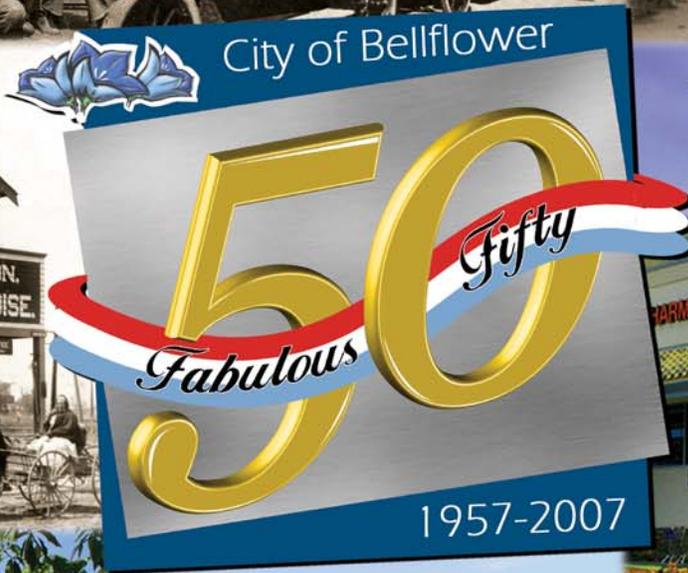
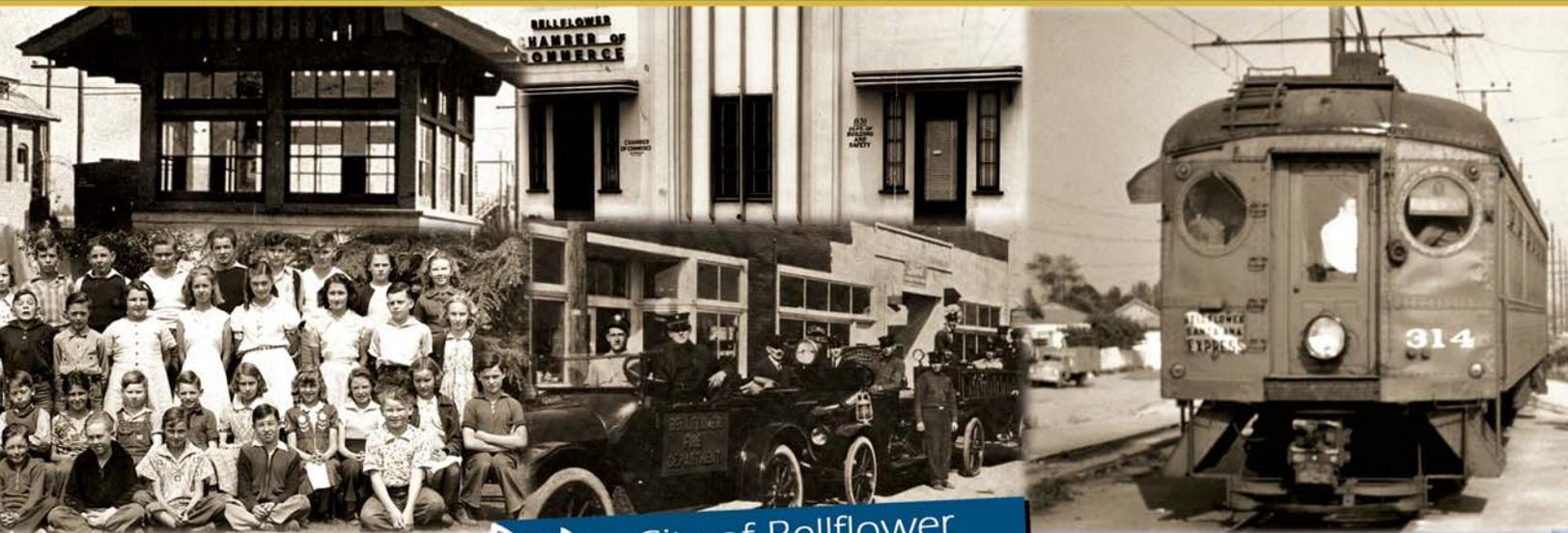


# CITY OF BELLFLOWER, CALIFORNIA

# COMPREHENSIVE ANNUAL FINANCIAL REPORT



**FISCAL YEAR ENDED JUNE 30, 2007**

CITY OF BELLFLOWER



*Families. Businesses. Futures.*

"GROWING TOGETHER"

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

**COMPREHENSIVE  
ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2007**

**PREPARED BY  
FINANCE DEPARTMENT**

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CITY OF BELLFLOWER



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



*Families. Businesses. Futures.*

"GROWING TOGETHER"



December 21, 2007

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, 2007, 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 more than 77,000 residents. Served by numerous freeways including Route 91, 105,

405, 605, and 710, residents of "The Friendly City" have easy access to major attractions all over Southern California. Bellflower is less than 20 miles from the downtown Los Angeles area, the Long Beach port, and Santa Ana.

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

Bellflower is a contract city which provides the following municipal services: street maintenance, public transportation, recreation, planning, landscape/park maintenance, lighting, as well as various youth, senior and other community service programs. The City contracts with the County of Los Angeles for police and certain maintenance services. 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, batting cages, and the Carpenter House Museum. Built in 1981, the William Bristol Civic Auditorium seats 378 guests and hosts numerous community events, fine arts productions, and City functions.

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

### THE REPORTING ENTITY

This report includes all funds of the City of Bellflower, Bellflower Redevelopment Agency, and Bellflower Public Facilities Corporation. The financial operations of the City, Redevelopment Agency, and Public Facilities Corporation are closely related. The City Council has continuing responsibility over the City and the Redevelopment Agency as the City Council also serves as the Board of Directors of the Redevelopment Agency. Five 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 an auditorium complex in addition to making 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. The following are descriptions of the City's departments, major accomplishments and future initiatives.

## SUMMARY OF ACCOMPLISHMENTS

### Administration

Under the direction and control of the City Council, the City Manager serves as the administrative head of the City government, responsible for implementing Council policies and enforcing the provisions of the Municipal Code. The City Manager exercises control over all departments and divisions of the City's government, makes personnel decisions, coordinates and directs City activities, prepares reports and recommendations to the City Council, and represents the City as its community and intergovernmental liaison. The City Manager also provides oversight of general administration, human resources, risk management, and public affairs. The City Manager's principal assistants include the Assistant City Manager, Human Resources and Risk Manager and Public Affairs Manager.

#### Acquisition of Municipal Water System

- On January 12, 2007, the City acquired substantially all of the assets (including water rights) of a local water company, Peerless Water Company, for \$5.8 million. The City's newly formed Municipal Water System services over 1,815 customer accounts.

#### Intergovernmental Relations

- Supported City Council Members serving on various boards and commissions, including: the Orangeline Development Authority (Mayor Larsen, Board Chair), and the California Contract Cities Association (Council Member Smith, Director-at-Large, and Council Member Bomgaars, Executive Board Member).
- Worked with a coalition of cities supporting reasonable storm water quality regulations.

#### Legislative Affairs

- Continued our efforts to build and maintain relationships with State Senator Alan Lowenthal and Assembly Member Hector De La Torre.
- Worked with both elected officials in developing community parks on State and utility owned properties.
- Worked closely with Congresswoman Lucille Roybal-Allard, to secure \$1.25 million in federal funding for local transportation projects.

#### Surveys

- Conducted the biennial Business Survey to gauge the business community's satisfaction with City services.
- Continued to survey satisfaction of customers requesting various City services.

#### City Ethics

- Developed and implemented new policies for compensation and reimbursement.

- Conducted ethics training sessions for City staff, Commissioners, and Council.

#### Employee Relations

- Negotiated a two year labor agreement.
- Implemented quality “Lunch & Learns”.
- Conducted 11 job recruitments and more than 19 new employee orientations.
- Conducted our biennial compensation study.

#### Public Affairs

- Generated more than 3 million positive impressions with coverage on local television, radio, and print news outlets.
- Continued improvements to the City’s redesigned website by making it more user friendly and updating city information on a daily basis. Created informative vidcasts, bi-monthly, to inform citizens of important programs and events.
- The City continued to be positioned in all media advertisements as an excellent place to live, work and play.
- Monthly production and distribution of the informative monthly community newsletter “The Bellflower Citizen”. Over 77,000 copies are printed each month and distributed to every household in Bellflower.
- Opened the new “Tower of Time” next door to Bellflower City Hall. This cellular tower was built to assist the needs of the citizens and a giant clock was placed over it to enhance the actual tower. The clock tower chimes every hour and stands as a City icon where it serves a functional and decorative purpose for all to enjoy.
- Organized large City events and ceremonies, including: State of the City, Bellflower Honors and the annual BRAVO Awards Ceremony.
  - BRAVO Awards – Funded through sponsorships from area businesses and individuals, the BRAVO Awards represent one of the City’s most prestigious honors which recognize outstanding contributions to public safety, including police, fire, medical and security personnel. In February 2007, Pat Boone, a 50’s icon entertainer and humanitarian delivered the Keynote Address at the City of Bellflower’s 13<sup>th</sup> annual BRAVO Awards.
  - Bellflower Honors – In June 2007, the City of Bellflower paid tribute to more than a dozen outstanding citizens and community achievers during the Honors citizen recognition ceremony. Each year the City honors individuals, organizations and businesses for great achievements, contributions to the community and for representing the spirit of the City. This year’s program highlighted the outstanding work of the large church community and the City’s multiple service clubs.

### Bellflower Website

- The City continued to maintain the community's website. The new features include informative vidcasts of major city events. The site is designed to provide enhanced functionality to residents and businesses.

### Community Development

The Community Development Department is responsible for promoting and contributing toward the environmental quality of life for the community. The Department seeks to protect and enrich the quality of life in the community through the care and maintenance of the City's infrastructure and physical assets. The Department coordinates the functions of planning, building and safety, public works, housing, code enforcement and economic development. Furthermore, the Department provides staff assistance to the City Council, Planning Commission, Redevelopment Agency Board and Design Review Committee.

- West Branch Greenway Project – The Greenway project consists of the construction of 2.5 miles of bike and pedestrian paths, including security lighting, landscaping, intersection signalization, and crosswalks. A project management firm was selected to manage the construction of this project. The bike path will be part of the Los Angeles Regional Bikeway network connecting to the San Gabriel River Bikeway Path.
- Geographic Information System (GIS) – The City has continued the implementation of a GIS that overlays parcel information, street centerlines, addresses, stormwater inventory information, aerial updates, utility system layout, and traffic engineering information. Street addresses and Los Angeles County parcel numbers input is complete.
- Update of Bellflower Municipal Zoning Code – Continued to systematically update the City's Zoning Ordinance.
- Bellflower Village – The City revised the design of the Bellflower Village Project of the Downtown Revitalization Vision Strategy, to include new project components. The Bellflower Village will revitalize the downtown area on Bellflower Boulevard between Maple Street and Arkansas Street. This project will create new public parking areas, courtyards, alley improvements, and will include a residential component.
- Belmont Building Reconstruction – Completed the construction of the Belmont Building. This building is centrally located in downtown Bellflower. This building is the new home of Starbucks and Subway.
- Friendship Square Plaza – Completed the expansion and modifications to the Friendship Square Plaza. This Plaza is an open-space seating area that will compliment the new Belmont Bldg. The expansion will provide more open public space and facilitate the hosting of community organized events to draw in community interest. Modifications included the addition of landscaping and structural improvements to better market the area.

- Pirate Play Park – The pirate-themed play park with a water fountain and open space is under construction. This park is an important component of the expansion to the Friendship Square Plaza along Bellflower Boulevard and Belmont St. The new play park is a 4,000 square-foot playground that includes a child-scale 17<sup>th</sup> century ship, a treasure chest, skull cave and a Spanish fort with a suspension bridge and play cannons.
- West Artesia Boulevard-Commercial Development – Completed the West Artesia Boulevard Specific Plan and Environmental Impact Report. This plan has allowed the City to refine the land use strategies to promote freeway and highway oriented commercial/retail uses. Location, visibility and superior access to the regional freeway network allows commercial and retail development unique business opportunities in the City. The intended uses for this area are Automobile Dealerships, "Big-Box" Retail Stores, restaurants and other commerce. As part of the City's on-going efforts to develop "Big Box" freeway retailers, negotiations are in process to open a Home Improvement Store and another "Big Box" retail store. A \$1 million federal Economic Development grant has been awarded.
- MPower Parking Lot – The new parking lot on Flower Street, next to the Post Office, has been completed. This new lot will provide additional public parking in the downtown area.
- North TownCenter Zoning Study – Completed several study sessions at the Planning Commission for a mixed-use district north of the downtown, Greenway Trail and the future Orange Line. This area is located on Bellflower Boulevard between Alondra and the Greenway Trail. The mixed use zoning would allow for a multiple building product (i.e. live work, podium, lofts above commercial, etc.) that would host parking, commercial and residential uses, allowing for an extended downtown area for the community.
- Telecommunications Tower – The new telecommunications/clock tower is completed. The tower, constructed in conjunction with AT&T Wireless Services, has been designed in the form of a clock tower.
- Building Permits Laserfiche conversion – Conversion of over 20,000 building permit packets from paper format to electronic format has been completed. The purpose for the document scanning is to preserve information contained on aging paper; improve the accessibility of records and free up valuable storage space.
- Building Permit Tracking System – After a selection process, a contract was awarded to a software company that will provide the City with an Automated Building Permit Tracking System. This software will provide the Building and Safety Division with a tool to provide greater efficiency, effective and courteous service to customers seeking a building permit.
- Palm Street Linear Park – The City has entered into a long term lease with the State of California to lease a 3 acre property adjacent to the 91 Freeway for the creation of the Palm/Clark Linear Park which is located on the north side of Park Street between Clark Avenue and Virginia Avenue.
- Town Center Gateway Project – Plans and Specifications were completed during this fiscal year for the Town Center Gateway Project. This project involves the construction of a public plaza to create a more prominent entry into the Town Center Plaza along with four retail kiosks.

- Chevron Park – Developed a passive open area on vacant property that was a neighborhood eyesore.
- Public Art – Art work throughout the City was completed on utility boxes and flatwork at various corners with historical images and other whimsical images. The artwork enhances the City's public areas.

## Public Safety

The Public Safety Department is responsible for managing the City's public safety and community policing programs. Bellflower's public safety and community policing programs include the City's contracts for law enforcement support services, including Sheriff's, patrol helicopter, animal control, district attorney, probation, Section 8 Inspections, crossing guard and special legal services. In addition, the department manages a team of Community Services Officers, the City's Neighborhood Watch Program, parking enforcement, crossing guard, emergency management and the Bellflower Sheriff's Substation. (Note: The data listed below is benchmarked against the 2004 calendar year statistics).

### Crime Reduction

- Reduced residential burglaries by 6% for fiscal year 2006-07, exceeding the goal of 3% reduction. The actual number of residential burglaries for the fiscal year was 297.
- Reduced vehicle burglaries by 21% for fiscal year 2006-07, exceeding the goal of 3% reduction. The actual number of vehicle burglaries for the fiscal year was 462.
- Reduced Part 1 crime rate by 12%, exceeding the original goal of 3% reduction. The actual Part 1 crime rate for the fiscal year was 358.26.
- The grand theft auto total for fiscal year 2006-07 was 686. This was a fractional decrease from the 2004 level of 821.

### Traffic Enforcement

- The traffic enforcement index for the fiscal year averaged 32.3, exceeding the goal of 20.0 by 61.5%.
- Continued to enforce the laws related to DUI. The actual number of DUI arrests made during the fiscal year was 42.

### Probation Management

- Public Safety continued to maintain contact with at least 75% of the registered probationers in the City during the course of a year. Contacts may include residential searches, field contacts, and arrests. This is an ongoing service that is being completed within acceptable levels.

## Community Outreach

- Public Safety continued to increase the department's functional and informational link to the Bellflower community by employing strategies such as: increase usefulness and interaction of departmental Website, increase dissemination of printed crime analysis information, schedule informative community meetings as needs dictate. These are on-going services provided to the community of Bellflower.

- Customer Service

Public Safety staff reached more than 90% deputy/CSO rating of "good" or "excellent" on both the mail-in and telephonic surveys of crime victims. This accomplishment exceeds the goal of 80% as the Public Safety team continues to strive for excellent customer service to the Bellflower community.

## Public Works

The Public Works Department is responsible for general management, operation and care of the following elements of the infrastructure found in the City's right-of-way including streets, alleys, parking lots, bridges, curbs, gutters, sidewalks, traffic signals, traffic signage, street striping, legend painting, curb painting, sanitary sewer system, storm drain system, reclaimed and potable water systems for irrigation, street lights, street sweeping, graffiti removal, landscapes and tree trimming, right-of-way permits and inspections; general management, operation and care of its facilities and properties including electrical, carpentry, plumbing, air conditioning & heating systems, painting, janitorial, phone system; the purchase, maintenance and repair of the City's fleet of rolling stock; and, the update of the 15-year capital improvement program and the implementation of its specific capital projects.

- Secured \$140,000 of Federal Hazard Elimination Safety Program funds for traffic signal improvements.
- Completed the civil engineering and construction survey components for the PE Depot, Friendship Square/Pirate Park, Yardage Store green space, South City Hall parking lot and MPower parking lot.
- Monitored City compliance with current Storm Water Discharge Permit.
- Held the 3rd annual "Orange Zone" public expo.
- Worked with Edison Company to install trespass discouragers on towers at Zinn Park.
- Completed three Greening Bellflower projects: Parking District 1, Chevron Park, and Palm Street Linear Park.
- Completed a Sewer Master Plan (SMP).
- Completed a Pavement Management System Master Plan.
- Implemented the GIS program and completed a study.
- Demolished Belmont Building and Yardage Store in preparation for redevelopment.

- Upgraded various park bleachers, doors, and rooms for ADA accessibility (Simms, Thompson, and Caruthers Park).
- Continued the design phase of the east bound 91 Freeway Ramp Improvements.
- Participated in and provided technical assistance for the West Branch Greenway project.
- Traffic Signals Bellflower/Oak and Flower: project management and inspection.
- Coordinated civic volunteer work by Kaiser Hospital and Valley Christian High School.
- Continued to provide support to each of the City's major community events.
- Continued to apply for potential funding options to add to available funds for public works improvements.
- Continued to complete all plan checks of subdivision maps within the plan check timeline standards set by the council.
- Continued to complete 100% of received requests for service (Proposed 7 parcel maps, 6 tract maps, 11 lot line adjustments, proposed 7641 requests for service, reviewed 30 Community Development plan submittals in accordance with the BMC, had 1418 tons of slurry sealed, completed 10, 000 tree trimmings, and proposed 287 right-of-way permits).
- Maintained 50 acres of park landscaping and 115,200 square feet of building facilities.

### **Parks and Recreation**

The Bellflower Parks and Recreation Department is responsible for the administration, management and implementation of all leisure service programs for residents of the City of Bellflower. This service is provided without discrimination, accommodating a variety of interests, ages, cultures and abilities. Specifically, the department coordinates all recreation programs, classes, adult/youth sports leagues, special events, civic and cultural programs, farmer's market, fixed-route and dial-a-ride transportation services, community beautification programs, volunteer services and other parks and recreation services.

- Continued partnership with public and private agencies for the development and expansion of recreation opportunities.
- Continued partnership with Chamber of Commerce for downtown special events.
- Implemented and assisted with several high profile community special events including the Bellflower Boulevard Car Show, 8 Summer Streetfests, July 4th celebration, city birthday celebration, holiday decoration contest and reception, Christmas tree lighting ceremony, BRAVO and many other community activities.
- Initiated planning and development of 50<sup>th</sup> Anniversary Celebration activities.
- Provided Town Center Plaza programming including weekly summer movie nights, and seasonal noon-time music.

- Provided the design and distribution of full color brochures for marketing and promotion of the Bellflower Summer Streetfests and Town Center Plaza programs.
- Purchased and situated new holiday street decorations.
- Partnered with the citizens of Bellflower and community organizations to provide quarterly gallery shows.
- Partnered with local service clubs and churches for the expansion of the Holiday Food Basket program.
- Completed six (6) Bellflower Looking Better beautification projects throughout the City.
- Supervised and coordinated 15,000 hours of volunteer service through the Bellflower Volunteer Center.
- Continued the development and maintenance of Bellflower Parks and Recreation web pages.
- Serviced and assisted approximately 1.25 million people through Parks and Recreation programs, special events and park facility use.

### City Clerk

The City Clerk Department is responsible for preparing the minutes and coordinating the compilation of the agenda and agenda materials for the City Council, Bellflower Redevelopment Agency, and Bellflower Public Facilities Corporation; providing support services to the City Council and all City departments; election administration; records management; codifying the Bellflower Municipal Code; preparing reports and composing correspondence, memorandums, and other informational materials; responding to public inquiries and satisfying Public Records Act requests; maintaining legislative history of Council actions; performing the duties of Filing Officer/Official under the conflict of interest and campaign provisions of the Political Reform Act; administering oaths of office; overseeing bid openings; and notarizing official City documents.

- Completed agendas and minutes for City Council, Redevelopment Agency, and Bellflower Public Facilities Corporation Meetings.
- Posted the City Council, Redevelopment Agency, and Bellflower Public Facilities Corporation's agenda packets on the City's website and linked the support documents.
- Complied with the 72 hour agenda posting requirement.
- Indexed and processed City Council/Redevelopment Agency resolutions, ordinances, agreements, and recorded documents.
- Provided notary services as required.
- Monitored insurance compliance on new and renewed agreements and franchises.
- Continued to update the City's electronic record keeping of minutes, agendas, agenda packets, resolutions, ordinances, agreements, and recorded documents.

- Satisfied Public Records Act requests within prescribed deadlines.
- Conducted all aspects of the March 6, 2007, General Municipal Election and canvass
- Coordinated the Oath of Office and Outgoing Mayor's Ceremonies
- Processed Campaign Statements and Statement of Economic Interests filings pursuant to the Political Reform Act
- Coordinated the offsite storage component of the Community Development Department's electronic conversion project for building permit files and plans dating back to 1957
- Updated the Bellflower Municipal Code

## Finance

The Finance department is responsible for managing and coordinating the financial functions of the City, Redevelopment Agency and Public Facilities Corporation. It provides financial reporting services and fiscal guidance and solutions on accounting and budgeting issues to other departments. Specifically, the Department is responsible for biennial budgets, financial reporting, forecasting, financial and compliance audits, investment of City funds, cash management, accounts payable, accounts receivable, collection, general ledger, payroll, oversight of the decentralized purchasing system, fixed asset list maintenance, revenue monitoring, and other functions.

- 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, 2006. The City has received the award for the past thirteen consecutive years.

- CSMFO Certificate of Award for Outstanding Financial Reporting

The California Society of Municipal Finance Officers (CSMFO) awarded a Certificate of Award for Outstanding Financial Reporting to the City of Bellflower for its CAFR for the fiscal year ended June 30, 2005 for the twelfth consecutive time. However, beginning with the fiscal year ended June 30, 2006, the CSMFO award program was changed so that its program would no longer be made available to agencies that participate in the above-referenced GFOA award program. As a result, the City will no longer be submitting the CAFR to the CSMFO and therefore will not be receiving this award.

- Maintained accurate financial records for successful financial audits.
- Continued to make technological updates including the replacement of computers, network hardware and software.

## Major Initiatives For The Future

### Administration

- Work with State elected officials to acquire property for park/open space development.
- Continue to provide information to representatives on priority issues and other matters affecting their local constituents.
- Develop a strategy to secure Federal funding for major economic development and other priority projects and programs.
- Maintain intergovernmental ties working on regional issues, including: transportation, housing, homelessness, Sheriff's contract and other initiatives.
- Create a marketing plan and update the City's image video to position the City as a desirable place for new businesses.
- Enable electronic access to the community and employee newsletters, and develop an internal City intranet to facilitate the exchange of information.
- Identify new technologies to record City events and City Council Meetings and archive videos; install a computer kiosk at City Hall to allow customer access to the City's website, forms, and other information.
- Secure an agreement with a new flexible spending account consultant.
- Continue to make improvements to the City's online job application form.
- Conduct a new compensation study in preparation for labor negotiations with the City's employee association.
- Negotiate a two-year labor agreement with the City's employee association.
- Continue to conduct all mandatory training for employees.
- Conduct community survey.
- Continue to upgrade the Bellflower website including additional upgrades such as online payment options and video archiving.
- Commemorate Bellflower's 50<sup>th</sup> anniversary.
- Continue working on improving water quality standards for the Municipal Water System, to provide necessary infrastructure improvements and achieve greater operational efficiency under a fair rate structure.

