			
Public works	<u>15,590</u>	<u>8,046</u>	<u>7,544</u>
Total expenditures	<u>15,590</u>	<u>8,046</u>	<u>7,544</u>
Excess of revenues over (under) expenditures	<u>(7,590)</u>		<u>7,590</u>
OTHER FINANCING SOURCES			
Transfers in	<u>7,590</u>		<u>(7,590)</u>
Total other financing sources	<u>7,590</u>		<u>(7,590)</u>
Net change in fund balance			
Fund balance - July 1, 2009			
Fund balance - June 30, 2010	<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, 2010**

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES			
Licenses and permits	\$ 377,800	\$ 389,995	\$ 12,195
Total revenues	<u>377,800</u>	<u>389,995</u>	<u>12,195</u>
EXPENDITURES			
Current:			
Community development	591,762	613,007	(21,245)
Total expenditures	<u>591,762</u>	<u>613,007</u>	<u>(21,245)</u>
Excess of revenues over (under) expenditures	<u>(213,962)</u>	<u>(223,012)</u>	<u>(9,050)</u>
OTHER FINANCING SOURCES			
Transfers in	213,962	223,012	9,050
Total other financing sources	<u>213,962</u>	<u>223,012</u>	<u>9,050</u>
Net change in fund balance			
Fund balance - July 1, 2009			
Fund balance - June 30, 2010	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**CITY OF BELLFLOWER**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**PUBLIC ARTS SPECIAL REVENUE FUND**  
**For the Fiscal Year Ended June 30, 2010**

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Investment earnings	\$ 2,000	\$ 619	\$ (1,381)
Charges for current services	20,000		(20,000)
Total revenues	<u>22,000</u>	<u>619</u>	<u>(21,381)</u>
<b>EXPENDITURES</b>			
Current:			
Community development		9,500	(9,500)
Capital outlay	200,000	199,422	578
Total expenditures	<u>200,000</u>	<u>208,922</u>	<u>(8,922)</u>
Net change in fund balance	(178,000)	(208,303)	(30,303)
Fund balance - July 1, 2009	<u>145,725</u>	<u>145,725</u>	
Fund balance (deficit) - June 30, 2010	<u><u>\$ (32,275)</u></u>	<u><u>\$ (62,578)</u></u>	<u><u>\$ (30,303)</u></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, 2010**

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Investment earnings	\$ 100	\$ 33	\$ (67)
Intergovernmental revenue	100,000	107,621	7,621
Total revenues	<u>100,100</u>	<u>107,654</u>	<u>7,554</u>
<b>EXPENDITURES</b>			
Current:			
Public safety	98,400	100,271	(1,871)
Net change in fund balance	1,700	7,383	5,683
Fund balance - July 1, 2009	<u>7,786</u>	<u>7,786</u>	
Fund balance - June 30, 2010	<u>\$ 9,486</u>	<u>\$ 15,169</u>	<u>\$ 5,683</u>

**CITY OF BELLFLOWER**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**COG POSITION SPECIAL REVENUE FUND**  
**For the Fiscal Year Ended June 30, 2010**

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES			
Other revenues	\$ 189,116	\$ 183,117	\$ (5,999)
Total revenues	<u>189,116</u>	<u>183,117</u>	<u>(5,999)</u>
EXPENDITURES			
Current:			
General government	<u>189,116</u>	<u>183,117</u>	<u>5,999</u>
Total expenditures	<u>189,116</u>	<u>183,117</u>	<u>5,999</u>
Net change in fund balance			
Fund balance - July 1, 2009	<u>                    </u>	<u>                    </u>	<u>                    </u>
Fund balance - June 30, 2010	<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**  
**TRAFFIC CONGESTION RELIEF SPECIAL REVENUE FUND**  
**For the Fiscal Year Ended June 30, 2010**

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Investment earnings	\$ 10,000	\$ 5,400	\$ (4,600)
Intergovernmental revenue	729,000	698,368	(30,632)
<b>Total revenues</b>	<b>739,000</b>	<b>703,768</b>	<b>(35,232)</b>
<b>EXPENDITURES</b>			
Current:			
Public works	400,000	330,010	69,990
Capital outlay	743,000	432,640	310,360
<b>Total expenditures</b>	<b>1,143,000</b>	<b>762,650</b>	<b>380,350</b>
Excess of revenues over (under) expenditures	(404,000)	(58,882)	345,118
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers out	250,000		(250,000)
<b>Total other financing sources (uses)</b>	<b>250,000</b>		<b>(250,000)</b>
Net change in fund balance	(154,000)	(58,882)	95,118
Fund balance - July 1, 2009	590,183	590,183	
Fund balance - June 30, 2010	<u>\$ 436,183</u>	<u>\$ 531,301</u>	<u>\$ 95,118</u>

**CITY OF BELLFLOWER**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**PUBLIC FACILITIES SPECIAL REVENUE FUND**  
**For the Fiscal Year Ended June 30, 2010**

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES			
Investment earnings	\$ 600	\$ 511	\$ (89)
Charges for current services	6,500	7,845	1,345
Total revenues	<u>7,100</u>	<u>8,356</u>	<u>1,256</u>
Net change in fund balance	7,100	8,356	1,256
Fund balance - July 1, 2009	<u>41,304</u>	<u>41,304</u>	
Fund balance - June 30, 2010	<u>\$ 48,404</u>	<u>\$ 49,660</u>	<u>\$ 1,256</u>

**CITY OF BELLFLOWER**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**PARK FACILITIES SPECIAL REVENUE FUND**  
**For the Fiscal Year Ended June 30, 2010**

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Investment earnings	\$ 3,400	\$ 1,736	\$ (1,664)
Charges for current services	40,000	52,548	12,548
Total revenues	<u>43,400</u>	<u>54,284</u>	<u>10,884</u>
<b>EXPENDITURES</b>			
Capital outlay	<u>160,000</u>	<u>25,802</u>	<u>134,198</u>
Total expenditures	<u>160,000</u>	<u>25,802</u>	<u>134,198</u>
Net change in fund balance	(116,600)	28,482	145,082
Fund balance - July 1, 2009	<u>127,673</u>	<u>127,673</u>	
Fund balance - June 30, 2010	<u><u>\$ 11,073</u></u>	<u><u>\$ 156,155</u></u>	<u><u>\$ 145,082</u></u>

**CITY OF BELLFLOWER**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**PEG SPECIAL REVENUE FUND**  
**For the Fiscal Year Ended June 30, 2010**

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES			
Intergovernmental revenue	\$ 77,200	\$ 84,275	\$ 7,075
Total revenues	<u>77,200</u>	<u>84,275</u>	<u>7,075</u>
EXPENDITURES			
Capital outlay	<u>20,000</u>	<u>3,812</u>	<u>16,188</u>
Net change in fund balance	57,200	80,463	23,263
Fund balance - July 1, 2009	<u>39,083</u>	<u>39,083</u>	
Fund balance - June 30, 2010	<u>\$ 96,283</u>	<u>\$ 119,546</u>	<u>\$ 23,263</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, 2010**

	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES</b>			
Investment earnings	\$ 10	\$ -	\$ (10)
Total revenues	<u>10</u>	<u>          </u>	<u>(10)</u>
<b>EXPENDITURES</b>			
Debt service:			
Principal retirement	280,000	280,000	
Interest and other charges	<u>188,393</u>	<u>187,893</u>	<u>500</u>
Total expenditures	<u>468,393</u>	<u>467,893</u>	<u>500</u>
Excess of revenues over (under) expenditures	<u>(468,383)</u>	<u>(467,893)</u>	<u>490</u>
<b>OTHER FINANCING SOURCES</b>			
Transfers in	<u>468,393</u>	<u>467,893</u>	<u>(500)</u>
Total other financing sources	<u>468,393</u>	<u>467,893</u>	<u>(500)</u>
Net change in fund balance	10		(10)
Fund balance - July 1, 2009	<u>          </u>	<u>          </u>	<u>          </u>
Fund balance - June 30, 2010	<u>\$ 10</u>	<u>\$ -</u>	<u>\$ (10)</u>

