



*Comprehensive Annual
Financial Report*

City of Bellflower, California
Fiscal Year Ended June 30, 2012

**CITY OF BELLFLOWER
CALIFORNIA**
www.bellflower.org

**COMPREHENSIVE
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2012**

**PREPARED BY
FINANCE DEPARTMENT**

Tae G. Rhee
Director of Finance/City Treasurer

CITY OF BELLFLOWER
COMPREHENSIVE ANNUAL FINANCIAL REPORT
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CITY OF BELLFLOWER



Families. Businesses. Futures.

"GROWING TOGETHER"



December 28, 2012

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, 2012, 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. In addition to the fund-by-fund financial information, government-wide financial statements are also presented. The government-wide financial statements include a Statement of Net Assets that provides the total net equity of the City including infrastructure and the Statement of Activities that shows the cost of providing government services. These statements have been prepared using the accrual basis of accounting versus the modified accrual method used in the fund financial statements. A reconciliation report is provided as a key to understanding the changes between the two reporting methods. In addition, this latest reporting model includes an emphasis on the City's major funds as shown in the Governmental Fund Statements. These statements, combined with other information, are further analyzed in a narrative section called Management's Discussion and Analysis (MD&A). The MD&A provides financial highlights and interprets the financial reports by analyzing trends and explaining changes, fluctuations and variances in the financial data. Furthermore, the MD&A is intended to disclose any known significant events or decisions that affect the financial condition of the City.

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

THE CITY AND ITS SERVICES

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

Bellflower is located in Los Angeles County, 18 miles southeast of the City of Los Angeles, 100 miles north of San Diego, and 450 miles south of San Francisco. The City is 6.1 square miles in size and currently houses approximately 76,907 residents. Served by numerous freeways including Route 91, 105, 405, 605, and 710, residents of "The Friendly City" have easy access to major attractions all over Southern California. Bellflower is less than 20 miles from the downtown Los Angeles area, the Long Beach port, and Santa Ana.

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

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

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

Bellflower's Parks and Recreation program boasts several outstanding facilities for residents to enjoy. John S. Simms Park features a large banquet facility, and T. Mayne Thompson Park houses a community center, indoor and outdoor pools, and a weight room. Ruth R. Caruthers Park features several baseball diamonds, a skate park, and the Carpenter House Museum. Built in 1981, the William and Jane Bristol Civic Auditorium seats 356 guests and hosts numerous community events, fine arts productions, and City functions. The Bellflower Bike Trail consists of 2.4 miles of bike and pedestrian path that is a part of the Los Angeles Regional Bikeway network connecting to the San Gabriel River bikeway path. Riverview Park, adjacent to the west side on the San Gabriel River, provides 16.2 acres of green space featuring a bike trail, tranquil walking path, two informational kiosks, a California native plant demonstration garden, and all drought tolerant and native plants.

Bellflower is serviced by Norwalk Transit, 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 Public Facilities Corporation, Bellflower Financing Authority, and Successor Agency to the Bellflower Redevelopment Agency. The financial operations of the City, Public Facilities Corporation, Financing Authority, and Successor Agency are closely related. The City Council also serves as the Board of Directors of the Financing Authority. The Financing Authority was organized primarily for the purpose of providing financing of public capital improvements. Five separate, independent members serve as the Board of Directors of the Public Facilities Corporation, which was organized primarily for the purpose of providing financial assistance to the City to construct a civic center and auditorium complex and to make certain park improvements. The State eliminated redevelopment agencies with Assembly Bill X1 26 (AB X1 26) and a Successor Agency, with an independent seven-member Oversight Board, has been established to wind down the affairs of the Bellflower Redevelopment Agency.

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

MAJOR ACCOMPLISHMENTS FOR THE YEAR

Capital and Community Development Projects

- Bike Trail Landscaping. The City's new 2.4 mile Bike Trail and pedestrian path sits on a 100 foot wide former railroad right of way. The only aesthetic improvement in the initial construction project was to cover the grounds with wood chips. The City has had approval from the ROW owner to install irrigation and add trees and shrubs to the outside edges of the right of way. In fiscal year 2010-11, a contract for the landscaping of the trail was awarded. The contractor filed for Chapter 7 bankruptcy in December 2010 before beginning work. The City reached an agreement with the bonding company and construction of the landscaping was kicked off with the new contractor in June 2011. In fiscal year 2011-12, construction of approximately 5 linear miles of landscaping was completed. Nearly 10,000 shrubs and over 500 trees were planted.
- Fire Museum and Event Center. Continued to work with and support the County of Los Angeles Fire Museum Association (CLAFMA) on their efforts to raise funds to enable the construction of a permanent Fire Museum and Event Center. Prepared to include Verizon property at the southeast corner of Oak Street and Adenmoor Avenue for an additional public parking lot that is necessary for the Fire Museum and Event Center project.
- Bellflower Village. Continued efforts to develop the Bellflower Village as a destination-oriented district within downtown Bellflower, pursuant to the provisions of the Bellflower Village Overlay Zone. This is a multi-faceted project involving the improvement of a portion of Walnut Avenue, immediately east of the Bellflower Boulevard intersection with public parking lot, and a public plaza with decorative fountain, improvements to the alley and other pedestrian amenities adjacent to the Cafe Camellia project. The public parking lot was completed in November 2011.
- Bellflower Village Overlay Zone – North. Adopted an overlay zone on the portion of the downtown (and Town Center District) from the Bikeway (MTA ROW) on the north to Flower St. on the south. The overlay zone adds new development opportunities for mixed use and transit oriented development, as well as providing development incentives for the recycling of existing aging commercial properties.
- Café Camellia Project. Approved construction drawings for this project, which entails redevelopment of the northeast corner of Bellflower Boulevard and Walnut Street to expand the existing Café Camellia restaurant and add new retail and office space, new pedestrian plaza and walkways and other amenities.
- Walnut Street Public Parking. Completed construction of a new public parking lot, landscaping and street crossing.
- Completed installation of left turn pockets to improve traffic safety at the intersection of Clark Avenue and Flower Street.
- Replaced deteriorated decorative pergola at Simms Park Community Center, and non-functional climate control system in Aquatic Center natatorium.
- Completed rehabilitation by re-lining of 22 segments of sanitary sewer. One additional sewer re-lining project remains to be complete after which all sewer repair, will be the responsibility of the Los Angeles County Consolidated Sewer Maintenance District.
- Neighborhood Planning Award. The City of Bellflower was awarded the Neighborhood Planning Award for the Downtown Revitalization Vision Strategy. The strategy set the vision for the

Bellflower and Belmont project (under construction), Library Gardens park (completed), Café Camellia project (in plan check), Pirate Park (completed), Laurel Street improvements (completed), Historic Pacific Electric Train Depot restoration (completed) and Town Center Plaza project (completed).

- Southeast Corner of Oak Street and Bellflower Boulevard. Continued efforts to redevelop the approximate 15,000 square feet of Successor Agency-owned property into a viable commercial project.
- Bellflower and Belmont. Issued building permits for a three-story tall, dynamic mixed use building spanning 26,179 square feet (“Belmont Court”). This project includes 30 two-story condominium townhomes over ground floor commercial and 60-space parking lot. Also includes an attractive 1,400 square foot public plaza, interior courtyard and pedestrian breezeway linking public parking and Bellflower Boulevard.
- North Downtown Mixed Use District. Worked with Willdan to create an overlay zone for the portion of Bellflower Boulevard and Alondra Avenue, north of the Downtown district to create a viable mixed use/transit oriented development district to compliment and expand the downtown district. Obtained a compass blueprint grant from the Southern California Association of Governments to fund this endeavor.
- Old Greek Market. Continued to seek development opportunities to rehabilitate the existing building to upgrade the exterior façade and create pedestrian access to Bellflower Blvd and to the rear parking lot.
- Old “Sewing Machine” property. Continued to seek opportunities for the use of this property in the overall redevelopment of the downtown district.
- The Design for Development zoning for properties adjacent to the intersection of Bellflower Blvd and Artesia Blvd has been approved. Continued to support development interest for the redevelopment of those properties.

Municipal Water System

- Completed construction of a High Capacity Well to serve the needs of our MWS customers as well as the community at-large. Well drilling was completed in fiscal year 2010-11. Well equipping was completed in FY 2011-12. The well’s capacity is greater than originally estimated. For that reason, the well equipment was re-designed to accommodate a larger above-ground pump and placed in an attractive pump house that also protects the equipment and muffles the operating sound. The well was tested, permitted, dedicated and placed in service.
- Continued the aggressive public outreach program using the Municipal Water System page on the City’s website (www.bellflower.org/water) to promote water conservation, provide general information about the State-wide drought, and provide general information about water rates and rules, assistance programs, water quality, and other information.
- Leased all of the City’s excess pumping rights for water year 2012-13 (the water year corresponds to the City fiscal year),
- Entered a well operating and water sales agreement for fiscal year 2012-13 with Bellflower-Somerset Mutual Water Company.

Other Accomplishments

- The City again is on pace to have the lowest annual part 1 crime rate in more than 40 years. The current overall rate is 62% less than it was in 1993 (Bellflower's community policing program began in 1994).
- Despite severe multi-year budget cuts, the City was able to maintain the same range of enforcement services in its community policing program: patrol, special assignment deputies, investigations, motorcycle units, probation, district attorney, community services officers, Section 8 inspector, and animal control.
- Aggressive enforcement of persons driving under the influence of alcohol/drugs led to 90% more arrests being made by patrol personnel.
- The City's robust traffic enforcement program throughout the year achieved an Enforcement Index that averaged approximately 69% higher than the standard set by the State of California (i.e. ratio of hazardous citations to fatal/injury collisions).
- Performed over 110 inspections of Section 8 Housing Units that were suspected or reported to be in violation of program requirements. This additional layer of accountability helped to ensure that residents living within the City's 0784 Section 8 properties were supporting neighborhood standards for public safety.
- Even with a reduction in staff, the Public Safety Department took on the often adversarial function of releasing towed vehicles to registered owners and handling a significant portion of the appeal and payment process for approximately 27,000 parking citations annually.
- Installed updated aerial photograph in City's Geographic Information System to be six years more current.
- Advertised for competitive proposals for fleet maintenance and entered agreement with a new vendor, First Vehicle.
- Facilitated City's first permit for a major studio feature film, Gangster Squad, to be released in March, 2013.
- Implemented/assisted with special events including the boulevard car show, Easter Egg Hunt, Halloween Trick or Treat Event, Prayer Breakfast, Service Club Luncheon, Christmas Tree Lighting ceremony, Children's Holiday Party, BRAVO, State of the City Luncheon, & Outgoing Mayor's Ceremony.
- Partnered with local service clubs, churches and residents for the School Supplies/Backpack Drive and Holiday Food Basket & Spring Easter Basket Programs.
- Completed seven (7) Bellflower Looking Better beautification projects throughout the City.
- Supervised and coordinated 11,000 hours of volunteer service through the Bellflower Volunteer Center.
- Designed and distributed 25,000 recreation activity brochures to households three times a year.
- Continued to effectively utilize social media marketing (Twitter/Facebook) for Parks & Recreation promotion.

- Provided 11,570 hours of supervised park facilities to the community
- The City of Bellflower has had continued growth during the past year on the popular social media sites Facebook and Twitter. The Bellflower pages are updated daily and have received positive attention from other cities and organizations for our innovation and effective use of the sites as a way to announce City information in a free and easy to use manner. Community members are encouraged to become “friends” of Bellflower.
- The updated E-Bulletin service has grown tremendously since it was launched last year. The E-Bulletin email service allows the City to provide instant email messages and announcements to subscribers on important City news and information. This instant messaging service currently is sent to 700 subscribers and is free to all that subscribe and there is no cost to the City of Bellflower for this service.
- The E-Citizen monthly newsletter has continued to be a successful tool in providing city information to all Bellflower residents, businesses and visitors that sign up for the service. There is no printing cost associated with the E-version newsletter thus saving the City over \$120,000 per year in printing and mailing costs.
- The City’s website has continued to feature up-to-date information on all city related services and programs. Scrolling banners on the top and side of the site page make for effective advertising space. These banners highlight City events and important information such as Going Green “Recycling” ideas, voting, special events, etc. The entire website however is becoming very dated with technology moving at high speed and we will need to upgrade the sight in the future to keep up with current technology.
- Coordinated and planned several special events during the past year including: the 18th Annual BRAVO public safety awards ceremony and luncheon which featured keynote speaker Edward James Olmos and host NBC Orange County Bureau Chief Vikki Vargas, the State of City luncheon and program in which three groups were featured that made a significant investment in Bellflower, Outgoing Mayor event and grand opening of the City’s largest outdoor recreational space – Riverview Park.
- Coordinated the annual City sponsored Blood Drive with the American Red Cross, a retirement reception for former Council Member Randy Bomgaars, publicity for fall election, media liaison and assisted coordinating the annual Relay for Life Cancer Run, all promotion related to the annual Tree Lighting event, assisted many local community and church groups in promoting such events as: the Car Show on Bellflower Boulevard, Easter Egg Hunt, Food and Holiday Basket Drives and the ARC Walk.
- Developed over 40 press releases for the media with related City information, arranged over 300 positive stories about Bellflower in the local media, created over 100 public service announcements, numerous online releases, a new lobby slide show monthly, monthly billboard marketing campaigns and overall positive public relations for the City and Council members.
- Produced over 100 certificates honoring many local citizens and businesses in Bellflower.
- Updated the City’s computer network system including the replacement of 91 computers and laptops.

- Maintained accurate financial records for the successful completion of financial and compliance audits including the City, Public Facilities Corporations, Financing Authority, Successor Agency, and Federal grants.
- Received the financial reporting excellence award from the Government Finance Officers Association (GFOA) for the Comprehensive Annual Financial Report (CAFR).

ECONOMIC CONDITION

The City's revenues have declined significantly since the recession. When compared to the pre-recession fiscal year 2006-07, the General Fund alone has suffered a loss of \$2.7 million, or 10%, in recurring revenues in fiscal year 2011-12. Costs, on the other hand, have increased and the loss of purchasing power during the same time period for the General Fund is approximately \$2.3 million, or 8.6%, for the combined loss of \$5.0 million, or 18.6%, which would be the total amount needed for the full restoration of services to the pre-recession year. While the economy has shown signs of recovery, the City's revenues have yet to recover. For budgeting and fiscal management, the City continues its conservative and cautious outlook.

The State has continued to unilaterally take local governments' revenues to address its budget crisis and meet other financial obligations. In June 2011, the Governor signed into law AB X1 26 to eliminate all redevelopment agencies. With the California Supreme Court's affirmation, all redevelopment agencies were eliminated as of February 1, 2012, causing an annual revenue loss of over \$3 million for the City that would have otherwise been available to help eliminate blight and revitalize the community. The State has also permanently taken one of the City's General Fund revenue streams – vehicle license fees (loss of approximately \$271 thousand annually). The constitutionality of this State revenue shift is currently being litigated. At the Federal level, the Community Development Block Grant (CDBG) and HOME program funding cuts total \$550 thousand annually beginning in fiscal year 2012-13.

In response to the significant revenue decreases caused by the recession and State revenue shifts, the Council promptly took action during the fiscal year 2008-09 to make approximately \$4 million in broad budget cuts which included various community events, programs, services and capital projects including part-time layoffs, 10% furlough, freezing vacant positions, and offering early retirement incentives. In June 2009 and 2011, the City Council adopted substantially balanced biennial Operating Budgets with continued, significant cuts to services, programs, capital projects and staffing including part-time layoffs (over 80 positions), frozen/eliminated full-time positions (14 total), and the furlough. The effective labor force reduction was more than one third. In June 2012, the Council took action to eliminate the furlough effective June 30, 2012.

As a remedy, the Council unanimously approved the City's second attempt to place a temporary 5-year, 2% utility users tax (Measure P) for the November 2012 election. The Measure P passed with a high approval rate of 62% providing much needed revenue of approximately \$1.6 million annually to the General Fund. The new 2% UUT is effective April 1, 2013.

Based on these important actions of the Council, it is clearly evident that its intent and will is to act quickly and responsibly to ensure the continued financial stability and solvency of the City. It is also notable that the staff has continually exercised fiscal prudence and due diligence to properly execute the will of the Council.

On another positive note, in the case of City of Alhambra vs. County of Los Angeles, Case No. S185457, the California Supreme Court ruled on November 19, 2012 that the County of Los Angeles has been overcharging its property tax administration fees to cities relating to the Vehicle License Fee (VLF) swap and "Triple Flip". Soon thereafter, the County of Los Angeles filed a

Petition for Rehearing, and the cities filed an Answer to the Petition. While the Supreme Court may not decide on the petition until February 2013, a potential gain to Bellflower is approximately \$100 thousand annually and a retroactive refund of \$500 to \$600 thousand plus 7% interest. The parties must either settle or resolve their disagreement relative to the statute of limitations.

MAJOR INITIATIVES FOR THE FUTURE

Capital and Community Development Projects

- Update the Downtown Revitalization Vision Strategy.
- Bellflower Boulevard and Oak Street. Redevelop the approximate 15,000 square feet of Successor Agency-owned property into a viable commercial project.
- Northwest Corner of Bellflower Boulevard and Mayne Street. Revitalize the old “Greek Market” site with a viable use or uses for the property.
- Fire Museum and Event Center. Continue to work with, and support the efforts of, the County of Los Angeles Fire Museum Association (CLAFMA) to establish a permanent Fire Museum and Event Center in downtown Bellflower. Assist in the acquisition of property that is needed to secure the museum’s location.
- Downtown Transit Center. Continue to work on securing funding to acquire and construct a Transit Center north of the downtown that will also provide for parking that will benefit downtown Bellflower, and provide a shuttle connection to the Metro Green Line light rail station at Lakewood Boulevard at the I-105 freeway.
- Bellflower Village. Issue building permits for revitalized “Café Camellia” project and begin construction.
- West Artesia Boulevard Commercial Highway Specific Plan. Seek opportunities for viable commercial development within the West Artesia Boulevard Commercial Highway Specific Plan, located along Artesia Boulevard, between Lakewood Boulevard and Downey Avenue.
- Lakewood Boulevard. Seek opportunities for viable commercial development and revitalization opportunities along the Lakewood Boulevard commercial corridor.
- Bellflower Boulevard and Artesia Boulevard. Seek opportunities to revitalize properties located adjacent to this intersection, with emphasis on assembling property and redeveloping them into viable commercial/retail development.
- Corte Bella Mixed Use. Complete a Specific Plan Amendment to allow for a mixed use on the southeast corner of Artesia Blvd. and Carpintero Avenue. The project would involve a three-story tall, dynamic mixed use building including 30 two-story condominium townhomes over a parking lot. Also includes an attractive public plaza and the recycling of existing commercial into a new commercial strip center.
- Continue to work on establishing a Multi-Family Improvement District for the Eucalyptus Avenue neighborhood and establish a property owner’s association.
- Complete construction of Riverview Park, 16-acres of open space adjacent to the San Gabriel River including 12 acres to be constructed on property belonging to Southern California Edison.