## Community Development

### Administration

- Continue to process requests for business licenses in timely and efficient manner, which includes evaluation of the proposed business activity per the Bellflower Zoning Code. Continue to process parking citations in an efficient and courteous manner, and schedule and perform the administrative hearings in an efficient manner.
- Continue the monthly in-house staff training/development sessions on relevant topics germane to the daily responsibilities of the Community Department and the City at large.

### Planning Division

- Continue to process current development applications (CUP's, Tentative Tract Maps, etc.) in a professional, efficient and timely manner, ensuring that the goals and objectives of the City Council are implemented on a project-by-project basis (quality architecture and development).
- Continue to perform updates and amendments to the Bellflower Zoning Code in the bundle concept, to modernize and eliminate obsolete components of the zoning code.
- Begin the preparation of a new Housing Element pursuant to the provisions of the State of California.

### Building Division

- Continue to provide efficient and effective service to customers seeking to obtain building permits. Provide information and respond to questions that Bellflower citizens may have regarding building and zoning codes.
- Continue to perform field inspections in an efficient, timely and professional manner. Continue to process plan checks in a thorough and efficient manner.

### Code Enforcement Division

- Continue to improve the multi-family district multi-agency task force.
- Bring into compliance the owners of long neglected commercial centers.
- Proactively address improper building occupancies.

### Projects

- Pacific Electric (P.E.) Depot restoration – The City will begin the construction to restore the historic Red Car Train depot, located on Bellflower Boulevard, south of Flora Vista. The construction is expected to be completed by the end of November 2007.

- West Brach Greenway Project – The Greenway project consists of the construction of 2.5 miles of bike and pedestrian paths, including security lighting, landscaping, intersection signalization, and crosswalks. The bike path will be part of the Los Angeles Regional Bikeway network connecting to the San Gabriel River Bikeway Path. Construction is expected to begin by end of 2007.
- Walnut Street Project - The City is in the process of acquiring the Bellflower Hotel located on Walnut St. This old hotel will be demolished by the end of Nov. 2007 and will serve as the site for the Walnut Street Project. Design work is underway to create a three-story town home style live-work workforce rental housing units. The first floor of the housing unit will be work/commercial space, the second and third floors will be living space.
- Pirate Play Park – This park is an important component of the expansion to the Friendship Square Plaza along Bellflower Boulevard and Belmont St. The new play park is a 4,000 square-foot playground that includes a child-scale 17<sup>th</sup> century ship, a treasure chest, skull cave and a Spanish fort with a suspension bridge and play cannons.
- Marketing Campaign – Staff will complete a marketing campaign for the City’s booth for the 2007, International Shopping Centers Conference in San Diego. The purpose of this booth is to reach key business decision- makers in an effort to promote Bellflower as a potential location for new operations.
- Eucalyptus Multi-Family Improvement District (MID) – Host several meetings with property owners of the Eucalyptus Avenue neighborhood, to form an MID. This MID will be the tool to improve this neighborhood. Through the collection of assessments physical public work type improvements can be funded. A cost estimator and an assessment engineer will provide the city with the information that is needed to continue this project; both reports are expected to be completed by March 2008.
- Update of Bellflower Municipal Zoning Code – Comprehensive re-codification of the zoning code will commence in January 2008.

## Public Safety

### Crime Reduction

- Maintain the current number of Residential Burglaries at the 2006 level.
- Maintain the current number of vehicle burglaries at the 2006 level.
- Reduce grand theft auto by 3% from the 2006 level
- Reduce robbery by 5% from the 2006 level.
- Maintain the overall Part 1 crime rate at the 2006 level.

### Traffic Enforcement

- Maintain an enforcement index of 25.0 or more.
- Increase the number of DUI arrests by 10% over the 2006 total of 61.

### Customer Service

- Maintain an 85% deputy/CSO rating of "good" or "excellent" on both the mail-in and telephonic surveys of crime victims.
- Maintain emergency response times of less than or equal to 3.0 minutes.
- Maintain priority response times of less than or equal to 8.0 minutes.
- Maintain routine response times of less than or equal to 35.0 minutes.

### Probation Management

- Make contact with at least 75% of the registered probationers in the City during the course of a year. Contacts may include residential searches, field contacts, and arrests.

### Community Outreach

- Increase the department's functional and informational link to the Bellflower community by employing strategies such as: broaden Neighborhood Watch participation through informal and informational presentations, increase usefulness and interaction of departmental Website, increase dissemination of crime analysis information, and schedule informative community meetings as needs dictate.

### Departmental Funding

- Continually seek new and creative funding sources to supplement existing grant and other programs.

(Note: The initiatives noted above are benchmarked against the 2006 calendar year statistics and goals set forth in the 2007-2009 budgets.)

## Public Works

### Administration

- Continue to complete 100% of received requests for service.
- Complete a performance audit of C R&R.
- Complete the Vehicle Impact Fee study performed by HFH.
- Institute year 1 of the City's Pavement Management System.

- Institute year 1 of the City's Sewer Repair/Rehabilitation program.
- Conduct a new energy audit on the City's facilities and begin implementation of its recommendations.
- Continue to establish new and review existing work standards and modify as applicable.
- Construct the West Branch Greenway Project.
- Construct the Riverview Park.
- Construct initial phase of the Palm Street linear Park.
- Continue to monitor compliance with the current, and the next, Storm Water Discharge permit.
- Continue to complete all plan checks of subdivision maps with the plan check timelines set by the Council.
- Continue to apply for all potential funding options to add to available funds for public works improvements.
- Continue to maintain compliance with all Federal, State and County requirements regarding Public Works projects.
- Complete on schedule 100% of all capital projects approved by the City Council.
- Continue to build "Greening Bellflower" projects as they are identified.

#### Facilities Division

- Complete 100% of all projects at the City's facilities.
- Maintain 50 acres of park landscaping and 115,200 square feet of building facilities.
- Continue to provide support to each of the City's major community events.

#### Streets Division

- Maintain the City's 7 – year slurry cycle.
- Place asphalt overlay as prescribed by the City's Pavement Management Program.
- Maintain the City's 2 year street tree trimming cycle.
- Initiate a 5 year plan to plant trees at all vacant sites and as funding is provided by the City Council.
- Construct new sidewalks in areas where there are none as budgeted for by the City Council and where grant money has been obtained.

- Install new handicapped ramps as new sidewalks are installed.
- Initiate repairs as determined by the State Repair/Rehabilitation Study.
- Continue to provide support to each of the City's major community events.

### **Parks and Recreation**

- Continue partnership with public and private agencies for the development and expansion of recreation opportunities.
- Continue development and implementation of special events and programs at the Town Center Plaza.
- Continue partnership with public and private agencies for expansion of the holiday food basket program.
- Development of on-line marketing of City Store promotional items.
- Continue development and implementation of high profile city-wide special events, including the City's 50th Anniversary Celebration.
- Continue partnership with local art groups to provide quarterly gallery shows at the City Store.
- Continue partnership with the Chamber Commerce for the implementation of downtown boulevard special events.
- Implement use of ActiveNet recreation software and on-line registration for classes and youth sports.
- Evaluate opportunities to insure that recreation facilities/programs are modern, innovative and inviting.
- Evaluate customer satisfaction of contact class and youth sports programs through citizen surveys.
- Review feasibility of creating a Sports Hall of Fame for Bellflower Youth.

### **City Clerk**

- Satisfy the 72-hour agenda posting requirement and make the City Council and redevelopment Agency agenda packets available for posting on the City's website.
- Complete the minutes for the City Council, Redevelopment Agency, and Bellflower Public Facilities Corporation (BPFC) in time for approval on the next agenda.
- Political Reform Act: Monitor and review campaign disclosure and conflict of interest filings; conduct the biennial review; and update the Conflict of Interest Codes for the City, Redevelopment Agency, and BPFC as necessary.

- Satisfy Public Records Act requests within prescribed deadlines.
- Maintain and oversee the updating of the City's Municipal Code.
- Maintain the City's log/indexes: Resolution, ordinances, agreements, record document, master and individual Political Reform Act filing; Mayor's appointments; and City Council and Commission service history.
- Continue refining and standardizing the City's document preparation procedures.

#### Records Management

- Conduct assessment of City records for offsite storage or destruction and coordinate the destruction of the obsolete records, pursuant to the City's Records Management Program and Policies.
- Update the City's Records Retention Schedule
- Provide a Records Management Manual

#### Election

- Conduct Precinct Officers' Training Classes and Central Counting Place Training
- Conduct the March 2009 General Municipal Election (two seats open) and complete the canvass
- Coordinate in March 2009 Oath of Office Ceremony and Outgoing Mayor's Ceremony
- Prepare an analysis of the Precinct Officers' Election Evaluations
- Review election procedures to identify possible areas for improvements

#### Finance

- Continue publishing outstanding Comprehensive Annual Financial Report to receive the financial reporting excellence award from the Government Finance Officers Association (GFOA).
- Continue maintaining accurate financial records for successful completion of financial and special compliance audits including the City, Redevelopment Agency, Public Facilities Corporations, Proposition A, Proposition C, Transportation Development Act (TDA) Article 3, and Federal grants.
- Continue updating and replacing computers, network servers, and software.

## 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, 2007. 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, Federal funds (Single Audit Report), Proposition A, Proposition C, 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, 2006. 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 thirteen (13) 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, 2007.

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, 2006

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

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The Mission of the City of Bellflower is:

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

## DIRECTORY OF CITY OFFICIALS

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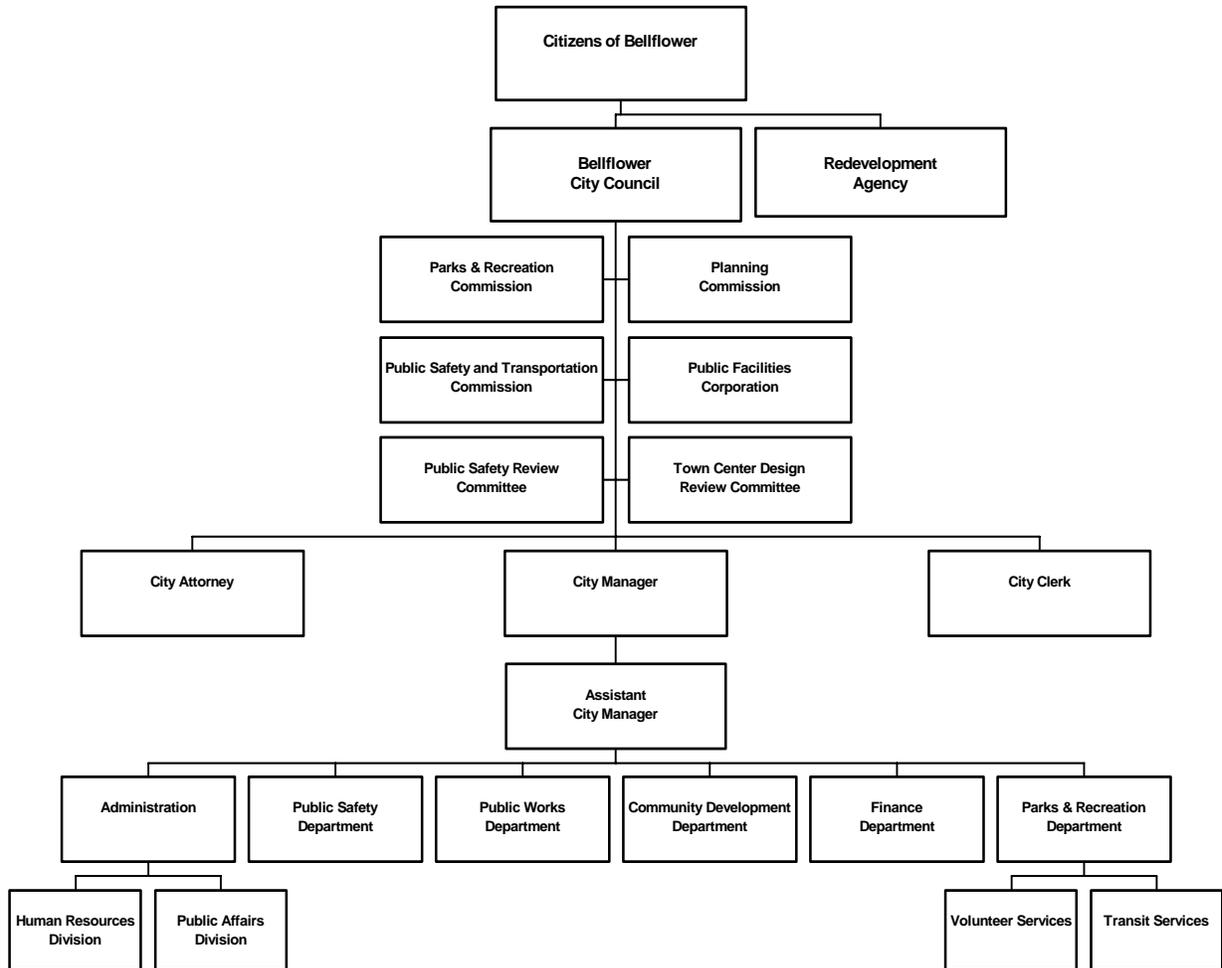
### CITY COUNCIL

Scott A. Larsen, Mayor  
Dorothy R. King, Mayor Pro Tem  
Randy J. Bomgaars, Council Member  
Raymond Dunton, 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





# BELLFLOWER CALIFORNIA



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# MOSS, LEVY & HARTZHEIM LLP

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CERTIFIED PUBLIC ACCOUNTANTS

**PARTNERS:**

RONALD A. LEVY, C.P.A.  
CRAIG A. HARTZHEIM, C.P.A.  
HADLEY Y. HUI, C.P.A.

**Consultant:**

ROBERT M. MOSS (Retired C.P.A.)

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BEVERLY HILLS, CA 90210  
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EMAIL: mlhbh@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, 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, 2007, 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, each major fund, and the aggregate remaining fund information of the City of Bellflower, California, as of June 30, 2007, 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2007, 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.

OFFICES: BEVERLY HILLS • SANTA MARIA

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The major fund 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 a required part of the basic financial statements. The major fund 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  
November 30, 2007

## 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, 2007. 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, the Bellflower Redevelopment Agency, and the Bellflower Public Facilities Corporation. The City has a business-type activity which is water distribution.

*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, 2007, the City continued to maintain its stable financial position, enabling delivery of appropriate services to the community and undertaking necessary economic development and infrastructure projects.

#### Government-wide:

- ❑ At June 30, 2007, the City's total assets were \$81.5 million and total liabilities were \$24.3 million, resulting in net assets of \$57.2 million. Of this amount, \$17.2 million in unrestricted net assets may be used to meet the City's ongoing obligations to citizens and creditors.
- ❑ For the fiscal year ended June 30, 2007, net assets increased \$5.8 million, resulting from a favorable variance of revenues over expenses. Total revenues from programs and general revenues were \$36.7 million and total expenses for all functions and programs were \$30.9 million.
- ❑ Of total revenues of \$36.7 million, program revenues were \$11.4 million and general revenues were \$25.3 million. Program revenues are divided into three categories: Charges for Services, \$4.2 million; Operating Contributions and Grants, \$6.0 million; and Capital Contributions and Grants, \$1.2 million.

#### Fund Based:

- ❑ At June 30, 2007, the General Fund fund balance was \$26.1 million, an increase of \$3.7 million from the prior year balance of \$22.4 million. The unreserved fund balance (net of cash advances to the Redevelopment Agency, Water Fund and prepaid expenditures) was \$11.5 million.

- ❑ The actual General Fund revenues and transfers in of \$27.8 million represented an increase of \$2.8 million from the prior year actual of \$25 million and an increase of \$1.2 million from the final budget of \$26.6 million.
- ❑ The actual General Fund expenditures and transfers out of \$24.2 million represented an increase of \$1.1 million from the prior year actual of \$23.1 million and a decrease of \$1.7 million from the final budget of \$25.9 million.

## **Overview of the Financial Statements**

This 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 statement in regards to inter-fund activity, payables, and receivables.

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

These two statements report the City's net assets and changes in them. Net assets are the difference between assets and liabilities, which is one way to measure the City's financial health, or financial position. Over time, increases or decreases in the City's net assets are 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

	Statement of Net Assets (in millions)					
	Governmental Activities		Business-Type Activities		Government-Wide Totals	
	2007	2006	2007	2006	2007	2006
Current and other assets	\$ 35.9	\$ 33.9	\$ (6.2)	\$ -	\$ 29.7	\$ 33.9
Capital assets	45.6	40.7	6.2	-	51.8	40.7
Total assets	<u>81.5</u>	<u>74.6</u>	<u>-</u>	<u>-</u>	<u>81.5</u>	<u>74.6</u>
Current and other liabilities	5.6	4.1	0.3	-	5.9	4.1
Long-term debt	18.4	19.1	-	-	18.4	19.1
Total liabilities	<u>24.0</u>	<u>23.2</u>	<u>0.3</u>	<u>-</u>	<u>24.3</u>	<u>23.2</u>
Net Assets:						
Invested in capital assets, net of related debt	28.0	22.6	6.2	-	34.2	22.6
Restricted	5.8	7.9	-	-	5.8	7.9
Unrestricted	<u>23.7</u>	<u>20.9</u>	<u>(6.5)</u>	<u>-</u>	<u>17.2</u>	<u>20.9</u>
Total net assets	<u>\$ 57.5</u>	<u>\$ 51.4</u>	<u>\$ (0.3)</u>	<u>\$ -</u>	<u>\$ 57.2</u>	<u>\$ 51.4</u>

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

The City's Government-wide total net assets were \$57.2 million, with assets of \$81.5 million and liabilities of \$24.3 million. The net investment in capital assets of \$34.2 million represents 60% 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, \$5.8 million, or 10%, represents resources that are subject to external restrictions in how they may be used. The remaining balance of \$17.2 million, or 30%,

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 2006-07	FY 2005-06	FY 2006-07	FY 2005-06	FY 2006-07	FY 2005-06
<b>Revenues</b>						
Program revenues:						
Charges for services	\$ 3.8	\$ 3.4	\$ 0.4	\$ -	\$ 4.2	\$ 3.4
Operating contributions and grants	6.0	7.2	-	-	6.0	7.2
Capital contributions and grants	1.2	1.3	-	-	1.2	1.3
Sub-total Program Revenues	<u>11.0</u>	<u>11.9</u>	<u>0.4</u>	<u>-</u>	<u>11.4</u>	<u>11.9</u>
General Revenues:						
Sales taxes	5.5	5.6	-	-	5.5	5.6
Property taxes	4.4	4.1	-	-	4.4	4.1
Property taxes in lieu of VLF	5.6	4.6	-	-	5.6	4.6
Franchise taxes	1.4	1.4	-	-	1.4	1.4
Utility users taxes	4.0	3.9	-	-	4.0	3.9
Transient occupancy taxes	0.6	0.6	-	-	0.6	0.6
Business license taxes	0.6	0.5	-	-	0.6	0.5
Property transfer taxes	0.2	0.2	-	-	0.2	0.2
Motor vehicle in lieu	0.4	0.5	-	-	0.4	0.5
Earnings on investments	0.8	0.6	-	-	0.8	0.6
Miscellaneous	1.8	0.8	-	-	1.8	0.8
Sub-total General Revenues	<u>25.3</u>	<u>22.8</u>	<u>-</u>	<u>-</u>	<u>25.3</u>	<u>22.8</u>
Total Revenues	<u>36.3</u>	<u>34.7</u>	<u>0.4</u>	<u>-</u>	<u>36.7</u>	<u>34.7</u>
<b>Expenses:</b>						
Governmental activities:						
General government	4.7	4.2	-	-	4.7	4.2
Public safety	9.5	8.9	-	-	9.5	8.9
Public works	7.9	8.1	-	-	7.9	8.1
Community development	4.1	4.7	-	-	4.1	4.7
Parks and recreation	2.9	2.7	-	-	2.9	2.7
Interest on long-term debt	1.1	1.1	-	-	1.1	1.1
Business-type activities:						
Water	-	-	0.7	-	0.7	-
Total Expenses	<u>30.2</u>	<u>29.7</u>	<u>0.7</u>	<u>-</u>	<u>30.9</u>	<u>29.7</u>
Increase in Net Assets	\$ 6.1	\$ 5.0	\$ (0.3)	\$ -	\$ 5.8	\$ 5.0
Net Assets - Beginning of Fiscal Year	<u>51.4</u>	<u>46.4</u>	<u>-</u>	<u>-</u>	<u>51.4</u>	<u>46.4</u>
Net Assets - End of Fiscal Year	<u>\$ 57.5</u>	<u>\$ 51.4</u>	<u>\$ (0.3)</u>	<u>\$ -</u>	<u>\$ 57.2</u>	<u>\$ 51.4</u>

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

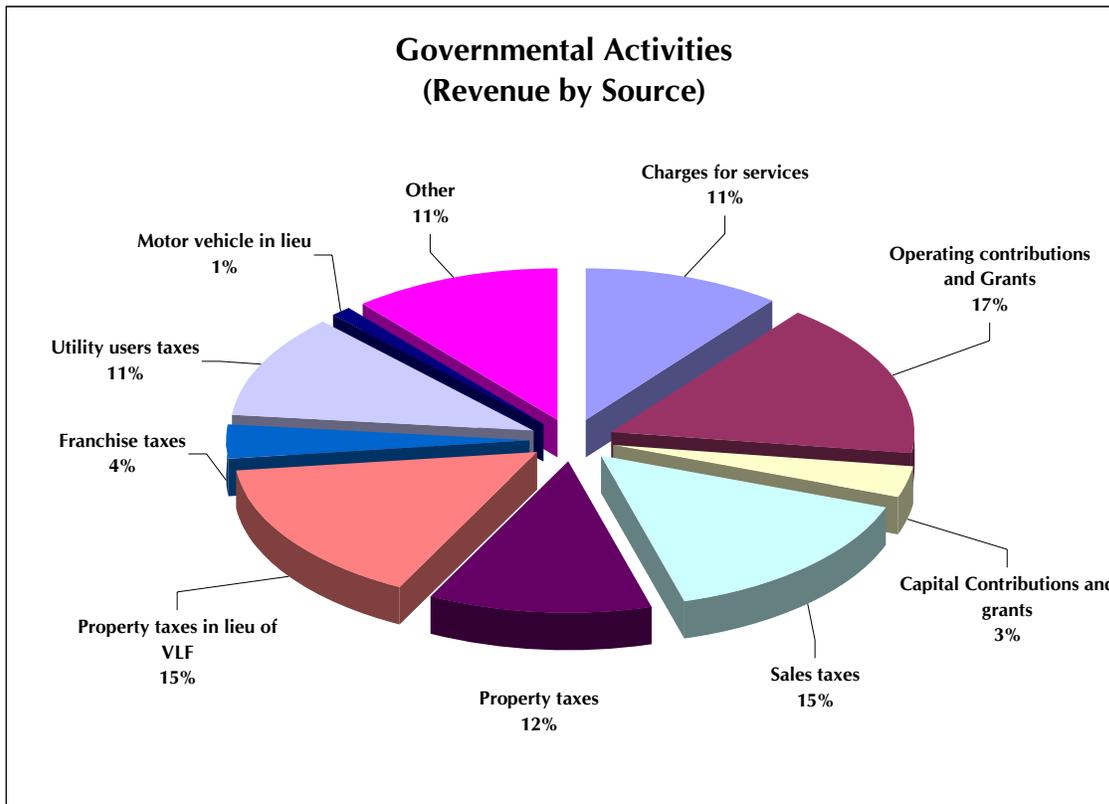
Revenues for the City's governmental and business-type activities increased 6%, from \$34.7 million last fiscal year to \$36.7 million in this fiscal year. Key elements of significant changes for governmental activities were as follows (business-type activities discussed later):

- The largest revenue source was property taxes, general revenue, at \$10 million, which increased \$1.3 million, or 15%, from the preceding fiscal year. For the purpose of this analysis, property taxes also include property taxes in lieu of VLF of \$5.6 million.