**CITY OF BELLFLOWER**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**HOME FUND**  
**For the Fiscal Year Ended June 30, 2010**

	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES</b>			
Investment earnings	\$ 100	\$ 296	\$ 196
Intergovernmental revenue	<u>1,493,389</u>	<u>257,296</u>	<u>(1,236,093)</u>
<b>Total revenues</b>	<u>1,493,489</u>	<u>257,592</u>	<u>(1,235,897)</u>
<b>EXPENDITURES</b>			
Current:			
Community development	<u>1,493,489</u>	<u>257,592</u>	<u>1,235,897</u>
<b>Total expenditures</b>	<u>1,493,489</u>	<u>257,592</u>	<u>1,235,897</u>
<b>Net change in fund balance</b>			
<b>Fund balance - July 1, 2009</b>	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>Fund balance - June 30, 2010</b>	<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**  
**CDBG CAPITAL PROJECTS FUND**  
**For the Fiscal Year Ended June 30, 2010**

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Investment earnings	\$ 3,300	\$ 626	\$ (2,674)
Intergovernmental revenue	1,503,026	1,696,830	193,804
<b>Total revenues</b>	<b>1,506,326</b>	<b>1,697,456</b>	<b>191,130</b>
<b>EXPENDITURES</b>			
Current:			
Community development	792,286	822,484	(30,198)
Capital outlay	319,026	309,906	9,120
Debt service:			
Principal retirement	260,000	260,000	
Interest and other charges	329,393	329,393	
<b>Total expenditures</b>	<b>1,700,705</b>	<b>1,721,783</b>	<b>(21,078)</b>
Excess of revenues over (under) expenditures	(194,379)	(24,327)	170,052
<b>OTHER FINANCING SOURCES</b>			
Transfers in	194,379	24,327	(170,052)
<b>Total other financing sources</b>	<b>194,379</b>	<b>24,327</b>	<b>(170,052)</b>
Net change in fund balance			
Fund balance - July 1, 2009			
Fund balance - June 30, 2010	\$ -	\$ -	\$ -

**CITY OF BELLFLOWER**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**CAPITAL PROJECTS FUND**  
**For the Fiscal Year Ended June 30, 2010**

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Intergovernmental revenue	\$ 9,587,267	\$ 900,296	\$ (8,686,971)
Other revenues	1,984	1,984	
Total revenues	<u>9,589,251</u>	<u>902,280</u>	<u>(8,686,971)</u>
<b>EXPENDITURES</b>			
Current:			
Public works	13,989	13,989	
Capital outlay	<u>9,573,278</u>	<u>927,405</u>	<u>8,645,873</u>
Total expenditures	<u>9,587,267</u>	<u>941,394</u>	<u>8,645,873</u>
Net change in fund balance	1,984	(39,114)	(41,098)
Fund balance - July 1, 2009	<u>64,701</u>	<u>64,701</u>	
Fund balance - June 30, 2010	<u>\$ 66,685</u>	<u>\$ 25,587</u>	<u>\$ (41,098)</u>

**CITY OF BELLFLOWER**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**REDEVELOPMENT AGENCY HOUSING CAPITAL PROJECTS FUND**  
**For the Fiscal Year Ended June 30, 2010**

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES			
Taxes	\$ 495,000	\$ 522,796	\$ 27,796
Investment earnings	21,000	20,082	(918)
Other revenues	11,250	11,250	
Total revenues	<u>527,250</u>	<u>554,128</u>	<u>26,878</u>
EXPENDITURES			
Current:			
Community development	<u>585,371</u>	<u>576,126</u>	<u>9,245</u>
Total expenditures	<u>585,371</u>	<u>576,126</u>	<u>9,245</u>
Excess of revenues over (under) expenditures	<u>(58,121)</u>	<u>(21,998)</u>	<u>36,123</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	<u>(117,927)</u>	<u>(172,797)</u>	<u>(54,870)</u>
Total other financing sources (uses)	<u>(117,927)</u>	<u>(172,797)</u>	<u>(54,870)</u>
Net change in fund balance	(176,048)	(194,795)	(18,747)
Fund balance (deficit) - July 1, 2009	<u>(112,295)</u>	<u>(112,295)</u>	
Fund balance (deficit) - June 30, 2010	<u><u>\$ (288,343)</u></u>	<u><u>\$ (307,090)</u></u>	<u><u>\$ (18,747)</u></u>

**CITY OF BELLFLOWER**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**JAG RECOVERY SPECIAL REVENUE FUND**  
**For the Fiscal Year Ended June 30, 2010**

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Investment earnings	\$ -	\$ 268	268
Intergovernmental revenue	216,521	217,042	521
Total revenues	<u>216,521</u>	<u>217,310</u>	<u>789</u>
<b>EXPENDITURES</b>			
Current:			
Public safety	15,000		15,000
Capital outlay	186,521	179,722	6,799
Total expenditures	<u>201,521</u>	<u>179,722</u>	<u>21,799</u>
Net change in fund balance	15,000	37,588	22,588
Fund balance - July 1, 2009	<u>          </u>	<u>          </u>	<u>          </u>
Fund balance - June 30, 2010	<u>\$ 15,000</u>	<u>\$ 37,588</u>	<u>\$ 22,588</u>

**CITY OF BELLFLOWER**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**MEASURE R SPECIAL REVENUE FUND**  
**For the Fiscal Year Ended June 30, 2010**

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES			
Investment earnings	\$ 3,000	\$ 1,770	\$ (1,230)
Intergovernmental revenue	397,000	489,657	92,657
Total revenues	<u>400,000</u>	<u>491,427</u>	<u>91,427</u>
Net change in fund balance	400,000	491,427	91,427
Fund balance - July 1, 2009	<u>                    </u>	<u>                    </u>	<u>                    </u>
Fund balance - June 30, 2010	<u>\$ 400,000</u>	<u>\$ 491,427</u>	<u>\$ 91,427</u>

**CITY OF BELLFLOWER**  
**FIDUCIARY FUND FINANCIAL STATEMENTS**  
**June 30, 2010**

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  
FIDUCIARY FUND  
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
For the Fiscal Year Ended June 30, 2010**

	<u>Balance July 1, 2009</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2010</u>
<b><u>Agency Fund</u></b>				
Assets:				
Cash and investments	<u>\$ 762,996</u>	<u>\$ 295,225</u>	<u>\$ 396,710</u>	<u>\$ 661,511</u>
Liabilities:				
Deposits payable	<u>\$ 762,996</u>	<u>\$ 295,225</u>	<u>\$ 396,710</u>	<u>\$ 661,511</u>



**STATISTICAL SECTION  
(UNAUDITED)**



## STATISTICAL SECTION

	Pages
<i>Financial Trends</i> – These schedules contain trend information to help the reader understand how the City’s financial performance and well-being have changed over time.	126 - 134
<i>Revenue Capacity</i> – These schedules contain information to help the reader assess the City’s most significant local revenue source, the property tax.	136 - 139
<i>Debt Capacity</i> – These schedules present information to help the reader assess the affordability of the City’s current levels of outstanding debt and the City’s ability to issue additional debt in the future.	140 - 145
<i>Demographic and Economic Information</i> – These schedules offer demographic and economic indicators to help the reader understand the environment within which the City’s financial activities take place.	146 - 148
<i>Operating Information</i> – These schedules contain service and infrastructure data to help the reader understand how the information in the City’s financial report relates to the services the City provides and the activities it performs.	150 - 152