- Complete construction of Palm Park, 3 acres of neighborhood scale open space on property belonging to Caltrans.
- Complete construction of 6,000 linear feet of new sidewalk in the neighborhood north of Rosecrans Avenue and west of Clark Avenue.
- Rehabilitate at least 1 mile of arterial street pavement.

Municipal Water System

- Establish the Water Commission to advise the City Council.
- Maximize value of the new High Capacity Well to City and its customers by effective maintenance and operations and by sale of excess pumping capacity to others.
- Maintain compliance with all applicable regulations.
- Complete second interconnect for System #1 at Dunbar to improve water pressure and to provide redundancy in case of failed connection.
- Continue seeking grant funding for water system improvements.

Other Initiatives

- Continue to maintain safe and attractive City facilities with minimal staffing.
- Plan for compliance with newly issued National Pollution Discharge Elimination System (NPDES) permit for Los Angeles County.
- Update the City's GIS system to include business license data.
- Inventory all traffic control and traffic information signs and enter into electronic database
- Reduce the number of residential burglaries by 5% from the 2010 total of 282.
- Maintain the current number of vehicle burglaries at the 2010 level of 366.
- Maintain the current number of robberies at the 2010 total of 172.
- Achieve 50 graffiti vandalism arrests each year.
- Maintain the overall Part 1 crime rate at the 2010 rate of 280.
- Continue to conduct relevant enforcement operations, including: gang sweeps, narcotics surveillances, bait car, prostitution stings, robbery suppression, parole searches etc. in order to reduce criminal activity.
- Maintain an enforcement index of 30.0 or more.
- Achieve 100 DUI arrests each year.

- Make contact with at least 60% of the probationers and 100% of the registered sex offender probationers in the city during the course of a year. Contacts may include residential searches, field contacts and arrests.
- Continue to find ways of connecting the City's Community Policing Program with interested residents. Some methods include: Neighborhood Watch participation, informational presentations to community groups, maintaining an informative and interactive departmental Website, National Night Out participation, being responsive to neighborhood complaints(e.g. traffic, crime) and following up on delivery of service.
- 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 31.0 minutes.
- Maintain core public safety services during a very difficult financial economy, while continually seeking new and creative funding sources to supplement existing funding.
- Continue partnerships with public and private agencies for the expansion and continuation of the School Supplies/Backpack Drive and Holiday Food Basket and Spring Easter Basket programs.
- Implement/assist with special events including the boulevard car show, Prayer Breakfast, Service Club Luncheon, Christmas Tree Lighting ceremony, Children's Holiday Party, BRAVO, State of the City Luncheon, Election, Oath of Office Ceremony and Outgoing Mayor's Ceremony.
- Continue to provide seven Bellflower Looking Better beautification projects throughout the year.
- Continue to design and distribute recreation activities brochure to households three times a year.
- Continue to foster human development by providing programs and activities for our special needs population.
- Promote health and wellness through daily programming at parks and the aquatic center, and through promoting access to newly developed parks and open spaces.
- Continue facility user surveys to ascertain input from the public on our efforts and any improvement that may be needed.
- Proactively address future trends of the community and within the Parks & Recreation profession so as to meet the needs of a rapidly changing society.
- Continue to develop a systemized and streamlined approach for surveying participants in recreation programs to evaluate the programming and the needs to the community.
- Develop a plan for Parks and Recreation to integrate program registration and facility management software with Internet registration capabilities.
- Continue utilizing and developing innovative uses of our social network platforms to promote and grow Parks & Recreation programming.

- Streamline recruitment process for contracted recreation class instructors, increasing recreation and life-long learning opportunities in the community.
- Remodel and upgrade the entire video room equipment and Council Chamber sound system and televisions using PEG money to pay for the much needed project. This project is anticipated for spring 2013.
- Continue to promote the City Council and the City of Bellflower programs and services in a positive manner in all print, electronic and social media outlets.
- A complete upgrade and remodel of the City's website to coordinate with current technology and create a new, fresh look.
- Create a Bellflower app for Smart Phones.
- Sign up at least 5,000 people to the E-Bulletin, email service by end of 2013.
- Continue to produce high-quality special events within budget to highlight various City programs.
- Support all City staff and Council Members with professional and positive public affairs programs and assistance. Continue emergency preparedness and crisis public relations training for Public Affairs staff.
- Continue maintaining accurate financial records for the successful completion of financial and compliance audits including the City, Public Facilities Corporation, Financing Authority Successor Agency, and Federal grants.
- Continue preparing the Biennial Operating Budget for timely adoption by the Council.
- Update the Comprehensive User Fee Schedule to better reflect and recover actual costs to provide special services requested by individuals and business operators.
- Continue updating the City's computer network system for operational efficiency and effectiveness.
- Continue publishing the Comprehensive Annual Financial Report (CAFR) to receive the financial reporting excellence award from the Government Finance Officers Association (GFOA).

OTHER INFORMATION

Internal Control. City management is responsible for establishing and maintaining an internal control structure designed to ensure that City assets are protected from loss, theft, or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants (AICPA). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of controls should not exceed the benefits likely to be derived, and the valuation of costs and benefits requires estimates and judgments by management.

Budgeting Controls. The City maintains budgetary controls to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council. Activities of

general, special revenue, debt services and capital projects funds are included in the annual appropriated budget. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established at the individual fund level. The City also maintains an encumbrance accounting system as a technique of accomplishing budgetary control. As demonstrated by the statements and schedules included in the financial section of this report, the City continues to meet its responsibility for sound financial management.

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, 2012. The auditors' unqualified (clean) opinion on the basic financial statements and accompanying footnotes is included in the Financial Section of this report (CAFR). The auditors have also issued or are expected to issue an unqualified opinion on the following financial reports: Public Facilities Corporation, Financing Authority, and Single Audit Report (Federal funds).

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, 2011. 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 eighteen (18) 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, 2012.

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, 2011

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.



Linda C. Davison

President

Jeffrey R. Emer

Executive Director

MISSION STATEMENT

The Mission of the City of Bellflower is:

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

DIRECTORY OF CITY OFFICIALS

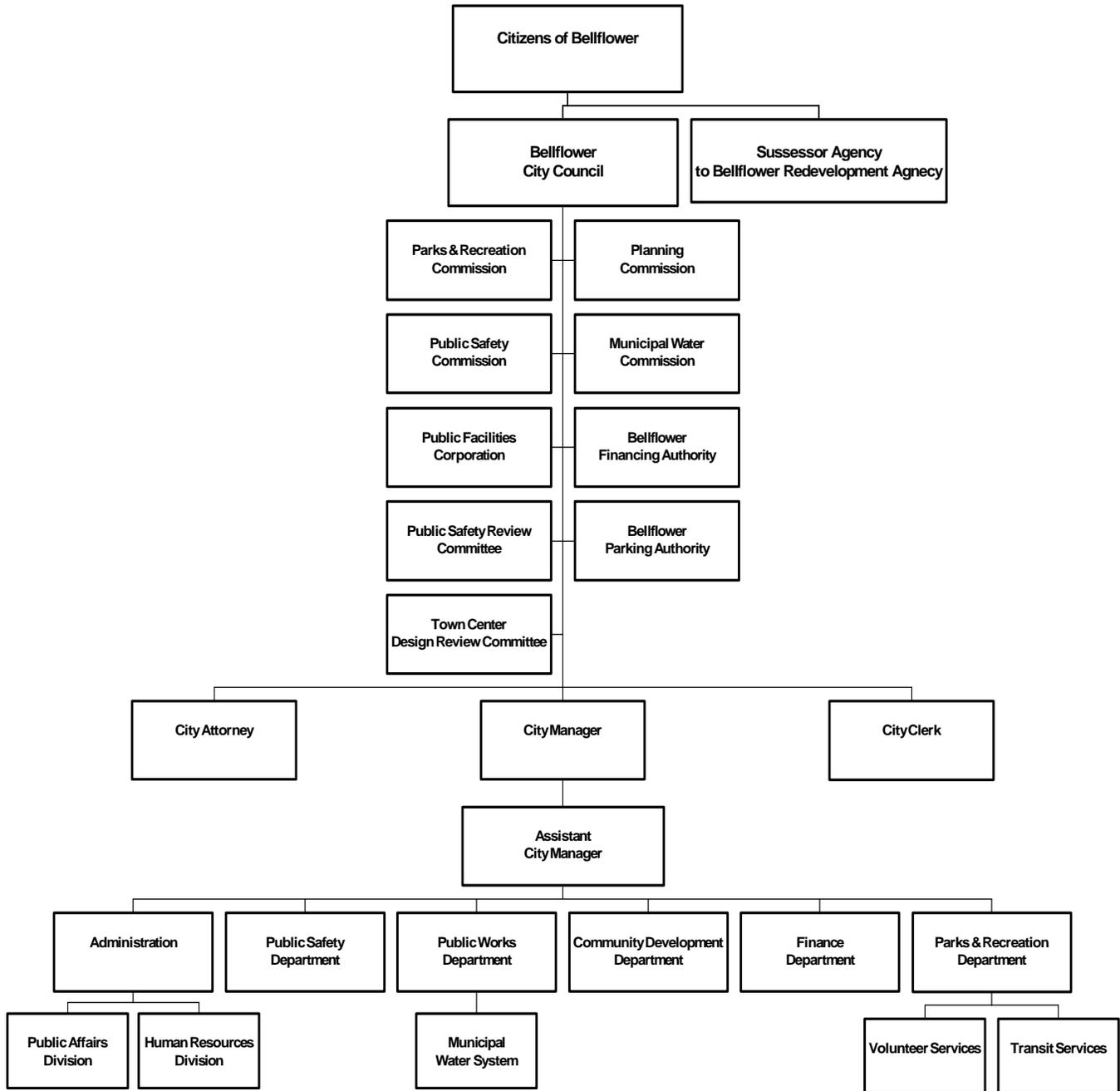
CITY COUNCIL

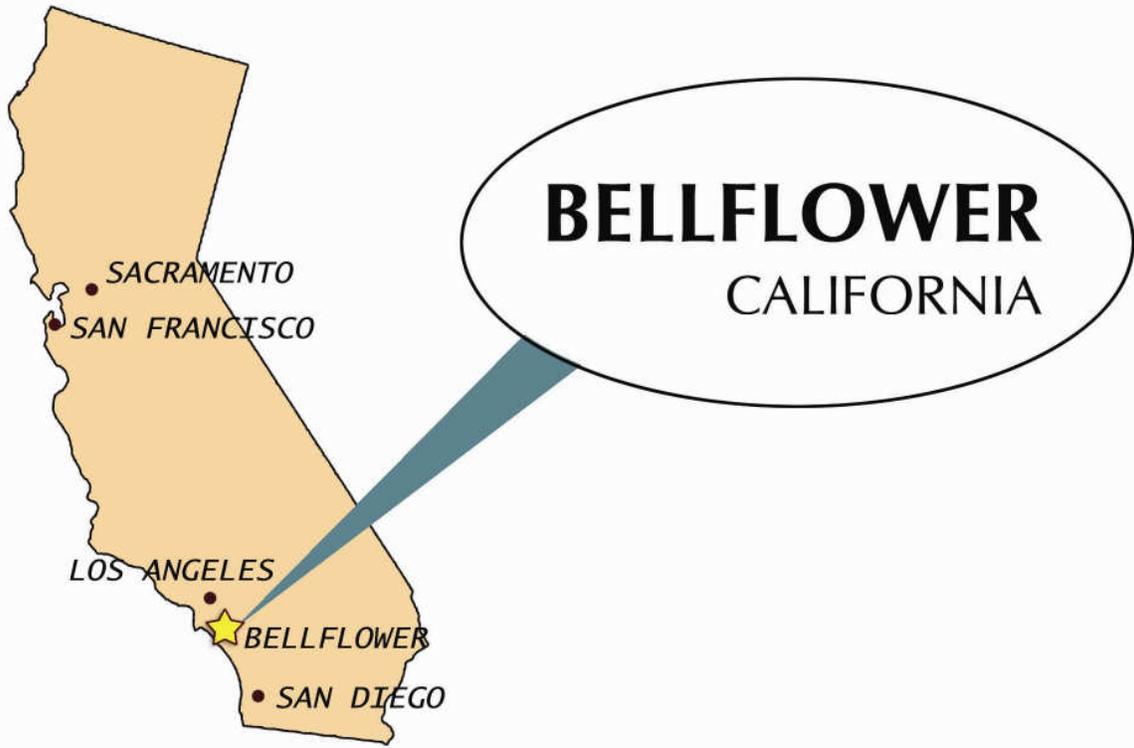
Dan Koops, Mayor
Raymond Dunton, Mayor Pro Tem
Scott A. Larsen, Council Member
Sonny Santa Ines, Council Member
One Member Position Vacant

PRINCIPAL ADMINISTRATIVE OFFICERS

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

City of Bellflower Organization Chart







MOSS, LEVY & HARTZHEIM LLP

CERTIFIED PUBLIC ACCOUNTANTS

PARTNERS

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

COMMERCIAL ACCOUNTING & TAX SERVICES

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Independent Auditor's Report

Honorable City Council
of the City of Bellflower
Bellflower, California

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Bellflower, California (City) as of and for the fiscal year ended June 30, 2012, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Bellflower, California, as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable, and the respective budgetary comparison for the General Fund for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

The City adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions* (an amendment of GASB Statement No. 53), effective July 1, 2011.

OFFICES: BEVERLY HILLS · CULVER CITY · SANTA MARIA

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2012, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 19, the schedule of revenues, expenditures, and changes in fund balance - Budget and Actual – General Fund and Low and Moderate Income Housing Asset Special Revenue Fund on pages 78 through 81, and the Postemployment Retiree Benefits Funding Progress on page 77 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements as a whole. The major debt service fund budgetary schedule, combining and individual nonmajor fund financial statements and schedules, introductory section, and the statistical section are presented for purposes of additional analysis and are not required parts of the basic financial statements. The major debt service fund budgetary schedules and the combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The information included in the "Introductory Section" and the "Statistical Section" has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Moss, Levy & Hartzheim

Moss, Levy & Hartzheim LLP
Culver City, California
December 17, 2012

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, 2012. Readers are encouraged to consider the information presented here in conjunction with additional information that is furnished in the letter of transmittal and financial statements.

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

Note: Throughout this MD&A, dollar amounts may be expressed in multiples of one thousand or one million dollars using standard rounding conventions. In addition, percentages may be rounded to the nearest tenth or the whole number, creating differences between the details and total.

Financial Highlights

During the fiscal year ended June 30, 2012, the City continued with its budget cuts since inception of the recession to maintain the financial stability despite substantial revenue declines.

Government-wide:

- At June 30, 2012, the City's total assets were \$103.8 million and total liabilities were \$22.4 million. The assets exceeded liabilities by \$81.4 million (net assets). Of this amount, \$12.5 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, 2012, net assets increased \$11.0 million. Total revenues from programs and general revenues were \$40.8 million and total expenses for all functions and programs were \$31.8 million.
- Of total revenues of \$40.8 million, program revenues were \$13.3 million and general revenues were \$27.5 million. Program revenues are divided into three categories: Charges for services, \$4.5 million; Operating contributions and grants, \$7.0 million; and Capital contributions and grants, \$1.9 million.

Fund Based:

- At June 30, 2012, the General Fund balance was \$27.0 million, an increase of \$396 thousand from the prior year restated fund balance of \$26.6 million. The nonspendable fund balance was \$12.7 million (long-term advances receivable from the Successor Agency to Bellflower Redevelopment Agency and the City's Municipal Water System) and the unassigned fund balance was \$14.4 million, of which \$8 million was a contingency reserve set aside for cash flows and emergencies. There was a prior period adjustment of \$1.5 million related to the write down of the principal amount receivable from the Successor Agency pursuant to Assembly Bill 1484 (AB 1484). AB 1484 stipulates that to validate the General Fund loan receivable from the Successor Agency, which was held invalid under AB X1 26, the City must redetermine the outstanding loan

balance using the State of California Local Agency Investment Fund (LAIF) rates since inception and meet certain other conditions and requirements.