The City's regular property taxes increased \$286 thousand, or 7%, compared to the preceding fiscal year. Like other taxing jurisdictions, the City continued to benefit from the increase in taxable real property values.

Property tax in lieu of VLF 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 property tax in lieu of VLF for this fiscal year totaled \$5.6 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 the property tax payments are generally made during the second half of the fiscal year.

- The second largest revenue source was operating contributions and grants, a program revenue, at \$6 million. While operating contributions and grants revenue is the second largest source, this revenue category decreased \$1.2 million, or 17%, from the preceding fiscal year. A significant portion of this decrease was from the Community Development Block Grant Fund (CDBG) with a decrease of \$1.1 million. HOME Fund also had a decrease of \$619 thousand. CDBG and HOME are expenditure-driven Federal grants in which revenues are recognized only when qualified expenditures are made.
- The third largest revenue source was sales taxes, a general revenue, at \$5.5 million, which decreased \$131 thousand, or 2%, from the preceding fiscal year. Most major industry groups were down with the exception of business and industry as well as food and drugs. These two industry categories showed a slight increase.
- The fourth largest revenue source was utility users taxes (UUT), general revenue, at \$4 million, which increased \$94 thousand, 2% from the preceding fiscal year. There was a growth in the wireless and energy sectors.
- The fifth largest revenue source was charges for services, a program revenue, at \$3.8 million, which increased \$477 thousand, or 14%, from the preceding fiscal year. There was a one-time revenue recognition in the amount of \$209 thousand, and the City also received a cost reimbursement of \$198 thousand in connection with the refuse franchise.
- The miscellaneous revenue category increased \$911 thousand, primarily resulting from the sale of land in the amount of \$1 million.

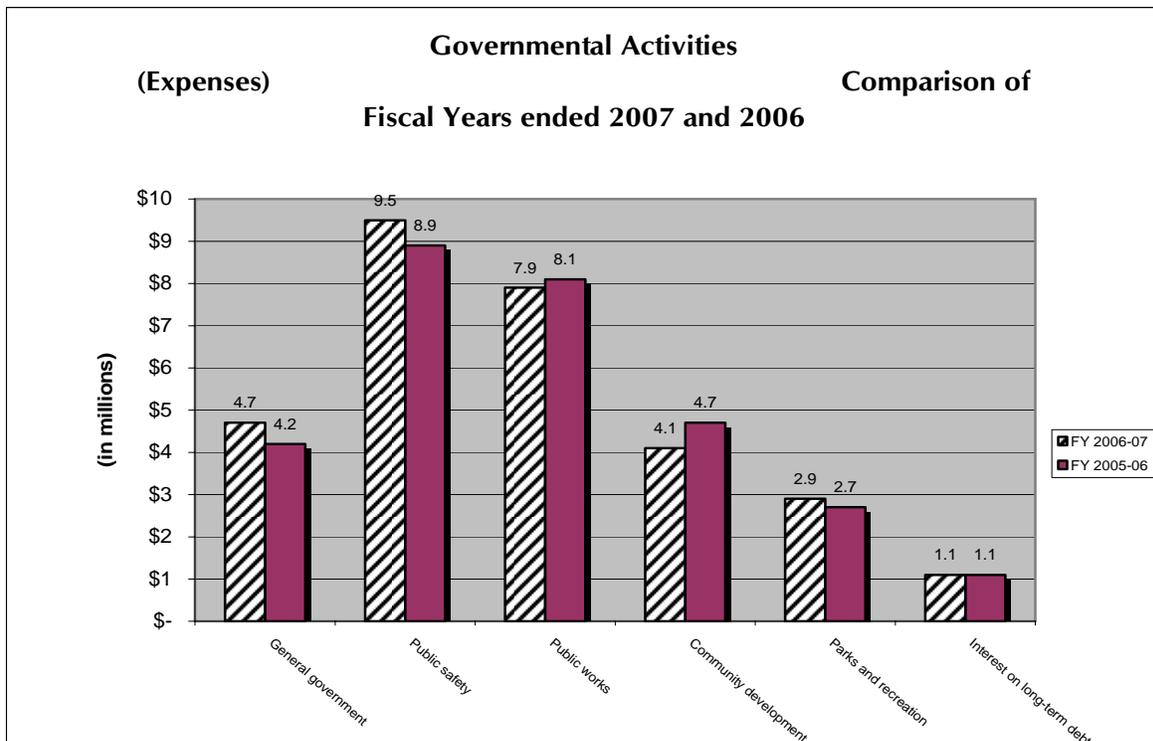


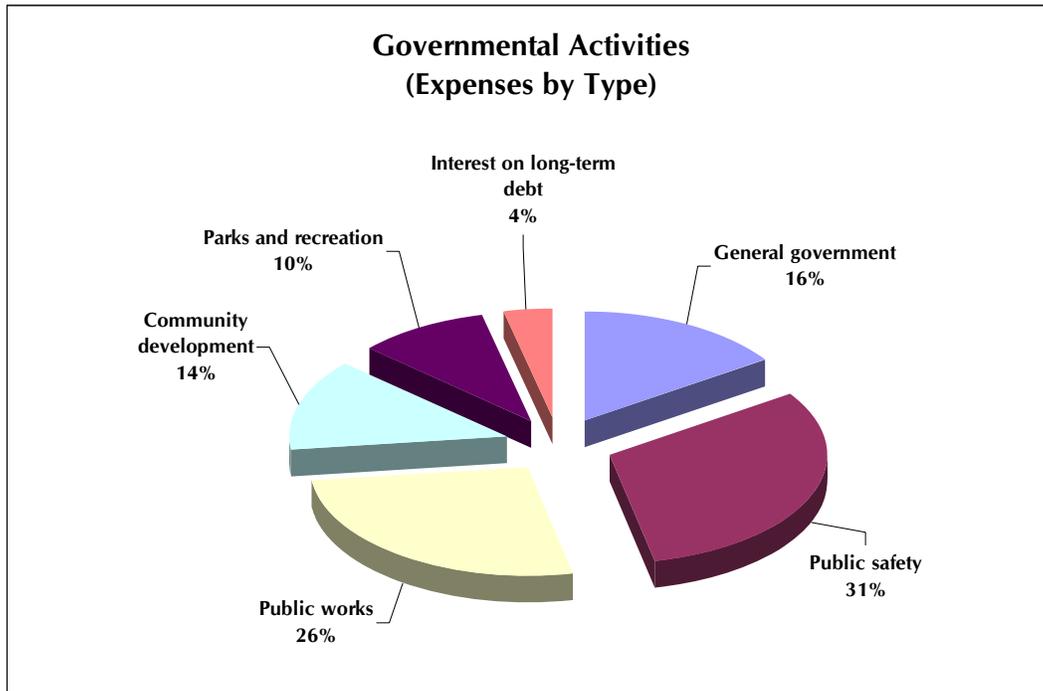
The cost of providing all governmental activities this year was \$30.2 million before applying program revenues of \$11.0 million. The remaining “public benefit” portion of governmental activities was paid with general revenues. Public Safety, the largest expense category, represented \$9.5 million, or 31% of Governmental Activities, of which approximately \$2.2 million was funded with program revenues. The remaining balance of \$7.3 million was funded with general revenues. Public Works, the second largest expense category, represented \$7.9 million, or 26%, with program revenues of \$5.3 million. General Government, the third largest expense category, represented \$4.7 million, or 15%, funded by program revenues of \$148 thousand. Community Development had expenses of \$4.1 million, or 14%, funding from program revenues of \$2.6 million. Parks and Recreation had expenses of \$2.9 million, or 10%, with program revenues of \$867 thousand. Interest on long-term debt was \$1.1 million, or 4%, paid entirely with general revenues.

Significant changes in the Governmental Activities expense categories when compared to the prior fiscal year are summarized as follows:

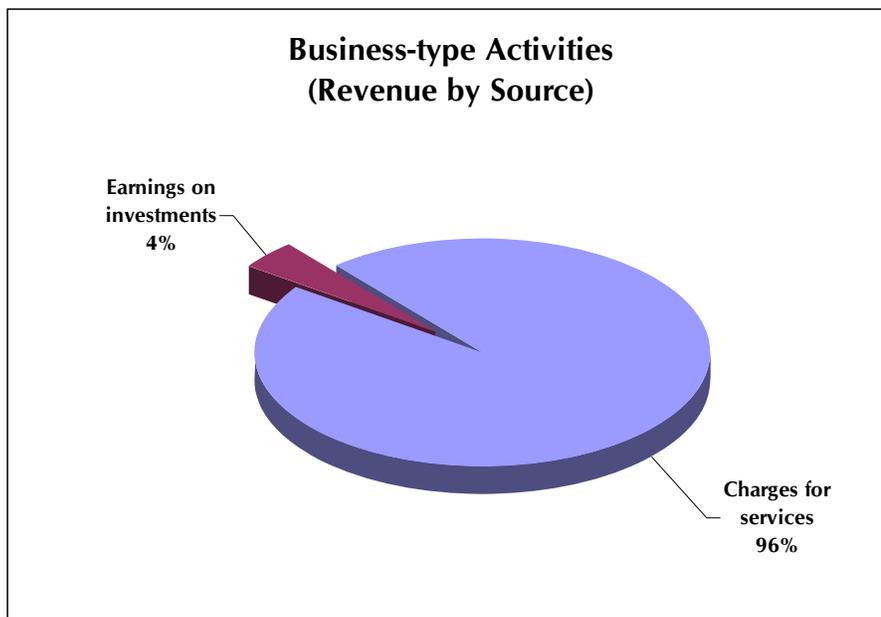
- ❑ Public Safety expenses increased \$535 thousand compared to the preceding fiscal year. The increase was largely due to the higher contract costs with the Los Angeles County Sheriff’s Department (\$307 thousand increase) and related support services (\$130 thousand increase).

- ❑ Public Works expenses decreased \$179 thousand compared to the preceding fiscal year. The decrease included changes in the following major categories: expensed capital outlay (\$441 thousand decrease), administration (\$96 thousand decrease), Proposition C projects/programs (\$114 thousand decrease), street maintenance (\$158 thousand increase), stormwater maintenance (\$84 thousand increase), general maintenance (\$72 thousand increase), and lighting and landscaping (\$45 thousand increase).
- ❑ General Government expenses increased \$494 thousand compared to the preceding fiscal year. The increase included changes in the following major categories: Gateway Cities Council of Governments (COG) funded full-time position, reclassification from Community Development (\$146 thousand increase); March 2007 general municipal election expenses (\$81 thousand increase); special events (\$75 thousand increase); and non-departmental expenses (\$89 thousand increase).
- ❑ Community Development expenses decreased \$512 thousand compared to the preceding fiscal year. The decrease included changes in the following major categories: HOME Capital Projects Fund (\$396 thousand decrease), CDBG Fund (\$307 thousand decrease), COG position reclassification (\$146 thousand decrease), Planning (\$83 thousand increase), and Code Enforcement (\$157 thousand increase).
- ❑ Parks and Recreation expenses increased \$198 thousand compared to the preceding fiscal year. There were no major changes, but rather a general cost increase in carrying out various activities and programs.





Business-Type Activities. On January 12, 2007, the City acquired its business-type activity from a local water company at the cost of \$5.8 million. During the fiscal year, the total revenue was \$441 thousand, of which \$423 thousand was water revenue. The total expenses were \$722 thousand. The deficit in net assets of \$281 thousand is expected to be recovered with future water revenues.



## 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, 2007, the City's governmental funds reported combined ending fund balances of \$21.1 million, a decrease of \$887 thousand, or 4%, in comparison with the prior year's total of \$22 million. Approximately 23%, or \$4.9 million, constituted unreserved fund balances which were available for spending at the City's discretion. The remainder of fund balance of \$16.2 million, or 77%, 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 (\$14.4 million), 2) for low and moderate income housing (\$1.1 million), 3) to pay debt service (\$607 thousand) and 4) as prepaid expenditures (\$84 thousand).

Revenues of governmental funds for the fiscal year ended June 30, 2007 were \$36 million, an increase of \$100 thousand, or 0.3%, from the prior year total of \$35.9 million. Expenditures of governmental funds were \$36.8 million, a decrease of \$3.1 million, or 8%, from the prior fiscal year total of \$39.9 million. Prior to other financing sources and uses, expenditures of governmental funds exceeded revenues by \$887 thousand.

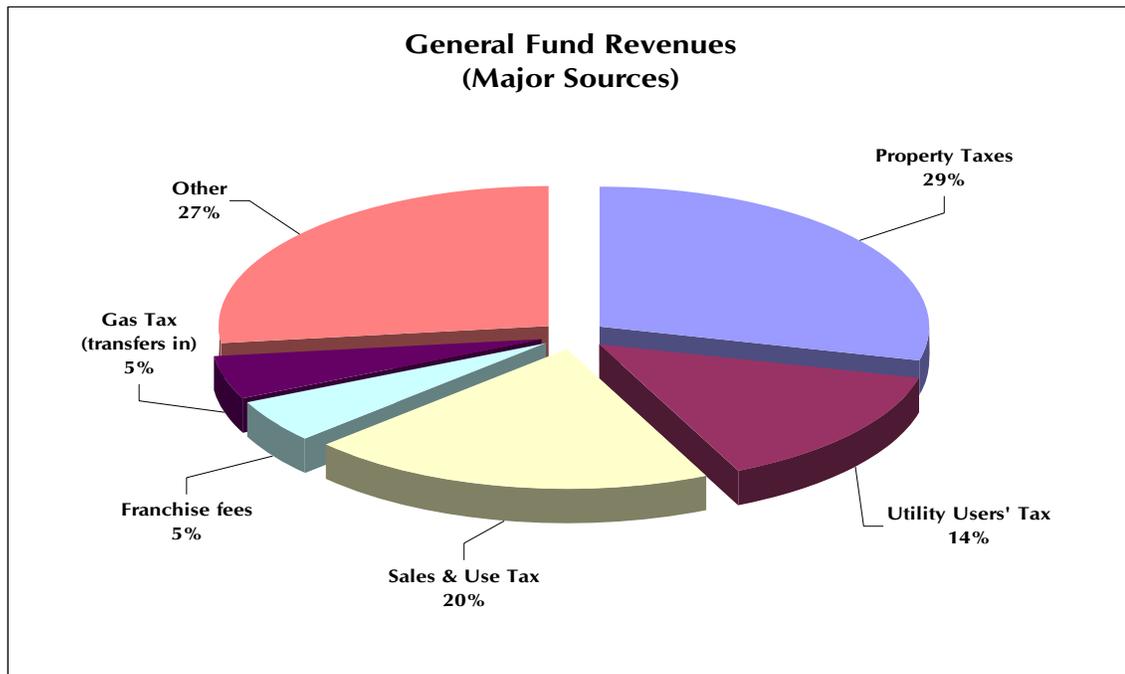
The City has three major governmental funds: General Fund, HOME Capital Projects Fund, and the Redevelopment Agency Capital Projects Fund. An analysis of significant balances and transactions of the individual major funds has been provided below. With respect to the nonmajor funds, there were no significant 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 \$11.5 million, while the total fund balance was \$26.1 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 49% of the total fund expenditures of \$23.7 million, while the total fund balance represented 110% of the expenditure total.

The fund balance of the City's General Fund increased \$3.7 million, or 16%, during the fiscal year ended June 30, 2007. Key factors in this growth were as follows:

General Fund revenues and transfers in for the fiscal year were \$27.8 million, an increase of \$2.8 million, or 11%, from the prior year total of \$25 million. The five largest General Fund revenue sources were property taxes (including property taxes in-lieu of VLF), sales taxes, utility users' taxes, State gas tax transfer, and franchise fees. These revenues, in aggregate, amounted to 73% of the General Fund revenues and transfers in.

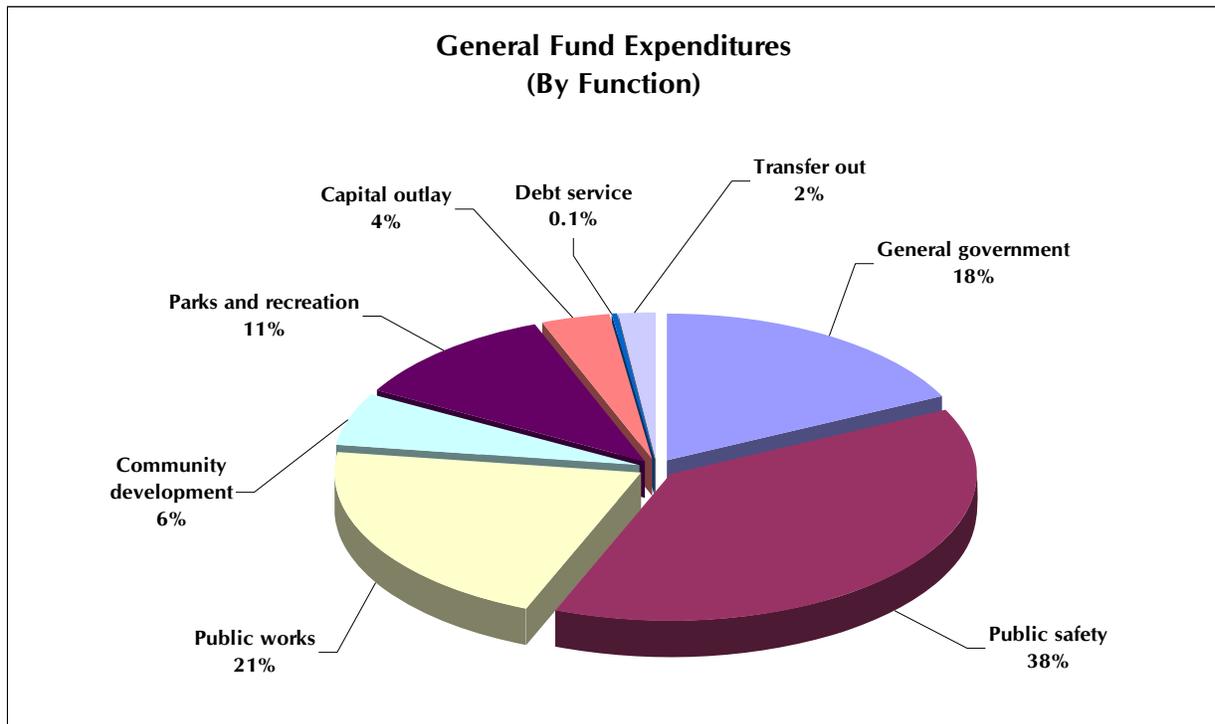
- ❑ The largest revenue source was property taxes, including property taxes in lieu of VLF, at \$8.2 million, or 29% of General Fund revenues and transfers in, an increase of \$777 thousand, or 11%, when compared to the preceding fiscal year's amount of \$7.4 million. There continued to be a strong growth in taxable values of real properties within the City.
- ❑ The second largest revenue source was sales taxes at \$5.5 million, or 20% of General Fund revenues and transfers in, an increase of \$216 thousand, or 4%, compared to the preceding fiscal year's amount of \$5.3 million. A growth was shown in several industries including construction, business and fuel.
- ❑ The third largest revenue source was utility users' taxes at \$4 million, or 14% of General Fund revenues and transfers in, an increase of \$94 thousand, or 2%, compared to the preceding fiscal year's amount of \$3.9 million. There was a growth in the wireless and energy sectors.
- ❑ The fourth largest revenue source was State gas taxes (transfers in) at \$1.4 million, or 5% of General Fund revenues and transfers in, a decrease of \$5 thousand, or 0.3%, compared to the preceding fiscal year's amount.
- ❑ The fifth largest revenue source was franchise fees at \$1.4 million, or 5% of General Fund revenues and transfers in, a decrease of \$47 thousand, or 3% compared to the preceding fiscal year's amount.
- ❑ Included in other revenues of \$1.2 million were proceeds from a one-time sale of the land in the amount of \$1 million.



General Fund expenditures and transfers out were \$24.2 million, an increase of \$1.0 million, or 4%, from the prior year total of \$23.2 million. Key elements of the increases and decreases by function are summarized as follows:

- ❑ Public safety was the largest General Fund function at \$9.3 million, or 38% of General Fund expenditures and transfers out, an increase of \$498 thousand, or 6%, from the preceding fiscal year's total of \$8.8 million. The increase was largely due to the increase in the contract costs with the Los Angeles County Sheriff's Department (\$307 thousand increase) and related support services (\$130 thousand increase).
- ❑ Public works was the second largest General Fund function at \$5.1 million, or 21% of General Fund expenditures and transfers out, an increase of \$265 thousand, or 5%, from the preceding fiscal year's total of \$4.8 million. The increase included changes in the following categories: street maintenance (\$158 thousand increase), stormwater maintenance (\$84 thousand increase), facilities maintenance (\$72 thousand increase), lighting and landscaping (\$45 thousand increase), and administration (\$96 thousand decrease).
- ❑ 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 \$4.3 million, or 18% of General Fund expenditures and transfers out, an increase of \$271 thousand, or 7%, from the preceding fiscal year's total of \$4 million. The increase included the following categories: March 2007 general election related expenses (\$81 thousand increase), special events (\$75 thousand increase), and non-departmental expenses (\$89 thousand increase).

- ❑ Parks and recreation was the fourth largest General Fund function at \$2.7 million, or 11% of General Fund expenditures and transfers out, an increase of \$205 thousand, or 8%. There were no major changes, but rather a general cost increase in carrying out various activities and programs.
- ❑ Community development was the fifth largest General Fund function at \$1.4 million, or 6% of General Fund expenditures and transfers out, an increase of \$235 thousand, or 20%, from the preceding fiscal year’s total of \$1.2 million. The increase included the following categories: Code enforcement (\$157 thousand increase) and planning (\$83 thousand increase).
- ❑ Capital outlay totaled \$915 thousand, or 4% of General Fund expenditures and transfers out, a decrease of \$412 thousand, or 31%, from the preceding fiscal year’s total of \$1.3 million. Capital outlay, by nature, can fluctuate greatly from year to year.
- ❑ Transfers out totaled \$502 thousand, or 2% of General Fund expenditures and transfers out, a decrease of \$29 thousand, or 5%, from the preceding fiscal year’s total of \$531 thousand. Of the total transfers out, \$467 thousand was for the payment of interest, principal, and the trustee’s administrative fees on the City’s 1999 Refunding Certificates of Participation, and \$35 thousand was expended to subsidize the maintenance of a parking district.



Note: The above chart does not total 100% due to the use of a different rounding convention for debt service.

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

HOME program costs are generally drawn down from the HUD-approved line of credit on a reimbursement basis only (as expenditures are made). As a result, the fund balance of the HOME Capital Projects Fund is generally \$0 or a nominal amount even though there may be funds available in the line of credit. At the end of the current fiscal year, the City's HOME Capital Projects Fund fund balance was \$57 thousand (unexpended program income), while the line of credit had an available balance of \$1.8 million. The annual HOME entitlement for the fiscal year was \$591 thousand, a decrease of \$36 thousand, when compared to the preceding fiscal year's entitlement of \$627 thousand.

HOME is a reimbursement grant (an expenditure-driven grant). HOME expenditures were \$122 thousand, a decrease of \$396 thousand, or 76%, from the preceding fiscal year's total of \$518 thousand. This decrease was due to reductions in single family rehabilitation assistance, first-time homebuyers assistance, and other development and assistance programs.

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

The net tax increment revenue available for capital projects for the current fiscal year was \$0. In the prior fiscal year, no tax increment revenue was also available for capital projects. In general, property tax increment revenue, net of annual debt service payments and 20% set-aside for low and moderate income housing, is transferred from the Redevelopment Agency Debt Service Fund to the Redevelopment Agency Capital Projects Fund to finance authorized projects. Redevelopment projects continue to be largely supported with a loan from the General Fund.

Redevelopment project expenditures were \$2.4 million, a decrease of \$4.8 million, or 67%, from the prior fiscal year total of \$7.2 million. There was a reduction in property purchases by \$4.2 million, and the overall project expenditures were also lower by \$545 thousand. This fiscal year's activities included \$1.6 million in property acquisition and \$166 thousand in project expenditures, and \$631 thousand in administrative and Town Center promotion costs.