# CITY OF BELLFLOWER

Net Assets by Component  
 Last Eight Fiscal Years  
 (accrual basis of accounting)

	<u>2009-10</u>	<u>2008-09</u>	<u>2007-08</u>
Governmental activities:			
Invested in capital assets, net of related debt	\$ 36,578,312	\$ 33,770,883	\$ 34,454,767
Restricted	13,405,884	13,727,607	5,144,724
Unrestricted	<u>15,789,002</u>	<u>14,313,070</u>	<u>23,197,638</u>
Total governmental activities net assets	<u>\$ 65,773,198</u>	<u>\$ 61,811,560</u>	<u>\$ 62,797,129</u>
Business-type activities:			
Invested in capital assets, net of related debt	\$ 6,986,494	\$ 6,305,692	\$ 6,115,154
Restricted	991,719	-	-
Unrestricted	<u>(8,548,992)</u>	<u>(7,020,762)</u>	<u>(6,699,586)</u>
Total business-type activities net assets	<u>\$ (570,779)</u>	<u>\$ (715,070)</u>	<u>\$ (584,432)</u>
Primary government:			
Invested in capital assets, net of related debt	\$ 43,564,806	\$ 40,076,575	\$ 40,569,921
Restricted	14,397,603	13,727,607	5,144,724
Unrestricted	<u>7,240,010</u>	<u>7,292,308</u>	<u>16,498,052</u>
Total primary government net assets	<u>\$ 65,202,419</u>	<u>\$ 61,096,490</u>	<u>\$ 62,212,697</u>

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

Note: Amounts for governmental activities for FY 2008-09 restated.

Source: City Finance Department

<u>2006-07</u>	<u>2005-06</u>	<u>2004-05</u>	<u>2003-04</u>	<u>2002-03</u>
\$ 28,032,957	\$ 22,594,651	\$ 14,706,513	\$ 10,751,912	\$ 18,597,924
5,797,645	7,890,144	10,033,611	14,510,268	4,758,956
<u>23,640,310</u>	<u>20,901,096</u>	<u>21,643,482</u>	<u>17,575,155</u>	<u>17,225,057</u>
<u>\$ 57,470,912</u>	<u>\$ 51,385,891</u>	<u>\$ 46,383,606</u>	<u>\$ 42,837,335</u>	<u>\$ 40,581,937</u>
\$ 6,171,974	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
<u>(6,453,055)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ (281,081)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 34,204,931	\$ 22,594,651	\$ 14,706,513	\$ 10,751,912	\$ 18,597,924
5,797,645	7,890,144	10,033,611	14,510,268	4,758,956
<u>17,187,255</u>	<u>20,901,096</u>	<u>21,643,482</u>	<u>17,575,155</u>	<u>17,225,057</u>
<u>\$ 57,189,831</u>	<u>\$ 51,385,891</u>	<u>\$ 46,383,606</u>	<u>\$ 42,837,335</u>	<u>\$ 40,581,937</u>

# CITY OF BELLFLOWER

## Changes in Net Assets Last Eight Fiscal Years (accrual basis of accounting)

	2009-10	2008-09	2007-08	2006-07	2005-06
<b>Expenses:</b>					
Governmental activities:					
General government	\$ 3,651,270	\$ 4,016,741	\$ 4,673,647	\$ 4,684,334	\$ 4,190,022
Public safety	10,303,163	10,465,437	9,830,279	9,466,438	8,931,846
Public works	8,720,389	8,534,387	8,561,074	7,955,725	8,134,862
Community development	3,761,972	7,795,755	4,737,554	4,154,709	4,666,591
Parks and recreation	2,187,622	2,880,923	3,422,450	2,888,491	2,690,337
Interest on long-term debt	3,617,692	1,370,074	1,082,459	1,106,344	1,130,336
Total governmental activities expenses	32,242,108	35,063,317	32,307,463	30,256,041	29,743,994
Business-type activities:					
Water	1,317,455	1,423,016	1,886,301	722,246	-
Interest on long-term debt	412,027	-	-	-	-
Total business-type activities expenses	1,729,482	1,423,016	1,886,301	722,246	-
Total primary government expenses	\$ 33,971,590	\$ 36,486,333	\$ 34,193,764	\$ 30,978,287	\$ 29,743,994
<b>Program revenues:</b>					
Governmental activities:					
Charges for services:					
Public safety	2,082,459	1,792,240	1,696,289	1,748,090	1,734,648
Public works	119,975	378,031	634,813	575,015	176,980
Community development	665,881	533,292	561,831	888,645	936,430
Parks and recreation	305,658	578,768	711,744	617,406	504,394
Operating contributions and grants	6,116,197	5,124,970	7,787,002	6,026,064	7,242,195
Capital contributions and grants	2,276,280	1,866,525	2,013,500	1,211,344	1,269,027
Total governmental activities program revenues	11,566,450	10,273,826	13,405,179	11,066,564	11,863,674
Business-type activities:					
Charges for services:					
Water	1,441,351	1,471,959	1,489,421	422,677	-
Operating contributions and grants	-	-	-	-	-
Capital contributions and grants	392,093	2,222	35,548	-	-
Total business-type activities program revenues	1,833,444	1,474,181	1,524,969	422,677	-
Total primary government program revenues	\$ 13,399,894	\$ 11,748,007	\$ 14,930,148	\$ 11,489,241	\$ 11,863,674
<b>Net revenues (expenses):</b>					
Governmental activities	\$ (20,675,658)	\$ (24,789,491)	\$ (18,902,284)	\$ (19,189,477)	\$ (17,880,320)
Business-type activities	103,962	51,165	(361,332)	(299,569)	-
Total Primary government net expenses	\$ (20,571,696)	\$ (24,738,326)	\$ (19,263,616)	\$ (19,489,046)	\$ (17,880,320)

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

Note: Community development expenses for FY 2008-09 restated.

Source: City Finance Department

2004-05	2003-04	2002-03
\$ 4,251,643	\$ 3,314,466	\$ 3,842,068
8,505,491	8,329,356	8,392,745
7,655,727	6,967,996	6,017,861
3,763,743	4,307,424	3,879,185
2,644,966	2,599,166	2,629,115
1,149,420	460,854	460,005
<u>27,970,990</u>	<u>25,979,262</u>	<u>25,220,979</u>
-	-	-
-	-	-
-	-	-
<u>\$ 27,970,990</u>	<u>\$ 25,979,262</u>	<u>\$ 25,220,979</u>

1,506,526	1,588,548	1,014,482
286,347	111,191	80,880
741,302	559,775	481,466
497,670	445,630	455,731
5,647,748	6,326,966	5,025,451
969,623	705,282	1,705,501
<u>9,649,216</u>	<u>9,737,392</u>	<u>8,763,511</u>
-	-	-
-	-	-
-	-	-
-	-	-
<u>\$ 9,649,216</u>	<u>\$ 9,737,392</u>	<u>\$ 8,763,511</u>
\$ (18,321,774)	\$ (16,241,870)	\$ (16,457,468)
-	-	-
<u>\$ (18,321,774)</u>	<u>\$ (16,241,870)</u>	<u>\$ (16,457,468)</u>