- ❑ The actual General Fund revenues and transfers in were \$24.2 million, a decrease of \$625 thousand from the prior year actual of \$24.8 million. The final budget was \$23.8 million.
- ❑ The actual General Fund expenditures and transfers out were \$23.8 million, a decrease of \$392 thousand from the prior year actual of \$24.2 million. The final budget was \$24.8 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	
	2012	2011	2012	2011	2012	2011
Current and other assets	\$ 59.3	\$ 46.8	\$ (8.8)	\$ (7.7)	\$ 50.5	\$ 39.1
Capital assets	44.2	54.7	9.1	7.5	53.3	62.2
Total assets	<u>103.5</u>	<u>101.5</u>	<u>0.2</u>	<u>(0.1)</u>	<u>103.8</u>	<u>101.3</u>
Current and other liabilities	5.8	6.3	0.4	0.2	6.2	6.5
Long-term debt	16.2	24.2	-	-	16.2	24.2
Total liabilities	<u>22.0</u>	<u>30.5</u>	<u>0.4</u>	<u>0.2</u>	<u>22.4</u>	<u>30.8</u>
Net Assets:						
Invested in capital assets, net of related debt	35.9	39.0	9.1	7.5	45.0	46.5
Restricted	23.9	16.5	-	-	23.9	16.5
Unrestricted	<u>21.7</u>	<u>15.4</u>	<u>(9.2)</u>	<u>(7.9)</u>	<u>12.5</u>	<u>7.5</u>
Total net assets	<u>\$ 81.5</u>	<u>\$ 70.9</u>	<u>\$ (0.1)</u>	<u>\$ (0.4)</u>	<u>\$ 81.4</u>	<u>\$ 70.5</u>

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

The City's Government-wide total net assets were \$81.4 million, with assets of \$103.8 million and liabilities of \$22.4 million. The net investment in capital assets of \$45.0 million represents 55% of the City's total net assets. Investment in capital assets (e.g., infrastructure, land, buildings, machinery and equipment, water rights, etc.) 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, \$23.9 million, or 29%, represents resources that are subject to external restrictions in how they may be used. The remaining balance of \$12.5 million, or 15%, 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

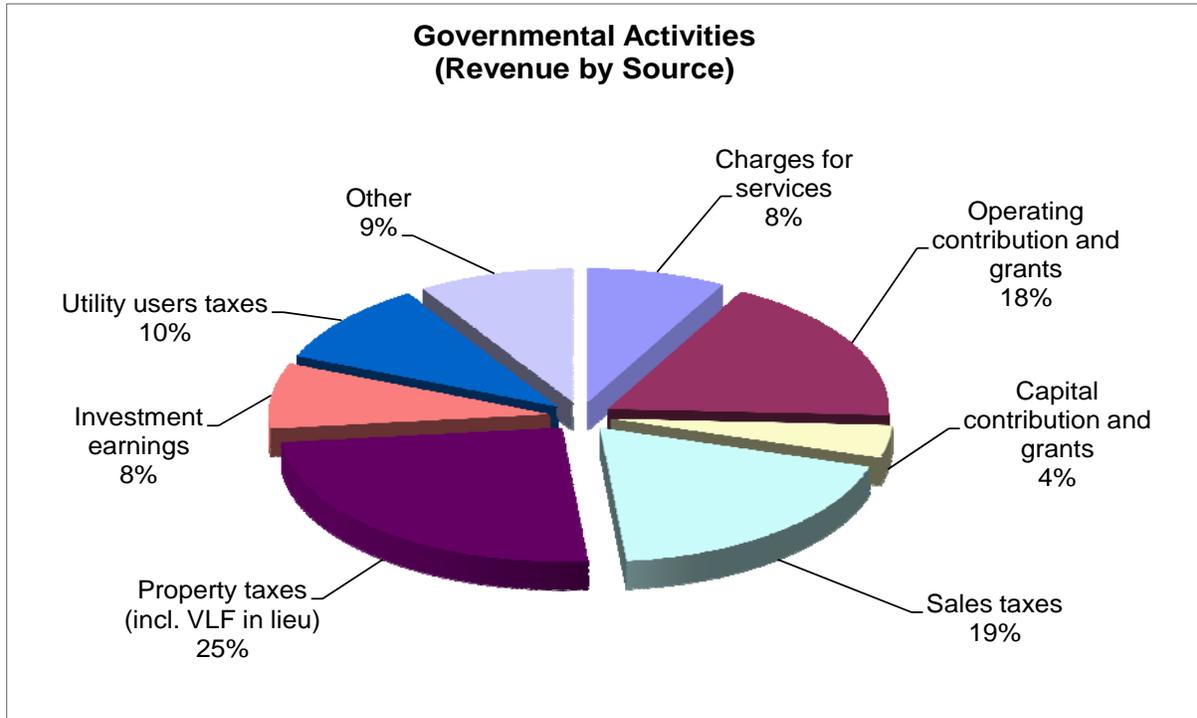
	Changes in Net Assets (in millions)					
	Governmental Activities		Business-Type Activities		Government-Wide Totals	
	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
Revenues						
Program Revenues:						
Charges for services	\$ 3.0	\$ 3.2	\$ 1.5	\$ 1.5	\$ 4.5	\$ 4.7
Operating contributions and grants *	7.0	4.8	-	-	7.0	4.8
Capital contributions and grants *	1.4	1.3	0.4	0.4	1.9	1.7
Subtotal Program Revenues	<u>11.4</u>	<u>9.3</u>	<u>1.9</u>	<u>1.8</u>	<u>13.3</u>	<u>11.1</u>
General Revenues:						
Sales taxes *	7.6	6.9	-	-	7.6	6.9
Property taxes	3.4	4.6	-	-	3.4	4.6
Property taxes in lieu of VLF	6.3	6.1	-	-	6.3	6.1
Franchise taxes	1.6	1.4	-	-	1.6	1.4
Utility users taxes	3.7	3.9	-	-	3.7	3.9
Transient occupancy taxes	0.5	0.4	-	-	0.5	0.4
Business license taxes	0.6	0.6	-	-	0.6	0.6
Property transfer taxes	0.1	0.1	-	-	0.1	0.1
Motor vehicle in lieu	-	0.4	-	-	-	0.4
Earnings on investments	3.0	2.9	-	-	3.0	2.9
Miscellaneous	0.7	0.7	-	-	0.8	0.7
Subtotal General Revenues	<u>27.5</u>	<u>28.1</u>	<u>-</u>	<u>-</u>	<u>27.5</u>	<u>28.1</u>
Total Revenues	<u>38.9</u>	<u>37.4</u>	<u>1.9</u>	<u>1.8</u>	<u>40.8</u>	<u>39.3</u>
Expenses:						
Governmental Activities:						
General government	3.4	3.7	-	-	3.4	3.7
Public safety	9.8	10.3	-	-	9.8	10.3
Public works	8.3	8.2	-	-	8.3	8.2
Community development	4.7	4.9	-	-	4.7	4.9
Parks and recreation	2.0	1.9	-	-	2.0	1.9
Interest on long-term debt	2.3	3.6	-	-	2.3	3.6
Business-Type Activities:						
Water	-	-	1.3	1.3	1.3	1.3
Interest on long-term debt	-	-	-	-	-	-
Total Expenses	<u>30.4</u>	<u>32.7</u>	<u>1.3</u>	<u>1.3</u>	<u>31.8</u>	<u>33.9</u>
Excess (deficiency) before transfers and extraordinary items	8.5	4.7	0.6	0.5	9.1	5.3
Transfers	0.4	0.4	(0.4)	(0.4)	-	-
Extraordinary gain on transfer of assets and liabilities to RDA successor trust funds	1.9	-	-	-	1.9	-
Change in Net Assets	<u>10.7</u>	<u>5.1</u>	<u>0.2</u>	<u>0.2</u>	<u>11.0</u>	<u>5.3</u>
Net Assets - Beginning of Fiscal Year	70.9	65.8	(0.4)	(0.6)	70.5	65.2
Prior Period Adjustment	(0.1)	-	-	-	(0.1)	-
Net Assets - Beginning of Fiscal Year, Restated	<u>70.8</u>	<u>65.8</u>	<u>(0.4)</u>	<u>(0.6)</u>	<u>70.4</u>	<u>65.2</u>
Net Assets - End of Fiscal Year	<u>\$ 81.5</u>	<u>\$ 70.9</u>	<u>\$ (0.1)</u>	<u>\$ (0.4)</u>	<u>\$ 81.4</u>	<u>\$ 70.5</u>

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

* Amount restated for governmental activities for fiscal year 2010-11.

Revenues for the City's governmental and business-type activities were \$40.8 million, an increase of 4%, from \$39.3 million in the preceding fiscal year. Key elements of significant changes for governmental activities were as follows (business-type activities discussed later):

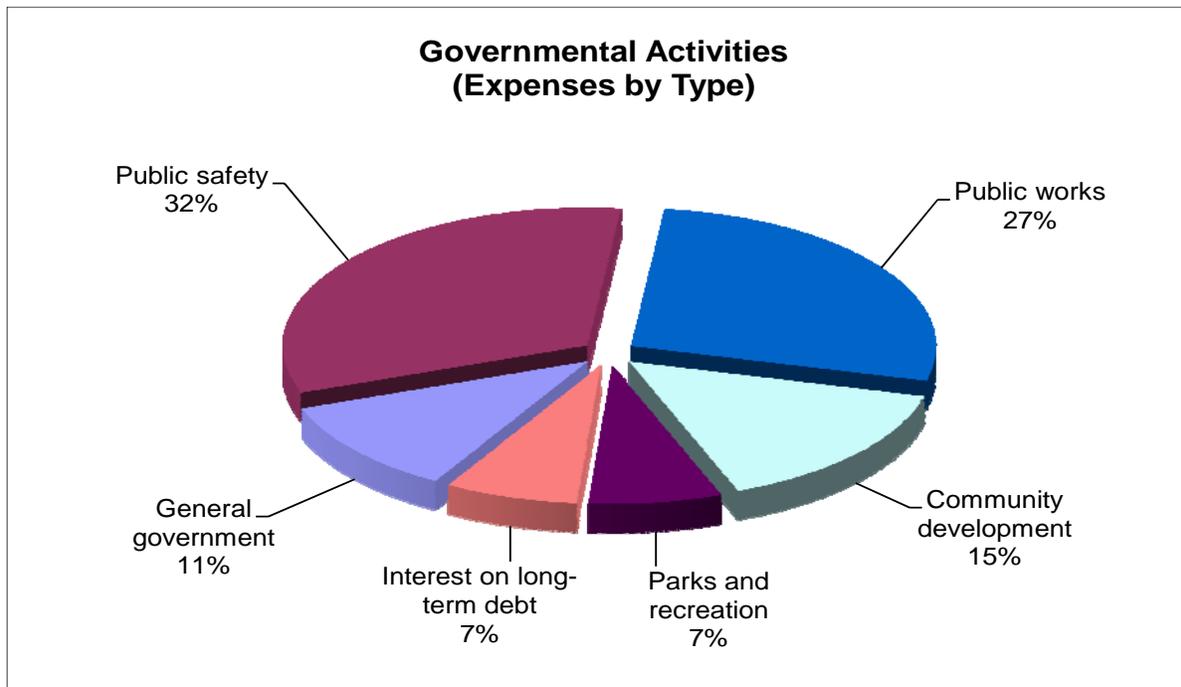
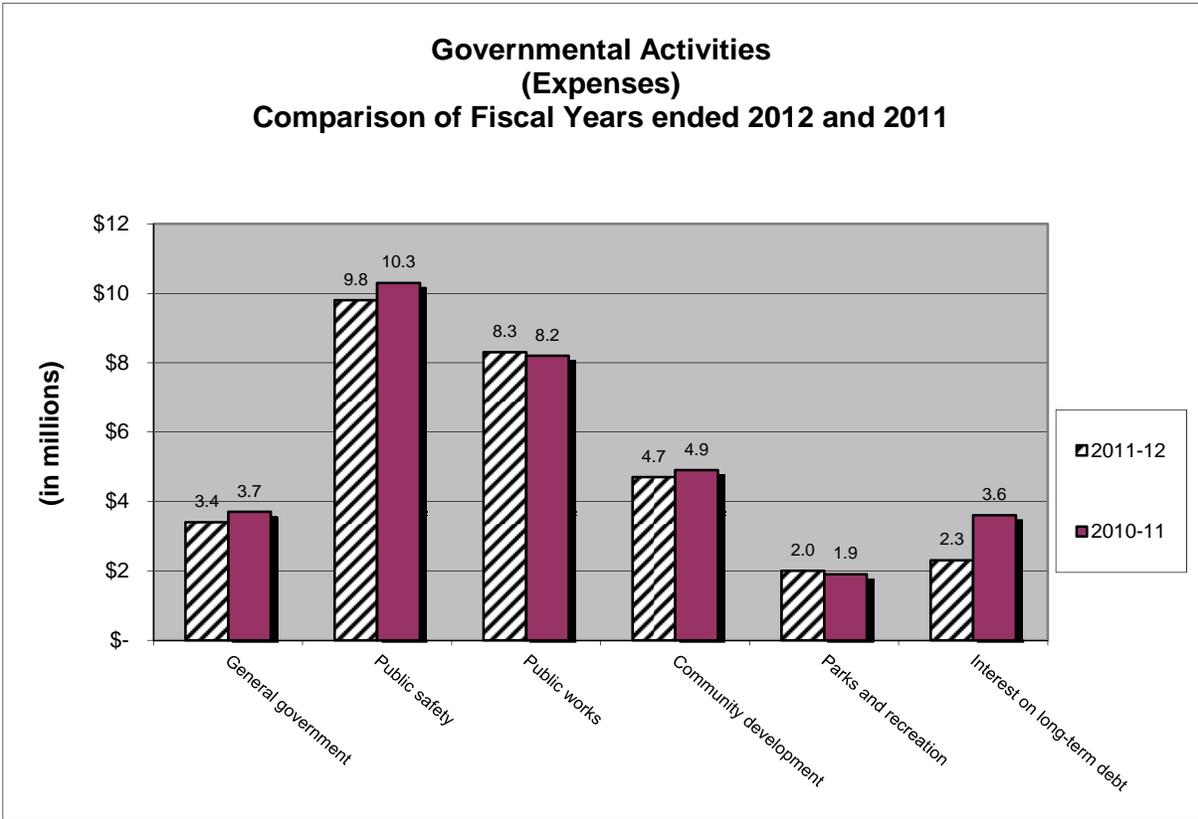
- The largest revenue source was property taxes, a general revenue, at \$9.7 million, which decreased \$1.1 million, or 10% from the preceding fiscal year. Property taxes include property taxes in lieu of VLF (vehicle license fees) of \$6.3 million. Property taxes in the General Fund increased \$174 thousand while the redevelopment property taxes decreased \$1.7 million due to AB X1 26 and a related California Supreme Court decision which eliminated all redevelopment agencies as of February 1, 2012. The other variance was caused largely by pass-through payments made to other taxing agencies. During the fiscal year, the City's taxable assessed valuation increased 2.1%.
- The second largest revenue source was sales taxes, a general revenue, at \$7.6 million, which increased \$692 thousand, or 10% from the preceding fiscal year. Sales taxes include the 1% Bradley-Burns Uniform Local Sales and Use Tax allocated to the General Fund and special countywide sales taxes – Proposition A, Proposition C and Measure R – approved by the Los Angeles County voters for transportation and street related purposes. During the fiscal year, the City gained from the growth in every sector especially the fuel and service stations sector which increased 18%.
- The third largest revenue source was operating contributions and grants, a program revenue, at \$7.0 million, which increased \$2.2 million, or 45% from the preceding fiscal year. Operating contributions and grants for public works increased \$3.5 million while the contributions and grants for community development, parks and recreation, and public safety decreased \$1.2 million, \$53 thousand and \$31 thousand, respectively.
- The fourth largest revenue source was utility users taxes (UUT), a general revenue, at \$3.7 million, which decreased \$155 thousand, or 4% from the preceding fiscal year. During the fiscal year, all sectors declined especially the telecommunications sector which decreased 6%. The City's existing 5% UUT on electric, gas and telecommunication was adopted in November 1993. In November 2012, the voters approved Measure P to provide a new temporary 2% UUT for five years from April 1, 2013 to March 31, 2018.
- The fifth largest revenue source was earnings on investments, a general revenue, at \$3.0 million, which increased \$98 thousand, or 3% from the preceding fiscal year.



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

The cost of providing all governmental activities this year was \$30.4 million before applying program revenues of \$11.4 million. The remaining “public benefit” portion of governmental activities was paid with general revenues. Public Safety, the largest expense category, represented \$9.8 million, or 32% of governmental activities, of which approximately \$3.4 million was funded with program revenues. The remaining balance of \$6.4 million was funded with general revenues. Public Works, the second largest expense category, represented \$8.3 million, or 27% of governmental activities with program revenues of \$5.9 million. Community Development, the third largest expense category, represented \$4.7 million, or 15% of governmental activities with program revenues of \$1.8 million. General Government had expenses of \$3.4 million, or 11% of governmental activities paid entirely with general revenues. Parks and Recreation had expenses of \$2.0 million, or 7% of governmental activities with program revenues of \$272 thousand. Interest on long-term debt was \$2.3 million, or 7%, paid entirely with general revenues.

Expenses for governmental activities excluding interest on long-term debt totaled \$28.2 million, a decrease of \$833 thousand, or 3% from the preceding fiscal year. Because of weak revenues caused by the recession and State revenue shifts, there were various budget cuts during the fiscal year which were added to the existing drastic budget cuts to the programs and services that were made since inception of the recession which significantly affected personnel, operating and capital projects at all levels. Significant changes in the governmental activities expense categories when compared to the prior fiscal year are summarized as follows: \$542 thousand decrease in Public Safety; \$344 thousand decrease in General Government; \$177 thousand decrease in Community Development; \$128 thousand increase in Public Works; and \$102 thousand increase in Parks and Recreation. Interest on long-term debt decreased \$1.4 million primarily due to AB X1 26 (elimination of redevelopment agencies) and AB 1484 (recalculation of redevelopment agency loans payable to cities using LAIF rates).