## **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 final budgeted revenues and transfers were \$26.6 million, an increase of \$2 million from the original budget. There were various budget adjustments with notable changes in the following accounts: sale of property (\$1 million increase), property taxes including VLF in-lieu (\$792 thousand increase), reimbursed costs (\$220 thousand increase), and utility users' tax (\$146 thousand decrease).

*Appropriations and Transfers Out* – The final appropriations and transfers were \$25.9 million, an increase of \$1.1 million from the original allocations as follows: \$429 thousand in capital outlay, \$178 thousand in public works, \$118 thousand in community development, \$60 thousand in public safety, \$70 thousand in general government, and \$210 thousand in transfers out.

### Budget to Actual Variance

The actual total revenues of \$26.4 million were higher than the final budgeted revenues of \$25.1 million, an increase of \$1.3 million. A major portion of the increase was attributable to reimbursed costs including processing fees of \$332 thousand, forfeitures and fines of \$284 thousand, investment earnings of \$229 thousand, and State mandated cost recovery of \$208 thousand.

The actual total expenditures of \$23.7 million were lower than the final appropriations of \$25.1 million by approximately \$1.4 million as follows: \$172 thousand in general government, \$199 thousand in public safety, \$264 thousand in public works, \$145 thousand in community development, \$183 thousand in parks and recreation, and \$513 thousand in capital outlay.

## **Capital Asset and Debt Administration**

Capital Assets. The City's investment in capital assets for governmental and business-type activities as of June 30, 2007, was \$51.8 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 2006-07	FY 2005-06	FY 2006-07	FY 2005-06	FY 2006-07	FY 2005-06
Land	\$ 15,939	\$ 15,159	\$ 424	\$ -	\$ 16,363	\$ 15,159
Buildings and improvements	14,001	13,720	93	-	14,094	13,720
Equipment and furniture and fixtures	1,630	1,213	-	-	1,630	1,213
Infrastructure	9,765	8,521	1,252	-	11,017	8,521
Construction in progress	4,187	2,060	18	-	4,205	2,060
Water rights	94	65	4,000	-	4,094	65
Acquisition costs	-	-	385	-	385	-
Total Capital Assets	<u>\$ 45,616</u>	<u>\$ 40,738</u>	<u>\$ 6,172</u>	<u>\$ -</u>	<u>\$ 51,788</u>	<u>\$ 40,738</u>

During this fiscal year, the City added \$11.9 million in capital assets excluding equipment and furniture and fixtures. The following were major activities for the fiscal year:

- Water system purchase \$5.8 million
- Property acquisition - (Redevelopment Agency) \$1.6 million
- Belmont building construction (HUD Section 108) \$1.2 million
- Friendship Square (HUD Section 108) \$1.2 million
- Various Street Improvements \$1.5 million
- MPower Parking Lot (HUD Section 108) \$325 thousand
- Various City Facilities Improvements \$307 thousand

Long-Term Debt. At June 30, 2007, the City had \$19.8 million in outstanding long-term debt for Governmental Activities, a decrease of \$590 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)				
	2007	2006	Variance Increase/ (Decrease)	% Change
1999 Refunding Certificates of Participation	\$ 4,460	\$ 4,705	\$ (245)	-5%
2004 Refunding Tax Allocation Bonds	7,370	7,480	(110)	-1%
California Energy Commission Loan	-	20	(20)	-100%
HUD Section 108 Loan	6,572	6,797	(225)	-3%
Note Payable - Dietz	196	204	(8)	-4%
Compensated Absences	1,160	1,142	18	2%
Total Long-Term Debt	<u>\$ 19,758</u>	<u>\$ 20,348</u>	<u>\$ (590)</u>	<u>-3%</u>

Under the California Government Code Section 43605, the City's legal bonded debt limit for this fiscal year was \$136 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 2007-2008**

The City's finances and the ability to pay for essential services are heavily dependent on local economy and legislative actions of the Federal and State governments, as 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 the local governments. In addition, the State has set a track record of unilaterally taking and shifting local governments' revenues to balance its budget or meet other financial obligations.

#### **Economic Report**

According to the UCLA Anderson Forecast report of September 2007, its economists hold steadfast to a basic tenet that the national economy is not technically in a recession, nor is there a national recession on the economic horizon. Though the economy is experiencing difficulty rooted in the problematic real estate sector, as well as the result of higher oil prices and a troublesome rate of consumer debt, the UCLA Anderson Forecast does not see the possibility of enough job loss to trigger an actual recession.

In the latest "California's Fiscal Outlook," published by the State of California Legislative Analyst Office (LAO) in November 2007, the California's budget indicates that the State continues to face a significant budget situation. In order to balance the 2008-09 budget, the State will have to adopt nearly \$10 billion in solutions. Addressing the State's current budget problem is even more urgent because LAO forecasts a continuing gap between revenues and expenditures. A plan to permanently address the State's fiscal troubles must involve a substantial portion of ongoing solutions. This is not only because of the persistent operating deficits projected throughout the forecast, but also because of the downside risks inherent with the economy, General Fund revenue volatility, and a wide range of budgetary uncertainties.

#### **Adopted Budget**

While the current economic downturn poses a threat to the City's finances, the adopted 2007-09 operating budget continues to be both balanced and fiscally responsible. This spending plan maintains essential services to the community and continues to provide funding to stimulate local economy through various development and beautification projects throughout 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, 2007**

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and investments	\$ 16,570,524	\$ 65,714	\$ 16,636,238
Cash and investments with fiscal agents	2,550,742		2,550,742
Receivables:			
Accounts receivable - net	3,599,561	188,755	3,788,316
Notes receivable	5,399,904		5,399,904
Interest receivable	227,040		227,040
Prepaid expenses	83,995	8,562	92,557
Internal balances	6,488,676	(6,488,676)	
Deferred charges - net of accumulated amortization	578,195		578,195
Deferred loss on refunding - net of accumulated amortization	437,104		437,104
Pre-acquisition costs, net of accumulated amortization		47,500	47,500
Capital assets not being depreciated	20,219,655	4,442,235	24,661,890
Capital assets - net of accumulated depreciation	25,396,285	1,729,739	27,126,024
 Total assets	 81,551,681	 (6,171)	 81,545,510
<b>LIABILITIES</b>			
Accounts payable	3,302,811	199,075	3,501,886
Interest payable	403,316		403,316
Accrued expenses	204,211		204,211
Pre-acquisition costs payable		50,000	50,000
Deferred revenue	396,364		396,364
Deposits	15,886	25,835	41,721
Noncurrent liabilities:			
Due within one year	1,345,603		1,345,603
Due in more than one year	18,412,578		18,412,578
 Total liabilities	 24,080,769	 274,910	 24,355,679
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	28,032,957	6,171,974	34,204,931
Restricted for:			
Construction of capital assets	1,392,093		1,392,093
Debt service	203,561		203,561
Streets, highways, bikeways, public transit, and other related purposes	1,944,085		1,944,085
Housing	2,109,794		2,109,794
Public safety	77,860		77,860
Arts	70,252		70,252
Unrestricted	23,640,310	(6,453,055)	17,187,255
 Total net assets	 \$ 57,470,912	 \$ (281,081)	 \$ 57,189,831

See Notes to the Basic Financial Statements

**CITY OF BELLFLOWER**  
**STATEMENT OF ACTIVITIES**  
**For the Fiscal Year Ended June 30, 2007**

Functions/Programs	Expenses	Charges for Services	Program Revenues	
			Operating Contributions and Grants	Capital Contributions and Grants
Governmental Activities:				
General government	\$ 4,684,334	\$ -	\$ 148,027	\$ -
Public safety	9,466,438	1,748,090	435,185	
Public works	7,955,725	575,015	3,743,910	962,096
Community development	4,154,709	888,645	1,698,942	
Parks and recreation	2,888,491	617,406		249,248
Interest on long-term debt	1,106,344			
Total Governmental Activities	<u>30,256,041</u>	<u>3,829,156</u>	<u>6,026,064</u>	<u>1,211,344</u>
Business-type Activities:				
Water	<u>722,246</u>	<u>422,677</u>		
Total primary government				

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

Total general revenues

Change in net assets

- Net assets - July 1
- Prior period adjustments
- Net assets - July 1 - restated

Net assets - June 30

**See Notes to the Basic Financial Statements**

Net (Expenses) Revenues and Changes in Net Assets		
Governmental Activities	Business-type Activities	Total
\$ (4,536,307)	\$ -	\$ (4,536,307)
(7,283,163)		(7,283,163)
(2,674,704)		(2,674,704)
(1,567,122)		(1,567,122)
(2,021,837)		(2,021,837)
(1,106,344)		(1,106,344)
<u>(19,189,477)</u>		<u>(19,189,477)</u>
	<u>(299,569)</u>	<u>(299,569)</u>
5,492,016		5,492,016
4,378,690		4,378,690
5,568,084		5,568,084
1,355,987		1,355,987
4,029,961		4,029,961
603,016		603,016
591,004		591,004
223,963		223,963
418,679		418,679
830,394	18,486	848,880
<u>1,752,792</u>	<u>2</u>	<u>1,752,794</u>
<u>25,244,586</u>	<u>18,488</u>	<u>25,263,074</u>
<u>6,055,109</u>	<u>(281,081)</u>	<u>5,774,028</u>
51,385,891		51,385,891
29,912		29,912
<u>51,415,803</u>		<u>51,415,803</u>
<u>\$ 57,470,912</u>	<u>\$ (281,081)</u>	<u>\$ 57,189,831</u>

See Notes to the Basic Financial Statements

**CITY OF BELLFLOWER  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2007**

	<u>General Fund</u>	<u>HOME Capital Projects Fund</u>	<u>Redevelopment Agency Capital Projects Fund</u>
<b>ASSETS</b>			
Cash and investments	\$ 10,685,444	\$ -	\$ -
Cash and investments with fiscal agents			
Accounts receivable - net	2,492,462	66,337	
Due from other funds	1,482,655		4,550
Interest receivable	129,610		
Prepaid expenditures	83,995		
Notes receivable		2,990,923	357,263
Advances receivable	<u>16,407,070</u>		
 Total assets	 <u>\$ 31,281,236</u>	 <u>\$ 3,057,260</u>	 <u>\$ 361,813</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 2,298,058	\$ 40	\$ 65,540
Accrued expenditures	173,054	724	6,892
Due to other funds		9,003	
Deposits	13,413		2,273
Deferred revenue	2,743,962	2,990,923	357,263
Advances payable			<u>10,194,989</u>
 Total liabilities	 <u>5,228,487</u>	 <u>3,000,690</u>	 <u>10,626,957</u>
Fund balances			
Reserved:			
Debt service			
Low and moderate income housing			
Prepaid expenditures	83,995		
Advances	14,430,966		
Unreserved:			
Designated - special revenue funds			
Undesignated - general fund	11,537,788		
Undesignated - capital projects funds		56,570	(10,265,144)
 Total fund balances	 <u>26,052,749</u>	 <u>56,570</u>	 <u>(10,265,144)</u>
 Total liabilities and fund balances	 <u>\$ 31,281,236</u>	 <u>\$ 3,057,260</u>	 <u>\$ 361,813</u>

**See Notes to the Basic Financial Statements**

Other Governmental Funds	Total Governmental Funds
\$ 3,765,448	\$ 14,450,892
2,550,742	2,550,742
1,040,762	3,599,561
	1,487,205
71,827	201,437
	83,995
1,816,097	5,164,283
	16,407,070
<u>\$ 9,244,876</u>	<u>\$ 43,945,185</u>

\$ 917,695	\$ 3,281,333
23,354	204,024
1,201,607	1,210,610
200	15,886
1,816,097	7,908,245
	10,194,989
<u>3,958,953</u>	<u>22,815,087</u>

606,877	606,877
1,114,923	1,114,923
	83,995
	14,430,966
2,446,988	2,446,988
	11,537,788
1,117,135	(9,091,439)
<u>5,285,923</u>	<u>21,130,098</u>
<u>\$ 9,244,876</u>	<u>\$ 43,945,185</u>

See Notes to the Basic Financial Statements

CITY OF BELLFLOWER



*Families. Businesses. Futures.*

"GROWING TOGETHER"

**CITY OF BELLFLOWER  
GOVERNMENTAL FUNDS  
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET ASSETS  
June 30, 2007**

Fund balances of governmental funds	\$	21,130,098
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.		45,615,940
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.		371,494
Interest accrued on advances are not available to pay for current expenditures and, therefore are offset by deferred revenue in the governmental funds.		1,976,104
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.		5,399,904
Long-term debt and compensated absences have not been included in the governmental funds:		
Long-term debt		(18,598,282)
Compensated absences		(1,159,899)
Deferred charges, net of accumulated amortization for debt issuance costs and discounts on long-term debt have not been reported in the governmental funds		578,195
Deferred losses on refunding, net of accumulated amortization for long-term debt issuance have not been reported in the governmental funds.		437,104
Accrued interest payable from the current portion of interest due on long-term debt has not been reported in the governmental funds.		(403,316)
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.		2,123,570
Net assets of governmental activities	\$	57,470,912

**See Notes to the Basic Financial Statements**

**CITY OF BELLFLOWER**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**For the Fiscal Year Ended June 30, 2007**

	General Fund	HOME Capital Projects Fund	Redevelopment Agency Capital Projects Fund
<b>REVENUES</b>			
Taxes	\$ 19,847,420	\$ -	\$ -
Licenses and permits	621,909		
Fines, forfeitures, and penalties	1,652,801		
Investment earnings	925,266	56,766	33,002
Charges for current services	1,261,397		
Intergovernmental revenue	927,241	121,572	
Other revenues	1,204,758		833
<b>Total revenues</b>	<u>26,440,792</u>	<u>178,338</u>	<u>33,835</u>
<b>EXPENDITURES</b>			
Current:			
General government	4,271,271		
Public safety	9,274,850		
Public works	5,097,076		
Community development	1,424,361	121,768	630,513
Parks and recreation	2,659,799		
Capital outlay	915,436		1,733,749
Debt service:			
Principal retirement	19,654		
Interest and other charges	296		
Pass-through payments			
<b>Total expenditures</b>	<u>23,662,743</u>	<u>121,768</u>	<u>2,364,262</u>
Excess of revenues over (under) expenditures	<u>2,778,049</u>	<u>56,570</u>	<u>(2,330,427)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	1,385,868		
Transfers out	(502,288)		(189,695)
<b>Total other financing sources (uses)</b>	<u>883,580</u>		<u>(189,695)</u>
<b>Net change in fund balances</b>	3,661,629	56,570	(2,520,122)
Fund balances - July 1, 2006	<u>22,391,120</u>		<u>(7,745,022)</u>
Fund balances - June 30, 2007	<u>\$ 26,052,749</u>	<u>\$ 56,570</u>	<u>\$ (10,265,144)</u>

**See Notes to the Basic Financial Statements**

Other Governmental Funds	Total Governmental Funds
\$ 1,839,456	\$ 21,686,876
752,679	1,374,588
	1,652,801
427,417	1,442,451
256,197	1,517,594
6,011,631	7,060,444
22,030	1,227,621
<u>9,309,410</u>	<u>35,962,375</u>
145,933	4,417,204
117,017	9,391,867
2,155,359	7,252,435
1,547,999	3,724,641
	2,659,799
3,904,803	6,553,988
587,359	607,013
2,194,290	2,194,586
47,461	47,461
<u>10,700,221</u>	<u>36,848,994</u>
<u>(1,390,811)</u>	<u>(886,619)</u>
804,429	2,190,297
<u>(1,498,314)</u>	<u>(2,190,297)</u>
<u>(693,885)</u>	
(2,084,696)	(886,619)
<u>7,370,619</u>	<u>22,016,717</u>
<u>\$ 5,285,923</u>	<u>\$ 21,130,098</u>

**See Notes to the Basic Financial Statements**

**CITY OF BELLFLOWER**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**  
**For the Fiscal Year Ended June 30, 2007**

Net change in fund balances - total governmental funds	\$	(886,619)
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.		4,959,893
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:		(112,075)
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.		12,302
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.		125,936
Interest in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.		1,537,995
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 net change in retirement of long-term debt net of issuance cost.		607,013
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 net change in 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.		(403,316)
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.		(17,097)
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.		277,514
Change in net assets of governmental activities	\$	6,055,109

**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, 2007**

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 19,130,000	\$ 19,735,000	\$ 19,847,420	\$ 112,420
Licenses and permits	551,200	551,200	621,909	70,709
Fines, forfeitures, and penalties	1,369,000	1,369,000	1,652,801	283,801
Investment earnings	696,000	696,000	925,266	229,266
Intergovernmental revenue	589,535	727,035	927,241	200,206
Charges for current services	649,150	869,150	1,261,397	392,247
Other revenues	103,500	1,183,500	1,204,758	21,258
Total revenues	<u>23,088,385</u>	<u>25,130,885</u>	<u>26,440,792</u>	<u>1,309,907</u>
<b>EXPENDITURES</b>				
Current:				
General government:				
City council	204,128	204,128	202,971	1,157
Public affairs	434,103	434,103	378,897	55,206
Special events	383,283	383,283	437,030	(53,747)
City clerk	356,622	356,622	378,062	(21,440)
Election	69,772	69,772	80,822	(11,050)
City administration	560,424	560,424	549,214	11,210
Parks and rec. commission	3,150	3,150	2,606	544
Planning commission	14,650	14,650	9,919	4,731
Finance	891,471	891,471	830,324	61,147
City attorney	115,000	115,000	102,810	12,190
Personnel/risk management	371,691	396,691	347,695	48,996
Public safety commission		3,250	2,531	719
Non-departmental	968,798	1,010,798	948,390	62,408
Total general government	<u>4,373,092</u>	<u>4,443,342</u>	<u>4,271,271</u>	<u>172,071</u>
Public safety:				
Administration	1,537,870	1,597,548	1,403,643	193,905
Crossing guard	159,950	159,950	154,044	5,906
Sheriff	7,048,900	6,979,585	6,889,783	89,802
Support services	663,400	732,941	818,052	(85,111)
Emergency management	4,300	4,300	9,328	(5,028)
Total public safety	<u>9,414,420</u>	<u>9,474,324</u>	<u>9,274,850</u>	<u>199,474</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, 2007**

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>EXPENDITURES - CONTINUED</b>				
Public works:				
Administration	\$ 353,765	\$ 513,983	\$ 432,732	\$ 81,251
Street maintenance	2,643,830	2,643,830	2,497,672	146,158
Stormwater maintenance	398,874	398,874	403,159	(4,285)
Lighting and landscaping	462,345	462,345	486,917	(24,572)
Maintenance	1,323,765	1,341,765	1,276,596	65,169
Total public works	<u>5,182,579</u>	<u>5,360,797</u>	<u>5,097,076</u>	<u>263,721</u>
Community development:				
Administration	427,326	441,533	347,152	94,381
Planning	703,137	753,137	632,339	120,798
Building and safety - L.A. County contract	20,000	20,000	20,099	(99)
Farmers' market	19,791	19,791	14,306	5,485
Code enforcement	281,054	335,054	410,465	(75,411)
Total community development	<u>1,451,308</u>	<u>1,569,515</u>	<u>1,424,361</u>	<u>145,154</u>
Parks and recreation:				
Administration	912,692	912,692	849,103	63,589
Simms park	437,473	437,473	425,132	12,341
Thompson park	335,296	335,296	307,130	28,166
Caruthers park	271,997	271,997	256,508	15,489
Aquatic center	387,563	387,563	366,969	20,594
Civic center	72,094	72,094	65,780	6,314
City-school recreation	214,179	214,179	200,167	14,012
Youth-teen program	102,073	102,073	79,870	22,203
Cultural arts	36,700	36,700	36,700	
Batting cages	9,111	9,111	9,343	(232)
Preschool program	35,192	35,192	38,966	(3,774)
Share tri-cities	27,973	27,973	24,131	3,842
Total parks and recreation	<u>2,842,343</u>	<u>2,842,343</u>	<u>2,659,799</u>	<u>182,544</u>
Capital outlay	<u>999,400</u>	<u>1,428,400</u>	<u>915,436</u>	<u>512,964</u>
Debt service:				
Principal retirement	19,655	19,655	19,654	1
Interest and other charges	296	296	296	
Total debt service	<u>19,951</u>	<u>19,951</u>	<u>19,950</u>	<u>1</u>
Total expenditures	<u>24,283,093</u>	<u>25,138,672</u>	<u>23,662,743</u>	<u>1,475,929</u>
Excess of revenues over (under) expenditures	<u>(1,194,708)</u>	<u>(7,787)</u>	<u>2,778,049</u>	<u>2,785,836</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, 2007**

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>OTHER FINANCING SOURCES</b>				
<b>(USES):</b>				
Transfers in	\$ 1,487,900	\$ 1,487,900	\$ 1,385,868	\$ (102,032)
Transfers out	(534,205)	(744,157)	(502,288)	241,869
Total other financing sources (uses)	<u>953,695</u>	<u>743,743</u>	<u>883,580</u>	<u>139,837</u>
Net change in fund balance	(241,013)	735,956	3,661,629	2,925,673
Fund balance - July 1, 2006	<u>22,391,120</u>	<u>22,391,120</u>	<u>22,391,120</u>	
Fund balance - June 30, 2007	<u><u>\$ 22,150,107</u></u>	<u><u>\$ 23,127,076</u></u>	<u><u>\$ 26,052,749</u></u>	<u><u>\$ 2,925,673</u></u>

**See Notes to the Basic Financial Statements**

**CITY OF BELLFLOWER  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
June 30, 2007**

	Business-type Activities Enterprise Fund	Governmental Activities Internal Service Fund Equipment Replacement Fund
	Water Fund	
<b>ASSETS</b>		
Current assets:		
Cash and investments	\$ 65,714	\$ 2,119,632
Accounts receivable	188,755	
Interest receivable		25,603
Prepaid expense	8,562	
Total current assets	263,031	2,145,235
Noncurrent assets:		
Pre-acquisition costs - net of accumulated amortization	47,500	
Capital assets not being depreciated	4,442,235	
Capital assets - net of accumulated depreciation	1,729,739	659,890
Total noncurrent assets	6,219,474	659,890
Total assets	6,482,505	2,805,125
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	199,075	21,478
Accrued liabilities		187
Pre-acquisition costs payable	50,000	
Refundable deposits	25,835	
Due to other funds	276,595	
Total current liabilities	551,505	21,665
Noncurrent liabilities:		
Advances from other funds	6,212,081	
Total noncurrent liabilities	6,212,081	
Total liabilities	6,763,586	21,665
<b>NET ASSETS</b>		
Invested in capital assets	6,171,974	659,890
Unrestricted	(6,453,055)	2,123,570
Total net assets	\$ (281,081)	\$ 2,783,460

**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, 2007**

	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)	\$ 422,677	\$ 440,425
Total operating revenues	422,677	440,425
<b>OPERATING EXPENSES</b>		
Salaries	111,573	11,726
Benefits	19,047	221
Administration	39,644	1,086
Alarm	530	
Communications	4,322	
Distribution lines	15,112	
Energy	15,595	
Hydrants	58	
Insurance	10,345	
Licenses	1,003	
Maintenance	32,116	13,126
Meters	7,552	
Office supplies and expenses	28,269	
Professional services	45,375	
Pumps and wells	24,086	
Outside services	86,868	
Taxes	3,308	897
Tools and equipment	947	3,251
Chemicals	16,509	
Utilities	239	
Auto	5,230	
Water purchases	164,395	
Amortization	2,500	
Depreciation	87,623	238,726
Total operating expenses	722,246	269,033
Operating income	(299,569)	171,392
<b>NON-OPERATING REVENUES (EXPENSES)</b>		
Investment earnings	519	102,294
Water rights lease	17,967	
Gain (loss) on sale of capital assets	2	4,262
Total non-operating revenues and expenses	18,488	106,556
Changes in net assets	(281,081)	277,948
Total net assets, July 1, 2006		2,505,512
Total net assets, June 30, 2007	\$ (281,081)	\$ 2,783,460

See Notes to the Basic Financial Statements

**CITY OF BELLFLOWER  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
For the Fiscal Year Ended June 30, 2007**

	Business-type Activities Enterprise Fund	Governmental Activities Internal Service Fund Equipment Replacement Fund
	Water Fund	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from customers and users	\$ 259,757	\$ -
Cash paid to employees	(130,620)	(12,310)
Cash paid to suppliers	(310,990)	(12,691)
Internal activity - receipts from other funds	276,595	440,425
	<u>94,742</u>	<u>415,424</u>
Net cash provided (used) by operating activities		
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Sales of capital assets	2	4,262
Internal activity - receipts from other funds	6,212,081	
Purchases of capital assets	(6,259,597)	(239,160)
	<u>(47,514)</u>	<u>(234,898)</u>
Net cash provided (used) by capital and related financing activities		
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest earnings	519	96,878
Water rights lease	17,967	
	<u>18,486</u>	<u>96,878</u>
Net cash provided by investing activities		
Net increase (decrease) in cash and cash equivalents	65,714	277,404
Cash and cash equivalents, July 1, 2006		<u>1,842,228</u>
Cash and cash equivalents, June 30, 2007	<u>\$ 65,714</u>	<u>\$ 2,119,632</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>		
Operating income	\$ (299,569)	\$ 171,392
Adjustments to reconcile operating income to net cash provided (used)		
Amortization	2,500	
Depreciation	87,623	238,726
Changes in assets and liabilities:		
Accounts receivable	(188,755)	
Prepaid expenses	(8,562)	
Accounts payable	199,075	5,669
Accrued liabilities		(363)
Refundable deposits	25,835	
Due to other funds	276,595	
	<u>94,742</u>	<u>415,424</u>
Net cash provided (used) by operating activities	<u>\$ 94,742</u>	<u>\$ 415,424</u>

See Notes to the Basic Financial Statements

**CITY OF BELLFLOWER**  
**STATEMENT OF FIDUCIARY FUND NET ASSETS**  
**AGENCY FUND**  
**June 30, 2007**

	<u>Agency Fund</u>
<b>ASSETS</b>	
Cash and investments	<u>\$ 986,722</u>
<b>LIABILITIES</b>	
Deposits payable	<u>\$ 986,722</u>
<b>See Notes to the Basic Financial Statements</b>	

**NOTES TO THE BASIC  
FINANCIAL STATEMENTS**

**CITY OF BELLFLOWER**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2007**

**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.

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

**Discretely Presented Component Units.** There are no entities which meet the *Governmental Accounting Standards Board Statement No. 14* 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, 2007**

**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 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, 2007**

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

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

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.