Continued

# CITY OF BELLFLOWER

## Changes in Net Assets Last Eight Fiscal Years (accrual basis of accounting)

	2009-10	2008-09	2007-08	2006-07	2005-06
General revenues and other changes in net assets:					
Governmental activities:					
Taxes:					
Sales taxes	\$ 4,491,686	\$ 4,074,112	\$ 4,864,723	\$ 5,492,016	\$ 5,623,126
Property taxes	3,784,401	4,259,838	4,630,983	4,378,690	4,092,921
Property taxes in lieu of VLF	6,099,840	6,408,704	6,089,921	5,568,084	4,551,129
Franchise taxes	1,410,399	1,517,568	1,536,573	1,355,987	1,403,431
Utility users taxes	4,037,569	4,118,981	4,057,482	4,029,961	3,935,990
Transient occupancy taxes	450,715	514,825	579,635	603,016	584,975
Business license taxes	659,970	601,787	515,903	591,004	518,358
Property transfer taxes	114,075	101,339	127,741	223,963	239,878
Intergovernmental - unrestricted:					
Motor vehicle in lieu	227,345	263,401	343,552	418,679	534,255
Earnings on investments	2,943,647	1,151,930	1,027,148	830,394	556,572
Miscellaneous	425,759	506,782	457,785	1,752,791	841,970
Gain on sale of property	1,229	-	-	-	-
Transfers	(9,339)	284,655	(2,944)	-	-
Total governmental activities	\$ 24,637,296	23,803,922	24,228,502	25,244,585	22,882,605
Business-type activities					
Earnings on investments	11,500	102,852	63,741	18,486	-
Miscellaneous	19,490	-	(8,704)	2	-
Transfers	9,339	(284,655)	2,944	-	-
Total business-type activities	40,329	(181,803)	57,981	18,488	-
Total primary government	\$ 24,677,625	\$ 23,622,119	\$ 24,286,483	\$ 25,263,073	\$ 22,882,605
Changes in net assets					
Governmental activities	\$ 3,961,638	\$ (985,569)	\$ 5,326,218	\$ 6,055,108	\$ 5,002,285
Business-type activities	144,291	(130,638)	(303,351)	(281,081)	-
Total primary government	4,105,929	(1,116,207)	5,022,867	5,774,027	5,002,285
Net assets- July 1	\$ 61,096,490	62,212,697	57,189,830	51,385,891	46,383,606
Prior period adjustments	-	-	-	29,912	-
	\$ 61,096,490	62,212,697	57,189,830	51,415,803	46,383,606
Net assets- June 30	\$ 65,202,419	\$ 61,096,490	\$ 62,212,697	\$ 57,189,830	\$ 51,385,891

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

Source: City Finance Department

	2004-05	2003-04	2002-03
\$	5,126,776	\$ 5,366,684	\$ 5,367,504
	3,408,915	2,918,170	2,586,027
	3,786,400	-	-
	1,318,757	1,298,670	1,254,579
	3,748,243	3,358,180	3,239,040
	520,290	518,838	499,837
	501,369	503,318	481,278
	252,189	213,839	153,101
	2,264,037	3,476,915	4,516,754
	352,426	219,649	317,933
	588,643	623,005	484,302
	-	-	-
	-	-	-
	21,868,045	18,497,268	18,900,355
	-	-	-
	-	-	-
	-	-	-
	-	-	-
\$	21,868,045	\$ 18,497,268	\$ 18,900,355
\$	3,546,271	\$ 2,255,398	\$ 2,442,887
	-	-	-
	3,546,271	2,255,398	2,442,887
	42,837,335	40,581,937	38,139,050
	-	-	-
	42,837,335	40,581,937	38,139,050
\$	46,383,606	\$ 42,837,335	\$ 40,581,937

# CITY OF BELLFLOWER

## Fund Balances of Governmental Funds Last Eight Fiscal Years (modified accrual basis of accounting)

	<u>2009-10</u>	<u>2008-09</u>	<u>2007-08</u>	<u>2006-07</u>
General fund:				
Reserved	\$ 12,383,616	\$ 10,468,690	\$ 14,987,982	\$ 14,514,961
Unreserved	<u>15,085,456</u>	<u>15,232,621</u>	<u>11,198,992</u>	<u>11,537,788</u>
Total general fund	<u>\$ 27,469,072</u>	<u>\$ 25,701,311</u>	<u>\$ 26,186,974</u>	<u>\$ 26,052,749</u>
All other governmental funds:				
Reserved	\$ 8,875,952	\$ 8,855,703	\$ 1,366,764	\$ 1,721,800
Unreserved, reported in:				
Special revenue funds	2,888,638	3,327,694	3,254,679	2,446,988
Capital projects funds	<u>(17,837,466)</u>	<u>(14,885,202)</u>	<u>(12,246,593)</u>	<u>(9,091,439)</u>
Total all other governmental funds	<u>\$ (6,072,876)</u>	<u>\$ (2,701,805)</u>	<u>\$ (7,625,150)</u>	<u>\$ (4,922,651)</u>
Total general and other governmental funds	<u>\$ 21,396,196</u>	<u>\$ 22,999,506</u>	<u>\$ 18,561,824</u>	<u>\$ 21,130,098</u>

City of Bellflower has elected to show only eight years of data for this schedule to match the preceding net assets schedule.

Source: City Finance Department

<u>2005-06</u>	<u>2004-05</u>	<u>2003-04</u>	<u>2002-03</u>
\$ 10,284,180	\$ 5,808,367	\$ 2,970,580	\$ 1,897,237
<u>12,106,940</u>	<u>14,728,727</u>	<u>13,816,303</u>	<u>13,662,445</u>
<u>\$ 22,391,120</u>	<u>\$ 20,537,094</u>	<u>\$ 16,786,883</u>	<u>\$ 15,559,682</u>
\$ 1,498,046	\$ 1,379,715	\$ 1,781,629	\$ 216,111
1,892,825	1,672,152	1,649,405	2,242,222
<u>(3,765,274)</u>	<u>2,481,605</u>	<u>6,812,177</u>	<u>(1,841,764)</u>
<u>\$ (374,403)</u>	<u>\$ 5,533,472</u>	<u>\$ 10,243,211</u>	<u>\$ 616,569</u>
<u>\$ 22,016,717</u>	<u>\$ 26,070,566</u>	<u>\$ 27,030,094</u>	<u>\$ 16,176,251</u>

# CITY OF BELLFLOWER

## Changes in Fund Balances of Governmental Funds Last Eight Fiscal Years (modified accrual basis of accounting)

	2009-10	2008-09	2007-08
<b>Revenues:</b>			
Taxes	\$ 22,136,199	\$ 22,101,270	\$ 22,016,119
Licenses and permits	452,082	464,381	987,878
Fines, forfeitures and penalties	1,911,150	1,666,020	1,601,565
Investment income	906,481	930,809	1,122,760
Charges for current services	818,787	1,012,328	1,667,612
Intergovernmental	8,608,657	7,334,737	9,227,030
Other	531,220	675,210	775,340
<b>Total revenues</b>	<b>35,364,576</b>	<b>34,184,755</b>	<b>37,398,304</b>
<b>Expenditures</b>			
<b>Current:</b>			
General government	3,375,676	4,011,397	4,465,318
Public safety	10,209,735	10,449,205	9,628,337
Public works	8,100,735	8,151,096	8,090,059
Community development	4,324,935	6,518,256	4,373,346
Parks and recreation	1,804,542	2,576,285	2,913,410
Capital outlay	3,562,332	3,513,599	7,384,859
<b>Debt service:</b>			
Principal retirement	881,520	673,361	618,654
Interest and fiscal charges	3,448,658	2,944,340	2,438,881
Debt issuance costs	-	-	-
Pass-through payments	1,257,353	450,973	50,770
<b>Total expenditures</b>	<b>36,965,486</b>	<b>39,288,512</b>	<b>39,963,634</b>
Excess (deficiency) of revenues over (under) expenditures	<b>(1,600,910)</b>	<b>(5,103,757)</b>	<b>(2,565,330)</b>
<b>Other financing sources (uses):</b>			
Proceeds from issuance of long term debt	-	9,255,000	-
Payment to refunded debt escrow	-	-	-
Proceeds on sale of property	6,939	1,784	-
Original issuance discount	-	-	-
Transfers in	4,018,221	4,221,886	3,055,912
Transfers out	(4,027,560)	(3,937,231)	(3,058,856)
<b>Total other financing sources (uses)</b>	<b>(2,400)</b>	<b>9,541,439</b>	<b>(2,944)</b>
<b>Net change in fund balances</b>	<b>\$ (1,603,310)</b>	<b>\$ 4,437,682</b>	<b>\$ (2,568,274)</b>
Debt service as a percentage of noncapital expenditures	12.96%	10.11%	9.39%