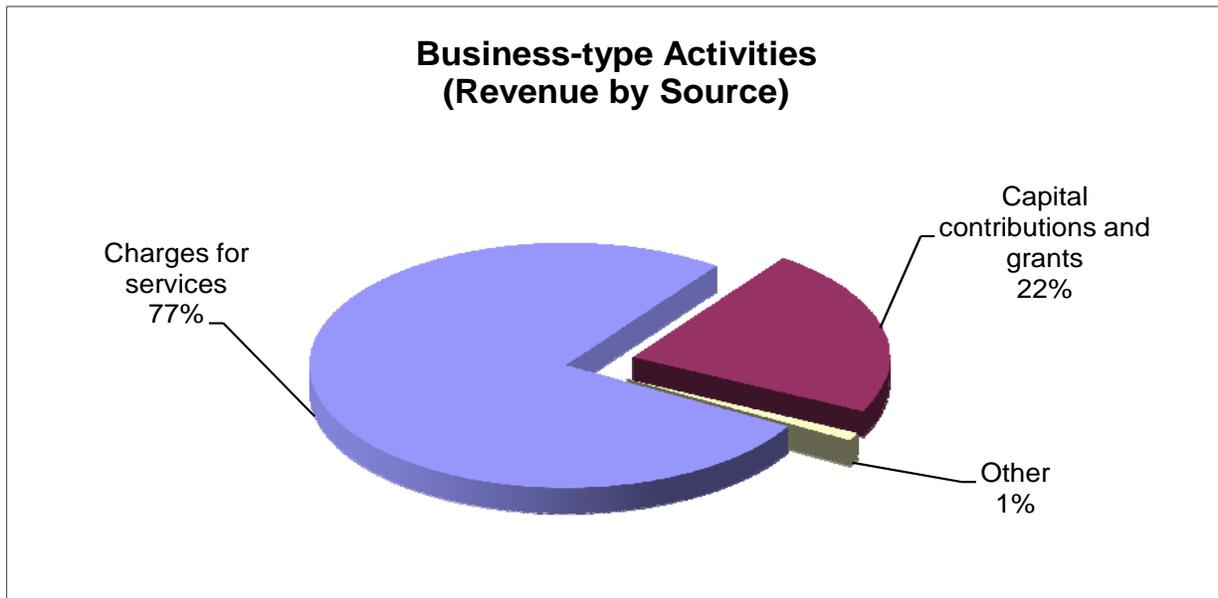


Note: The above chart may not total 100% due to rounding.

Business-Type Activities.

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

- The total MWS revenues were \$1.9 million, an increase of \$59 thousand, or 3%, compared to the preceding fiscal year. Substantially all of the revenues were program revenues.
- The total operating expenses and transfers out were \$1.7 million, which remained substantially the same as the preceding fiscal year.
- At June 30, 2012, the deficit in net assets decreased \$247 thousand, to \$135 thousand.
- During the fiscal year, MWS incurred costs totaling \$1.6 million towards the construction of a high capacity well which was completed in spring 2012. The total cost of construction was \$2.7 million.



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, unassigned 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, 2012, the City's governmental funds reported combined ending fund balance of \$42.7 million, an increase of \$21.3 million, or 99.5%, compared to the restated prior year's balance of \$21.4 million. Of the increase, \$19.9 million was attributable to a deficit in the Redevelopment Agency Capital Projects Fund at the end of the preceding fiscal year which was liquidated as a result of dissolution of Bellflower Redevelopment Agency effective February 1, 2012, pursuant to AB X1 26 and the related Supreme Court decision. There was a prior period adjustment of \$1.5 million in the General Fund and Redevelopment Agency Capital Projects Fund related to the write down of the principal amount of the City's loan receivable from the Successor Agency to Bellflower Redevelopment Agency pursuant to AB 1484. The bill stipulates that in order to validate the General Fund loan receivable from the Successor Agency, which was held invalid under AB X1 26, the City must redetermine the outstanding loan balance using the State of California Local Agency Investment Fund (LAIF) rates since inception and meet certain other conditions and requirements. In addition, there was a prior period adjustment of \$1.4 million in the Redevelopment Agency Housing Fund and \$1.2 million in the HOME Fund relating to a loan from the City to the Redevelopment Agency under a Cooperation Agreement.

The fund balances consisted of nonspendable, restricted, assigned and unassigned. Nonspendable fund balance of \$21.3 million is not available for use and are comprised of long-term loans and advances receivable. Restricted fund balance of \$7.4 million can only be used for specific purposes pursuant to constraints imposed by applicable law and regulations and external parties such as grantors and creditors. Assigned fund balance of \$948 thousand can be used for capital and economic development projects through the appropriate budget approval process. Unassigned fund surplus of \$13.0 million represents the residual balance.

Revenues of governmental funds for the fiscal year ended June 30, 2012 were \$36.5 million, an increase of \$518 thousand, or 1.4%, from the prior year total of \$36.0 million. Expenditures of governmental funds were \$35.0 million, a decrease of \$1.3 million, or 4%, from the prior fiscal year total of \$36.3 million. Excluding other financing sources and uses and special and extraordinary items, governmental fund revenues exceeded governmental fund expenditures by \$1.5 million. As a special item, pursuant to AB 1484 there was \$10.0 million in forgiveness of matured interest on advances from the City's General Fund to the Redevelopment Agency. Under extraordinary item, there was a gain of \$9.4 million related to the transfer of assets and liabilities from the dissolution of Bellflower Redevelopment Agency.

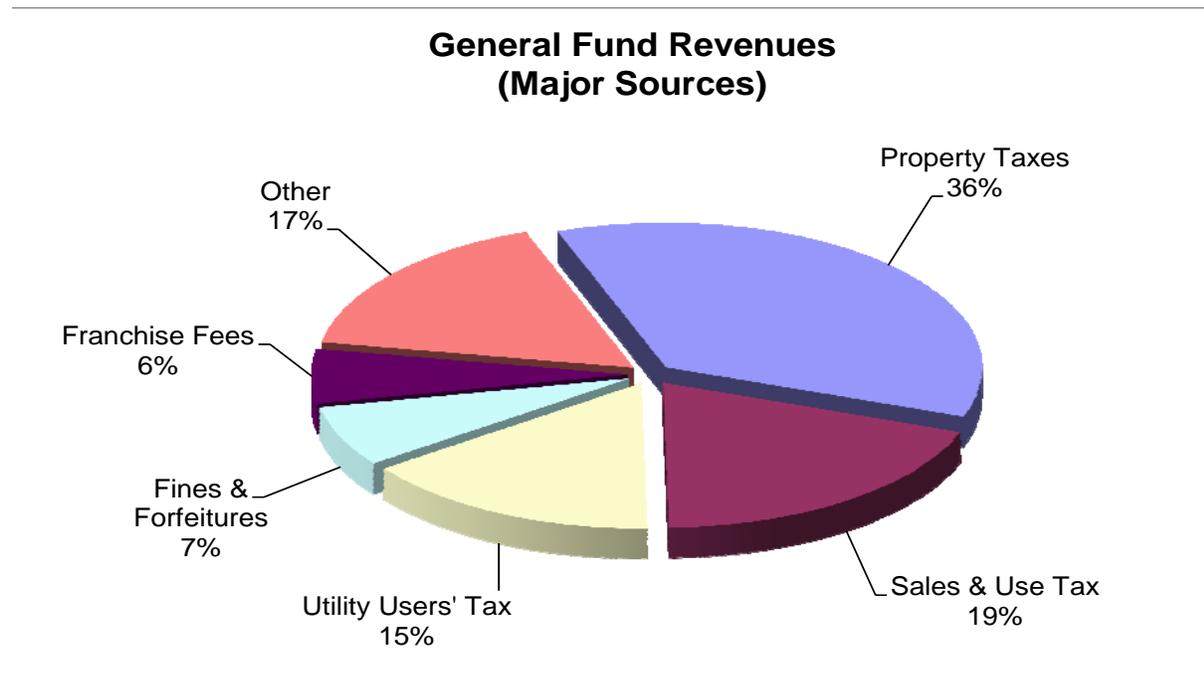
The City has three major governmental funds: General Fund, Financing Authority Debt Service Fund, and Low and Moderate Income Housing Asset Special Revenue Fund. An analysis of significant balances and transactions of the individual major funds has been provided below. With respect to the non-major funds, 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 fiscal year, the fund balance of the General Fund was \$27.0 million, an increase of \$396 thousand, or 1.5%, from the restated preceding year's balance. There was a prior period adjustment of \$1.5 million related to the write down of the principal amount of the City's loan receivable from the Successor Agency to Bellflower Redevelopment Agency pursuant to AB 1484. The unassigned fund balance was \$14.4 million, of which \$8 million was a

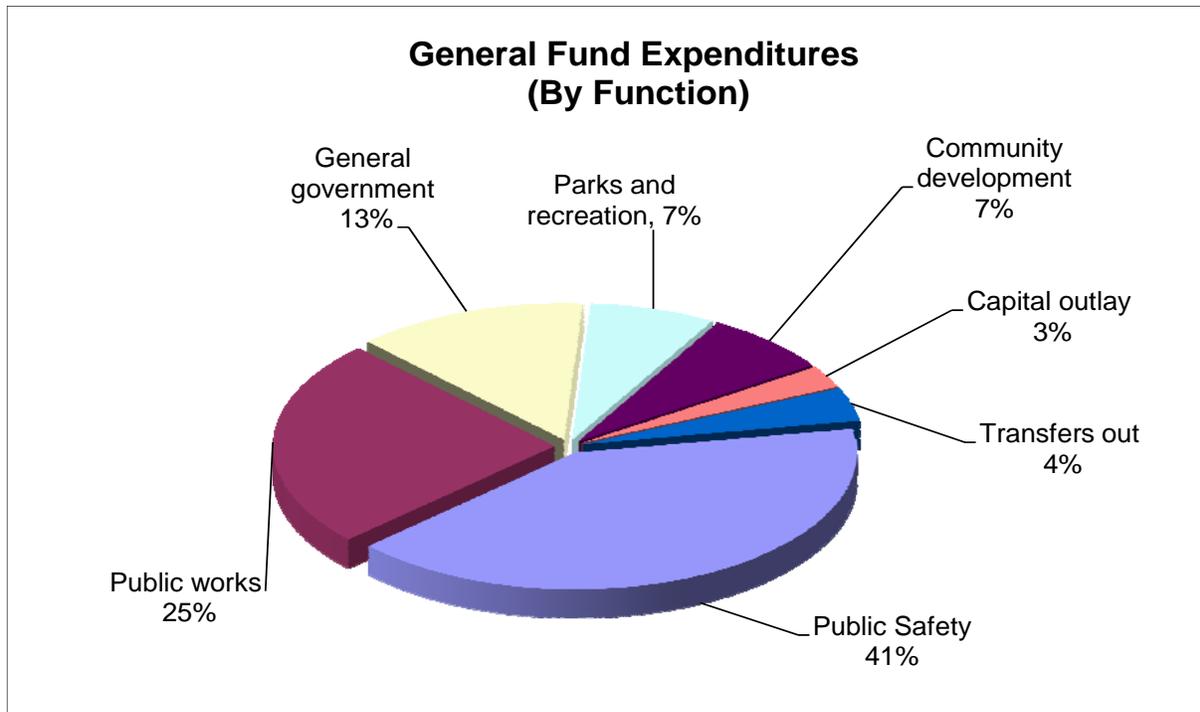
contingency reserve set aside for cash flows and emergencies. The remaining \$12.7 million was a nonspendable fund balance comprised of long-term loans and advances. As a measure of General Fund's liquidity, it may be useful to compare the unassigned fund balance, net of the contingency reserve, to the total fund expenditures and operating transfers out. The net unassigned fund balance of \$6.4 million represented 27% of the total fund expenditures and operating transfers out of \$23.8 million.

General Fund revenues and transfers in were \$24.2 million, a decrease of \$625 thousand, or 2.5%, from the preceding fiscal year total of \$24.8 million. Significant changes in individual revenue sources are as follows: \$317 thousand decrease in vehicle license fees (permanent State revenue shift which is currently being litigated), \$218 thousand decrease in reimbursed costs, \$155 thousand decrease in utility users tax, and \$174 thousand increase in property tax.



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

General Fund expenditures and transfers out were \$23.8 million, a decrease of \$392 thousand, or 1.6%, from the preceding fiscal year total of \$24.2 million. Changes by functions are as follows: \$126 thousand decrease in general government, \$469 thousand decrease in public safety, \$379 thousand increase in public works, \$446 thousand increase in community development, \$74 thousand increase in parks and recreation, \$23 thousand increase in capital outlay, and \$720 thousand decrease in transfers out to other funds.



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

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

At the end of the current fiscal year, the fund balance of the Financing Authority Debt Service Fund was \$8.0 million, a decrease of \$162 thousand, or 2%, from the preceding fiscal year. Nonspendable fund balance was \$7.4 million, comprised of long-term advances receivable, net of deferred interest, from the Municipal Water System, and the remaining fund balance of \$545 thousand was restricted as a debt service reserve held by the trustee of the 2008 Water System Certificates of Participation.

The revenues and transfers in were \$374 thousand (lease interest and investment earnings), a decrease of \$28 thousand, or 7% from the preceding fiscal year. Transfers in were lease interest earned and received from the Municipal Water System. The transfers generally equal to the required annual interest payments on the 2008 Certificates and related trustee fees less interest earned on the debt service reserve account. The Financing Authority also received \$140 thousand from the Municipal Water System to make the required annual principal payment on the 2008 Certificates, reducing the Authority's advances receivable from the Water System by the same amount.

The expenditures (principal, interest and other charges) were \$536 thousand, which was substantially the same as the preceding fiscal year. The Financing Authority Debt Service Fund incurred expenditures related solely to the retirement of the 2008 Certificates.

Low and Moderate Income Housing Asset Special Revenue Fund. Pursuant to AB X1 26 and the related California Supreme Court decision, all redevelopment agencies were eliminated as of February 1, 2012, and successor agencies were established to wind down the affairs of the dissolved redevelopment agencies. Certain housing assets were transferred to cities and other entities electing to serve as successor housing agencies. Subsequent legislation, AB 1484, added and modified various provisions of AB X1 26 including a mandate that a fund entitled "Low and Moderate Income Housing Asset Fund" (LMIHAF) be created to account for the dissolved redevelopment agencies' housing assets and the activities funded with those assets.

The primary sources of revenue for LMIHAF are annual residual receipts payments from the developer of a 180-unit senior citizen housing complex under a ground lease agreement and related promissory notes. Under AB 1484, a revenue stream may be added in the future as 20% of loan repayments to the General Fund by the Successor Agency must also be allocated and deposited into the LMIHAF, once the loan is restructured and held valid by the Successor Agency's Oversight Board and approved by the State Department of Finance.

At the end of the fiscal year, the fund deficit in the Low and Moderate Income Housing Asset Special Revenue Fund was \$1.4 million, comprised solely of advances payable to the HOME Fund. The entire fund deficit was classified as unassigned fund balance.

The revenues were \$244 thousand, consisting primarily of the residual receipts payments. The expenditures were \$324 thousand classified as community development expenditures. The resulting operating deficit was \$81 thousand. With the creation of the Fund in this fiscal year, there was an extraordinary loss of \$1.3 million from the transfer of assets and liabilities from the dissolved Redevelopment Agency Housing Fund.

General Fund Budgetary Highlights

In any fiscal year, the City Council and the City Manager (with limited authority pursuant to a Council approved policy) 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 in were \$23.8 million, an increase of \$32 thousand from original allocations with the following significant amendments: \$248 thousand increase in taxes and \$217 thousand decrease in intergovernmental revenue.

Appropriations and Transfers Out – The final appropriations and transfers out were \$24.8 million, an increase of \$1.0 million from the original allocations of \$23.8 million as follows: \$183 thousand increase in general government, \$102 thousand decrease in public safety, \$50 thousand decrease in public works, \$205 thousand increase in community development, and \$800 thousand increase in capital outlay.

Budget to Actual Variance

The actual revenues and transfers in of \$24.2 million were higher than the final budgeted revenues and transfers in of \$23.8 million by \$374 thousand. A significant favorable variance was realized in the category of taxes in the amount of \$405 thousand.

The actual expenditures and transfers out of \$23.8 million were lower than the final appropriations and transfers out of \$24.8 million by approximately \$1.0 million as follows: \$137 thousand lower in general government, \$37 thousand higher in public safety, \$73 thousand lower in public works, \$59 thousand lower in community development, \$14 thousand lower in parks and recreation, \$970 thousand lower in capital outlay, and \$176 thousand higher in transfers out.

Capital Asset and Debt Administration

Capital Assets. The City's investment in capital assets for governmental and business-type activities as of June 30, 2012, was \$53.3 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 the notes to the basic financial statements – Note 9, Capital Assets.

	Capital Assets (in thousands)					
	Governmental Activities		Business-Type Activities		Total	
	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
Land	\$ 9,879	\$ 17,698	\$ 827	\$ 827	\$ 10,706	\$ 18,525
Buildings and improvements	14,309	19,062	69	74	14,378	19,136
Equipment and furniture and fixtures	1,368	1,466	11	12	1,379	1,478
Infrastructure	15,394	14,515	3,984	1,312	19,378	15,827
Construction in progress	3,084	1,758	-	1,050	3,084	2,808
Water rights	181	181	4,000	4,000	4,181	4,181
Acquisition costs	-	-	187	228	187	228
Total Capital Assets	<u>\$ 44,214</u>	<u>\$ 54,679</u>	<u>\$ 9,078</u>	<u>\$ 7,503</u>	<u>\$ 53,292</u>	<u>\$ 62,183</u>

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

During this fiscal year, the City expended \$6.5 million in capital assets excluding equipment and furniture and fixtures. The following were major projects for the fiscal year:

□ Riverview Park	\$2.0 million
□ High Capacity Well	\$1.6 million
□ Various Street Improvements	\$935 thousand
□ West Branch Greenway Project	\$751 thousand
□ Walnut Village Project	\$603 thousand
□ Various Facilities Improvements	\$230 thousand
□ Sewer Line Improvements	\$196 thousand

Long-Term Debt. At June 30, 2012, the City had \$17.8 million in outstanding long-term debt for governmental activities, a decrease of \$8.4 million, or 32%, from the preceding fiscal year. During the fiscal year, \$7.5 million in debt was transferred to the Successor Agency to Bellflower Redevelopment Agency pursuant to AB X1 26 and \$855 thousand was retired as scheduled principal payments on the outstanding long-term debt. For additional information on long-term debt, please refer to the notes to the basic financial statements – Note 10, Long-Term Debt.