**HOME Capital Projects Fund**

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

**Redevelopment Agency Capital Projects Fund**

The Redevelopment Agency Capital Projects Fund is used 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 Fund**

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

**CITY OF BELLFLOWER**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2007**

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

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

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.

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.

**CITY OF BELLFLOWER**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2007**

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

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

**Cash and Investments (Continued)**

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, 2007**

**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, 2007.

**CITY OF BELLFLOWER**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2007**

**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.

**CITY OF BELLFLOWER**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2007**

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

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

**Net Assets and Fund Equity**

In the government-wide financial statements and proprietary fund financial statements, net assets are reported in three categories: net assets invested in capital assets, net of related debt; restricted net assets, and unrestricted net assets. Restricted net assets represent net assets restricted by 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 restricted net assets are temporarily restricted (ultimately expendable assets). All other net assets are considered unrestricted.

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

**E. 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.

**F. 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 a reconciliation between fund balance – governmental funds and net assets of governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that “long-term debt and compensated absences is not due and payable within the current period and therefore is not report in the funds”. The detail of the \$18,598,282 long-term debt difference is as follows:

**CITY OF BELLFLOWER**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2007**

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

**F. Reconciliation of Government-wide and Fund Financial Statements (Continued)**

Long-term debt	
Refunding certificates of participation payable	\$ 4,460,000
Refunding taxable tax allocation bonds payable	7,370,000
Section 108 loan payable	6,572,000
Note payable - Dietz	<u>196,282</u>
Net adjustment to reduce fund balance of total governmental funds to arrive at net assets of governmental activities	<u><u>\$ 18,598,282</u></u>

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 a reconciliation between net changes in fund balances – of total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this \$4,959,893 difference are as follows:

Capital outlay	
Capital outlay	\$ 6,553,988
Depreciation	(1,364,102)
Capital outlay recorded in governmental funds but not meeting the capitalization policy of the City	<u>(229,993)</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><u>\$ 4,959,893</u></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 \$607,013 difference are as follows:

**CITY OF BELLFLOWER**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2007**

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

**F. Reconciliation of Government-wide and Fund Financial Statements (Continued)**

Principal repayments:	
Refunding certificates of participation	\$ 245,000
Taxable tax allocation bonds	110,000
CEC loan	19,654
Section 108 loan	225,000
Note payable - Dietz	7,359
Net adjustment to decrease net changes in fund balances of total governmental funds to arrive at changes in net assets of governmental activities	\$ 607,013

**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 \$15,146,155 for the fiscal year.

**CITY OF BELLFLOWER**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2007**

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

**B. Excess Expenditures over Appropriations**

The following are funds in which certain expenditures exceeded appropriations for the fiscal year ended June 30, 2007.

<u>Fund/Function</u>	<u>Final Appropriation</u>	<u>Expenditures</u>	<u>Excess</u>
Non-major Funds:			
Special revenue funds:			
Drug Forfeiture			
Capital outlay	\$ 37,500	\$ 52,279	\$ 14,779
AQMD			
Capital outlay	27,000	53,129	26,129
TDA Article 3			
Capital outlay	41,400	44,268	2,868
CA – COPS Grant			
Public safety	110,500	117,017	6,517
Traffic Relief			
Capital outlay		9,750	9,750
Debt service fund:			
Redevelopment agency			
Community development	24,370	29,199	4,829
Debt service	1,488,843	1,615,083	126,240
Pass-through payments	34,090	47,461	13,371
Capital projects fund:			
CDBG			
Capital outlay		1,412	1,412

**NOTE 3 - CASH AND INVESTMENTS**

Cash and investments as of June 30, 2007 are classified in the accompanying financial statements as follows:

Statement of net assets:	
Cash and investments	\$ 16,636,238
Cash and investments with fiscal agents	2,550,742
Fiduciary funds:	
Cash and investments	<u>986,722</u>
Total cash and investments	<u>\$ 20,173,702</u>

Cash and investments as of June 30, 2007 consist of the following:

Petty cash	\$ 2,910
Deposits with financial institutions	(469,988)
Investments	<u>20,640,780</u>
Total cash and investments	<u>\$ 20,173,702</u>

**CITY OF BELLFLOWER**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2007**

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

**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 trustee 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	Unlimited	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	\$40,000,000	None
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)	Unlimited	Unlimited	None
U.S. Treasury Obligations	5 years	Unlimited	None
U.S. Government Agency Issues	5 years	Unlimited	None

**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 trustee. The table also identifies certain provisions of these debt agreements that address **interest rate risk**, **credit risk**, and **concentration of credit risk**.

**CITY OF BELLFLOWER**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2007**

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

**Investments Authorized by Debt Agreements (Continued)**

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
FHLB	\$ 4,136,716	\$ 996,875	\$ 1,960,625	\$ 1,179,216	\$ -	\$ -	\$ -
Certificates of Deposit	48,004	48,004					
State Investment Pool	13,830,490	13,830,490					
Money Market Funds	74,829	74,829					
Held by Bond Trustees:							
U.S. Treasury Bills	1,938,017	1,938,017					
FHLB	385,734			385,734			
Certificates of Deposit	198,000		198,000				
Money Market Funds	28,990	28,990					
<b>Totals</b>	<b>\$ 20,640,780</b>	<b>\$ 16,917,205</b>	<b>\$ 2,158,625</b>	<b>\$ 1,564,950</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**CITY OF BELLFLOWER**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2007**

**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 Dis closure	Rating as of Fiscal Year End			
				AAA	AA	A	Not Rated
FHLB	\$ 4,136,716	N/A	\$ -	\$ 4,136,716	\$ -	\$ -	\$ -
Certificates of Deposit	48,004	N/A					48,004
State Investment Pool	13,830,490	N/A					13,830,490
Money Market Funds	74,829	N/A					74,829
Held by Bond Trustees:							
U.S. Treasury Bills	1,938,017	N/A	1,938,017				
FHLB	385,734	N/A		385,734			
Certificates of Deposit	198,000	N/A					198,000
Money Market Funds	28,990	N/A					28,990
<b>Totals</b>	<b>\$ 20,640,780</b>		<b>\$ 1,938,017</b>	<b>\$ 4,522,450</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 14,180,313</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
FHLB	Federal Agency Securities	\$ 4,522,450

**CITY OF BELLFLOWER**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2007**

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

**Concentration of Credit Risk (Continued)**

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:

\$4,522,450 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 Home Loan Bank.

**Custodial Credit Risk**

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

As of June 30, 2007, \$839,425 of the City's deposits with financial institutions in excess of federal depository insurance limits were held in collateralized accounts. As of June 30, 2007, 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:

Investment Type	Reported Amount
Federal agency securities	\$ 4,522,450

**Investment in State Investment Pool**

The City is a voluntary participant in the Local Agency 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.

**CITY OF BELLFLOWER**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2007**

**NOTE 4 - ACCOUNTS RECEIVABLE**

The following is a list of accounts receivable at June 30, 2007

	<u>Receivable</u>	<u>Allowance</u>	<u>Net</u>
Governmental Activities –			
Accounts	\$1,001,833	\$ -	\$ 1,001,833
Due from other governments	<u>2,597,728</u>	<u>                    </u>	<u>2,597,728</u>
Total Governmental Activities	<u>\$3,599,561</u>	<u>\$ -</u>	<u>\$ 3,599,561</u>
Business-type Activities –			
Accounts	\$ 170,788	\$ -	\$ 170,788
Due from other governments	<u>17,967</u>	<u>                    </u>	<u>17,967</u>
Total Business-type Activities	<u>\$ 188,755</u>	<u>\$ -</u>	<u>\$ 188,755</u>

**NOTE 5 - NOTES RECEIVABLE**

	<u>Amount</u>
Notes receivable from mortgage loans for housing and commercial property rehabilitation and construction:	
Major Funds	
HOME Fund	\$ 2,990,923
Redevelopment Agency Capital Projects Fund	357,263
Nonmajor Funds	
Community Development Block Grant Fund	832,319
Redevelopment Agency Housing Set-Aside Fund	<u>983,778</u>
Total Notes Receivable	<u>\$ 5,164,283</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, 2007

	<u>Amortization Period In Months</u>	<u>Deferred Charges</u>	<u>Accumulated Amortization</u>	<u>Amortization for the Fiscal Year</u>
2004 Refunding Tax Allocation Bonds	358	\$ 579,637	\$ 61,525	\$ 19,429
Section 108 Loan	241	33,120	4,947	1,649
1999 Refunding Certificates of Participation	252	<u>51,542</u>	<u>19,632</u>	<u>2,454</u>
		<u>\$ 664,299</u>	<u>\$ 86,104</u>	<u>\$ 23,532</u>

**CITY OF BELLFLOWER**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2007**

**Note 7 - Deferred Losses on Refunding**

The City recorded 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, 2007 was \$72,533 with amortization expense for the fiscal year of \$22,905.

**NOTE 8 - INTERFUND ACTIVITY**

The following represents the interfund activity of the City for the fiscal year ended June 30, 2007

**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	\$ 1,482,655	\$ -
From: HOME Capital Projects Fund		9,003
Major Proprietary Fund		
From: Water		276,595
Nonmajor Governmental Funds		
Special Revenue Funds:		
From: Gas Tax Fund		128,793
From: COG Position Fund		37,480
Capital Project Funds:		
From: CDBG		271,241
From: Capital Projects Fund		209,656
From: Hud Section 108 Fund		549,887
Major Government Fund		
To: Redevelopment Capital Projects Fund	4,550	
Nonmajor Governmental Fund		
Debt Service Fund:		
From: Redevelopment Agency Fund		4,550
	<u>\$ 1,487,205</u>	<u>\$ 1,487,205</u>

**CITY OF BELLFLOWER**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2007**

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

The following represents the interfund activity of the City for the fiscal year ended June 30, 2007  
(Continued)

**B. Advances Receivable/Payable**

At June 30, 2007, the funds below have made/received advances that were not expected to be repaid within one year.

<u>Advances Receivable/Payable</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Major Fund		
General Fund	\$ 16,407,070	\$ -
Redevelopment Agency Capital Projects Fund		10,194,989
Major Proprietary Fund		
Water Fund	<u>                    </u>	<u>6,212,081</u>
	<u>\$ 16,407,070</u>	<u>\$ 16,407,070</u>

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

The advances from General Fund to Water Fund bear zero percent interest. 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.

<u>Funds</u>	<u>Transfer In</u>	<u>Transfer Out</u>
Major Funds:		
General Fund	\$ 1,385,868	\$ 502,288
Capital Projects Funds:		
Redevelopment Agency Fund		189,695
Non Major Funds		
Special Revenue Funds:		
Gas Tax Fund		1,385,868
Parking District No. 1 Fund	35,441	
Debt Service Funds:		
Public Facilities Corporation Fund	466,847	
Redevelopment Agency Fund	302,141	
Capital Projects Fund:		
Redevelopment Agency Housing Fund	<u>                    </u>	<u>112,446</u>
	<u>\$ 2,190,297</u>	<u>\$ 2,190,297</u>

**CITY OF BELLFLOWER**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2007**

**NOTE 9 – CAPITAL ASSETS**

**Governmental Activities**

Changes in capital assets for governmental activities for the year ended June 30, 2007 were as follows:

	Balance July 1, 2006	Prior Period Adjustments	Reclass	Additions	Deletion	Balance June 30, 2007
Capital Assets, not being depreciated						
Land	\$ 15,159,292	\$ -	\$ -	\$ 891,855	\$ 112,075	\$ 15,939,072
Water rights			94,010			94,010
Construction in progress	2,059,528			4,805,111	2,678,066	4,186,573
Total	<u>17,218,820</u>		<u>94,010</u>	<u>5,696,966</u>	<u>2,790,141</u>	<u>20,219,655</u>
Capital Assets, being depreciated:						
Building and improvements	19,852,305			1,106,920		20,959,225
Water rights	94,010		(94,010)			
Equipment and furniture and fixtures	5,613,759			651,023	36,286	6,228,496
Infrastructure	12,969,409			1,547,152		14,516,561
Total	<u>38,529,483</u>		<u>(94,010)</u>	<u>3,305,095</u>	<u>36,286</u>	<u>41,704,282</u>
Less accumulated depreciation for:						
Buildings and improvements	6,131,519			826,923		6,958,442
Water rights	29,912	(29,912)				
Equipment and furniture and fixtures	4,400,376			234,151	36,286	4,598,241
Infrastructure	4,448,286			303,028		4,751,314
Total	<u>15,010,093</u>	<u>(29,912)</u>		<u>1,364,102</u>	<u>36,286</u>	<u>16,307,997</u>
Total, net of accumulated depreciation	<u>23,519,390</u>	<u>29,912</u>	<u>(94,010)</u>	<u>1,940,993</u>		<u>25,396,285</u>
Total Capital Assets, Net	<u>\$ 40,738,210</u>	<u>\$ 29,912</u>	<u>\$ -</u>	<u>\$ 7,637,959</u>	<u>\$ 2,790,141</u>	<u>\$ 45,615,940</u>

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

General government	\$ 193,349
Public safety	108,762
Public works	541,851
Community development	279,823
Parks and recreation	<u>240,317</u>
Total	<u>\$ 1,364,102</u>

Depreciation expense for governmental activities (governmental funds) is \$1,125,376

Depreciation expense for governmental activities (internal service fund) is \$238,726.

**CITY OF BELLFLOWER**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2007**

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

**Business-type Activities**

Changes in capital assets for business-type activities for the year ended June 30, 2007 were as follows:

	Balance July 1, 2006	Additions	Deletion	Balance June 30, 2007
Capital Assets, not being depreciated				
Land	\$ -	\$ 424,335	\$ -	\$ 424,335
Water rights		4,000,000		4,000,000
Construction in progress		17,900		17,900
Total		<u>4,442,235</u>		<u>4,442,235</u>
Capital Assets, being depreciated:				
Building and improvements		95,000		95,000
Acquisition costs		405,356		405,356
Infrastructure		1,317,006		1,317,006
Total		<u>1,817,362</u>		<u>1,817,362</u>
Less accumulated depreciation for:				
Buildings and improvements		2,375		2,375
Acquisition costs		20,268		20,268
Infrastructure		64,980		64,980
Total		<u>87,623</u>		<u>87,623</u>
Total, net of accumulated depreciation		<u>1,729,739</u>		<u>1,729,739</u>
Total Capital Assets, Net	<u>\$ -</u>	<u>\$ 6,171,974</u>	<u>\$ -</u>	<u>\$ 6,171,974</u>

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

Water	\$ 87,623
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**CITY OF BELLFLOWER**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2007**

**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, 2007:

	Balance July 1, 2006	Additions	Deletions	Balance June 30, 2007	Due Within One Year
Governmental Activities:					
1999 Refunding Certificates of Participation	\$ 4,705,000	\$ -	\$ 245,000	\$ 4,460,000	\$ 260,000
2004 Refunding Tax Allocation Bonds	7,480,000		110,000	7,370,000	115,000
California Energy Commission Loan	19,654		19,654		
Section 108 Loan	6,797,000		225,000	6,572,000	236,000
Note Payable - Dietz	203,641		7,359	196,282	7,654
Compensated Absences	1,142,802	744,046	726,949	1,159,899	726,949
	<u>\$ 20,348,097</u>	<u>\$ 744,046</u>	<u>\$ 1,333,962</u>	<u>\$ 19,758,181</u>	<u>\$ 1,345,603</u>

**B. Refunding Certificates of Participation**

The 1999 Refunding Certificates of Participation (COPS) issued by the Bellflower Public Facilities Corporation and outstanding at June 30, 2007 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, 2007 was \$4,460,000.

**C. Tax Allocation Bonds**

**2004 Refunding Tax Allocation Bonds**

The 2004 Tax Allocation Bonds issued by the Bellflower Redevelopment Agency (Agency) and outstanding at June 30, 2007 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 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 as of June 30, 2007 was \$7,370,000.

**CITY OF BELLFLOWER**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2007**

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

**D. Loan Payable**

**i. California Energy Commission Loan**

In August, 2002, the City entered into a loan agreement with the California Energy Commission. The loan bears interest at 3.0% a year with semi-annual principal payments due on each June and December. The loan balance outstanding as of June 30, 2007 was \$0.

**ii. Section 108 Loan**

In 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, 2007 was \$6,572,000.

**E. 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, 2007 was \$196,282.

**F. Defeased Debt**

In April 2004, the 1996 Tax Allocation Bonds were defeased by placing a portion of proceeds from 2004 Refunding Tax Allocation Bonds in an irrevocable trust to provide for all future debt service payments on the defeased bonds. Accordingly, the trust account and the defeased bonds are not included in the financial statements. As of June 30, 2007, the unpaid principal balance for the defeased bonds was \$0.

**CITY OF BELLFLOWER**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2007**

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

**G. Long-Term Debt Amortization**

The annual requirements to amortize long-term debt outstanding at June 30, 2007 (other than compensated absences) are as follows:

Fiscal Year Ended June 30,	1999 Refunding Certificates of Participation		
	Principal Amount	Interest Amount	Total
2008	\$ 260,000	\$ 209,943	\$ 469,943
2009	265,000	198,523	463,523
2010	280,000	186,393	466,393
2011	290,000	173,422	463,422
2012	305,000	159,509	464,509
2013-2017	1,770,000	551,798	2,321,798
2018-2020	1,290,000	98,750	1,388,750
	<u>\$ 4,460,000</u>	<u>\$ 1,578,338</u>	<u>\$ 6,038,338</u>

Fiscal Year Ended June 30,	2004 Refunding Tax Allocation Bonds		
	Principal Amount	Interest Amount	Total
2008	\$ 115,000	\$ 474,177	\$ 589,177
2009	120,000	469,818	589,818
2010	125,000	464,634	589,634
2011	130,000	457,584	587,584
2012	140,000	450,252	590,252
2013-2017	830,000	2,118,283	2,948,283
2018-2022	1,130,000	1,811,651	2,941,651
2023-2027	1,560,000	1,384,851	2,944,851
2028-2032	2,145,000	797,610	2,942,610
2033-2034	1,075,000	107,580	1,182,580
	<u>\$ 7,370,000</u>	<u>\$ 8,536,440</u>	<u>\$15,906,440</u>

Fiscal Year Ended June 30,	Section 108 Loan		
	Principal Amount	Interest Amount	Total
2008	\$ 236,000	\$ 349,200	\$ 585,200
2009	248,000	339,969	587,969
2010	260,000	329,393	589,393
2011	273,000	317,538	590,538
2012	286,000	304,451	590,451
2013-2017	1,653,000	1,284,634	2,937,634
2018-2022	2,096,000	769,162	2,865,162
2023-2025	1,520,000	139,392	1,659,392
	<u>\$ 6,572,000</u>	<u>\$ 3,833,739</u>	<u>\$10,405,739</u>

**CITY OF BELLFLOWER**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2007**

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

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

Fiscal Year Ended June 30,	Note Payable - Dietz		
	Principal Amount	Interest Amount	Total
2008	\$ 7,654	\$ 7,851	\$ 15,505
2009	7,960	7,545	15,505
2010	8,278	7,227	15,505
2011	8,609	6,896	15,505
2012	8,954	6,551	15,505
2013-2017	50,436	27,089	77,525
2018-2022	61,363	16,161	77,524
2023-2025	43,028	3,487	46,515
	<u>\$ 196,282</u>	<u>\$ 82,807</u>	<u>\$ 279,089</u>

Fiscal Year Ended June 30,	Total Governmental Activities		
	Principal Amount	Interest Amount	Total
2008	\$ 618,654	\$ 1,041,171	\$ 1,659,825
2009	640,960	1,015,855	1,656,815
2010	673,278	987,647	1,660,925
2011	701,609	955,440	1,657,049
2012	739,954	920,763	1,660,717
2013-2017	4,303,436	3,981,804	8,285,240
2018-2022	4,577,363	2,695,724	7,273,087
2023-2027	3,123,028	1,527,730	4,650,758
2028-2032	2,145,000	797,610	2,942,610
2033-2034	1,075,000	107,580	1,182,580
	<u>\$ 18,598,282</u>	<u>\$ 14,031,324</u>	<u>\$32,629,606</u>

**CITY OF BELLFLOWER**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2007**

**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), an agent multiple-employer public employee defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. A menu of benefit provisions as well as other requirements is established by State statutes within the Public Employees' Retirement Law. The City of Bellflower selects optional benefit provisions from the benefit menu by contract with PERS and adopts those benefits through local ordinance. PERS issues a separate comprehensive annual financial report. Copies of the PERS' annual financial report may be obtained from the PERS Executive Office - 400 P Street, Sacramento, CA 95814.

**Funding Policy**

Active participants are required to contribute 7% of their annual covered salary. The City makes the contributions required of city employees on their behalf and for their account. For the fiscal year ended June 30, 2007, the amount contributed by the City on behalf of the employees was \$392,941.

The City is also required to contribute at an actuarially determined rate calculated as a percentage of covered payrolls. The actuarial methods and assumptions used are those adopted by the PERS Board of Administration. The required employer contribution rate for the fiscal year ended June 30, 2007 was 7.290% for miscellaneous employees. Benefit provisions and contribution requirements of participants are established by State statute and city contract with employee bargaining groups, and the employer contribution rate is established and may be amended by PERS.

**Annual Pension Cost**

For the fiscal year ended June 30, 2007, the City's annual pension cost (employer contribution) of \$413,170 for miscellaneous employees was equal to the City's required and actual contributions. The required contribution was determined as part of the June 30, 2004, actuarial valuation using the entry age actuarial cost method.

The actuarial assumptions included (a) 7.75% long term investment rate of return (net of administrative expenses), (b) projected salary increases that vary by duration of service, and (c) no cost-of-living adjustment. Both (a) and (b) include an inflation component of 3.25%. The actuarial value of PERS assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a two to five year period depending on the size of investment gains and/or losses. PERS unfunded actuarial accrued liability (or excess assets) is being amortized as a level percentage of projected payroll on a closed basis. PERS has combined the prior service unfunded liability and current service unfunded liability into a single initial unfunded liability.