City of Bellflower has elected to show only eight years of data for this schedule to match the preceding net assets schedule.

Source: City Finance Department

2006-07	2005-06	2004-05	2003-04	2002-03
\$ 21,686,876	\$ 20,932,778	\$ 18,695,357	\$ 14,386,007	\$ 13,434,204
1,374,588	717,457	666,283	525,931	454,720
1,652,801	1,627,310	1,450,200	1,526,371	953,120
1,442,451	1,237,932	1,963,553	1,060,975	1,160,279
1,517,594	994,934	896,682	637,601	610,335
7,060,444	8,424,480	8,341,439	10,376,260	10,704,674
1,227,621	1,927,505	373,128	600,214	727,449
<u>35,962,375</u>	<u>35,862,396</u>	<u>32,386,642</u>	<u>29,113,359</u>	<u>28,044,781</u>
4,417,204	4,000,618	3,776,426	2,844,794	2,994,450
9,391,867	8,890,397	8,505,120	8,298,283	8,361,304
7,252,435	6,988,181	6,744,422	6,304,721	5,598,487
3,724,641	4,320,677	4,101,851	4,391,298	3,784,808
2,659,799	2,455,222	2,497,559	2,409,121	2,446,395
6,553,988	10,801,152	5,642,889	5,078,293	4,048,727
607,013	598,519	487,315	278,090	275,000
2,194,586	1,820,663	1,766,409	448,609	452,960
-	-	2,478	536,803	-
47,461	40,816	32,418	28,548	23,802
<u>36,848,994</u>	<u>39,916,245</u>	<u>33,556,887</u>	<u>30,618,560</u>	<u>27,985,933</u>
<u>(886,619)</u>	<u>(4,053,849)</u>	<u>(1,170,245)</u>	<u>(1,505,201)</u>	<u>58,848</u>
-	-	210,717	14,815,000	128,502
-	-	-	(2,380,002)	-
-	-	-	-	-
-	-	-	(75,954)	-
2,190,297	2,087,090	3,047,142	7,129,525	2,564,493
(2,190,297)	(2,087,090)	(3,047,142)	(7,129,525)	(2,564,493)
<u>-</u>	<u>-</u>	<u>210,717</u>	<u>12,359,044</u>	<u>128,502</u>
<u>\$ (886,619)</u>	<u>\$ (4,053,849)</u>	<u>\$ (959,528)</u>	<u>\$ 10,853,843</u>	<u>\$ 187,350</u>
9.18%	7.67%	7.87%	4.85%	2.94%

# CITY OF BELLFLOWER

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY  
 Last Ten Fiscal Years  
 (in thousands of dollars)

Fiscal Year Ended June 30	City				Redevelopment Agency				Total Direct Tax Rate
	Secured	Unsecured	Less: Exemptions	Taxable Assessed Value	Secured	Unsecured	Less: Exemptions	Taxable Assessed Value	
2010	\$ 3,627,039	\$ 35,053	\$ (72,874)	3,589,218	\$ 541,500	\$ 64,838	\$ (118,480)	487,858	0.12631%
2009	3,839,378	37,165	(69,946)	3,806,597	531,946	61,700	(116,725)	476,921	0.12209%
2008	3,643,542	32,468	(58,355)	3,617,655	515,140	58,000	(120,349)	452,791	0.11940%
2007	3,326,750	28,653	(61,577)	3,293,826	478,641	58,848	(109,660)	427,829	0.11797%
2006	3,006,912	30,005	(57,193)	2,979,724	441,229	56,079	(98,508)	398,799	0.11514%
2005	2,707,953	30,703	(50,155)	2,688,502	420,607	50,211	(89,074)	381,745	0.11479%
2004	2,495,033	33,315	(36,014)	2,492,334	388,580	58,757	(82,702)	364,635	0.11276%
2003	2,305,258	35,649	(40,153)	2,300,754	398,123	58,146	(108,183)	348,086	0.11053%
2002	2,159,284	35,065	(35,120)	2,159,229	383,976	54,428	(106,222)	332,183	0.10429%
2001	2,032,525	34,698	(33,515)	2,033,708	372,432	54,286	(102,485)	324,233	0.10857%
2000	1,932,110	33,282	(41,531)	1,923,861	362,873	46,254	(104,813)	304,314	0.10240%

Note:

In 1978 the voters of the State of California passed Proposition 13 which limited property taxes to a total maximum rate of 1% based upon the assessed value of the property being taxed. Each year, the assessed value of property may be increased by an "inflation factor" (limited to a maximum increase of 2%). With few exceptions, property is only reassessed at the time that it is sold to a new owner. At that point, the new assessed value is reassessed at the purchase price of the property sold. The assessed valuation data shown above represents the only data currently available with respect to the actual market value of taxable property and is subject to the limitations described above.

Source: County of Los Angeles Department of Auditor-Controller

# CITY OF BELLFLOWER

## DIRECT AND OVERLAPPING PROPERTY TAX RATES (Rate per \$100 of assessed value) Last Ten Fiscal Years

	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02	2000-01
Basic Levy <sup>1</sup>	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000
Detention Facilities 1987 Debt S	-	-	-	0.00066	0.00080	0.00092	0.00099	0.00103	0.00113	0.00131
LA Co. Flood Control Storm Dr. DS #4	-	-	-	0.00005	0.00002	0.00021	0.00043	0.00062	0.00066	0.00092
Flood Control Ref. Bonds 1993 DS	-	-	-	-	0.00003	0.00003	0.00004	0.00026	0.00041	0.00064
Cerritos Cc Ds 2004 Ser 2004A	0.00221	0.00172	0.00407	0.00251	0.01279	0.01908	-	-	-	-
Cerritos Cc Ds 2005 Ref Bonds	0.00533	0.00510	0.00412	0.00429	0.01144	-	-	-	-	-
Cerritos Ccd Ds 2004 Series 2006	0.00433	0.00312	0.00253	0.01713	-	-	-	-	-	-
Cerritos Cc Ds 2004 Ser 2009C	0.00667	-	-	-	-	-	-	-	-	-
Metropolitan Water District	0.00430	0.00430	0.00450	0.00470	0.00520	0.00580	0.00610	0.00670	0.00770	0.00880
Total Direct & Overlapping <sup>2</sup> Tax Rates	<u>1.02284</u>	<u>1.01424</u>	<u>1.01522</u>	<u>1.02934</u>	<u>1.03028</u>	<u>1.02604</u>	<u>1.00756</u>	<u>1.00861</u>	<u>1.00990</u>	<u>1.01167</u>
City's Share of 1% Levy per Prop 13 <sup>3</sup>	0.06662	0.06662	0.06662	0.06662	0.06662	0.06662	0.06662	0.06662	0.06662	0.06662
Redevelopment Rate <sup>4</sup>	1.00430	1.00430	1.00450	1.00541	1.00604	1.00697	1.00755	1.00861	1.00990	1.01167
Total Direct Rate <sup>5</sup>	0.12631	0.12209	0.11940	0.11797	0.11514	0.11479	0.11276	0.11053	0.10429	0.10857

Notes:

<sup>1</sup> In 1978, California voters passed Proposition 13 which set the property tax rate at a 1.00% fixed amount. This 1.00% is shared by all taxing agencies for which the subject property resides within. In addition to the 1.00% fixed amount, property owners are charged taxes as a percentage of assessed property values for the payment of any voter approved bonds.