	Long-Term Debt (in thousands)		Variance	%
	2012	2011	Increase/ (Decrease)	Change
2004 Refunding Tax Allocation Bonds	\$ -	\$ 6,880	\$ (6,880)	-100%
2008 Certificates of Participation (Water System)	7,955	8,095	(140)	-2%
2011 Lease Financing Agreement	3,215	3,495	(280)	-8%
HUD Section 108 Loan	5,269	5,555	(286)	-5%
Notes Payable	-	725	(725)	-100%
Compensated Absences	1,341	1,433	(92)	-6%
Total Long-Term Debt	<u>\$ 17,780</u>	<u>\$ 26,183</u>	<u>\$ (8,403)</u>	-32%

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

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 2012–13

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

In its fourth quarterly report of 2012, the UCLA Anderson Forecast projects the U.S. Gross Domestic Product (GDP) growth of less than a 2% annual rate through mid-2013 and thereafter in excess of 3% for most of 2014 with housing activity leading the way. Unemployment will remain close to the current rate of 7.9% in 2013, but gradually decline to 7.2% by the end of 2014. For California, employment is expected to grow 1.3% in 2013 and 2.4% in 2014. Payrolls are expected to grow at 1.4% and 2.2% in the respective forecast years. Real personal income growth is forecast to be 1.8% in 2013 followed by 3.1% in 2014. Unemployment is expected to fall with an average approximately 9.7% for 2013 and 8.4% for 2014, which is still higher than the U.S. forecast.

In November 2012, the Legislative Analyst's Office, California's nonpartisan fiscal and policy advisor, reported steady economic growth, fueled in particular by recent encouraging data about the state's housing market and income trends. California, like the U.S. economy, is also recovering slowly from the recession. A similarly tepid recovery, compared to historical standards, is occurring in the California economy. Personal income growth in California following the 2007–2009 recession has been much lower than after recent recessions. The rate of employment growth also has been slower. These trends are projected to continue, although the recovery in the housing market is assumed to increase employment growth over the next four years.

The National Bureau of Economic Research, a panel of academic economists that dates the beginning and end of recessions, declared the current recession started in December 2007 and had ended in June 2009. However, the unemployment rates remain high, real estate and mortgage problems persist, and state and local governments are still suffering from substantial

revenue declines. While the worst recession since the Great Depression may have bottomed, it is still a long and slow struggle to a full economic recovery we once enjoyed.

A substantial portion of the City's revenues are intergovernmental grants and pass-through revenues. In the event of fiscal distress or for other political reasons, both the Federal and State governments can cut funding for local governments.

Under the American Recovery and Reinvestment Act of 2009, the City was allocated one-time funding of \$2.5 million in Federal grants for capital projects related to bike trail landscaping, pavement rehabilitation, facilities improvements for energy efficiency and conservation, water system improvements, and public safety. However, due to the recent funding cuts to the Federal Community Development Block Grant (CDBG) and HOME programs, the City will lose \$550 thousand annually beginning in fiscal year 2012-13.

The State continues to unilaterally take and defer local governments' revenues to address its budget crisis and meet other financial obligations. Even though local government's revenues are protected under Proposition 22 (Local Taxpayer, Public Safety and Transportation Protection Act of 2010) and Proposition 1A of 2004 (Protection of Local Government Revenues), the State has continued to take irresponsible actions to solve its budget crisis by raiding local governments' revenues that are already suffering from the recession. The following are the State's shifts of Bellflower's revenues since fiscal year 2004-05:

		Fiscal Year	Amount
Annual vehicle license fees	In Litigation	2011-12	\$ 271,000
Supplemental Educational Revenue Augmentation Fund (SERAF)	In Litigation	2010-11	168,000
Supplemental Educational Revenue Augmentation Fund (SERAF)	In Litigation	2009-10	816,000
Educational Revenue Augmentation Fund (ERAF III)		2005-06	618,000
Educational Revenue Augmentation Fund (ERAF III)		2004-05	609,000
Total			<u>\$ 2,482,000</u>

In addition to the above revenue shifts, the Governor signed into law Assembly Bill X1 26 (AB X1 26) to eliminate all redevelopment agencies in June 2011. With the California Supreme Court's affirmation, all redevelopment agencies were eliminated as of February 1, 2012, causing an annual revenue loss of over \$3 million for the City that would have otherwise been available to help eliminate blight and revitalize the community.

For local governments, all of these come at very difficult times when they are already suffering from the recession and their ability to raise revenues is significantly limited under various propositions that impose restrictions on locally raised taxes, assessments and fees – Proposition 13 of 1978 (People's Initiative to Limit Property Taxation), Proposition 4 of 1979 and Proposition 111 of 1990 (annual appropriations limit), Proposition 62 of 1986 (Voter Approval of Taxes Act), Proposition 218 of 1996 (Voter Approval for Local Government Taxes; Limitations on Fees, Assessments, and Charges), and Proposition 26 of 2010 (certain state and local fees be approved by two-thirds vote).

Adopted Budget

In June 2011, the City Council adopted a biennial operating budget with the 2012-13 revenues and transfers in of \$24.1 million and total appropriations and transfers out of \$24.6 million for the General Fund. In comparison, the adopted original General Fund budget for fiscal year 2007-08 was \$27.1 million.

In response to the significant revenue losses from the recession and State revenue shifts, the Council promptly took action during the fiscal year 2008-09 to make approximately \$4 million in broad budget cuts which included various community events, programs, services and capital projects including part-time layoffs, 10% furlough, freezing vacant positions, and offering early retirement incentives. In June 2009 and 2011, the City Council adopted balanced biennial Operating Budgets, except for fiscal year 2012-13, with continued, significant cuts at all levels including part-time layoffs (over 80 positions), frozen/eliminated full-time positions (14 total), and the furlough. The labor force had been reduced effectively by more than one third prior to the elimination of the furlough effective June 30, 2012.

As a remedy to severely weakened revenues, the Council unanimously approved the City's second attempt to place a temporary 5-year, 2% utility users tax (Measure P) for the November 2012 election. The Measure P passed with a high approval rate of 62% providing much needed revenue of approximately \$1.6 million annually to the General Fund. The new 2% UUT is effective from April 1, 2013 to March 31, 2018.

Based on these important actions of the Council, it is clearly evident that its intent and will is to act quickly and responsibly to ensure the continued financial stability and solvency of the City. In addition, it is commendable that staff, at all levels, has also continually exercised fiscal prudence and due diligence to properly execute the will of the Council.

On another positive note, in the case of City of Alhambra vs. County of Los Angeles, Case No. S185457, the California Supreme Court ruled on November 19, 2012 that the County of Los Angeles has been overcharging its property tax administration fees (PTAF) to cities relating to the Vehicle License Fee (VLF) swap and "Triple Flip". Soon thereafter, the County of Los Angeles filed a Petition for Rehearing, and the cities filed an Answer to the Petition. While the Supreme Court may not decide on the petition until February 2013, a potential gain to Bellflower is approximately \$100 thousand annually and a retroactive refund of \$500 to \$600 thousand plus 7% interest. The parties must either settle or resolve their disagreement relative to the statute of limitations.

The 2% UUT, PTAF gain and other adjustments will be incorporated in the City's final 2012-13 operating budget.

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.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF BELLFLOWER
STATEMENT OF NET ASSETS
June 30, 2012

	Governmental Activities	Business-type Activities	Totals
ASSETS			
Cash and investments	\$ 23,921,814	\$ 613,470	\$ 24,535,284
Cash and investments with fiscal agents	543,953		543,953
Receivables:			
Accounts receivable - net	5,053,217	303,916	5,357,133
Notes receivable	7,162,410		7,162,410
Interest receivable	97,618		97,618
Loans receivable	16,796		16,796
Inventory		11,962	11,962
Prepaid expenses		1,000	1,000
Net OPEB asset	54,116		54,116
Internal balances	10,241,311	(10,241,311)	
Long-term receivable from successor agency trust funds	1,045,462		1,045,462
Advances to successor agency trust funds	10,987,565		10,987,565
Deferred charges - net of accumulated amortization	80,370	447,363	527,733
Deferred loss on refunding - net of accumulated amortization	111,409		111,409
Pre-acquisition costs - net of accumulated amortization		22,500	22,500
Capital assets not being depreciated	13,143,125	4,827,065	17,970,190
Capital assets - net of accumulated depreciation	31,071,134	4,250,760	35,321,894
Total assets	103,530,300	236,725	103,767,025
LIABILITIES			
Accounts payable	1,993,897	219,977	2,213,874
Accrued expenses	362,095		362,095
Interest payable	251,282	97,905	349,187
Unearned revenue	1,379,360		1,379,360
Deposits	32,674	53,733	86,407
Retention payable	187,734		187,734
Noncurrent liabilities:			
Due within one year	1,620,159		1,620,159
Due in more than one year	16,159,451		16,159,451
Total liabilities	21,986,652	371,615	22,358,267
NET ASSETS			
Invested in capital assets, net of related debt	35,922,038	9,077,825	44,999,863
Restricted for:			
Construction of capital assets	1,110,480		1,110,480
Debt service	7,708,604		7,708,604
Streets, highways, bikeways, public transit, and other related purposes	4,452,506		4,452,506
Housing	4,878,665		4,878,665
Community development	5,559,402		5,559,402
Public safety	164,271		164,271
Unrestricted	21,747,682	(9,212,715)	12,534,967
Total net assets (deficit)	\$ 81,543,648	\$ (134,890)	\$ 81,408,758

See Notes to the Basic Financial Statements

**CITY OF BELLFLOWER
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2012**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants
Governmental Activities:				
General government	\$ 3,375,762	\$ -	\$ -	\$ -
Public safety	9,783,923	1,886,900	241,749	1,296,666
Public works	8,279,059	478,545	5,396,326	
Community development	4,699,176	358,811	1,341,159	129,161
Parks and recreation	2,040,498	271,989		
Interest on long-term debt	2,260,133			
Total Governmental Activities	30,438,551	2,996,245	6,979,234	1,425,827
Business-type Activities:				
Water	1,319,742	1,472,233		427,952
Total Business Activities	1,319,742	1,472,233		427,952
Total primary government	\$ 31,758,293	\$ 4,468,478	\$ 6,979,234	\$ 1,853,779

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
 - State mandated cost
- Earnings on investments
Gain on sale of property
Miscellaneous

Transfers

Total general revenues and transfers

Change in net assets before Extraordinary Item

Extraordinary gain on transfer of assets and liabilities to RDA successor agency trust funds

Change in net assets

Net assets (deficit) - July 1, 2011

Prior period adjustments

Net assets (deficit) - July 1, 2011, restated

Net assets (deficit) - June 30, 2012

See Notes to the Basic Financial Statements

Net (Expenses) Revenues and Changes in Net Assets		
Governmental Activities	Business-type Activities	Total
\$ (3,375,762)	\$ -	\$ (3,375,762)
(6,358,608)		(6,358,608)
(2,404,188)		(2,404,188)
(2,870,045)		(2,870,045)
(1,768,509)		(1,768,509)
(2,260,133)		(2,260,133)
<u>(19,037,245)</u>		<u>(19,037,245)</u>
	580,443	580,443
	580,443	580,443
<u>(19,037,245)</u>	<u>580,443</u>	<u>(18,456,802)</u>
7,574,381		7,574,381
3,429,221		3,429,221
6,256,394		6,256,394
1,557,146		1,557,146
3,701,170		3,701,170
486,846		486,846
590,885		590,885
103,908		103,908
38,347		38,347
117		117
3,005,570	806	3,006,376
8,325		8,325
749,291	19,530	768,821
353,525	(353,525)	
<u>27,855,126</u>	<u>(333,189)</u>	<u>27,521,937</u>
8,817,881	247,254	9,065,135
<u>1,929,035</u>		<u>1,929,035</u>
<u>10,746,916</u>	<u>247,254</u>	<u>10,994,170</u>
70,915,681	(382,144)	70,533,537
(118,949)		(118,949)
<u>70,796,732</u>	<u>(382,144)</u>	<u>70,414,588</u>
<u>\$ 81,543,648</u>	<u>\$ (134,890)</u>	<u>\$ 81,408,758</u>

**CITY OF BELLFLOWER
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2012**

	General Fund	Financing Authority Debt Service Fund
ASSETS		
Cash and investments	\$ 13,661,304	\$ -
Cash and investments with fiscal agents		543,953
Accounts receivable - net	2,186,960	
Due from other funds	872,298	
Interest receivable	59,962	752
Loans receivable	16,796	
Notes receivable	52,384	
Long-term receivable from successor agency trust funds	1,045,462	
Advances receivable	2,826,130	7,415,181
Advances receivable from successor agency trust funds	10,987,565	
	<u>\$ 31,708,861</u>	<u>\$ 7,959,886</u>
Total assets	<u>\$ 31,708,861</u>	<u>\$ 7,959,886</u>
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts payable	\$ 1,423,374	\$ -
Accrued expenditures	312,055	
Due to other funds		
Deposits	21,505	
Retention payable	400	
Deferred revenue	2,917,020	
Advances payable		
	<u>4,674,354</u>	<u>-</u>
Total liabilities	<u>4,674,354</u>	<u>-</u>
Fund balances:		
Nonspendable:		
Advances, net of deferred interest	12,658,015	7,415,181
Restricted		544,705
Assigned		
Unassigned	14,376,492	
	<u>27,034,507</u>	<u>7,959,886</u>
Total fund balances	<u>27,034,507</u>	<u>7,959,886</u>
Total liabilities and fund balances	<u>\$ 31,708,861</u>	<u>\$ 7,959,886</u>

See Notes to the Basic Financial Statements

Low and Moderate Income Housing Asset Special Revenue Fund	Other Governmental Funds	Total Governmental Funds
\$ 5,123	\$ 7,716,309	\$ 21,382,736
		543,953
5,625	2,860,632	5,053,217
		872,298
	26,894	87,608
		16,796
4,878,665	2,231,361	7,162,410
		1,045,462
	1,370,519	11,611,830
		10,987,565
<u>\$ 4,889,413</u>	<u>\$ 14,205,715</u>	<u>\$ 58,763,875</u>
\$ -	\$ 569,762	\$ 1,993,136
817	49,223	362,095
	872,298	872,298
	11,169	32,674
	187,334	187,734
4,878,665	3,468,709	11,264,394
1,370,519		1,370,519
<u>6,250,001</u>	<u>5,158,495</u>	<u>16,082,850</u>
	1,238,000	21,311,196
	6,868,844	7,413,549
	948,454	948,454
(1,360,588)	(8,078)	13,007,826
<u>(1,360,588)</u>	<u>9,047,220</u>	<u>42,681,025</u>
<u>\$ 4,889,413</u>	<u>\$ 14,205,715</u>	<u>\$ 58,763,875</u>

**CITY OF BELLFLOWER
GOVERNMENTAL FUNDS
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
June 30, 2012**

Fund balances of governmental funds	\$	42,681,025
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.		44,214,259
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.		388,963
Net OPEB asset has not been included as financial resources in governmental funds.		54,116
Interest accrued on advances are not available to pay for current expenditures and, therefore are offset by deferred revenue in the governmental funds.		2,333,661
Certain notes receivable are not available to pay for current period expenditures and, therefore are offset by deferred revenue in the governmental funds. Also, accrued interest on notes receivable has not been reported in the governmental funds.		7,162,410
Long-term debt and compensated absences have not been included in the governmental funds:		
Long-term debt		(16,439,000)
Compensated absences		(1,340,610)
Deferred charges, net of accumulated amortization for debt issuance costs and discounts on long-term debt have not been reported in the governmental funds.		80,370
Deferred losses on refunding, net of accumulated amortization for long-term debt issuance have not been reported in the governmental funds.		111,409
Accrued interest payable from the current portion of interest due on long-term debt has not been reported in the governmental funds.		(251,282)
The internal service fund is used by management to charge the costs of certain equipment replacement to individual funds. The assets and liabilities of the internal service fund must be added to the statement of net assets. The amount is net of capital assets, which have been already included as the governmental capital assets.		2,548,327
Net assets of governmental activities	\$	81,543,648

See Notes to the Basic Financial Statements

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CITY OF BELLFLOWER
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2012

	General Fund	Financing Authority Debt Service Fund	Low and Moderate Income Housing Asset Special Revenue Fund
REVENUES			
Taxes	\$ 19,687,553	\$ -	\$ -
Licenses and permits	93,076		
Fines, forfeitures, and penalties	1,638,990		
Investment earnings	162,517	7,919	79
Charges for current services	833,254		
Intergovernmental revenue	130,258		
Other revenues	511,294		243,738
	<u>23,056,942</u>	<u>7,919</u>	<u>243,817</u>
Total revenues	<u>23,056,942</u>	<u>7,919</u>	<u>243,817</u>
EXPENDITURES			
Current:			
General government	3,166,688		
Public safety	9,701,794		
Public works	5,862,198		
Community development	1,748,617		324,389
Parks and recreation	1,708,271		
Capital outlay	628,579		
Debt service:			
Principal retirement		140,000	
Interest and other charges		396,119	
Pass-through payments			
	<u>22,816,147</u>	<u>536,119</u>	<u>324,389</u>
Total expenditures	<u>22,816,147</u>	<u>536,119</u>	<u>324,389</u>
Excess of revenues over (under) expenditures	<u>240,795</u>	<u>(528,200)</u>	<u>(80,572)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	1,099,594	366,230	
Transfers out	(943,985)		
	<u>155,609</u>	<u>366,230</u>	
Total other financing sources (uses)	<u>155,609</u>	<u>366,230</u>	
Net changes in fund balances before Special and Extraordinary Items	396,404	(161,970)	(80,572)
SPECIAL ITEM			
Forgiveness of matured interest on advances			
EXTRAORDINARY ITEM			
Gain (Loss) on transfer of assets and liabilities from former RDA funds			(1,280,016)
	<u>396,404</u>	<u>(161,970)</u>	<u>(1,360,588)</u>
Net change in fund balances	<u>396,404</u>	<u>(161,970)</u>	<u>(1,360,588)</u>
Fund balances (deficit) - July 1, 2011	28,098,159	8,121,856	
Prior period adjustments	(1,460,056)		
	<u>26,638,103</u>	<u>8,121,856</u>	
Fund balances (deficit) - July 1, 2011, restated	<u>26,638,103</u>	<u>8,121,856</u>	
Fund balances (deficit) - June 30, 2012	<u>\$ 27,034,507</u>	<u>\$ 7,959,886</u>	<u>\$ (1,360,588)</u>