**CITY OF BELLFLOWER**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2007**

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

**Three-Year Trend Information for PERS**

<u>Fiscal Year</u>	<u>Annual Pension Cost (APC) *</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/05	\$ 0	100%	\$ 0
6/30/06	361,386	100%	0
6/30/07	413,170	100%	0

\* Employer contribution.

**Schedule of Funding Progress for PERS (Employer Pool)**

<u>Actuarial Valuation Date</u>	<u>Entry Age Normal Accrued Liability (A)</u>	<u>Actuarial Value of Assets (B)</u>	<u>Unfunded Liability (Excess Assets) (A-B)</u>	<u>Funded Status (B/A)</u>	<u>Annual Covered Payroll (C)</u>	<u>UAAL** As a % of Covered Payroll [(A-B)/C]</u>
6/30/03	\$2,596,966,545	\$2,372,879,034	\$224,087,511	91.4%	\$725,020,458	30.9%
6/30/04	2,746,095,668	2,460,944,656	285,151,012	89.6%	743,691,970	38.3%
6/30/05	2,891,460,651	2,588,713,000	302,747,651	89.5%	755,046,679	40.1%
6/30/06	2,754,396,608	2,492,226,176	262,170,432	90.5%	699,897,838	37.5%

\*\* UAAL - Unfunded actuarial accrued liability

**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**

In addition to the pension benefits described in Note 11, the City provides postemployment medical benefits in accordance with the Public Employee's Medical and Hospital Care Act and the State Employee's Medical and Hospital Care Act to all employees who retire from the City. The same benefits are provided to the active employees through the Public Employees' Retirement System (PERS). During the fiscal year, expenditures of \$288,580 were recognized for postemployment medical benefits, covering 40 retirees. Postemployment benefits are funded on a pay-as-you-go basis.

**CITY OF BELLFLOWER**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2007**

**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 spread to members as follows: the first \$30,000 of each occurrence is charged directly to the member's primary deposit; 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. Losses from \$750,001 to \$10,000,000, \$18,000,000 to \$23,000,000, and \$45,000,000 to \$50,000,000 and the associated loss development reserves are pooled based on payroll. Costs covered claims from \$10,000,000 to \$18,000,000 and \$23,000,000 to \$45,000,000 are currently paid by excess insurance. Costs of covered claims for subsidence losses from \$15,000,000 to \$25,000,000 are paid by excess insurance. The protection for each member is \$50,000,000 per occurrence and \$50,000,000 annual aggregate. Administrative expenses are paid from the Authority's investment earnings.

**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). 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 public safety and non-public safety. Each member has a retention level of \$50,000 for each loss and this is charged directly to the member's primary deposit. Loss from \$50,001 to \$100,000 and the loss development reserve associated with losses up to \$100,000 are pooled base on the member's share of losses under \$50,000. Losses from \$100,001 to \$2,000,000 and loss development reserves associated with those losses are pooled based on payroll. Losses from \$2,000,001 to \$5,000,000 are pooled with California State Association of Counties – Excess Insurance Authority members. Costs from \$2,000,000 to \$200,000,000 are transferred to reinsurance carriers. Costs in excess of \$200,000,000 are pooled among the Members based on payroll. Protection is provided per statutory liability under California Workers' Compensation law. Administrative expenses are paid from Authority's investment earnings.

**CITY OF BELLFLOWER**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2007**

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

**Environmental Insurance**

The City of Bellflower participates in the pollution legal liability and remediation legal liability insurance which is available through the Authority. The policy covers sudden and gradual pollution of scheduled property, streets, and storm drains owned by City of Bellflower. Coverage is on a claims-made basis. There is a \$50,000 deductible. The Authority has a limit of \$50,000,000 for the 3-year period from July 1, 2005 through July 1, 2008. Each member of the Authority has a \$10,000,000 limit during the 3-year term of the policy.

**Property Insurance**

The City of Bellflower participates in the all-risk property protection program of the Authority. This insurance protection is underwritten by several insurance companies. The City of Bellflower property is currently insured according to a schedule of covered property submitted by the City to the Authority. Total all-risk property insurance coverage is \$24,380,157. 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 \$17,946,410. 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.

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.

**CITY OF BELLFLOWER**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2007**

**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.

Detail of the three categories is as follows:

	Governmental Activities	Business-type Activities
Net Assets		
Invested in capital assets, net of related debt:		
Total capital assets, net depreciation	\$ 45,615,940	\$ 6,171,974
Less: total capital related debt	(17,582,983)	
Invested in capital assets, net of related debt	28,032,957	6,171,974
Restricted for:		
Construction of capital assets	1,392,093	
Debt service	203,561	
Street, highways, bikeways, public transit, and other purposes	1,944,085	
Housing	2,109,794	
Public safety	77,860	
Arts	70,252	
Total Restricted	5,797,645	
Unrestricted	23,640,310	(6,453,055)
Total net assets	\$ 57,470,912	\$ (281,081)

All of the restricted net assets reports in the government-wide statement of net assets are restricted by enabling legislation.

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

The Redevelopment Agency Capital Projects fund has a deficit fund balance of \$10,265,144 at June 30, 2007. It is uncertain whether the tax increment revenue received over the life of the Agency would be adequate to eliminate the deficit. Any remaining deficit at the end of the Agency's life will be absolved by the City's General Fund.

The Water Fund has a deficit net assets of \$281,081 at June 30, 2007 which is expected to be eliminated with future water revenues.

**CITY OF BELLFLOWER**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2007**

**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 along with the City's HOME fund agreed to certain financial commitments including the purchase of vacant land, a developer loan in the amount of \$2,124,776 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 City or the Agency is pledged to the repayment of the bonds. Accordingly, no liability has been recorded in the basic financial statements. As of June 30, 2007, the amounts of principal outstanding on the bonds were \$8,350,000 for Series 2002A and \$390,000 for Series 2002B, for a total of \$8,740,000.

**NOTE 18 - COMMITMENTS**

**Hollywood Sports Park**

On March 21, 2000, the City of Bellflower, Redevelopment Agency, and Hollywood Sports Park, LLC entered into a Disposition and Development Agreement (DDA) to construct a 23-acre extreme sports theme park providing paintball, rock climbing, BMX biking, skateboarding, in-line skating, and other activities. Under the terms of the DDA, subsequently amended and restated, the City agreed to lease its land to the developer, and the Agency agreed to provide certain improvements and financial assistance, including \$650,000 for the construction of a parking lot. At June 30, 2007, the remaining balance on the parking lot construction commitment was \$199,614.

**CITY OF BELLFLOWER**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2007**

**NOTE 18 – COMMITMENTS (Continued)**

**Other Construction Commitments**

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

<u>Vendor</u>	<u>Project</u>	<u>Project Authorization</u>	<u>Expended to June 30, 2007</u>	<u>Committed</u>
Roy Allan Slurry Seal	Slurry seal type II	\$ 184,187	\$ 165,768	\$ 18,419
CS Legacy Construction	Remove trees, adjust curb, gutter, and sidewalk	183,182	131,641	51,541
Pacific Floor Company, Inc	06/07 hardwood flooring/TP/ gymnasium	101,411	73,016	28,395
CWS Systems Inc	Construction/Belmont building	1,051,470	940,296	111,174
CS Legacy Construction	Construction/Friendship square	919,500	571,545	347,955
CWS Systems Inc	Construction/PE depot	773,000		773,000
Glynn Construction	Water fountain/Friendship square	175,703	90,000	85,703
Peyton Group Inc	Management/Friendship square	36,725	15,600	21,125
Playtime Creations, Inc	Playground equipment	358,130	268,598	89,532

**NOTE 19 - CONTINGENCIES**

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

**NOTE 20 – PRIOR PERIOD ADJUSTMENTS**

Governmental activities

A prior period adjustment in the amount of \$29,912 was due to overstatement of accumulated depreciation of water rights.

**CITY OF BELLFLOWER**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**HOME CAPITAL PROJECTS FUND**  
**For the Fiscal Year Ended June 30, 2007**

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Investment earnings	\$ 5,000	\$ 56,766	\$ 51,766
Intergovernmental revenue	921,432	121,572	(799,860)
Total revenues	<u>926,432</u>	<u>178,338</u>	<u>(748,094)</u>
<b>EXPENDITURES</b>			
Current:			
Community development	<u>827,840</u>	<u>121,768</u>	<u>706,072</u>
Total expenditures	<u>827,840</u>	<u>121,768</u>	<u>706,072</u>
Net change in fund balance	98,592	56,570	(42,022)
Fund balance - July 1, 2006	<u>          </u>	<u>          </u>	<u>          </u>
Fund balance - June 30, 2007	<u>\$ 98,592</u>	<u>\$ 56,570</u>	<u>\$ (42,022)</u>

**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, 2007**

	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Investment earnings	\$ -	\$ 33,002	\$ 33,002
Other revenue		<u>833</u>	<u>833</u>
Total revenues		<u>33,835</u>	<u>33,835</u>
EXPENDITURES			
Current:			
Community development	791,065	630,513	160,552
Capital outlay	<u>4,381,000</u>	<u>1,733,749</u>	<u>2,647,251</u>
Total expenditures	<u>5,172,065</u>	<u>2,364,262</u>	<u>2,807,803</u>
Excess of revenues over (under) expenditures	<u>(5,172,065)</u>	<u>(2,330,427)</u>	<u>2,841,638</u>
OTHER FINANCING SOURCES (USES)			
Transfer in	603,432		(603,432)
Transfer out		<u>(189,695)</u>	<u>(189,695)</u>
Total other financing sources (uses)	<u>603,432</u>	<u>(189,695)</u>	<u>(793,127)</u>
Net change in fund balance	(4,568,633)	(2,520,122)	2,048,511
Fund balance - July 1, 2006	<u>(7,745,022)</u>	<u>(7,745,022)</u>	
Fund balance - June 30, 2007	<u>\$ (12,313,655)</u>	<u>\$ (10,265,144)</u>	<u>\$ 2,048,511</u>

CITY OF BELLFLOWER



*Families. Businesses. Futures.*

"GROWING TOGETHER"

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

**CITY OF BELLFLOWER**  
**NONMAJOR GOVERNMENTAL FUNDS**

**June 30, 2007**

**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.

**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, 2007**

**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.

**Debt Service Funds:**

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

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

**Capital Projects 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.

**HUD Section 108 Fund** - Accounts for the receipt and the use of the proceeds of the HUD-issued and guaranteed loans that are secured with the City's CDBG entitlement grants and City-owned property. The proceeds are expended on economic development and public facility improvement projects.

**CITY OF BELLFLOWER  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
June 30, 2007**

	Special Revenue Funds			
	Drug Forfeiture Fund	Transportation Fund	Proposition C Fund	Gas Tax Fund
<b>ASSETS</b>				
Cash and investments	\$ 75,251	\$ 375,981	\$ 986,908	\$ -
Cash and investments with fiscal agents				
Accounts receivable - net		1,500		128,793
Interest receivable	958	4,458	11,368	
Notes receivable				
<b>Total assets</b>	<u>\$ 76,209</u>	<u>\$ 381,939</u>	<u>\$ 998,276</u>	<u>\$ 128,793</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 33,573	\$ 60,226	\$ 75,268	\$ -
Accrued expenditures		6,051	6,123	
Deposit payable				
Due to other funds				128,793
Deferred revenue				
<b>Total Liabilities</b>	<u>33,573</u>	<u>66,277</u>	<u>81,391</u>	<u>128,793</u>
Fund Balances:				
Reserved:				
Debt service				
Low and moderate income housing				
Unreserved:				
Designated for special revenue purposes	42,636	315,662	916,885	
Undesignated				
<b>Total fund balances</b>	<u>42,636</u>	<u>315,662</u>	<u>916,885</u>	
<b>Total liabilities and fund balances</b>	<u>\$ 76,209</u>	<u>\$ 381,939</u>	<u>\$ 998,276</u>	<u>\$ 128,793</u>

Special Revenue Funds

AQMD Fund	Sewer Reconstruction Fund	TDA Article 3 Fund	Parking District No. 1 Fund	Building and Safety Fund
\$ 104,461	\$ 271,602	\$ -	\$ 995	\$ 45,733
24,051		44,268	276	
1,016	3,356			
<u>\$ 129,528</u>	<u>\$ 274,958</u>	<u>\$ 44,268</u>	<u>\$ 1,271</u>	<u>\$ 45,733</u>
\$ -	\$ -	\$ 44,268	\$ 699 572	\$ 27,724 3,742 200
		<u>44,268</u>	<u>1,271</u>	<u>31,666</u>
129,528	274,958			14,067
<u>129,528</u>	<u>274,958</u>			<u>14,067</u>
<u>\$ 129,528</u>	<u>\$ 274,958</u>	<u>\$ 44,268</u>	<u>\$ 1,271</u>	<u>\$ 45,733</u>

Continued

**CITY OF BELLFLOWER**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**June 30, 2007**  
**(Continued)**

	Special Revenue Funds			
	Public Arts Fund	CA-COPS Grant Fund	COG Position Fund	Traffic Congestion Relief Fund
<b>ASSETS</b>				
Cash and investments	\$ 69,458	\$ 57,933	\$ -	\$ 584,754
Cash and investments with fiscal agents				
Accounts receivable - net			42,090	7,006
Interest receivable	794	694		
Notes receivable				
<b>Total assets</b>	<b><u>\$ 70,252</u></b>	<b><u>\$ 58,627</u></b>	<b><u>\$ 42,090</u></b>	<b><u>\$ 591,760</u></b>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ -	\$ 23,403	\$ -	\$ 9,750
Accrued expenditures			2,516	
Deposit payable				
Due to other funds			37,480	
Deferred revenue				
<b>Total Liabilities</b>		<b><u>23,403</u></b>	<b><u>39,996</u></b>	<b><u>9,750</u></b>
Fund Balances:				
Reserved:				
Debt service				
Low and moderate income housing				
Unreserved:				
Designated for special revenue purposes	70,252	35,224	2,094	582,010
Undesignated				
<b>Total fund balances</b>	<b><u>70,252</u></b>	<b><u>35,224</u></b>	<b><u>2,094</u></b>	<b><u>582,010</u></b>
<b>Total liabilities and fund balances</b>	<b><u>\$ 70,252</u></b>	<b><u>\$ 58,627</u></b>	<b><u>\$ 42,090</u></b>	<b><u>\$ 591,760</u></b>

Special Revenue Funds		Debt Service Funds		Capital Projects Funds	
Public Facilities Fund	Park Facilities Fund	Public Facilities Corporation Fund	Redevelopment Agency Fund	CDBG Fund	Capital Projects Fund
\$ 8,774	\$ 54,199	\$ -	\$ 13	\$ -	\$ -
		102	606,775		
			59,087	337,730	379,878
79	620		3,355		
				832,319	
<u>\$ 8,853</u>	<u>\$ 54,819</u>	<u>\$ 102</u>	<u>\$ 669,230</u>	<u>\$ 1,170,049</u>	<u>\$ 379,878</u>
\$ -	\$ -	\$ -	\$ 57,905	\$ 62,437	\$ 106,384
				4,052	
			4,550	271,241	209,656
				832,319	
			62,455	1,170,049	316,040
		102	606,775		
8,853	54,819				63,838
<u>8,853</u>	<u>54,819</u>	<u>102</u>	<u>606,775</u>		<u>63,838</u>
<u>\$ 8,853</u>	<u>\$ 54,819</u>	<u>\$ 102</u>	<u>\$ 669,230</u>	<u>\$ 1,170,049</u>	<u>\$ 379,878</u>

Continued

**CITY OF BELLFLOWER**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**June 30, 2007**  
**(Continued)**

	Capital Projects Fund		Totals
	Redevelopment Agency Housing Fund	HUD Section 108 Fund	
<b>ASSETS</b>			
Cash and investments	\$ 1,129,386	\$ -	\$ 3,765,448
Cash and investments with fiscal agents		1,943,865	2,550,742
Accounts receivable - net	14,318	1,765	1,040,762
Interest receivable	13,789	31,340	71,827
Notes receivable	983,778		1,816,097
Total assets	\$ 2,141,271	\$ 1,976,970	\$ 9,244,876
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 42,272	\$ 373,786	\$ 917,695
Accrued expenditures	298		23,354
Deposit payable			200
Due to other funds		549,887	1,201,607
Deferred revenue	983,778		1,816,097
Total Liabilities	1,026,348	923,673	3,958,953
Fund Balances:			
Reserved:			
Debt service			606,877
Low and moderate income housing	1,114,923		1,114,923
Unreserved:			
Designated for special revenue purposes			2,446,988
Undesignated		1,053,297	1,117,135
Total fund balances	1,114,923	1,053,297	5,285,923
Total liabilities and fund balances	\$ 2,141,271	\$ 1,976,970	\$ 9,244,876

CITY OF BELLFLOWER



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**CITY OF BELLFLOWER**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**For the Fiscal Year Ended June 30, 2007**

	Special Revenue Funds			
	Drug Forfeiture Fund	Transportation Fund	Proposition C Fund	Gas Tax Fund
<b>REVENUES</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits				
Investment earnings	3,884	14,964	47,153	
Charges for current services				
Intergovernmental revenue	1,775	1,240,761	1,032,050	1,385,868
Other revenues				
<b>Total revenues</b>	<u>5,659</u>	<u>1,255,725</u>	<u>1,079,203</u>	<u>1,385,868</u>
<b>EXPENDITURES</b>				
Current:				
General government				
Public safety				
Public works		1,177,921	850,303	
Community development				
Capital outlay	52,279		416,374	
Debt service:				
Principal retirement				
Interest and other charges				
Pass-through payments				
<b>Total expenditures</b>	<u>52,279</u>	<u>1,177,921</u>	<u>1,266,677</u>	
Excess of revenues over (under) expenditures	<u>(46,620)</u>	<u>77,804</u>	<u>(187,474)</u>	<u>1,385,868</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in				
Transfers out				(1,385,868)
<b>Total other financing sources (uses)</b>				<u>(1,385,868)</u>
Net change in fund balances	(46,620)	77,804	(187,474)	
Fund balances - July 1, 2006	<u>89,256</u>	<u>237,858</u>	<u>1,104,359</u>	
Fund balances - June 30, 2007	<u>\$ 42,636</u>	<u>\$ 315,662</u>	<u>\$ 916,885</u>	<u>\$ -</u>

Special Revenue Funds

AQMD Fund	Sewer Reconstruction Fund	TDA Article 3 Fund	Parking District No. 1 Fund	Building and Safety Fund
\$ -	\$ -	\$ -	\$ -	\$ -
3,208	14,392			752,679
92,702		44,268	7,722	
<u>95,910</u>	<u>36</u>	<u>44,268</u>	<u>7,722</u>	<u>752,679</u>
	83,972		43,163	
53,129		44,268		738,612
<u>53,129</u>	<u>83,972</u>	<u>44,268</u>	<u>43,163</u>	<u>738,612</u>
42,781	(69,544)		(35,441)	14,067
			35,441	
			35,441	
42,781	(69,544)			14,067
<u>86,747</u>	<u>344,502</u>			
<u>\$ 129,528</u>	<u>\$ 274,958</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,067</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, 2007**  
**(Continued)**

	Special Revenue Funds			
	Public Arts Fund	CA-COPS Grant Fund	COG Position Fund	Traffic Congestion Relief Fund
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits				
Investment earnings	2,399	2,295		44,429
Charges for current services	37,750		148,027	
Intergovernmental revenue		149,946		547,331
Other revenues				
Total revenues	<u>40,149</u>	<u>152,241</u>	<u>148,027</u>	<u>591,760</u>
EXPENDITURES				
Current:				
General government			145,933	
Public safety		117,017		
Public works				
Community development				
Capital outlay				9,750
Debt service:				
Principal retirement				
Interest and other charges				
Pass-through payment				
Total expenditures		<u>117,017</u>	<u>145,933</u>	<u>9,750</u>
Excess of revenues over (under) expenditures	<u>40,149</u>	<u>35,224</u>	<u>2,094</u>	<u>582,010</u>
OTHER FINANCING SOURCES (USES)				
Transfers in				
Transfers out				
Total other financing sources (uses)				
Net change in fund balances	40,149	35,224	2,094	582,010
Fund balances - July 1, 2006	<u>30,103</u>			
Fund balances - June 30, 2007	<u>\$ 70,252</u>	<u>\$ 35,224</u>	<u>\$ 2,094</u>	<u>\$ 582,010</u>

Special Revenue Funds		Debt Service Funds		Capital Projects Funds	
Public Facilities Fund	Park Facilities Fund	Public Facilities Corporation Fund	Redevelopment Agency Fund	CDBG Fund	Capital Projects Fund
\$ -	\$ -	\$ -	\$ 1,471,565	\$ -	\$ -
96	878	384	34,723	34,094	
8,757	53,941			1,208,299	308,631
<u>8,853</u>	<u>54,819</u>	<u>384</u>	<u>1,506,288</u>	<u>1,242,393</u>	<u>308,631</u>
			29,199	659,033	
				1,412	373,512
		245,000	117,359	225,000	
		222,259	1,615,083	356,948	
			47,461		
		<u>467,259</u>	<u>1,809,102</u>	<u>1,242,393</u>	<u>373,512</u>
<u>8,853</u>	<u>54,819</u>	<u>(466,875)</u>	<u>(302,814)</u>		<u>(64,881)</u>
		466,847	302,141		
		<u>466,847</u>	<u>302,141</u>		
8,853	54,819	(28)	(673)		(64,881)
		130	607,448		128,719
<u>\$ 8,853</u>	<u>\$ 54,819</u>	<u>\$ 102</u>	<u>\$ 606,775</u>	<u>\$ -</u>	<u>\$ 63,838</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, 2007**  
**(Continued)**

	Capital Projects Funds		Totals
	Redevelopment Agency Housing Fund	HUD Section 108 Fund	
REVENUES			
Taxes	\$ 367,891	\$ -	\$ 1,839,456
Licenses and permits			752,679
Investment earnings	68,171	156,347	427,417
Charges for current services			256,197
Intergovernmental revenue			6,011,631
Other revenues	21,994		22,030
	458,056	156,347	9,309,410
Total revenues			
EXPENDITURES			
Current:			
General government			145,933
Public safety			117,017
Public works			2,155,359
Community development	121,155		1,547,999
Capital outlay		2,954,079	3,904,803
Debt service:			
Principal retirement			587,359
Interest and other charges			2,194,290
Pass-through payment			47,461
	121,155	2,954,079	10,700,221
Total expenditures			
Excess of revenues over (under) expenditures	336,901	(2,797,732)	(1,390,811)
OTHER FINANCING SOURCES (USES)			
Transfers in			804,429
Transfers out	(112,446)		(1,498,314)
	(112,446)		(693,885)
Total other financing sources (uses)			
Net change in fund balances	224,455	(2,797,732)	(2,084,696)
Fund balances - July 1, 2006	890,468	3,851,029	7,370,619
Fund balances - June 30, 2007	\$ 1,114,923	\$ 1,053,297	\$ 5,285,923

**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, 2007**

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Investment earnings	\$ 1,200	\$ 3,884	\$ 2,684
Intergovernmental revenue	<u>5,000</u>	<u>1,775</u>	<u>(3,225)</u>
Total revenues	<u>6,200</u>	<u>5,659</u>	<u>(541)</u>
<b>EXPENDITURES</b>			
Current:			
Public safety	15,000		15,000
Capital outlay	<u>37,500</u>	<u>52,279</u>	<u>(14,779)</u>
Total expenditures	<u>52,500</u>	<u>52,279</u>	<u>221</u>
Net change in fund balance	(46,300)	(46,620)	(320)
Fund balance - July 1, 2006	<u>89,256</u>	<u>89,256</u>	
Fund balance - June 30, 2007	<u><u>\$ 42,956</u></u>	<u><u>\$ 42,636</u></u>	<u><u>\$ (320)</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, 2007**