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

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

<sup>4</sup> RDA rate is based on the largest RDA tax rate area (TRA) and includes only rate(s) from indebtedness adopted prior to 1989 per California State statute. RDA direct and overlapping rates are applied only to the incremental property values.

<sup>5</sup> Total Direct Rate is the weighted average of all individual direct rates applied by the government preparing the statistical section information.

Due to rounding, the percentage details may not add up to corresponding totals.

Source: HDL Coren & Cone

# CITY OF BELLFLOWER

## PRINCIPAL PROPERTY TAXPAYERS Current Year and Nine Years Ago

Taxpayer	2009-10		2000-01	
	Taxable Assessed Value	Percent of Total Taxable Assessed Value	Taxable Assessed Value	Percent of Total Taxable Assessed Value
Advanced Group 98 71	\$ 30,389,844	0.75%	\$ 13,730,280	0.58%
Kmart Plaza Bellflower	15,851,394	0.39%	13,281,067	0.56%
C-Native Exchange I LLC Time Warner	14,724,037	0.36%	-	0.00%
Haagen GDH Partnership	14,610,667	0.36%	12,241,523	0.52%
Bellflower Park LP	14,034,475	0.34%	-	0.00%
AG BPG Rosewood Center Inc	12,519,387	0.31%	-	0.00%
Belmont Place Bellflower Associates	11,604,237	0.28%	8,627,132	0.37%
Bellflower-Somerset Mutual Water Co	10,973,723	0.27%	-	0.00%
Iron Mountain	10,504,512	0.26%	-	0.00%
Ford West Properties LLC	10,267,942	0.25%	-	0.00%
Media One of Los Angeles Inc.	-	0.00%	29,920,300	1.27%
Union Development Company Inc	-	0.00%	8,823,506	0.37%
James A. and Sharon Carter	-	0.00%	7,971,722	0.34%
Alta Bellwood Hospitals	-	0.00%	7,953,345	0.34%
William J. Wade Trust Acrem I Business	-	0.00%	7,778,246	0.33%
Lorrin S. Wong Trust	-	0.00%	6,745,260	0.29%
	<u>\$ 145,480,218</u>	<u>3.57%</u>	<u>\$ 117,072,381</u>	<u>4.97%</u>

Note:

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

Sources: HdL Coren & Cone

# CITY OF BELLFLOWER

## PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Fiscal Years

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year <sup>1</sup>	Collected within the Fiscal Year of Levy			Total Collections to Date	
		Amount <sup>2</sup>	Percent of Levy	Other Collections <sup>2</sup>	Amount <sup>2</sup>	Percent of Levy
2010	\$ 5,725,077	\$ 5,421,175	94.7%	258,132	\$ 5,679,308	99.2%
2009	5,204,777	4,851,441	93.2%	455,705	5,307,146	102.0%
2008	4,976,597	4,606,673	92.6%	659,410	5,266,083	105.8%
2007	4,463,573	4,233,517	94.8%	737,306	4,970,825	111.4%
2006	4,035,721	3,908,444	96.8%	751,308	4,659,753	115.5%
2005	3,527,392	3,459,803	98.1%	478,189	3,937,993	111.6%
2004	3,232,445	3,140,053	97.1%	235,966	3,376,018	104.4%
2003	2,925,750	2,843,727	97.2%	128,478	2,972,205	101.6%
2002	2,720,571	2,632,464	96.8%	187,639	2,820,104	103.7%
2001	2,491,733	2,382,530	95.6%	35,287	2,417,817	97.0%

Notes:

- Taxes levied for the City is original levy and for the Redevelopment Agency is current levy. L.A. County does not publish current levy data for cities.
- Other collections may include items such as supplemental assessments, prior year taxes, taxpayer refunds and homeowner's exemptions (paid by the State). Other collections do not include penalties, interest and L.A. County administrative fees. Due to the supplemental assessments and prior year taxes, total collections can exceed 100% of original/current levy in certain fiscal years.
- The unsecured portion of the amount collected is estimated for fiscal years 2001 and 2002.
- Levy and collections include Section 33676 and ERAF/SERAF payments that are not recognized as revenue by the City.

Sources: <sup>1</sup>HdL Coren & Cone and Los Angeles County Auditor-Controller

<sup>2</sup>City Finance Department

# CITY OF BELLFLOWER

## RATIOS OF OUTSTANDING DEBT BY TYPE Last Ten Fiscal Years

Fiscal Year Ended June 30	Governmental Activities								
	2004 Tax Allocation Bonds <sup>1</sup>	California Energy Commission Loan	Notes Payable	1999 Certificates of Participation	2008 Water System Certificates of Participation	Section 108 Loan	Total Governmental Activities	Percentage of Personal Income <sup>2</sup>	Debt Per Capita <sup>3</sup>
2010	\$ 7,010,000	\$ -	\$ 956,747	\$ 3,655,000	\$ 8,230,000	\$ 5,828,000	25,679,747	n/a	332
2009	7,135,000	-	1,173,267	3,935,000	8,230,000	6,088,000	26,561,267	n/a	344
2008	7,255,000	-	188,628	4,200,000	-	6,336,000	17,979,628	0.52%	233
2007	7,370,000	-	196,281	4,460,000	-	6,572,000	18,598,281	0.55%	241
2006	7,480,000	19,654	203,641	4,705,000	-	6,797,000	19,205,295	0.59%	249
2005	7,590,000	58,097	210,717	4,945,000	-	7,000,000	19,803,814	0.66%	257
2004	7,815,000	95,412	-	5,170,000	-	7,000,000	20,080,412	0.71%	261
2003	2,000,000	128,502	-	5,390,000	-	-	7,518,502	0.28%	98
2002	2,025,000	-	-	5,640,000	-	-	7,665,000	0.30%	102
2001	2,045,000	-	-	5,880,000	-	-	7,925,000	0.32%	107

<sup>1</sup>Tax Allocation Bonds were refunded in April 2004.

<sup>2</sup>Per Capita Personal Income data was not available for calendar years 2009 and 2010.

<sup>3</sup>These ratios are calculated using the official demographic estimate as of January 1st of each calendar year.

Notes:

Details regarding the City's outstanding debt can be found in the notes to the financial statements.

No debt was issued in the business-type activities.