See Notes to the Basic Financial Statements

Other Governmental Funds	Total Governmental Funds
\$ 4,055,241	\$ 23,742,794
330,634	423,710
	1,638,990
52,120	222,635
100,291	933,545
8,313,267	8,443,525
385,871	1,140,903
<u>13,237,424</u>	<u>36,546,102</u>
186,566	3,353,254
12,189	9,713,983
1,703,179	7,565,377
2,122,274	4,195,280
	1,708,271
4,321,033	4,949,612
715,116	855,116
2,085,432	2,481,551
225,433	225,433
<u>11,371,222</u>	<u>35,047,877</u>
<u>1,866,202</u>	<u>1,498,225</u>
2,682,992	4,148,816
(2,851,306)	(3,795,291)
<u>(168,314)</u>	<u>353,525</u>
1,697,888	1,851,750
10,064,425	10,064,425
<u>10,653,922</u>	<u>9,373,906</u>
<u>22,416,235</u>	<u>21,290,081</u>
(14,710,122)	21,509,893
<u>1,341,107</u>	<u>(118,949)</u>
<u>(13,369,015)</u>	<u>21,390,944</u>
<u>\$ 9,047,220</u>	<u>\$ 42,681,025</u>

**CITY OF BELLFLOWER
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2012**

Net change in fund balances - total governmental funds	\$ 21,290,081
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 outlay exceeds depreciation in the current period.	3,683,247
Governmental funds report entire proceeds from disposal of capital assets as revenue. In the statement of activities, only the resulting gain or loss is reported. The difference between the proceeds from disposal of capital assets and the resulting gain or loss is:	(74,259)
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.	182,590
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 between notes receivable collected and issued.	(410,608)
Interest revenue in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.	2,611,595
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 of the issuance of long-term debt and the principal repayments.	855,116
Debt issuance costs and deferred loss on refunding are expenditures in the governmental funds, but these cost are capitalized and amortized on the statement of net assets. This is the total amortization of debt issuance costs and deferred loss on refunding in the current period.	(21,947)
Accrued interest is interest due on long-term debt payable. This is the net change in accrued interest for the current period.	243,365
OPEB expenditures reported in the statement of activities do not require the use of current financial resources and therefore, are not reported as expenditures in a governmental fund. This is the net change in OPEB for the current period.	(3,989)
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.	92,596
Difference in the gain/loss on transfer of assets and liabilities to RDA successor trust funds between the government activities \$1,929,035 and the fund financial statements \$9,373,906.	(7,444,871)
Loss on forgiven matured interest on advances from General fund to former RDA fund was reported in the statement of activities.	(10,064,425)
The internal service fund is used by management to charge the cost of equipment replacement to individual funds. The net revenues (expenses) of the internal service fund is reported with governmental activities (excluding net change in capital assets of \$142,825).	(191,575)
Change in net assets of governmental activities	\$ 10,746,916

See Notes to the Basic Financial Statements

**CITY OF BELLFLOWER
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2012**

	Business-type Activities Enterprise Fund	Governmental Activities Internal Service Fund
	Water Fund	Equipment Replacement Fund
ASSETS		
Current assets:		
Cash and investments	\$ 613,470	\$ 2,539,078
Accounts receivable	303,916	
Interest receivable		10,010
Inventory	11,962	
Prepaid expense	1,000	
Total current assets	930,348	2,549,088
Noncurrent assets:		
Deferred charges - net of accumulated amortization	447,363	
Pre-acquisition costs - net of accumulated amortization	22,500	
Capital assets not being depreciated	4,827,065	
Capital assets - net of accumulated depreciation	4,250,760	482,225
Total noncurrent assets	9,547,688	482,225
Total assets	10,478,036	3,031,313
LIABILITIES		
Current liabilities:		
Accounts payable	219,977	
Accrued liabilities		761
Accrued interest payable	97,905	
Refundable deposits	53,733	
Total current liabilities	371,615	761
Noncurrent liabilities:		
Advances from other funds	10,241,311	
Total noncurrent liabilities	10,241,311	
Total liabilities	10,612,926	761
NET ASSETS		
Invested in capital assets	9,077,825	482,225
Unrestricted	(9,212,715)	2,548,327
Total net assets (deficit)	\$ (134,890)	\$ 3,030,552

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, 2012

	Business-type Activities Enterprise Fund	Governmental Activities Internal Service Fund
	Water Fund	Equipment Replacement Fund
OPERATING REVENUES		
Charges for services (net of refunds)	\$ 1,472,233	\$ 93,366
Total operating revenues	1,472,233	93,366
OPERATING EXPENSES		
Salaries	211,096	7,875
Benefits	83,962	5,650
Administration	55,287	
Alarm	467	
Communications	5,067	
Distribution lines	2,132	
Dues and subscription	810	
Energy	36,797	
Hydrants, meters, covers & services	1,827	
Insurance	14,602	
Licenses	20,067	
Maintenance	9,119	1,997
Reclaimed water	6,898	
Office supplies and expenses	16,725	
Professional services	62,947	
Pumps and wells	10,336	
Contracted services	120,056	
Taxes	16,444	622
Telephone	3,835	
Tools and equipment	1,227	
Treatment & test	16,927	
Utilities	2,845	
Auto	11,745	
Water purchases	362,712	
Water subsidy	12,705	
Other expenses	3,051	1,129
Amortization	21,417	
Depreciation	204,261	161,819
Total operating expenses	1,315,364	179,092
Operating income (loss)	156,869	(85,726)
NON-OPERATING REVENUES (EXPENSES)		
Investment earnings	806	28,641
Interest expense	(4,378)	
Gain (loss) on sale of capital assets		8,325
Other non-operating revenue	19,530	
Total non-operating revenues (expenses)	15,958	36,966
Income (loss) before capital contributions and transfers	172,827	(48,760)
Capital contributions and grants	427,952	
Transfers in	12,705	
Transfers out	(366,230)	
Changes in net assets	247,254	(48,760)
Total net assets (deficit), July 1, 2011	(382,144)	3,079,312
Total net assets (deficit) , June 30, 2012	\$ (134,890)	\$ 3,030,552

See Notes to the Basic Financial Statements

**CITY OF BELLFLOWER
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2012**

	Business-type Activities Enterprise Fund	Governmental Activities Internal Service Fund
	Water Fund	Equipment Replacement Fund
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers and users	\$ 1,486,967	\$ -
Cash paid to employees	(295,058)	(13,386)
Cash paid to suppliers	(652,352)	(5,390)
Internal activity - receipts from other funds		93,366
	<u>539,557</u>	<u>74,590</u>
Net cash provided (used) by operating activities		
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Cash transfers to/from other funds	<u>(353,525)</u>	
Net cash provided (used) by non-capital financing activities	<u>(353,525)</u>	
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from sale of capital assets		8,325
Capital contributions	427,952	
Internal activity - receipts from other funds	578,497	
Pre-acquisition cost payable	(5,000)	
Interest expense	(5,778)	
Acquisition of capital assets	<u>(1,778,888)</u>	<u>(304,634)</u>
Net cash provided (used) by capital and related financing activities	<u>(783,217)</u>	<u>(296,309)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest earnings	<u>20,336</u>	<u>28,545</u>
Net cash provided by investing activities	<u>20,336</u>	<u>28,545</u>
Net increase (decrease) in cash and cash equivalents	(576,849)	(193,174)
Cash and cash equivalents, July 1, 2011	<u>1,190,319</u>	<u>2,732,252</u>
Cash and cash equivalents, June 30, 2012	<u>\$ 613,470</u>	<u>\$ 2,539,078</u>
RECONCILIATION OF OPERATING INCOME(LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Operating income (loss)	\$ 156,869	\$ (85,726)
Adjustments to reconcile operating income (loss) to net cash provided (used)		
Amortization	21,417	
Depreciation	204,261	161,819
Changes in assets and liabilities:		
Accounts receivable	10,957	
Inventory	278	
Accounts payable	142,000	(2,264)
Accrued liabilities	(2)	761
Refundable deposits	<u>3,777</u>	
Net cash provided by operating activities	<u>\$ 539,557</u>	<u>\$ 74,590</u>

See Notes to the Basic Financial Statements

**CITY OF BELLFLOWER
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
June 30, 2012**

	Private- Purpose Trust Fund	
	RDA Successor Agency Fund	Agency Fund
ASSETS		
Cash and investments	\$ 2,926,578	\$ 1,034,537
Cash and investments with fiscal agents	604,842	
Interest receivable	1,796	
Notes receivable	65,452	
Deferred charges - net of accumulated amortization	420,967	
Deferred loss on refunding - net of accumulated amortization	322,579	
Capital assets, net of accumulated depreciation	14,034,324	
	<u>\$ 18,376,538</u>	<u>\$ 1,034,537</u>
Total assets	<u>\$ 18,376,538</u>	<u>\$ 1,034,537</u>
LIABILITIES		
Accounts payable	124,613	
Accrued expenses	6,669	
Interest payable	198,485	
Deposits payable	16,623	1,034,537
Due to the City of Bellflower	1,045,462	
Long-term debt, due within one year	165,933	
Long-term debt, due in more than one year	18,078,428	
	<u>19,636,213</u>	<u>\$ 1,034,537</u>
Total liabilities	<u>19,636,213</u>	<u>\$ 1,034,537</u>
NET ASSETS		
Restricted for debt service	406,357	
Restricted-Held in trust for other purposes	1,416,448	
Unrestricted	(3,082,480)	
Total net assets (deficit)	<u>\$ (1,259,675)</u>	

See Notes to the Basic Financial Statements

**CITY OF BELLFLOWER
FIDUCIARY FUND
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
For the Fiscal Year Ended June 30, 2012**

	Private- Purpose Trust Fund
	RDA
	Successor Agency Fund
Additions:	
Investment revenue	\$ 6,435
Taxes and assessments	1,386,606
Net assets received upon dissolution of redevelopment agency	(721,055)
Other revenue	10,363
Total additions	682,349
Deductions:	
Administration	156,685
Community development	190,796
Contributions to other funds for debt service	1,496,585
Amortization	17,639
Depreciation	80,319
Total deductions	1,942,024
Change in net assets	(1,259,675)
Net Assets - July 1, 2011	
Net Assets (deficit) - June 30, 2012	\$ (1,259,675)

See Notes to the Basic Financial Statements

**NOTES TO BASIC
FINANCIAL STATEMENTS**

CITY OF BELLFLOWER
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012

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 activities of the Bellflower Redevelopment Agency were transferred to the Redevelopment Agency's Successor Agency on February 1, 2012. See Note 19 for more information.

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

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

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

Discretely Presented Component Units. There are no entities which meet the *Governmental Accounting Standards Board Statement No. 14* as amended by GASB Statement No. 39, criteria for discrete disclosure within these financial statements.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements.

CITY OF BELLFLOWER
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment.

Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period except for sales tax revenue which is 90 days. Expenditures generally are recorded when the liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due.

Certain taxes, interest, subventions, and grants associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Enterprise Fund and the Internal Service Fund are charges to customers for sales and services. Operating expenses for the Enterprise Fund and Internal Service Fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

CITY OF BELLFLOWER
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Fiduciary fund financial statements include a statement of net assets and statement of changes in net assets. The City's fiduciary funds are used to account for assets held by the City as trustee for the Redevelopment Agency Successor Agency. Agency fund also uses the accrual basis of accounting, but since they are custodial in nature and do not involve the measurement of results of operations, they do not use a measurement focus.

The City reports the following major governmental funds:

General Fund

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

Bellflower Financing Authority Debt Service Fund

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

Low and Moderate Income Housing Asset Special Revenue Fund

The Low and Moderate Income Housing Special Revenue Fund is used to account for 20% of property tax increment set aside for the purposes of increasing, improving, and preserving the community's supply of low and moderate income.

The City reports the following major proprietary fund:

The Water Enterprise Fund

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

Additionally, the City reports the following fund types:

Proprietary Fund

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

Fiduciary Funds

- 1) RDA Successor Agency Fund, a private-purpose trust fund, is used to account for assets held by the City as trustee for the Redevelopment Agency Successor Agency. It also includes BUSD Trust Fund which is established to benefit the Bellflower Unified School District in accordance with the settlement agreement. The Redevelopment Agency Successor Agency is required to deposit into the BUSD Trust Fund twice a year within its budget. Deposits in the BUSD Trust Fund shall be disbursed only to or on behalf of the District and only for the projects listed on the agreement.

CITY OF BELLFLOWER
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Fiduciary Funds (Continued)

- 2) Agency Fund is used to account for assets held by the City for Bellflower for property owners who need to access utilities and, in doing so damage sidewalks or other pavement, and are required to deposit a form of bond to ensure repair of the pavement.

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

D. Assets, Liabilities, Net Assets, or Equity

Cash and Investments

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

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

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

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

CITY OF BELLFLOWER
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Cash and Investments (Continued)

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

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

Receivables and Payables

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

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

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

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

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

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

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

CITY OF BELLFLOWER
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012

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, 2012.

CITY OF BELLFLOWER
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Capital Assets (Continued)

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

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

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

Compensated Absences

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

Long-Term Obligations

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

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

Net Assets and Fund Equity

In the government-wide financial statements and proprietary fund financial statements, net assets are reported in three categories: net assets invested in capital assets, net of related debt; restricted net assets, and unrestricted net assets. Restricted net assets represent net assets restricted by enabling legislation (such as citizens, public interest groups, or the judiciary - can compel a government to honor) and include unspent proceeds of bonds issued to acquire or construct capital assets. The City's other net assets are considered unrestricted.

CITY OF BELLFLOWER
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Net Assets and Fund Equity (Continued)

In the fund financial statements, governmental funds report nonspendable fund balance that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact. Restricted fund balance can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments. Committed fund balance can be used only for specific purposes determined by a formal action of the governing board is the highest level of decision-making authority for the City. Commitments may be established, modified, or rescinded only through resolutions approved by the governing board. Assigned fund balance does not meet the criteria to be classified as restricted or committed but that is intended to be used for specific purposes. Under the City's adopted policy, only the governing board or director may assign amounts for specific purposes. Unassigned fund balance is all other spendable amounts.

E. Use of Restricted/Unrestricted Net Assets

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

F. Estimates

The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

G. Reconciliation of Government-wide and Fund Financial Statements

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

The governmental funds balance sheet includes reconciliation between fund balance – governmental funds and net assets of governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that “long-term debt and compensated absences is not due and payable within the current period and therefore is not reported in the funds”. The detail of the \$16,439,000 long-term debt difference is as follows:

2008 Certificate of participation payable	\$ 7,955,000
2011 Lease purchasing agreement payable	3,215,000
Section 108 loan payable	<u>5,269,000</u>
 Net adjustment to reduce fund balance of total governmental funds to arrive at net assets of governmental activities	 <u><u>\$ 16,439,000</u></u>

CITY OF BELLFLOWER
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between net changes in fund balances – of total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this \$3,683,247 difference are as follows:

Capital outlay:	
Capital outlay	\$ 5,254,246
Depreciation	<u>(1,570,999)</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>\$ 3,683,247</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 \$855,116 difference are as follows:

Principal repayments:	
2008 Certificate of participation payable	\$ 140,000
2011 Lease purchasing agreement payable	280,000
Section 108 loan payable	286,000
Notes payable	<u>149,116</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>\$ 855,116</u>

CITY OF BELLFLOWER
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. New Accounting Pronouncements

The City has implemented the requirement of GASB Statement No. 64 during the fiscal year ended June 30, 2012.

GASB Statement No. 64 – Derivative Instruments: Application of Hedge Accounting Termination Provisions (an amendment of GASB Statement No. 53)

This Statement is effective for periods beginning after June 15, 2011. The objective of this Statement is to clarify whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty's credit support provider. This Statement sets forth criteria that establish when the effective hedging relationship continues and hedge accounting should continue to be applied. Implementation of GASB Statement No. 64 did not have an impact on the City's financial statements for the fiscal year ended June 30, 2012.

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. General Budget Policies

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

Except for capital projects, appropriations generally lapse at the end of the fiscal year to the extent that they have not been expended or otherwise encumbered by contract or law. Certain lease contracts entered into by the City are subject to annual review by the City Council. As a result, they are legally one-year contracts with an option for renewal for another fiscal year.

Budgetary comparison is provided in the accompanying financial statements for the General Fund, Special Revenue Funds, Capital Projects Funds, and Debt Service Funds with presentation of the final budget. For the General Fund, the originally-adopted budget is also presented. Both the original and final budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Supplementary budgetary appropriations were \$5,783,871 for the fiscal year.

CITY OF BELLFLOWER
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012

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

a. Excess Expenditures over Appropriations

The following are funds in which certain expenditures exceeded appropriations for the fiscal year ended June 30, 2012.