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Investment earnings	\$ 500	\$ 14,964	\$ 14,464
Intergovernmental revenue	1,279,000	1,240,761	(38,239)
Total revenues	<u>1,279,500</u>	<u>1,255,725</u>	<u>(23,775)</u>
<b>EXPENDITURES</b>			
Current:			
Public works	<u>1,196,716</u>	<u>1,177,921</u>	<u>18,795</u>
Total expenditures	<u>1,196,716</u>	<u>1,177,921</u>	<u>18,795</u>
Net change in fund balance	82,784	77,804	(4,980)
Fund balance - July 1, 2006	<u>237,858</u>	<u>237,858</u>	
Fund balance - June 30, 2007	<u><u>\$ 320,642</u></u>	<u><u>\$ 315,662</u></u>	<u><u>\$ (4,980)</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, 2007**

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Investment earnings	\$ 8,000	\$ 47,153	\$ 39,153
Intergovernmental revenue	<u>1,100,000</u>	<u>1,032,050</u>	<u>(67,950)</u>
Total revenues	<u>1,108,000</u>	<u>1,079,203</u>	<u>(28,797)</u>
<b>EXPENDITURES</b>			
Current:			
Public works	1,083,139	850,303	232,836
Capital outlay	<u>844,724</u>	<u>416,374</u>	<u>428,350</u>
Total expenditures	<u>1,927,863</u>	<u>1,266,677</u>	<u>661,186</u>
Net change in fund balance	(819,863)	(187,474)	632,389
Fund balance - July 1, 2006	<u>1,104,359</u>	<u>1,104,359</u>	
Fund balance - June 30, 2007	<u><u>\$ 284,496</u></u>	<u><u>\$ 916,885</u></u>	<u><u>\$ 632,389</u></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, 2007**

	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Intergovernmental revenue	<u>\$ 1,487,900</u>	<u>\$ 1,385,868</u>	<u>\$ (102,032)</u>
Total revenues	<u>1,487,900</u>	<u>1,385,868</u>	<u>(102,032)</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	<u>(1,487,900)</u>	<u>(1,385,868)</u>	<u>102,032</u>
Total other financing sources (uses)	<u>(1,487,900)</u>	<u>(1,385,868)</u>	<u>102,032</u>
Net change in fund balance			
Fund balance - July 1, 2006	<u>                    </u>	<u>                    </u>	<u>                    </u>
Fund balance - June 30, 2007	<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, 2007**

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES			
Investment earnings	\$ 1,500	\$ 3,208	\$ 1,708
Intergovernmental revenue	103,000	92,702	(10,298)
Total revenues	<u>104,500</u>	<u>95,910</u>	<u>(8,590)</u>
EXPENDITURES			
Capital outlay	<u>27,000</u>	<u>53,129</u>	<u>(26,129)</u>
Total expenditures	<u>27,000</u>	<u>53,129</u>	<u>(26,129)</u>
Net change in fund balance	77,500	42,781	(34,719)
Fund balance - July 1, 2006	<u>86,747</u>	<u>86,747</u>	
Fund balance - June 30, 2007	<u>\$ 164,247</u>	<u>\$ 129,528</u>	<u>\$ (34,719)</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, 2007**

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES			
Investment earnings	\$ 1,800	\$ 14,392	\$ 12,592
Other revenues	2,500	36	(2,464)
Total revenues	<u>4,300</u>	<u>14,428</u>	<u>10,128</u>
EXPENDITURES			
Current:			
Public works	119,000	83,972	35,028
Capital outlay	107,000		107,000
Total expenditures	<u>226,000</u>	<u>83,972</u>	<u>142,028</u>
Net change in fund balance	(221,700)	(69,544)	152,156
Fund balance - July 1, 2006	<u>344,502</u>	<u>344,502</u>	
Fund balance - June 30, 2007	<u><u>\$ 122,802</u></u>	<u><u>\$ 274,958</u></u>	<u><u>\$ 152,156</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, 2007**

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES			
Intergovernmental revenue	\$ 41,400	\$ 44,268	\$ 2,868
Total revenues	41,400	44,268	2,868
EXPENDITURES			
Capital outlay	41,400	44,268	(2,868)
Total expenditures	41,400	44,268	(2,868)
Net change in fund balance			
Fund balance - July 1, 2006			
Fund balance - June 30, 2007	\$ -	\$ -	\$ -

**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, 2007**

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES			
Charges for current services	\$ 9,600	\$ 7,722	\$ (1,878)
Total revenues	<u>9,600</u>	<u>7,722</u>	<u>(1,878)</u>
EXPENDITURES			
Current:			
Public works	51,147	43,163	7,984
Total expenditures	<u>51,147</u>	<u>43,163</u>	<u>7,984</u>
Excess of revenues over (under) expenditures	<u>(41,547)</u>	<u>(35,441)</u>	<u>6,106</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	41,547	35,441	(6,106)
Total other financing sources (uses)	<u>41,547</u>	<u>35,441</u>	<u>(6,106)</u>
Net change in fund balance			
Fund balance - July 1, 2006	<u>          </u>	<u>          </u>	<u>          </u>
Fund balance - June 30, 2007	<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, 2007**

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES			
Licenses and permits	\$ 859,872	\$ 752,679	\$ (107,193)
Total revenues	<u>859,872</u>	<u>752,679</u>	<u>(107,193)</u>
EXPENDITURES			
Current:			
Community development	<u>859,872</u>	<u>738,612</u>	<u>121,260</u>
Total expenditures	<u>859,872</u>	<u>738,612</u>	<u>121,260</u>
Net change in fund balance		14,067	14,067
Fund balance - July 1, 2006	<u>                    </u>	<u>                    </u>	<u>                    </u>
Fund balance - June 30, 2007	<u>\$ -</u>	<u>\$ 14,067</u>	<u>\$ 14,067</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, 2007**

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES			
Investment earnings	\$ -	\$ 2,399	\$ 2,399
Charges for current services	30,000	37,750	7,750
Total revenues	<u>30,000</u>	<u>40,149</u>	<u>10,149</u>
Net change in fund balance	30,000	40,149	10,149
Fund balance - July 1, 2006	<u>30,103</u>	<u>30,103</u>	
Fund balance - June 30, 2007	<u>\$ 60,103</u>	<u>\$ 70,252</u>	<u>\$ 10,149</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, 2007**

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES			
Investment earnings	\$ 500	\$ 2,295	\$ 1,795
Intergovernmental revenue	110,000	149,946	39,946
Total revenues	<u>110,500</u>	<u>152,241</u>	<u>41,741</u>
EXPENDITURES			
Current:			
Public safety	<u>110,500</u>	<u>117,017</u>	<u>(6,517)</u>
Total expenditures	<u>110,500</u>	<u>117,017</u>	<u>(6,517)</u>
Net change in fund balance		35,224	35,224
Fund balance - July 1, 2006	<u>                    </u>	<u>                    </u>	<u>                    </u>
Fund balance - June 30, 2007	<u>\$ -</u>	<u>\$ 35,224</u>	<u>\$ 35,224</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, 2007**

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES			
Charges for current services	\$ 146,791	\$ 148,027	\$ 1,236
Total revenues	<u>146,791</u>	<u>148,027</u>	<u>1,236</u>
EXPENDITURES			
Current:			
General government	<u>146,791</u>	<u>145,933</u>	<u>858</u>
Total expenditures	<u>146,791</u>	<u>145,933</u>	<u>858</u>
Net change in fund balance		2,094	2,094
Fund balance - July 1, 2006	<u>                    </u>	<u>                    </u>	<u>                    </u>
Fund balance - June 30, 2007	<u>\$ -</u>	<u>\$ 2,094</u>	<u>\$ 2,094</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, 2007**

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES			
Investment earnings	\$ -	\$ 44,429	\$ 44,429
Intergovernmental revenue	547,000	547,331	331
Total revenues	<u>547,000</u>	<u>591,760</u>	<u>44,760</u>
EXPENDITURES			
Capital outlay		9,750	(9,750)
Total expenditures		<u>9,750</u>	<u>(9,750)</u>
Net change in fund balance	547,000	582,010	35,010
Fund balance - July 1, 2006			
Fund balance - June 30, 2007	<u>\$ 547,000</u>	<u>\$ 582,010</u>	<u>\$ 35,010</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, 2007**

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES			
Investment earnings	\$ -	\$ 96	\$ 96
Charges for current services		8,757	8,757
Total revenues		8,853	8,853
Net change in fund balance		8,853	8,853
Fund balance - July 1, 2006			
Fund balance - June 30, 2007	\$ -	\$ 8,853	\$ 8,853

**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, 2007**

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES			
Investment earnings	\$ -	\$ 878	\$ 878
Charges for current services		53,941	53,941
Total revenues		54,819	54,819
Net change in fund balance		54,819	54,819
Fund balance - July 1, 2006			
Fund balance - June 30, 2007	\$ -	\$ 54,819	\$ 54,819

**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, 2007**

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES			
Investment earnings	\$ 10	\$ 384	\$ 374
Total revenues	<u>10</u>	<u>384</u>	<u>374</u>
EXPENDITURES			
Debt service:			
Principal retirement	245,000	245,000	
Interest and other charges	<u>222,738</u>	<u>222,259</u>	479
Total expenditures	<u>467,738</u>	<u>467,259</u>	479
Excess of revenues over (under) expenditures	<u>(467,728)</u>	<u>(466,875)</u>	853
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>467,738</u>	<u>466,847</u>	(891)
Total other financing sources (uses)	<u>467,738</u>	<u>466,847</u>	(891)
Net change in fund balance	10	(28)	(38)
Fund balance - July 1, 2006	<u>130</u>	<u>130</u>	
Fund balance - June 30, 2007	<u>\$ 140</u>	<u>\$ 102</u>	<u>\$ (38)</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, 2007**

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Taxes	\$ 1,301,000	\$ 1,471,565	\$ 170,565
Investment earnings	25,000	34,723	9,723
Total revenues	<u>1,326,000</u>	<u>1,506,288</u>	<u>180,288</u>
<b>EXPENDITURES</b>			
Current:			
Community development	24,370	29,199	(4,829)
Debt service:			
Principal retirement	117,359	117,359	
Interest and other charges	1,488,843	1,615,083	(126,240)
Pass-through payments	34,090	47,461	(13,371)
Total expenditures	<u>1,664,662</u>	<u>1,809,102</u>	<u>(144,440)</u>
Excess of revenues over (under) expenditures	<u>(338,662)</u>	<u>(302,814)</u>	<u>35,848</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	118,139	302,141	184,002
Transfers out	(592,178)		592,178
Total other financing sources (uses)	<u>(474,039)</u>	<u>302,141</u>	<u>776,180</u>
Net change in fund balance	(812,701)	(673)	812,028
Fund balance - July 1, 2006	<u>607,448</u>	<u>607,448</u>	
Fund balance - June 30, 2007	<u>\$ (205,253)</u>	<u>\$ 606,775</u>	<u>\$ 812,028</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, 2007**

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Investment earnings	\$ 3,500	\$ 34,094	\$ 30,594
Intergovernmental revenue	<u>1,421,015</u>	<u>1,208,299</u>	<u>(212,716)</u>
Total revenues	<u>1,424,515</u>	<u>1,242,393</u>	<u>(182,122)</u>
<b>EXPENDITURES</b>			
Current:			
Community development	776,865	659,033	117,832
Capital outlay		1,412	(1,412)
Debt service:			
Principal retirement	225,000	225,000	
Interest and other charges	<u>356,948</u>	<u>356,948</u>	
Total expenditures	<u>1,358,813</u>	<u>1,242,393</u>	<u>116,420</u>
Net change in fund balance	65,702		(65,702)
Fund balance - July 1, 2006	<u>                    </u>	<u>                    </u>	<u>                    </u>
Fund balance - June 30, 2007	<u>\$ 65,702</u>	<u>\$ -</u>	<u>\$ (65,702)</u>

**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, 2007**

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES			
Intergovernmental revenue	\$ 7,105,084	\$ 308,631	\$ (6,796,453)
Total revenues	<u>7,105,084</u>	<u>308,631</u>	<u>(6,796,453)</u>
EXPENDITURES			
Capital outlay	<u>7,204,300</u>	<u>373,512</u>	<u>6,830,788</u>
Total expenditures	<u>7,204,300</u>	<u>373,512</u>	<u>6,830,788</u>
Net change in fund balance	(99,216)	(64,881)	34,335
Fund balance - July 1, 2006	<u>128,719</u>	<u>128,719</u>	
Fund balance - June 30, 2007	<u>\$ 29,503</u>	<u>\$ 63,838</u>	<u>\$ 34,335</u>

**CITY OF BELLFLOWER**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**REDEVELOPMENT AGENCY HOUSING CAPITAL PROJECT FUND**  
**For the Fiscal Year Ended June 30, 2007**

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Taxes	\$ 355,000	\$ 367,891	\$ 12,891
Investment earnings	6,000	68,171	62,171
Other revenues	11,254	21,994	10,740
Total revenues	<u>372,254</u>	<u>458,056</u>	<u>85,802</u>
<b>EXPENDITURES</b>			
Current:			
Community development	<u>567,722</u>	<u>121,155</u>	<u>446,567</u>
Total expenditures	<u>567,722</u>	<u>121,155</u>	<u>446,567</u>
Excess of revenues over (under) expenditures	<u>(195,468)</u>	<u>336,901</u>	<u>532,369</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers out	<u>(129,393)</u>	<u>(112,446)</u>	<u>16,947</u>
Total other financing sources (uses)	<u>(129,393)</u>	<u>(112,446)</u>	<u>16,947</u>
Net change in fund balance	(324,861)	224,455	549,316
Fund balance - July 1, 2006	<u>890,468</u>	<u>890,468</u>	
Fund balance - June 30, 2007	<u><u>\$ 565,607</u></u>	<u><u>\$ 1,114,923</u></u>	<u><u>\$ 549,316</u></u>

**CITY OF BELLFLOWER**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**HUD SECTION 108 FUND**  
**For the Fiscal Year Ended June 30, 2007**

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES			
Investment earnings	\$ -	\$ 156,347	\$ 156,347
Total revenues	<u>                    </u>	<u>156,347</u>	<u>156,347</u>
EXPENDITURES			
Capital outlay	<u>3,917,000</u>	<u>2,954,079</u>	<u>962,921</u>
Total expenditures	<u>3,917,000</u>	<u>2,954,079</u>	<u>962,921</u>
Net change in fund balance	(3,917,000)	(2,797,732)	1,119,268
Fund balance - July 1, 2006	<u>3,851,029</u>	<u>3,851,029</u>	<u>                    </u>
Fund balance - June 30, 2007	<u><u>\$ (65,971)</u></u>	<u><u>\$ 1,053,297</u></u>	<u><u>\$ 1,119,268</u></u>

**CITY OF BELLFLOWER**  
**FIDUCIARY FUND FINANCIAL STATEMENTS**  
**June 30, 2007**

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**  
**AGENCY FUND**  
**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS**  
**For the Fiscal Year ended June 30, 2007**

	<u>Balance</u> <u>July 1, 2006</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2007</u>
<b><u>Agency Fund</u></b>				
Assets:				
Cash and investments	\$ 1,047,809	\$ 626,567	\$ 687,654	\$ 986,722
Liabilities:				
Accounts payable	\$ 397	\$ -	\$ 397	\$ -
Deposits payable	1,047,412	626,567	687,257	986,722
Total liabilities	<u>\$ 1,047,809</u>	<u>\$ 626,567</u>	<u>\$ 687,654</u>	<u>\$ 986,722</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.	115 - 119
<i>Revenue Capacity</i> – These schedules contain information to help the reader assess the City’s most significant local revenue source, the property tax.	120 - 123
<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.	124 - 129
<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.	130 - 132
<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.	133 - 134

# CITY OF BELLFLOWER

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

	Fiscal Year				
	2007	2006	2005	2004	2003
Governmental activities:					
Invested in capital assets, net of related debt	\$28,032,957	\$22,594,651	\$14,706,513	\$10,751,912	\$18,597,924
Restricted	5,797,645	7,890,144	10,033,611	14,510,268	4,758,956
Unrestricted	23,640,310	20,901,096	21,643,482	17,575,155	17,225,057
Total governmental activities net assets	<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>
Business-type activities:					
Invested in capital assets, net of related debt	6,171,974	-	-	-	-
Restricted	-	-	-	-	-
Unrestricted	(6,453,055)	-	-	-	-
Total business-type activities net assets	<u>(281,081)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Primary government:					
Invested in capital assets, net of related debt	\$34,204,931	\$22,594,651	\$14,706,513	\$10,751,912	\$18,597,924
Restricted	5,797,645	7,890,144	10,033,611	14,510,268	4,758,956
Unrestricted	17,187,255	20,901,096	21,643,482	17,575,155	17,225,057
Total primary government net assets	<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 implemented GASB 34 for the fiscal year ended June 30, 2003.  
 Information prior to the implementation of GASB 34 is not available.

Source: City Finance Department

# CITY OF BELLFLOWER

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

	Fiscal Year				
	2007	2006	2005	2004	2003
Expenses:					
Governmental activities:					
General government	\$ 4,684,334	\$ 4,190,022	\$ 4,251,643	\$ 3,314,466	\$ 3,842,068
Public safety	9,466,438	8,931,846	8,505,491	8,329,356	8,392,745
Public works	7,955,725	8,134,862	7,655,727	6,967,996	6,017,861
Community development	4,154,709	4,666,591	3,763,743	4,307,424	3,879,185
Parks and recreation	2,888,491	2,690,337	2,644,966	2,599,166	2,629,115
Interest on long-term debt	1,106,344	1,130,336	1,149,420	460,854	460,005
Total governmental activities expenses	30,256,041	29,743,994	27,970,990	25,979,262	25,220,979
Business-type activities:					
Water	722,246	-	-	-	-
Total business-type activities expenses	722,246	-	-	-	-
Total primary government expenses	\$ 30,978,287	\$ 29,743,994	\$ 27,970,990	\$ 25,979,262	\$ 25,220,979
Program revenues:					
Governmental activities:					
Charges for services:					
Public safety	1,748,090	1,734,648	1,506,526	1,588,548	1,014,482
Public works	575,015	176,980	286,347	111,191	80,880
Community development	888,645	936,430	741,302	559,775	481,466
Parks and recreation	617,406	504,394	497,670	445,630	455,731
Operating contributions and grants	6,026,064	7,242,195	5,647,748	6,326,966	5,025,451
Capital contributions and grants	1,211,344	1,269,027	969,623	705,282	1,705,501
Total governmental activities program revenues	11,066,564	11,863,674	9,649,216	9,737,392	8,763,511
Business-type activities:					
Charges for services:					
Water	422,677	-	-	-	-
Operating contributions and grants	-	-	-	-	-
Capital contributions and grants	-	-	-	-	-
Total business-type activities program revenues	422,677	-	-	-	-
Total primary government program revenues	\$ 11,489,241	\$ 11,863,674	\$ 9,649,216	\$ 9,737,392	\$ 8,763,511
Net revenues (expenses):					
Governmental activities	\$ (19,189,477)	\$ (17,880,320)	\$ (18,321,774)	\$ (16,241,870)	\$ (16,457,468)
Business-type activities	(299,569)	-	-	-	-
Total Primary government net expenses	\$ (19,489,046)	\$ (17,880,320)	\$ (18,321,774)	\$ (16,241,870)	\$ (16,457,468)

Continued

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

# CITY OF BELLFLOWER

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

	Fiscal Year				
	2007	2006	2005	2004	2003
General revenues and other changes in net assets:					
Governmental activities:					
Taxes:					
Sales taxes	\$ 5,492,016	\$ 5,623,126	\$ 5,126,776	\$ 5,366,684	\$ 5,367,504
Property taxes	4,378,690	4,092,921	3,408,915	2,918,170	2,586,027
Property taxes in lieu of VLF	5,568,084	4,551,129	3,786,400	-	-
Franchise taxes	1,355,987	1,403,431	1,318,757	1,298,670	1,254,579
Utility users taxes	4,029,961	3,935,990	3,748,243	3,358,180	3,239,040
Transient occupancy taxes	603,016	584,975	520,290	518,838	499,837
Business license taxes	591,004	518,358	501,369	503,318	481,278
Property transfer taxes	223,963	239,878	252,189	213,839	153,101
Intergovernmental - unrestricted:					
Motor vehicle in lieu	418,679	534,255	2,264,037	3,476,915	4,516,754
Earnings on investments	830,394	556,572	352,426	219,649	317,933
Miscellaneous	1,752,792	841,970	588,643	623,005	484,302
Total governmental activities	<u>25,244,586</u>	<u>22,882,605</u>	<u>21,868,045</u>	<u>18,497,268</u>	<u>18,900,355</u>
Business-type activities					
Earnings on investments	18,486	-	-	-	-
Miscellaneous	2	-	-	-	-
Total business-type activities	<u>18,488</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 25,263,074</u>	<u>\$ 22,882,605</u>	<u>\$ 21,868,045</u>	<u>\$ 18,497,268</u>	<u>\$ 18,900,355</u>
Changes in net assets					
Governmental activities	\$ 6,055,109	\$ 5,002,285	\$ 3,546,271	\$ 2,255,398	\$ 2,442,887
Business-type activities	(281,081)	-	-	-	-
Total primary government	<u>5,774,028</u>	<u>5,002,285</u>	<u>3,546,271</u>	<u>2,255,398</u>	<u>2,442,887</u>
Net assets- July 1	51,385,891	46,383,606	42,837,335	40,581,937	38,139,050
Prior period adjustments	29,912	-	-	-	-
	<u>51,415,803</u>	<u>46,383,606</u>	<u>42,837,335</u>	<u>40,581,937</u>	<u>38,139,050</u>
Net assets- June 30	<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 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

# CITY OF BELLFLOWER

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

	Fiscal Year				
	2007	2006	2005	2004	2003
General fund:					
Reserved	\$ 14,514,961	\$ 10,284,180	\$ 5,808,367	\$ 2,970,580	\$ 1,897,237
Unreserved	11,537,788	12,106,940	14,728,727	13,816,303	13,662,445
Total general fund	<u>\$ 26,052,749</u>	<u>\$ 22,391,120</u>	<u>\$ 20,537,094</u>	<u>\$ 16,786,883</u>	<u>\$ 15,559,682</u>
All other governmental funds:					
Reserved	\$ 1,721,800	\$ 1,498,046	\$ 1,379,715	\$ 1,781,629	\$ 216,111
Unreserved, reported in:					
Special revenue funds	2,446,988	1,892,825	1,672,152	1,649,405	2,242,222
Capital projects fund	(9,091,439)	(3,765,274)	2,481,605	6,812,177	(1,841,764)
Total all other governmental funds	<u>(4,922,651)</u>	<u>(374,403)</u>	<u>5,533,472</u>	<u>10,243,211</u>	<u>616,569</u>
Total general and other governmental funds	<u>\$ 21,130,098</u>	<u>\$ 22,016,717</u>	<u>\$ 26,070,566</u>	<u>\$ 27,030,094</u>	<u>\$ 16,176,251</u>

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

Source: City Finance Department

# CITY OF BELLFLOWER

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

	Fiscal Year				
	2007	2006	2005	2004	2003
<b>Revenues:</b>					
Taxes	\$ 21,686,876	\$ 20,932,778	\$ 18,695,357	\$ 14,386,007	\$ 13,434,204
Licenses and permits	1,374,588	717,457	666,283	525,931	454,720
Fines, forfeitures and penalties	1,652,801	1,627,310	1,450,200	1,526,371	953,120
Investment income	1,442,451	1,237,932	1,963,553	1,060,975	1,160,279
Intergovernmental	7,060,444	8,424,480	8,341,439	10,376,260	10,704,674
Charges for current services	1,517,594	994,934	896,682	637,601	610,335
Other	1,227,621	1,927,505	373,128	600,214	727,449
Total revenues	<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>
<b>Expenditures</b>					
<b>Current:</b>					
General government	4,417,204	4,000,618	3,776,426	2,844,794	2,994,450
Public safety	9,391,867	8,890,397	8,505,120	8,298,283	8,361,304
Public works	7,252,435	6,988,181	6,744,422	6,304,721	5,598,487
Community development	3,724,641	4,320,677	4,101,851	4,391,298	3,784,808
Parks and recreation	2,659,799	2,455,222	2,497,559	2,409,121	2,446,395
Capital outlay	6,553,988	10,801,152	5,642,889	5,078,293	4,048,727
<b>Debt service:</b>					
Principal retirement	607,013	598,519	487,315	278,090	275,000
Interest and fiscal charges	2,194,586	1,820,663	1,766,409	448,609	452,960
Debt issuance costs	-	-	2,478	536,803	-
Pass-through payments	47,461	40,816	32,418	28,548	23,802
Total expenditures	<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>
Excess (deficiency) of revenues over (under) expenditures	<u>(886,619)</u>	<u>(4,053,849)</u>	<u>(1,170,245)</u>	<u>(1,505,201)</u>	<u>58,848</u>
<b>Other financing sources (uses):</b>					
Proceeds from issuance of long term debt	-	-	210,717	14,815,000	128,502
Payment to refunded debt escrow	-	-	-	(2,380,002)	-
Original issuance discount	-	-	-	(75,954)	-
Transfers in	2,190,297	2,087,090	3,047,142	7,129,525	2,564,493
Transfers out	<u>(2,190,297)</u>	<u>(2,087,090)</u>	<u>(3,047,142)</u>	<u>(7,129,525)</u>	<u>(2,564,493)</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>210,717</u>	<u>12,359,044</u>	<u>128,502</u>
Net change in fund balances	<u>\$ (886,619)</u>	<u>\$ (4,053,849)</u>	<u>\$ (959,528)</u>	<u>\$ 10,853,843</u>	<u>\$ 187,350</u>
Debt service as a percentage of noncapital expenditures	9.18%	7.67%	7.87%	4.85%	2.94%