Source: City Finance Department

# CITY OF BELLFLOWER

## RATIO OF GENERAL BONDED DEBT OUTSTANDING Last Ten Fiscal Years

Fiscal Year Ended June 30	Outstanding General Bonded Debt			Per Capita <sup>3</sup>
	Tax Allocation Bonds <sup>1</sup>	Total	Percent of Assessed Value <sup>2</sup>	
2010	\$ 7,010,000	\$ 7,010,000	0.172%	91
2009	7,135,000	7,135,000	0.167%	92
2008	7,255,000	7,255,000	0.178%	94
2007	7,370,000	7,370,000	0.198%	95
2006	7,480,000	7,480,000	0.221%	97
2005	7,590,000	7,590,000	0.247%	99
2004	7,815,000	7,815,000	0.274%	102
2003	2,000,000	2,000,000	0.076%	26
2002	2,025,000	2,025,000	0.081%	27
2001	2,045,000	2,045,000	0.087%	28

<sup>1</sup>Tax Allocation Bonds were refunded in April 2004.

<sup>2</sup>Assessed value has been used because the actual value of taxable property is not readily available in the State of California.

<sup>3</sup>These ratios are calculated using the official demographic estimates as of January 1st of each calendar year.

**NOTE:**

General bonded debt is debt payable with governmental fund resources and general obligation bonds recorded in enterprise funds (of which, the City has none).

Source: City Finance Department

# CITY OF BELLFLOWER

## LEGAL DEBT MARGIN INFORMATION

Last Ten Fiscal Years

(in thousands of dollars)

	2010	2009	2008	2007
Assessed valuation <sup>1</sup>	3,589,218	\$ 3,806,597	\$ 3,617,655	\$ 3,293,826
Conversion percentage	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>
Adjusted assessed valuation	897,305	951,649	904,414	823,457
Debt limit percentage	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>
Debt limit	134,596	142,747	135,662	123,518
Total net debt applicable to limit:				
General obligation bonds	-	-	-	-
Legal debt margin	<u>\$ 134,596</u>	<u>\$ 142,747</u>	<u>\$ 135,662</u>	<u>\$ 123,518</u>
Total debt applicable to the limit as a percentage of debt limit	0.0%	0.0%	0.0%	0.0%

<sup>1</sup>Assessed valuation for City, does not include Redevelopment Agency.

### NOTE:

The Government Code of the State of California provides for a legal debt limit of 15% of gross assessed valuation. However, this provision was enacted when assessed valuation was based upon 25% of market value. Effective with the 1981-82 fiscal year, each parcel is now assessed at 100% of market value (as of the most recent change in ownership for that parcel). The computations shown above reflect a conversion of assessed valuation data for each fiscal year from the current full valuation perspective to the 25% level that was in effect at the time that the legal debt margin was enacted by the State of California for local governments located within the state.

Source: County of Los Angeles Department of Auditor-Controller

2006	2005	2004	2003	2002	2001
\$ 2,979,724	\$ 2,688,502	\$ 2,492,334	\$ 2,300,754	\$ 2,159,229	\$ 2,033,708
<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>
744,931	672,125	623,083	575,189	539,807	508,427
<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>
111,740	100,819	93,463	86,278	80,971	76,264
-	-	-	-	-	-
<u>\$ 111,740</u>	<u>\$ 100,819</u>	<u>\$ 93,463</u>	<u>\$ 86,278</u>	<u>\$ 80,971</u>	<u>\$ 76,264</u>
0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

# CITY OF BELLFLOWER

## DIRECT AND OVERLAPPING DEBT Fiscal Year Ended June 30, 2010

2009-10 Assessed Valuation:	\$ 4,077,076,376
Redevelopment Incremental Valuation:	<u>262,783,680</u>
Adjusted Assessed Valuation:	\$ 3,814,292,696

<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	Total Debt 6/30/2010	% Applicable (1)	City's share of Debt 6/30/10
Los Angeles County Flood Control District	\$ 69,610,000	0.422 %	\$ 293,754
Metropolitan Water District	264,220,000	0.211	557,504
Cerritos Community College District	112,115,994	12.464	13,974,137
Compton Community College District	50,990,000	2.628	1,340,017
Downey Unified School District	81,275,256	3.457	2,809,686
Norwalk-La Mirada Unified School District	152,920,954	0.023	35,172
Paramount Unified School District	59,354,976	10.458	6,207,343
Los Angeles County Regional Park and Open Space Assessment District	222,660,000	0.410	<u>912,906</u>
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			\$ 26,130,519
 <u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>			
Los Angeles County General Fund Obligations	\$ 855,695,839	0.410 %	\$ 3,508,353
Los Angeles County Pension Obligations	118,486,192	0.410	485,793
Los Angeles County Superintendent of Schools Certificates of Participation	13,185,458	0.410	54,060
Los Angeles County Sanitation District No. 2 Authority	34,810,192	10.279	3,578,140
Los Angeles County Sanitation District No. 3 Authority	26,450,264	0.231	61,100
Los Angeles County Sanitation District No. 18 Authority	19,460,816	0.006	1,168
Bellflower Unified School District Certificates of Participation	9,945,000	68.784	6,840,569
Norwalk-La Mirada Unified School District Certificates of Participation	2,770,165	0.023	637
Paramount Unified School District Certificates of Participation	27,265,000	10.458	2,851,374
City of Bellflower Certificates of Participation	11,885,000	100.000	<u>11,885,000</u>
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT			\$ 29,266,194
 COMBINED TOTAL DEBT			 \$ 55,396,713 (2)

- (1) Percentage of overlapping agency's assessed valuation located within boundaries of the city.  
 (2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

Ratios to 2009-10 Assessed Valuation:

Total Overlapping Tax and Assessment Debt.....0.64%

Ratios to Adjusted Assessed Valuation:

Combined Direct Debt (\$11,885,000)..... 0.31 %  
 Combined Total Debt..... 1.45%

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/10: \$0

Source: California Municipal Statistics, Inc.

# CITY OF BELLFLOWER

## PLEDGED-REVENUE COVERAGE Last Ten Fiscal Years

Fiscal Year Ended June 30	Tax Allocation Bonds			
	Tax Increment	Debt Service		Coverage
		Principal	Interest	
2010	\$ 2,613,979	\$ 125,000	\$ 464,634	4.43
2009	1,974,985	120,000	469,818	3.35
2008	1,968,309	115,000	474,177	3.34
2007	1,839,456	110,000	477,697	3.13
2006	1,607,935	110,000	480,491	2.72
2005	1,284,957	225,000	367,017	2.17
2004	1,126,025	25,000	189,045	5.26
2003	935,422	25,000	191,220	4.33
2002	949,675	20,000	193,177	4.45
2001	956,956	20,000	194,917	4.45

Note:

Details regarding the city's outstanding debt can be found in Note 10 in the notes to the financial statements.

Source: City Finance Department

# CITY OF BELLFLOWER

## DEMOGRAPHIC AND ECONOMIC STATISTICS

Last Ten Fiscal Years

Calendar Year	Population <sup>1</sup>	Personal Income	Per Capita Personal Income <sup>2</sup>	Unemployment Rate <sup>3</sup>
2010	77,312	n/a	n/a	12.4%
2009	77,194	n/a	n/a	9.9%
2008	77,110	3,432,860,090	44,519	5.9%
2007	77,189	3,380,955,389	43,801	4.8%
2006	77,039	3,249,890,215	42,185	5.1%
2005	77,052	2,998,478,580	38,915	6.1%
2004	76,888	2,822,174,040	36,705	7.0%
2003	76,434	2,672,744,112	34,968	6.9%
2002	75,092	2,539,911,808	33,824	6.7%
2001	73,823	2,449,963,901	33,187	5.3%

Sources: <sup>1</sup>California Department of Finance  
<http://www.dof.ca.gov/HTML/DEMOGRAP/ReportsPapers/ReportsPapers.asp>  
 Official estimate as of January 1st of each calendar year.