<u>Fund/Function</u>	<u>Final Appropriation</u>	<u>Expenditures</u>	<u>Excess</u>
Major Funds:			
General			
Public safety	\$ 9,664,447	\$ 9,701,794	\$ (37,347)
Low and Moderate Income Housing			
Community development	16,340	324,389	(308,049)
Nonmajor Funds:			
Special revenue funds:			
TDA Article 3			
Public works		2,392	(2,392)
Parking District No. 1			
Public works	11,700	13,138	(1,438)
Building and safety:			
Community development	700,086	715,629	(15,543)
Debt service fund:			
Redevelopment agency:			
Community development	45,000	58,880	(13,880)

NOTE 3 - CASH AND INVESTMENTS

Cash and investments as of June 30, 2012 are classified in the accompanying financial statements as follows:

Statement of net assets:	
Cash and investments	\$ 24,535,284
Cash and investments with fiscal agents	543,953
Statement of fiduciary net assets:	
Cash and investments	3,961,115
Cash and investments with fiscal agents	604,842
Total cash and investments	<u>\$ 29,645,194</u>

Cash and investments as of June 30, 2012 consist of the following:

Petty cash	\$ 3,418
Deposits with financial institutions	2,316,984
Investments	27,324,792
Total cash and investments	<u>29,645,194</u>

CITY OF BELLFLOWER
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012

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 trustees that are governed by the provisions of debt agreements of the City, rather than the general provisions of the California Government Code or the City's investment policy.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
Banker's Acceptances	180 days	40%	30%
Certificates of Deposit	5 years	None	None
Negotiable Certificates of Deposit	5 years	30%	None
Commercial Paper	270 days	None	None
State of California Local Agency Investment Fund (State Pool)	N/A	None	\$50,000,000
Medium Term Notes, Prime Quality	5 years	30%	None
Money Market Mutual Funds	N/A	20%	10%
Mutual Funds, Prime Quality	N/A	20%	10%
Passbook Savings and Money Market Accounts (Insured)	None	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	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 trustees. The table also identifies certain provisions of these debt agreements that address interest rate risk, credit risk, and concentration of credit risk.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
Certificates of Deposit with Banks or 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	30 years	None	None
Local Agency Investment Fund (State Pool)	None	None	None

CITY OF BELLFLOWER
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012

NOTE 3 - CASH AND INVESTMENTS (Continued)

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 to 36 Months	37 to 48 Months	Over 48 Months
Certificate of Deposit	\$ 32,354	\$ 32,354	\$ -	\$ -	\$ -	\$ -
State Investment Pool	16,240,585	16,240,585				
Municipal Obligations	9,903,058	2,960,099	2,765,366	1,665,000	1,512,593	1,000,000
Held by Debt Trustee:						
Certificates of Deposit	1,136,000		1,136,000			
Money Market Funds	12,795	3,953	8,842			
	<u>\$ 27,324,792</u>	<u>\$ 19,236,991</u>	<u>\$ 3,910,208</u>	<u>\$ 1,665,000</u>	<u>\$ 1,512,593</u>	<u>\$ 1,000,000</u>

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.

CITY OF BELLFLOWER
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012

NOTE 3 - CASH AND INVESTMENTS (Continued)

Disclosures Relating to Credit Risk (Continued)

Investment Type	Amount	Minimum Legal Rating	Exempt From Disclosure	Rating as of Fiscal Year End			
				AAA	AA	A	Not Rated
Certificates of Deposit	\$ 32,354	N/A	\$ -	\$ -	\$ -	\$ -	\$ 32,354 *
State Investment Pool	16,240,585	N/A					16,240,585
Municipal Obligations	9,903,058	N/A			2,552,651	7,350,407	
Held by Debt Trustee:		N/A					
Certificates of Deposit	1,136,000	N/A					1,136,000 *
Money Market Funds	12,795	N/A		12,795			
Total	\$ 27,324,792		\$ -	\$ 12,795	\$ 2,552,651	\$ 7,350,407	\$ 17,408,939

* Items are insured by the Federal Deposit Insurance Company (FDIC).

Concentration of Credit Risk

The investment policy of the City contains limitations on the amount that can be invested in any one issuer. There are no investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total Agency investments.

Custodial Credit Risk

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

As of June 30, 2012, all of the City's deposits with financial institutions were covered by federal depository insurance limits or were held in collateralized accounts.

Investment in State Investment Pool

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

CITY OF BELLFLOWER
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012

NOTE 4 - ACCOUNTS RECEIVABLE

The following is a list of accounts receivable at June 30, 2012:

Governmental Activities -

	<u>Receivable</u>	<u>Allowance</u>	<u>Net</u>
Accounts receivable	<u>\$5,053,217</u>	<u>\$ -</u>	<u>\$5,053,217</u>
Total Governmental Activities	<u>\$5,053,217</u>	<u>\$ -</u>	<u>\$5,053,217</u>

Business-type Activities -

	<u>Receivable</u>	<u>Allowance</u>	<u>Net</u>
Accounts receivable	<u>\$ 303,916</u>	<u>\$ -</u>	<u>\$ 303,916</u>
Total Business-type Activities	<u>\$ 303,916</u>	<u>\$ -</u>	<u>\$ 303,916</u>

NOTE 5 - NOTES RECEIVABLE

Notes receivable from mortgage loans for housing and commercial property rehabilitation and construction:

Major Funds:

General Fund	\$ 52,384
Low and Moderate Income Housing Special Revenue Fund	4,878,665

Nonmajor Funds:

Community Development Block Grant Fund	610,881
HOME Fund	<u>1,620,480</u>

\$ 7,162,410

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, 2012:

	<u>Period in Months</u>	<u>Deferred Charges</u>	<u>Accumulated Amortization</u>	<u>Deferred Charges, net of Amortization</u>	<u>Amortization for the Fiscal Year</u>
Business-Type Activities					
2008 Certificate of Participation	375	<u>\$ 513,031</u>	<u>\$ 65,668</u>	<u>\$ 447,363</u>	<u>\$ 16,417</u>
Governmental Activities					
2011 Lease Financing Agreement	103	58,326	9,218	49,108	6,774
Section 108 Loan	241	33,120	13,192	19,928	1,649
		<u>91,446</u>	<u>22,410</u>	<u>69,036</u>	<u>8,423</u>
		<u>\$ 604,477</u>	<u>\$ 88,078</u>	<u>\$ 516,399</u>	<u>\$ 24,840</u>

CITY OF BELLFLOWER
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012

NOTE 7 - DEFERRED LOSS ON REFUNDING

Governmental Activities:	Period in Months	Deferred Loss	Accumulated Amortization	Deferred Loss, net of Amortization	Amortization for the Fiscal Year
2011 Lease Financing Agreement	103	\$ 116,452	\$ 18,404	\$ 98,048	\$ 13,524
		<u>\$ 116,452</u>	<u>\$ 18,404</u>	<u>\$ 98,048</u>	<u>\$ 13,524</u>

The City recorded a deferred loss on the refunding of its 1996 tax allocation bonds in the amount of \$509,637. The amortization period is 267 months which is the lesser of the remaining period of the old debt or the remaining period of the new debt. Accumulated amortization as of June 30, 2012 was \$177,514 with amortization expense for the fiscal year of \$13,361. The net unamortized amount is \$332,123 as of June 30, 2012. In addition, deferred loss on refunding on the issuance of the 2011 Lease Financing with Bank of America is \$116,452. Accumulated amortization as of June 30, 2012 was \$18,404 with amortization expense for the fiscal year of \$13,524. The net unamortized amount is \$98,048 as of June 30, 2012.

NOTE 8 - INTERFUND ACTIVITY

The following represents the interfund activity of the City for the fiscal year ended June 30, 2012.

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>Receivable Funds</u>	<u>Amount</u>	<u>Payable Funds</u>	<u>Amount</u>
<u>Major Governmental Funds</u>		<u>Nonmajor Governmental Funds</u>	
General	\$ 872,298	Gas Tax	\$ 91,237
		TDA Article 3	5,523
		Parking District	637
		Public Arts	8,078
		COG Position	52,776
		CDBG	47,865
		Grant Project	662,899
		Home	3,283
Totals	<u>\$ 872,298</u>		<u>\$ 872,298</u>

A. Advances Receivable/Payable

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

CITY OF BELLFLOWER
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012

NOTE 8 - INTERFUND ACTIVITY (Continued)

B. Advances Receivable/Payable (Continued)

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

At June 30, 2012, the funds below have made/received advances that are not expected to be repaid within one year.

Funds making advances	Funds receiving advances	Amount
Major Governmental Fund General	Major Proprietary Fund Water	\$ 2,826,130
Major Governmental Fund Financing Authority Debt Service	Major Proprietary Fund Water	7,415,181
Nonmajor Governmental Fund Home	Major Governmental Fund Low and Moderate Income Housing Special Revenue	1,370,519
Totals		\$ 11,611,830

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

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

The advances from the Low and Moderate Income Housing Fund to Home Fund bear 1% per annum. There is no repayment schedule.

C. Transfers

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

CITY OF BELLFLOWER
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012

NOTE 8 - INTERFUND ACTIVITY (Continued)

C. Transfers (Continued)

<u>Receiving Funds</u>	<u>Transfers In</u>	<u>Paying Funds</u>	<u>Transfers Out</u>
<u>Major Governmental Funds</u>		<u>Major Governmental Funds</u>	
General	\$ 1,099,594	General	\$ 943,985
Financing Authority			
Debt Service	366,230		
<u>Major Proprietary Fund</u>		<u>Major Proprietary Fund</u>	
Water	12,705	Water	366,230
<u>Nonmajor Governmental Funds</u>		<u>Nonmajor Governmental Funds</u>	
Building and Safety	384,995	Gas Tax	1,099,594
GP/Zone/GIS Fee	49,498	Redevelopment Agency	
Public Facilities Corporation		Debt Service	239,055
Debt Service	402,625	Redevelopment Agency	
Redevelopment Agency		Capital Project	1,402,712
Debt Service	1,512,657	Redevelopment Agency	
Grant Project	94,162	Housing	109,945
Redevelopment Agency			
Capital Project	239,055		
Totals	\$ 4,161,521		\$ 4,161,521

CITY OF BELLFLOWER
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012

NOTE 9 – CAPITAL ASSETS

Governmental Activities

Changes in capital assets for governmental activities for the fiscal year ended June 30, 2012 were as follows:

Governmental Activities	Balance at July 1, 2011	Additions	Deletions	Transfer to RDA successor trust fund	Balance at June 30, 2012
Nondepreciable Capital Assets:					
Land	\$ 17,698,380	\$ 195,956	\$ -	\$ (8,015,822)	\$ 9,878,514
Water rights	181,010				181,010
Construction in progress	<u>1,757,509</u>	<u>2,391,663</u>	<u>(74,259)</u>	<u>(991,312)</u>	<u>3,083,601</u>
Total Nondepreciable Capital Assets	<u>19,636,899</u>	<u>2,587,619</u>	<u>(74,259)</u>	<u>(9,007,134)</u>	<u>13,143,125</u>
Capital assets, being depreciated					
Buildings and improvements	28,663,830	145,314		(5,007,242)	23,801,902
Equipment and furniture and fixtures	7,783,772	355,260	(330,762)	(118,727)	7,689,543
Infrastructure	<u>20,892,713</u>	<u>2,166,053</u>		<u>(1,063,121)</u>	<u>21,995,645</u>
Total Depreciable Capital Assets	<u>57,340,315</u>	<u>2,666,627</u>	<u>(330,762)</u>	<u>(6,189,090)</u>	<u>53,487,090</u>
Less accumulated depreciation for:					
Buildings and improvements	(9,602,194)	(736,620)		845,429	(9,493,385)
Equipment and furniture and fixtures	(6,317,668)	(407,684)	330,762	73,516	(6,321,074)
Infrastructure	<u>(6,377,994)</u>	<u>(426,695)</u>		<u>203,192</u>	<u>(6,601,497)</u>
Total Accumulated Depreciation	<u>(22,297,856)</u>	<u>(1,570,999)</u>	<u>330,762</u>	<u>1,122,137</u>	<u>(22,415,956)</u>
Net Depreciable Capital Assets	<u>35,042,459</u>	<u>1,095,628</u>		<u>(5,066,953)</u>	<u>31,071,134</u>
Net Governmental Capital Assets	<u>\$ 54,679,358</u>	<u>\$ 3,683,247</u>	<u>\$ (74,259)</u>	<u>\$ (14,074,087)</u>	<u>\$ 44,214,259</u>

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

General government	\$ 136,226
Public safety	69,940
Public works	690,405
Community development	342,201
Parks and recreation	<u>332,227</u>
Total	<u>\$ 1,570,999</u>

Depreciation expense for governmental activities (governmental funds) is \$1,409,180.

Depreciation expense for governmental activities (internal service fund) is \$161,819.

CITY OF BELLFLOWER
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012

NOTE 9 – CAPITAL ASSETS (CONTINUED)

Business-type Activities

Changes in capital assets for business-type activities for the fiscal year ended June 30, 2012 were as follows:

	Balance at July 1, 2011	Additions	Deletions	Reclassification	Balance at June 30, 2012
Nondepreciable Capital Assets:					
Land	\$ 827,065	\$ -	\$ -	\$ -	\$ 827,065
Water rights	4,000,000				4,000,000
Construction in progress	1,050,334	1,612,381		(2,662,715)	
Total Nondepreciable Capital Assets	5,877,399	1,612,381			4,827,065
Depreciable Capital Assets:					
Building and improvement	95,000				95,000
Machinery and equipment	15,544				15,544
Acquisition costs	412,081				412,081
Infrastructure	1,917,412	166,507		2,662,715	4,746,634
Total Depreciable Capital Assets	2,440,037	166,507			5,269,259
Accumulation Depreciation					
Building and improvement	(21,375)	(4,750)			(26,125)
Machinery and equipment	(3,540)	(1,036)			(4,576)
Acquisition costs	(183,756)	(41,208)			(224,964)
Infrastructure	(605,567)	(157,267)			(762,834)
Total Accumulated Depreciation	(814,238)	(204,261)			(1,018,499)
Net Depreciable Capital Assets	1,625,799	(37,754)			4,250,760
Net Water Utility Capital Assets	\$ 7,503,198	\$ 1,574,627	\$ -	\$ -	\$ 9,077,825

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

Water \$ 204,261

CITY OF BELLFLOWER
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012

NOTE 10 – LONG-TERM DEBT

The following is a summary of changes in the City's long-term liabilities for the fiscal year ended June 30, 2012:

Governmental Activities:	Balance	Additions	Deletions	Transfer to	Balance	Due Within
	July 1, 2011			RDA successor	June 30, 2012	
2004 Refunding Tax Allocation Bonds	\$ 6,880,000	\$ -	\$ -	\$ (6,880,000)	\$ -	\$ -
2008 Certificates of Participation	8,095,000		(140,000)		7,955,000	145,000
2011 Lease Financing Agreement	3,495,000		(280,000)		3,215,000	350,000
Section 108 Loan	5,555,000		(286,000)		5,269,000	300,000
Notes Payable	724,969		(149,116)	(575,853)		
Compensated Absences	1,433,206	732,563	(825,159)		1,340,610	825,159
	<u>\$ 26,183,175</u>	<u>\$ 732,563</u>	<u>\$ (1,680,275)</u>	<u>\$ (7,455,853)</u>	<u>\$ 17,779,610</u>	<u>\$ 1,620,159</u>

A. Tax Allocation Bonds

2004 Refunding Tax Allocation Bonds

The 2004 Tax Allocation Bonds issued by the Bellflower Redevelopment Agency and outstanding at June 30, 2012 bear interest at 1.55% to 6.60% a year and mature serially in increasing amounts on each February 1, through 2034. The principal amount less original issue discount and reserve funds from the 1996 issue were used to pay costs of issuance, fund redevelopment projects, fund a reserve account, and fund an escrow account for future debt service payment on the 1996 Tax Allocation Bonds.

The Agency's refunding of the 1996 Tax Allocation Bonds resulted in an increase of its total debt service payments by \$519,611 and an economic gain (difference between the present values of the old and new debt) of \$109,705. The outstanding balance of the bonds as of January 31, 2012 was \$6,880,000 and the outstanding balance had been transferred to the RDA successor trust funds.

B. Certificates of Participation

On July 9, 2008, the City issued 2008 Certificates of Participation (Water System) in the amount of \$8,230,000 to (i) provide funds to reimburse the City's General Fund for costs incurred in acquiring certain assets constituting the City's municipal water system, (ii) provide funds to make certain improvement to the Water System, (iii) fund a debt service reserve fund for the Certificates, and (iv) pay the costs incurred in connection with the sale and issuance of the Certificates. The COPS represent undivided proportionate interests of the owners in certain lease payments, to be made by the City to the Financing Authority. The City subleases from the Authority a leasehold interest in the Civic Center Property and Thompson Park. The COPS issued by the Bellflower Financing Authority and outstanding at June 30, 2012 bear interest at 4.50% to 5.25% a year and mature serially in increasing amounts on each October 1, through 2039. The COPS balance outstanding as of June 30, 2012 was \$7,955,000.

CITY OF BELLFLOWER
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012

NOTE 10 – LONG-TERM DEBT (Continued)

C. Lease Financing Agreement

On February 1, 2011, the Corporation and the City entered into a termination agreement stating that the 1999 Lease Agreement shall be of no force and effect. A new lease agreement dated as of February 1, 2011 was entered into. The City and the Corporation have determined to refinance the 1999 Lease payments and to repay the 1999 Certificates and, in order to accomplish such refinancing, the City has agreed to lease the real property consisting of the land and building comprising the City's public works maintenance yard and Simms Park to the Corporation by entering into a site lease dated as of February 1, 2011. The Corporation has agreed to assist the City with such refinancing by entering into this lease, to which the Corporation will sublease the leased property back to the City and the City will be obligated to make lease payments to the Corporation. In order to raise the funds needed for the refinancing, the Corporation has assigned certain of its rights under this lease and the site lease, including the right to receive and enforce payment of the lease payments that are payable by the City to Bank of America under an assignment agreement dated as of February 1, 2011. The City and the Corporation have received (and the City has approved) a proposal from the Bank of America to provide funds required to refinance the 1999 Lease Payments and the 1999 Certificates. Terminated 1999 Lease Agreement was to refinance the construction of the Bellflower Civic Center located at 16600 Civic Center Drive in the City of Bellflower and to provide funds for various capital improvement projects.

The amount paid by the Bank to the City in exchange for the Lease payments to be made by the City is \$3,495,000. \$15,000 will be retained by the Bank as its fee, \$17,500 will be retained by the Bank to pay additional costs of issuance, \$3,458,403 will be applied to prepay the 1999 Notes, and \$4,097 will be released to the City to pay other costs of issuance or applied to the interest due with respect to the Lease on April 1, 2011. Under the refinancing, payments are due on 4/1 and 10/1 and the debt matures on October 1, 2019. The interest rate yield on the debt is 3.655%.

As a result of the advance refunding, the City reduced its total debt service requirements by \$129,560, which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$126,918. The outstanding balance of the agreement payable as of June 30, 2012 was \$3,215,000.

D. Loan Payable

Section 108 Loan

On June 30, 2004, the City entered into a loan agreement with U.S. Department of Housing and Urban Development to use the loan as a source of financing westside and eastside improvements, acquisition and façade improvements, and rehabilitation commercial at various locations throughout the Bellflower Town Center. 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, 2012 was \$5,269,000.