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

Source: City Finance Department

# 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	
2007	\$ 3,326,750	\$ 28,653	\$ (61,577)	\$3,293,826	\$478,641	\$ 58,848	\$(109,660)	\$427,829	0.06662%
2006	3,006,912	30,005	(57,193)	2,979,724	441,229	56,079	(98,508)	398,799	0.06662%
2005	2,707,953	30,703	(50,155)	2,688,502	420,607	50,211	(89,074)	381,745	0.06662%
2004	2,495,033	33,315	(36,014)	2,492,334	388,580	58,757	(82,702)	364,635	0.06662%
2003	2,305,258	35,649	(40,153)	2,300,754	398,123	58,146	(108,183)	348,086	0.06662%
2002	2,159,284	35,065	(35,120)	2,159,229	383,976	54,428	(106,222)	332,183	0.06662%
2001	2,032,525	34,698	(33,515)	2,033,708	372,432	54,286	(102,485)	324,233	0.06662%
2000	1,932,110	33,282	(41,531)	1,923,861	362,873	46,254	(104,813)	304,314	0.06662%
1999	1,882,410	39,325	(38,746)	1,882,989	352,009	28,236	(102,494)	277,751	0.06662%
1998	1,856,087	28,765	(34,396)	1,850,457	335,289	25,476	(88,679)	272,085	0.06662%

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

	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
City Direct Rates:										
City basic rate	\$0.06662	\$0.06662	\$0.06662	\$0.06662	\$0.06662	\$0.06662	\$0.06662	\$0.06662	\$0.06662	\$0.06662
Redevelopment agency	-	-	-	-	-	-	-	-	-	-
Total City Direct Rate	0.06662	0.06662	0.06662	0.06662	0.06662	0.06662	0.06662	0.06662	0.06662	0.06662
Overlapping Rates <sup>1</sup> :										
Bellflower Unified School District	0.20933	0.20933	0.20933	0.20933	0.20933	0.20933	0.20933	0.20933	0.20933	0.20933
Cerritos Community College District	0.02551	0.02551	0.02551	0.02551	0.02551	0.02551	0.02551	0.02551	0.02551	0.02551
Children's Institutional Tuition Fund	0.00282	0.00282	0.00282	0.00282	0.00282	0.00282	0.00282	0.00282	0.00282	0.00282
Consolidated Fire Protection District of LA Co.	0.17640	0.17640	0.17640	0.17640	0.17640	0.17640	0.17640	0.17640	0.17640	0.17640
County Sanitation District No. 2 Operating	0.01341	0.01341	0.01341	0.01341	0.01341	0.01341	0.01341	0.01341	0.01341	0.01341
County School Service Fund Bellflower	0.00754	0.00754	0.00754	0.00754	0.00754	0.00754	0.00754	0.00754	0.00754	0.00754
County School Services Educational Augmentation Fund	0.00142	0.00142	0.00142	0.00142	0.00142	0.00142	0.00142	0.00142	0.00142	0.00142
Impound Educational Revenue Augmentation Fund	0.13489	0.13489	0.13489	0.13489	0.13489	0.13489	0.13489	0.13489	0.13489	0.13489
Greater LA Co. Vector Control	0.00038	0.00038	0.00038	0.00038	0.00038	0.00038	0.00038	0.00038	0.00038	0.00038
LA County Library	0.02354	0.02354	0.02354	0.02354	0.02354	0.02354	0.02354	0.02354	0.02354	0.02354
LA Co. Flood Control Imp. Dist. Maint.	0.00175	0.00175	0.00175	0.00175	0.00175	0.00175	0.00175	0.00175	0.00175	0.00175
LA County - Ffw	0.00735	0.00735	0.00735	0.00735	0.00735	0.00735	0.00735	0.00735	0.00735	0.00735
LA County Accumulative Capital Outlay	0.00011	0.00011	0.00011	0.00011	0.00011	0.00011	0.00011	0.00011	0.00011	0.00011
LA County Flood Control Maintenance	0.00991	0.00991	0.00991	0.00991	0.00991	0.00991	0.00991	0.00991	0.00991	0.00991
Los Angeles County General Water Replenishment District of So. Calif.	0.25030	0.25030	0.25030	0.25030	0.25030	0.25030	0.25030	0.25030	0.25030	0.25030
Central Basin Mwd 1114	0.00470	0.00520	0.00580	0.00610	0.00670	0.00770	0.00880	0.00890	0.00890	0.00890
Cerritos CC Ds 2004 Ser 2004A	0.00251	0.01279	0.01908	-	-	-	-	-	-	-
Cerritos CC Ds 2005 Ref Bonds	0.00429	0.01144	-	-	-	-	-	-	-	-
Cerritos CCD Ds 2004 Series 2006	0.01713	-	-	-	-	-	-	-	-	-
Detention Facilities 1987 Debt	0.00066	0.00080	0.00092	0.00099	0.00103	0.00113	0.00131	0.00142	0.00145	0.00158
Flood Con. Ref. Bonds 1993 Ds	-	0.00003	0.00003	0.00004	0.00026	0.00041	0.00064	0.00079	0.00145	0.00178
LA Co. Fl. Con. Storm Dr.D.S.#4	0.00005	0.00002	0.00021	0.00043	0.00062	0.00066	0.00092	0.00097	0.00050	0.00042
Total Direct Rate <sup>2</sup>	<u>\$1.02934</u>	<u>\$1.03028</u>	<u>\$1.02605</u>	<u>\$1.00755</u>	<u>\$1.00861</u>	<u>\$1.00990</u>	<u>\$1.01167</u>	<u>\$1.01209</u>	<u>\$1.01230</u>	<u>\$1.01268</u>

<sup>1</sup>Taxpayer Rates for Largest General Fund Tax Rate Area 02336.

<sup>2</sup>Due to rounding, the percentage details may not add up to corresponding totals.

NOTE:

In 1978, California voters passed Proposition 13 which sets 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.

Source: HdL Coren & Cone

# CITY OF BELLFLOWER

## PRINCIPAL PROPERTY TAX PAYERS

Current Year and Nine Years Ago

Taxpayer	2006/2007		1997/1998	
	Taxable Assessed Value	Percent of Total City Taxable Assessed Value	Taxable Assessed Value	Percent of Total City Taxable Assessed Value
Comcast of Los Angeles Inc.	\$ 17,415,543	0.515%	\$ -	0.000%
PK Sale LLC	13,767,962	0.408%	-	0.000%
Belmont Place Bellflower Associates	10,935,406	0.324%	7,955,500	0.375%
Ford West Properties LLC	9,680,154	0.287%	-	0.000%
Taro Patch Holdings LLC	7,414,233	0.219%	-	0.000%
Viken Ghanimian	7,395,000	0.219%	-	0.000%
William J. Wade Trust	7,221,443	0.214%	-	0.000%
Bellflower Park	5,788,861	0.171%	-	0.000%
Asbury Properties Inc.	5,483,948	0.162%	-	0.000%
Bellflower Town Center LLC	5,457,000	0.162%	-	0.000%
WRI Golden State LLC	5,031,992	0.149%	-	0.000%
KUVE Limited	4,890,542	0.145%	2,608,981	0.123%
Hollywood Sports Park LLC	4,833,440	0.143%	-	0.000%
AT & T Braodband LLC Comcast Corpor	4,624,012	0.137%	-	0.000%
Dan Top USA Inc.	3,953,040	0.117%	3,388,003	0.160%
George O. Lyons	3,881,938	0.115%	-	0.000%
Ronald D. Slate Company Trust	3,795,023	0.112%	-	0.000%
Shadrall Associates	3,792,759	0.112%	3,474,415	0.164%
Bellflower & Alondra LLC	3,672,000	0.109%	-	0.000%
Stephen & Mary Sandberg Trust	3,618,821	0.107%	3,036,406	0.143%
Fitzpatrick Development Partnership	3,488,762	0.103%	-	0.000%
Dalsukh K. Nayanaben D. Patel	3,253,657	0.096%	-	0.000%
Bruce H. & Mia M. Kang	3,037,944	0.090%	-	0.000%
Walgreen Company	3,022,695	0.089%	-	0.000%
Pep Boys Many Moe & Jack	2,988,880	0.088%	2,446,225	0.115%
Group 400 Advanced, Et. Al.	-	0.000%	13,432,700	0.633%
Haagen GDH Partnership	-	0.000%	11,552,112	0.544%
Malcolm I. Glazer	-	0.000%	10,851,338	0.511%
Bellflower Capital LLC	-	0.000%	9,566,841	0.451%
M-Six Creditvest I. Busin Trust	-	0.000%	5,628,163	0.265%
South Gate Realty Investor Inc.	-	0.000%	4,591,000	0.216%
Virginia C. Boggs Trust	-	0.000%	4,050,831	0.191%
Kenneth J Cleveland Company Trust	-	0.000%	3,905,791	0.184%
HPW Properties Inc.	-	0.000%	3,679,755	0.173%
Coast Federal Bank	-	0.000%	3,350,700	0.158%
Slate Ronald D Company Trust	-	0.000%	3,184,262	0.150%
Oro Properties Inc.	-	0.000%	2,856,000	0.135%
BPP Golden State Acquisition	-	0.000%	2,398,085	0.113%
Tommy H. Chow Company Trust	-	0.000%	2,295,902	0.108%
Micha Mottale	-	0.000%	2,268,905	0.107%
Norms Restaurant	-	0.000%	2,159,832	0.102%
Lloyds Bank California	-	0.000%	2,151,525	0.101%
Bellflower Medical Building	-	0.000%	2,128,930	0.100%
Hufcor Airwall Inc.	-	0.000%	2,100,000	0.099%
	<u>\$ 148,445,055</u>	<u>4.394%</u>	<u>\$ 115,062,202</u>	<u>5.322%</u>

Note:

The amounts shown above include assessed value for both the City and the Redevelopment Agency. While this section reports the assessed value, the principal property tax payer is based on the revenue generated to the City and Redevelopment Agency, not on the assessed value.

Source: HdL Coren & Cone

# CITY OF BELLFLOWER

## PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Fiscal Years

Fiscal Year Ended June 30	Original 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
2007	\$ 4,444,448	\$ 4,217,240	94.89%	\$ 661,847	\$ 4,879,088	109.78%
2006	3,890,631	3,769,339	96.88%	889,598	4,658,938	119.75%
2005	3,525,978	3,458,438	98.08%	476,531	3,934,969	111.60%
2004	3,222,790	3,130,513	97.14%	235,337	3,365,849	104.44%
2003	2,929,220	2,848,336	97.24%	110,424	2,958,760	101.01%
2002	2,676,122	2,589,750	96.77%	212,997	2,802,748	104.73%
2001	2,518,620	2,411,311	95.74%	(6,805)	2,404,506	95.47%
2000	2,241,214	2,162,348	96.48%	108,075	2,270,423	101.30%
1999	1,945,548	1,856,032	95.40%	315,023	2,171,055	111.59%
1998	1,866,138	1,783,759	95.59%	181,606	1,965,365	105.32%

Notes:

- The unsecured portion of the amount collected is estimated for fiscal years 1999-2002.
- Other Collections may include items such as supplemental assessments, prior year delinquencies, penalties, taxpayer refunds, homeowner's exemptions (paid by the state), highway rental fee, horserace tax, or administrative fees.
- Total collections include ERAF and Section 33676 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							Percentage of Personal Income <sup>3</sup>	Debt Per Capita <sup>4</sup>
	Tax Allocation Bonds <sup>1</sup>	California Energy Commission Loan	Note Payable Dietz	Certificates of Participation <sup>2</sup>	Section 108 Loan	Total Governmental Activities			
2007	\$ 7,370,000	\$ -	\$ 196,281	\$ 4,460,000	\$ 6,572,000	\$ 18,598,281	n/a	\$ 241	
2006	7,480,000	19,654	203,641	4,705,000	6,797,000	19,205,295	n/a	249	
2005	7,590,000	58,097	210,717	4,945,000	7,000,000	19,803,814	0.75%	257	
2004	7,815,000	95,412	-	5,170,000	7,000,000	20,080,412	0.80%	261	
2003	2,000,000	128,502	-	5,390,000	-	7,518,502	0.32%	98	
2002	2,025,000	-	-	5,640,000	-	7,665,000	0.34%	102	
2001	2,045,000	-	-	5,880,000	-	7,925,000	0.36%	107	
2000	2,065,000	-	-	6,110,000	-	8,175,000	0.39%	113	
1999	2,085,000	-	-	5,195,000	-	7,280,000	0.37%	103	
1998	2,100,000	-	-	5,320,000	-	7,420,000	0.40%	107	

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

<sup>2</sup>Certificates of Participation were refunded October 1999.

<sup>3</sup>Per Capita Personal Income was unavailable for calendar year 2006 and 2007.

<sup>4</sup>These ratios are calculated using the official demographic estimate as of January 1st of each calendar year except 2007, which is a preliminary estimate that is subject to change (see page 130).

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			
	Tax Allocation Bonds <sup>1</sup>	Total	Percent of Assessed Value <sup>2</sup>	Per Capita <sup>3</sup>
2007	\$ 7,370,000	\$ 7,370,000	0.181%	\$ 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
2000	2,065,000	2,065,000	0.093%	28
1999	2,085,000	2,085,000	0.096%	29
1998	2,100,000	2,100,000	0.099%	30

<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 estimate as of January 1st of each calendar year except 2007, which is a preliminary estimate that is subject to change (see page 130).

**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 Years

(in thousands of dollars)

	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Assessed valuation <sup>1</sup>	\$ 3,617,654	\$ 2,979,724	\$ 2,688,502	\$ 2,492,334	\$ 2,300,754
Conversion percentage	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>
Adjusted assessed valuation	904,414	744,931	672,125	623,083	575,189
Debt limit percentage	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>
Debt limit	135,662	111,740	100,819	93,463	86,278
Total net debt applicable to limit:					
General obligation bonds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Legal debt margin	<u>\$ 135,662</u>	<u>\$ 111,740</u>	<u>\$ 100,819</u>	<u>\$ 93,463</u>	<u>\$ 86,278</u>
Total debt applicable to the limit as a percentage of debt limit	0.0%	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

2002	2001	2000	1999	1998
\$ 2,159,229	\$ 2,033,708	\$ 1,923,861	\$ 1,882,989	\$ 1,850,457
<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>
539,807	508,427	480,965	470,747	462,614
<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>
80,971	76,264	72,145	70,612	69,392
-	-	-	-	-
<u>\$ 80,971</u>	<u>\$ 76,264</u>	<u>\$ 72,145</u>	<u>\$ 70,612</u>	<u>\$ 69,392</u>
0.0%	0.0%	0.0%	0.0%	0.0%

# CITY OF BELLFLOWER

## DIRECT AND OVERLAPPING DEBT Fiscal Year Ended June 30, 2007

2006-07 Assessed Valuation:	\$ 3,721,655,550
Redevelopment Incremental Valuation:	207,483,403
Adjusted Assessed Valuation:	\$ 3,514,172,147

<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	Total Debt 6/30/2007	% Applicable (1)	City's share of Debt 6/30/07
Los Angeles County	\$ 113,560,000	0.455 %	\$ 516,698
Metropolitan Water District	359,115,000	0.216	775,688
Cerritos Community College District	66,190,994	12.605	8,343,375
Compton Community College District	38,325,000	2.767	1,060,453
Downey Unified School District	88,085,256	3.962	3,489,938
Norwalk-La Mirada Unified School District	98,285,644	0.019	18,674
Paramount Unified School District	32,934,976	11.094	3,653,806
Los Angeles County Regional Park and Open Space Assessment District	304,235,000	0.433	1,317,338
<b>TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT</b>			<b>\$ 19,175,970</b>
 <u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>			
Los Angeles County General Fund Obligations	\$ 1,084,851,959	0.433 %	\$ 4,697,409
Los Angeles County Pension Obligations	546,849,147	0.433	2,367,857
Los Angeles County Superintendent of Schools Certificates of Participation	19,817,720	0.433	85,809
Los Angeles County Sanitation District No. 2 Authority	39,724,584	10.633	4,223,915
Los Angeles County Sanitation District No. 3 Authority	30,184,428	0.253	76,367
Los Angeles County Sanitation District No. 18 Authority	22,208,232	0.005	1,110
Bellflower Unified School District Certificates of Participation	12,955,000	68.185	8,833,367
Norwalk-La Mirada Unified School District Certificates of Participation	68,074,443	0.019	12,934
Paramount Unified School District Certificates of Participation	29,310,000	11.094	3,251,651
City of Bellflower Certificates of Participation	4,460,000	100.000	4,460,000
<b>TOTAL GROSS DIRCT AND OVERLAPPING GENERAL FUND DEBT</b>			<b>\$ 28,010,419</b>
 <b>COMBINED TOTAL DEBT</b>			 <b>\$ 47,186,389 (2)</b>

- (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 2006-07 Assessed Valuation:

Total Overlapping Tax and Assessment Debt..... 0.52%

Ratios to Adjusted Assessed Valuation:

Combined Direct Debt (\$4,460,000)..... 0.13%  
 Combined Total Debt..... 1.34%

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/07: \$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	
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
2000	672,925	20,000	196,658	3.11
1999	729,778	15,000	198,180	3.42
1998	443,795	15,000	199,485	2.07

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 Calendar Years

Calendar Year	Population <sup>1</sup>	Personal Income	Per Capita Personal Income <sup>2</sup>	Unemployment Rate <sup>3</sup>
2007	77,189	\$ n/a	\$ n/a	5.02%
2006	77,039	n/a	n/a	4.80%
2005	77,052	2,631,865,164	34,157	5.20%
2004	76,888	2,517,390,008	32,741	6.30%
2003	76,434	2,373,963,606	31,059	6.80%
2002	75,092	2,279,267,476	30,353	6.60%
2001	73,823	2,215,428,230	30,010	5.50%
2000	72,600	2,105,617,800	29,003	5.20%
1999	70,900	1,949,750,000	27,500	5.90%
1998	69,600	1,854,004,800	26,638	6.60%

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 except 2007, which is a preliminary estimate that is subject to change.

<sup>2</sup>Bureau of Economic Analysis; for the Los Angeles-Long Beach-Riverside area (City of Bellflower data not available)  
<http://www.bea.gov/bea/regional/reis/default.cfm?catable=CA1-3&section=2>  
 Per Capita Personal Income was unavailable for calendar year 2006 and 2007.

<sup>3</sup>California Employment Development Department Labormarketinfo  
<http://www.labormarketinfo.edd.ca.gov/cgi/dataanalysis/AreaSelection.asp?tableName=Labforce>  
 The unemployment rate is the annual rate for the City of Bellflower with the exception of the following:
 

- 2007 annual rate was unavailable, therefore, the average rate through October 2007 was used.
- 1998-1999 City of Bellflower rates were unavailable, therefore, the annual County of Los Angeles rates were used.

# CITY OF BELLFLOWER

## PRINCIPAL EMPLOYERS

Current Year and Six Years Ago

Employer	2006/2007		2000/2001	
	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>
Kaiser Permanente Medical Group	1,057	3.056%	896	2.701%
Bellflower Medical	540	1.561%	293	0.883%
City of Bellflower	280	0.809%	247	0.745%
Peter Wylan DDS	140	0.405%	183	0.552%
Ford West	130	0.376%	114	0.344%
Estrella, Inc.	123	0.356%	163	0.491%
K-Mart Corporation	122	0.353%	-	0.000%
Pacific Coast Washington, Inc.	110	0.318%	145	0.437%
Stater Bros. Market	102	0.295%	105	0.317%
Bell Tooren Villa Convalescent	95	0.275%	-	0.000%
Bellwood General Hospital	-	0.000%	293	0.883%
Harbor Health Care	-	0.000%	102	0.308%
	<u>2,699</u>	<u>7.802%</u>	<u>2,541</u>	<u>7.661%</u>

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

<sup>2</sup>California Employment Development Department Labormarketinfo

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

(The total employment figures used in the calculation above is based on the fiscal year average for the City of Bellflower)

Fiscal Year	Total Employment	Calendar Year	Total Employment
2006/2007	34,592	2006	34,600
2005/2006	34,225	2005	33,900
2004/2005	33,458	2004	33,100
2003/2004	32,883	2003	32,900
2002/2003	33,008	2002	33,000
2001/2002	33,033	2001	33,300
2000/2001	33,167	2000	32,800
1997 to 2000	City amounts were unavailable		

# 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									
	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
General government										
Full-time	21	21	20	18	18	16	14	14	11	9
Part-time	10	7	7	13	16	12	13	12	9	7
Total	31	28	27	31	34	28	27	26	20	16
Public safety										
Full-time	11	10	11	11	11	10	10	10	9	9
Part-time	8	11	11	9	10	12	15	20	18	11
Total	19	21	22	20	21	22	25	30	27	20
Public works										
Full-time	31	31	31	28	28	28	29	26	25	25
Part-time	14	11	13	17	15	8	7	9	17	19
Total	45	42	44	45	43	36	36	35	42	44
Community development										
Full-time	24	24	21	19	19	19	16	16	12	14
Part-time	5	4	3	9	10	4	8	5	10	1
Total	29	28	24	28	29	23	24	21	22	15
Parks and recreation										
Full-time	10	10	10	10	10	10	9	9	9	8
Part-time	146	118	114	105	105	121	126	117	98	88
Total	156	128	124	115	115	131	135	126	107	96
Full-time total	97	96	93	86	86	83	78	75	66	65
Part-time total	183	151	148	153	156	157	169	163	152	126
Grand Total	280	247	241	239	242	240	247	238	218	191

Source: City Finance Department

# CITY OF BELLFLOWER

## OPERATING INDICATORS BY FUNCTION Last Six Fiscal Years

	Fiscal Year Ended June 30					
	2007	2006	2005	2004	2003	2002
<b>Police:</b>						
Arrests <sup>1</sup>	-	2,214	2,133	2,084	2,151	1,885
Parking citations issued	24,941	28,318	29,870	33,028	27,242	21,191
<b>Public Works:</b>						
Street resurfacing (miles)	-	2.65	0.77	1.14	4.73	6.00
<b>Parks and Recreation:</b>						
Number of recreation classes	156	159	164	151	154	136
Number of facility rentals	264	282	286	291	271	263
Programs and Facilities Attendance	1,163,802	1,189,803	1,256,536	1,356,420	1,351,491	1,424,251
<b>Water Services:</b>						
Customer accounts	1,815	-	-	-	-	-
Annual Supply (acre feet)	818	-	-	-	-	-
Average Daily Consumption (thousands of gallons)	730	-	-	-	-	-

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

**Notes:**

- 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 only six years of data for this schedule.

Source: City of Bellflower

# CITY OF BELLFLOWER

## CAPITAL ASSET STATISTICS BY FUNCTION Last Two Fiscal Years

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

Source: City of Bellflower

CITY OF BELLFLOWER



*Families. Businesses. Futures.*

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"GROWING TOGETHER"

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**CITY OF BELLFLOWER**  
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