<sup>2</sup>Bureau of Economic Analysis; Los Angeles-Long Beach-Santa Ana area; historical data restated (City of Bellflower data not available)  
<http://www.bea.gov/regional/reis/default.cfm?selTable=CA1-3&section=2>  
 Information on Per Capita Personal Income not available for calendar years 2009 and 2010.

<sup>3</sup>California Employment Development Department Labor Market Information  
<http://www.labormarketinfo.edd.ca.gov/cgi/dataanalysis/AreaSelection.asp?tableName=Labforce>  
 Unemployment rates are average monthly rates for the fiscal years; historical rates restated

# CITY OF BELLFLOWER

## PRINCIPAL EMPLOYERS

Current Year and Nine Years Ago

Employer	2009-10		2000-01	
	Number of Employees <sup>1</sup>	Percent of Total Employment <sup>2</sup>	Number of Employees <sup>1</sup>	Percent of Total Employment <sup>2</sup>
Bellflower Medical Center	531	1.666%	293	0.885%
Hollywood Sports Park	178	0.559%	-	0.000%
Southern California Permanente/ Kaiser Permanente Medical Group	162	0.508%	896	2.707%
City of Bellflower	158	0.496%	247	0.746%
K-Mart Corporation	130	0.408%	145	0.438%
Estrella, Inc.	120	0.377%	-	0.000%
Bel Tooren Villa Convalescent	117	0.367%	-	0.000%
Stater Brothers Market	108	0.339%	105	0.317%
Peter Wylan DDS	104	0.326%	114	0.344%
George Chevrolet	71	0.223%	-	0.000%
Time Warner Cable (Comcast of L.A.)	-	0.000%	183	0.553%
Harbor Health Care	-	0.000%	102	0.308%
Bellwood General Hospital	-	0.000%	293	0.885%
Ford West	-	0.000%	163	0.492%
	<u>1,679</u>	<u>5.269%</u>	<u>2,541</u>	<u>7.677%</u>

Sources: <sup>1</sup>City Finance Department

<sup>2</sup>California Employment Development Department Labor Market Information

<http://www.labormarketinfo.edd.ca.gov/cgi/dataanalysis/AreaSelection.asp?tableName=Labforce>

(The above percentages are based on total employment for the applicable fiscal year.)

Fiscal Year	Total Employment (12-Month Average)	Calendar Year	Total Employment
2009-10	31,867	2009	32,300
2008-09	33,533	2008	34,000
2007-08	34,489	2007	34,500
2006-07	34,750	2006	34,100
2005-06	34,150	2005	33,700
2004-05	33,675	2004	33,200
2003-04	33,292	2003	33,000
2002-03	33,033	2002	33,200
2001-02	33,392	2001	33,500
2000-01	33,100	2000	33,000

# CITY OF BELLFLOWER

## FULL-TIME AND PART-TIME CITY EMPLOYEES BY FUNCTION Last Ten Fiscal Years

Function	Full-time and Part-time Employees as of June 30									
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
General government										
Full-time	17	18	21	21	21	20	18	18	16	14
Part-time	4	6	9	10	7	7	13	16	12	13
Total	<u>21</u>	<u>24</u>	<u>30</u>	<u>31</u>	<u>28</u>	<u>27</u>	<u>31</u>	<u>34</u>	<u>28</u>	<u>27</u>
Public safety										
Full-time	10	12	11	11	10	11	11	11	10	10
Part-time	6	7	8	8	11	11	9	10	12	15
Total	<u>16</u>	<u>19</u>	<u>19</u>	<u>19</u>	<u>21</u>	<u>22</u>	<u>20</u>	<u>21</u>	<u>22</u>	<u>25</u>
Public works										
Full-time	34	35	31	31	31	31	28	28	28	29
Part-time	2	14	16	14	11	13	17	15	8	7
Total	<u>36</u>	<u>49</u>	<u>47</u>	<u>45</u>	<u>42</u>	<u>44</u>	<u>45</u>	<u>43</u>	<u>36</u>	<u>36</u>
Community development										
Full-time	18	19	24	24	24	21	19	19	19	16
Part-time	1	2	3	5	4	3	9	10	4	8
Total	<u>19</u>	<u>21</u>	<u>27</u>	<u>29</u>	<u>28</u>	<u>24</u>	<u>28</u>	<u>29</u>	<u>23</u>	<u>24</u>
Parks and recreation										
Full-time	7	8	10	10	10	10	10	10	10	9
Part-time	59	72	134	146	118	114	105	105	121	126
Total	<u>66</u>	<u>80</u>	<u>144</u>	<u>156</u>	<u>128</u>	<u>124</u>	<u>115</u>	<u>115</u>	<u>131</u>	<u>135</u>
Full-time total	86	92	97	97	96	93	86	86	83	78
Part-time total	72	101	170	183	151	148	153	156	157	169
Grand Total	<u>158</u>	<u>193</u>	<u>267</u>	<u>280</u>	<u>247</u>	<u>241</u>	<u>239</u>	<u>242</u>	<u>240</u>	<u>247</u>

Source: City Finance Department

(This page intentionally left blank)

# CITY OF BELLFLOWER

## OPERATING INDICATORS BY FUNCTION

Last Nine Fiscal Years

	2009-10	2008-09	2007-08	2006-07	2005-06
Police:					
Arrests <sup>1</sup>	-	2,563	2,258	2,413	2,214
Parking citations issued	29,410	30,017	25,290	24,941	28,318
Public Works:					
Street resurfacing (miles)	2.30	-	-	-	2.65
Parks and Recreation:					
Number of recreation classes	188	158	131	156	159
Number of facility rentals	257	268	299	264	282
Programs and Facilities Attendance	1,275,595	1,159,691	1,207,835	1,163,802	1,189,803
Water Services:					
Customer accounts	1,823	1,823	1,818	1,815	-
Annual Supply (acre feet)	683	712	763	818	-
Average Daily Consumption (thousands of gallons)	610	636	681	730	-

### Notes:

<sup>1</sup> Reported on a calendar year basis by the Sheriff's department.

- Fire and sewer services are provided by special districts of Los Angeles County.
- The City acquired the water system from a local water company on January 12, 2007.

City of Bellflower has elected to show nine years of data for this schedule.

Source: City of Bellflower

---

2004-05	2003-04	2002-03	2001-02
2,133	2,084	2,151	1,885
29,870	33,028	27,242	21,191
0.77	1.14	4.73	6.00
164	151	154	136
286	291	271	263
1,256,536	1,356,420	1,351,491	1,424,251
-	-	-	-
-	-	-	-
-	-	-	-

# CITY OF BELLFLOWER

## CAPITAL ASSET STATISTICS BY FUNCTION Last Five Fiscal Years

---

	<u>2009-10</u>	<u>2008-09</u>	<u>2007-08</u>	<u>2006-07</u>	<u>2005-06</u>
Police:					
Substation	1	1	1	1	1
Public Works:					
Streets (miles)	96.41	96.41	96.41	96.41	96.41
Streetlights	147	147	147	147	147
Traffic signals	49	49	49	49	49
Parks and Recreation:					
Parks	5	5	5	5	5
Community centers	2	2	2	2	2
Wastewater:					
Sanitary sewers (miles)	98.65	98.65	98.65	98.65	98.65
Storm drains (miles)	6.25	6.25	6.25	6.25	6.25

City of Bellflower has elected to show only five years of data for this schedule.

Source: City of Bellflower

CITY OF BELLFLOWER



*Families. Businesses. Futures.*

"GROWING TOGETHER"



City of Bellflower • 16600 Civic Center Drive • Bellflower, CA 90706  
(562) 804-1424 • [www.bellflower.org](http://www.bellflower.org)