CITY OF BELLFLOWER
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012

NOTE 10 – LONG-TERM DEBT (Continued)

E. Notes Payable

a. Note Payable – Dietz

On December 2, 2004, the Bellflower Redevelopment Agency bought a property at 9831 Belmont Street in an amount of \$280,956. The transaction was financed in cash and a note agreement in an amount of \$210,717. The note bears interest at 4.0% a year with annual payment due on each December. The note balance outstanding as of January 31, 2012 was \$154,827 and the outstanding balance had been transferred to RDA successor trust fund.

b. Note Payable – Goslins/Cleveland

On December 1, 2008, the Bellflower Redevelopment Agency bought a property at 16515 Bellflower Blvd. in an amount of \$432,632. The transaction was financed in cash and a note agreement in an amount of \$430,000. The note bears interest at 5.0% a year with annual payment due on each December. The note balance outstanding as of January 31, 2012 was \$361,969 and the outstanding balance had been transferred to RDA successor trust fund.

c. Note Payable – Nathan/Slavens

On March 1, 2009, the Bellflower Redevelopment Agency bought a property at 16512-1618 Bellflower Blvd. in an amount of \$1,328,229. The transaction was financed in cash and a note agreement in an amount of \$1,320,000. The note bears interest at 7.0% a year with monthly payment due on the first day of each month. The note balance outstanding as of January 31, 2012 was \$59,057 and the outstanding balance had been transferred to RDA successor trust fund.

F. Compensated Absences

The City employees accumulate earned but unused vacation and sick pay benefits, which can be converted to cash at termination of employment. The City has estimated that \$825,159 is the amount that might be liquidated with expendable, currently available, financial resources of the General Fund and this amount is classified in the accrued wages. The remaining amounts are reported as long-term debt on the Statement of Net Assets. No expenditure was reported for these amounts in the fund statements for the fiscal year 2012. Expenditures are reported in the governmental fund statements only if they have matured during the fiscal year. In the statement of activities, the expenditure is allocated to each function based on usage. The non-current portion of these vested benefits, payable in accordance with various collective bargaining agreements, at June 30, 2012, totals \$1,340,610.

CITY OF BELLFLOWER
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012

NOTE 10 – LONG-TERM DEBT (Continued)

G. Long-Term Debt Amortization

The annual requirements to amortize long-term debt outstanding at June 30, 2012 (other than compensated absences) are as follows:

<u>2008 Certificates of Participation</u>			
Fiscal years Ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 145,000	\$ 388,719	\$ 533,719
2014	150,000	382,819	532,819
2015	160,000	376,619	536,619
2016	165,000	370,119	535,119
2017	170,000	363,419	533,419
2018-2022	755,000	1,699,422	2,454,422
2023-2027	1,155,000	1,447,112	2,602,112
2028-2032	1,475,000	1,103,959	2,578,959
2033-2037	1,885,000	652,041	2,537,041
2038-2040	1,895,000	117,206	2,012,206
	<u>\$ 7,955,000</u>	<u>\$ 6,901,435</u>	<u>\$ 14,856,435</u>

<u>2011 Lease Financing Agreement</u>			
Fiscal years Ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 350,000	\$ 111,112	\$ 461,112
2014	365,000	98,045	463,045
2015	380,000	84,430	464,430
2016	390,000	70,359	460,359
2017	410,000	55,739	465,739
2018-2021	1,320,000	73,466	1,393,466
	<u>\$ 3,215,000</u>	<u>\$ 493,151</u>	<u>\$ 3,708,151</u>

CITY OF BELLFLOWER
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012

NOTE 10 – LONG-TERM DEBT (Continued)

G. Long-Term Debt Amortization (Continued)

<u>Section 108 Loan</u>			
Fiscal years Ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 300,000	\$ 290,161	\$ 590,161
2014	314,000	274,746	588,746
2015	330,000	258,206	588,206
2016	346,000	240,370	586,370
2017	363,000	221,151	584,151
2018-2022	2,096,000	769,162	2,865,162
2023-2025	1,520,000	139,392	1,659,392
	<u>\$ 5,269,000</u>	<u>\$ 2,193,188</u>	<u>\$ 7,462,188</u>

<u>Total Governmental Activities</u>			
Fiscal years Ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 795,000	\$ 789,992	\$ 1,584,992
2014	829,000	755,610	1,584,610
2015	870,000	719,255	1,589,255
2016	901,000	680,848	1,581,848
2017	943,000	640,309	1,583,309
2018-2022	4,171,000	2,542,050	6,713,050
2023-2027	2,675,000	1,586,504	4,261,504
2028-2032	1,475,000	1,103,959	2,578,959
2033-2037	1,885,000	652,041	2,537,041
2038-2040	1,895,000	117,206	2,012,206
	<u>\$ 16,439,000</u>	<u>\$ 9,587,774</u>	<u>\$ 26,026,774</u>

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

Plan Description

The City of Bellflower contributes to the California Public Employees Retirement System (PERS), a cost sharing multiple-employer defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. A menu of benefit provisions as well as other requirements is established by State statutes within the Public Employees' Retirement Law. The City of Bellflower selects optional benefit provisions from the benefit menu by contract with PERS and adopts those benefits through local ordinance. PERS issues a separate comprehensive annual financial report.

CITY OF BELLFLOWER
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012

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

Copies of the PERS' annual financial report may be obtained from the PERS Executive Office - 400 P Street, Sacramento, CA 95814.

Funding Policy

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. The City is required to contribute at an actuarially determined combined rate of 11.255% for miscellaneous employees. The contribution requirements of plan members and the City are established and may be amended by PERS. The City's total contributions to PERS for the fiscal years ending June 30, 2012, 2011, and 2010 were \$1,029,862, \$981,452, and \$938,786. The employer paid employee contributions are \$389,101, \$437,440, and \$400,116, respectively and the employer contributions are respectively, and equal 100% of the required contributions for each fiscal year.

NOTE 12 - DEFERRED COMPENSATION PLAN AND TRUST

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

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

NOTE 13 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

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

Funding Policy. The contribution requirement of plan members and the City are established under a funding policy approved by the City Council, and may be amended by the City from time to time. The City's funding policy is to contribute an amount sufficient to pay the current year's retiree premium and plan expenses, with an additional amount to pre-fund benefits as determined by the City's actuary on a biennial basis. For fiscal year 2011-12, the City contributed \$702,521 to the plan, including \$279,196 of cash contributions made to CERBT and \$423,325 in premium payments for retiree insurance made directly to CalPERS.

CITY OF BELLFLOWER
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012

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

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

Annual required contribution	\$ 706,510
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB cost (expense)	706,510
Contributions made	702,521
Change in OPEB obligation	3,989
Net OPEB obligation (assets) - beginning of fiscal year	(58,105)
Net OPEB obligation (assets) - end of fiscal year	\$ (54,116)

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2012 and the four preceding fiscal years were as follows:

<u>Fiscal Year</u> <u>Ended</u>	<u>Annual</u> <u>OPEB Cost</u>	<u>Percentage of</u> <u>Annual OPEB</u> <u>Cost Contribution</u>	<u>Net of OPEB</u> <u>Obligation</u> <u>(Asset)</u>
6/30/2008	\$ 611,037	105%	\$ (33,338)
6/30/2009	610,176	104%	(59,241)
6/30/2010	610,176	95%	(31,524)
6/30/2011	617,890	104%	(58,105)
6/30/2012	706,510	99%	(54,116)

Funded Status and Funding Progress. As of June 30, 2011, the most recent actuarial valuation date, the plan was funded for 13.6 percent. The actuarial accrued liability for benefits was \$9,098,908 and the actuarial value of assets was \$1,236,295, resulting in an unfunded actuarial accrued liability (UAAL) of \$7,862,613. The covered payroll (annual payroll of active employees covered by the plan) was \$5,379,032, and the ratio of the UAAL to the covered payroll was 146 percent.

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

CITY OF BELLFLOWER
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012

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

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

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

In the June 30, 2011, actuarial valuation, actuarial cost method (entry age normal) was used. The actuarial assumptions included economic assumptions of a 3.25 percent of inflation rate, a 3.25 percentage of projected salary increase, a 7.61 percent investment rate of return, which is the expected long-term investment returns on plan assets and an annual healthcare cost trend rate of 4 percent. In addition, the actuarial non economic assumption included a 2%@55 pension formula of retirement rate. The actuarial value of assets is \$1,236,295. The UAAL is being amortized as a flat percentage of covered payroll over thirty years. The remaining amortization period at June 30, 2011 was 27 years. The amortization period is closed for initial UAAL and open for residual UAAL for 27 years.

NOTE 14 - CALIFORNIA JOINT POWERS INSURANCE AUTHORITY (CJPIA)

The City of Bellflower is a member of the California Joint Powers Insurance Authority (Authority). The Authority is composed of 114 California public entities and is organized under a joint powers agreement pursuant to California Government Code §6500 et seq. The purpose of the Authority is to arrange and administer programs for the pooling of self-insured losses, to purchase excess insurance or reinsurance, and to arrange for group purchased insurance for property and other coverage. 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

In the liability program, claims are pooled separately between police and non-police exposures. (1) The payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to losses within the formula. (2) The first layer of losses includes incurred costs up to \$30,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the first layer. (3) The second layer of losses includes incurred costs from \$30,000 to \$750,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs in excess of \$750,000 up to the reinsurance attachment point of \$5,000,000 are distributed based on the outcome of cost allocation within the first and second loss layers. (5) Costs of covered claims for \$5,000,000 to \$10,000,000 are paid under a reinsurance contract subject to a \$2,500,000 annual aggregate deductible. Costs of covered claims from \$10,000,000 to \$15,000,000 are paid under tow reinsurance contracts subject to a combined \$3,000,000 annual aggregate deductible. On a cumulative basis for all 2011-12 reinsurance contracts, the annual aggregate deductible is

CITY OF BELLFLOWER
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012

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

General Liability (Continued)

\$5,500,000. (6) Cost of covered claims from \$15,000,000 up to \$50,000,000 are covered through excess insurance policies. The overall coverage limit for each member including all layers of coverage is \$50,000,000 per occurrence. Costs of covered claims for subsidence losses are paid by reinsurance and excess insurance with a pooled sub-limit of \$35,000,000 per occurrence. This \$35,000,000 subsidence sub-limit is composed of (a) \$5,000,000 retained within the pool's SIR, (b) \$10,000,000 in reinsurance and (c) \$20,000,000 in excess insurance. The excess insurance layer has a \$20,000,000 annual aggregate.

Workers' Compensation Coverage

The City of Bellflower also participates in the workers' compensation pool administered by the Authority. In the worker's compensation program, claims are pooled separately between public safety (police and fire) and non public-safety exposures. (1) the payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weigh applied to losses within the formula. (2) The first layer of losses includes incurred costs up to \$50,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the first layer. (3) The second of losses includes incurred costs from \$50,000 to \$100,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs in excess of \$100,000 up to the reinsurance attachment point of \$2,000,000 are distributed based on the outcome of cost allocation within the first and second loss layers. (5) Costs of covered claims from \$2,000,000 up to statutory limits are paid under a reinsurance policy. Protection is provided per statutory liability under California Worker's Compensation law. Employer's liability losses are pooled among members to \$2,000,000. Coverage from \$2,000,000 to \$4,000,000 is purchased as part of a reinsurance policy, and Employer's Liability losses from \$4,000,000 to \$10,000,000 are pooled among members.

Environmental Insurance

The City of Bellflower participates in the pollution legal liability and remediation legal liability insurance which is available through the Authority. The policy covers sudden and gradual pollution of scheduled property, streets, and storm drains owned by the City of Bellflower. Coverage is on a claims-made basis. There is a \$50,000 deductible. The Authority has a limit of \$50,000,000 for the 3-year period from July 1, 2011 through July 1, 2014. Each member of the Authority has a \$10,000,000 sub-limit during the 3-year term of the policy.

Property Insurance

The City of Bellflower participates in the all-risk property protection program of the Authority. This insurance protection is underwritten by several insurance companies. The City of Bellflower property is currently insured according to a schedule of covered property submitted by the City to the Authority. Total all-risk property insurance coverage is \$28,545,733. 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.

CITY OF BELLFLOWER
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012

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

Earthquake and Flood Insurance

The City of Bellflower purchases earthquake and flood insurance on a portion of its property. The earthquake insurance is part of the property protection insurance program of the Authority. The City of Bellflower's property currently has earthquake protection in the amount of \$20,981,161. 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.

Special Event Tenant User Liability Insurance

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

During the past three fiscal (claims) years, none of the above programs of protection have had settlements or judgments that exceeded pooled or insured coverage. There were no significant reductions in pooled or insured liability coverage in the fiscal year 2011-12.

NOTE 15 - NET ASSETS AND FUND BALANCES – GOVERNMENTAL ACTIVITIES

A. Net Assets

Net assets are the excess of all the City's assets over all its liabilities, regardless of fund. Net assets are divided into three captions under GASB Statement No. 34. These captions apply only to net assets, which is determined only at the government-wide level, proprietary funds, and fiduciary funds and are described below.

Invested in capital assets, net of related debt describe the portion of net assets which is represented by the current net book value of the City's capital assets, less the outstanding balance of any debt issued to finance these assets.

Restricted describe the portion of net assets which is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulations, laws, or other restrictions which the City cannot unilaterally alter. These principally include developer fees received for use on capital projects, debt service requirements, redevelopment funds restricted for low-and-moderate income purposes, and gas tax funds for street construction.

Unrestricted describes the portion of net assets which is not restricted as to use.

CITY OF BELLFLOWER
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012

NOTE 15 – NET ASSETS AND FUND BALANCES – GOVERNMENTAL ACTIVITIES
(CONTINUED)

A. Net Assets (Continued)

Details of the three categories are as follows:

NET ASSETS

	Governmental Activities	Business-type Activities
Invested in capital assets, net of related debt:		
Total capital assets, net of accumulated depreciation	\$ 44,214,259	\$ 9,077,825
Less: total capital related debt	(8,316,916)	
Invested in capital assets, net of related debt	35,897,343	9,077,825
Restricted for:		
Construction of capital assets	1,110,480	
Debt service	7,708,604	
Streets, highways, bikeways, public transit, and other related purposes	4,452,506	
Housing	4,878,665	
Community development	5,559,402	
Public safety	164,271	
Total restricted net assets	23,873,928	
Unrestricted	21,747,682	(9,212,715)
Total net assets (deficit)	\$ 81,518,953	\$ (134,890)

\$7,768,439 of the restricted net assets in the government-wide statement of net assets is restricted by enabling legislation.

B. Fund Balances

As of June 30, 2012, fund balances of the governmental funds are classified as follows:

Nonspendable – amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed – amounts that can be used only for specific purposes determined by a formal action of the governing board is the highest level of decision-making authority for the City. Commitments may be established, modified, or rescinded only through resolutions approved by the governing board.

CITY OF BELLFLOWER
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012

NOTE 15 – NET ASSETS AND FUND BALANCES – GOVERNMENTAL ACTIVITIES
(CONTINUED)

B. Fund Balances

Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the City’s adopted policy, only the governing board or director may assign amounts for specific purposes.

Unassigned – all other spendable amounts.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balance are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the governing board has provided otherwise in its commitment or assignment actions.

	<u>General Fund</u>	<u>Financing Authority Debt Service Fund</u>	<u>Low and Moderate Income Housing Special Revenue Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Fund balances:					
Nonspendable					
Advances, net of deferred interest	\$ 12,658,015	\$ 7,415,181	\$ -	\$ -	\$ 20,073,196
Restricted					
Debt service		544,705			544,705
Streets and roads				4,452,506	4,452,506
Community development				3,328,041	3,328,041
Drug forfeiture				6,867	6,867
State COPs				157,404	157,404
Capital projects				162,026	162,026
Assigned					
Economic development				948,454	948,454
Unassigned	<u>14,376,492</u>		<u>(1,360,588)</u>	<u>(8,078)</u>	<u>13,007,826</u>
Total fund balances	<u>\$ 27,034,507</u>	<u>\$ 7,959,886</u>	<u>\$ (1,360,588)</u>	<u>\$ 9,047,220</u>	<u>\$ 42,681,025</u>

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

The Low and Moderate Income Housing fund has a deficit fund balance of \$1,360,588 at June 30, 2012. The Public Arts fund also has deficit fund balances of \$8,078 at June 30, 2012. The deficits are expected to be remedied in the near future as revenues are collected in excess of anticipated expenditures.

The water fund has deficit net assets of \$134,890 at June 30, 2012, which should be alleviated as future revenues are expected to increase and costs are expected to decrease with a new high capacity well.

CITY OF BELLFLOWER
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012

NOTE 17 - MULTIFAMILY HOUSING REVENUE BONDS (SERIES 2002A & 2002B)

On May 29, 2001, the Bellflower Redevelopment Agency and 9920 Flora Vista, L.P. (Developer) entered into a Disposition and Development/Affordable Housing Agreement (DDA) to construct 180 low-income rental units for seniors, at an approximate cost of \$17,640,985. Under the terms of the DDA, subsequently amended and restated, the Agency and the City agreed to certain financial commitments including the purchase of vacant land, a developer loan in the amount of \$2,124,776 funded by City's HOME fund in the amount of \$1,238,000 and by Redevelopment Agency in the amount of \$886,779 payable in eight annual installment of \$110,847, and tax-exempt bond financing. In April 2001, the Agency purchased vacant land required for the development and ground lease from the Los Angeles County Metropolitan Transportation Authority at the cost of \$1,051,075. In April 2002, the City's HOME fund loaned \$1,238,000 to the developer. In fiscal year 2003 and 2004, the Agency loaned \$221,694 to the developer. During the fiscal year 2005, the Agency decided to payoff its loan commitment by prepaying the remaining six installment payments in the amount of \$540,631. The total developer loans of \$2,124,776 are evidenced by two promissory notes, bearing 7% interest and are repayable with residual rent receipts.

To fulfill its bond financing commitment, the Agency adopted a resolution on March 25, 2002, to authorize the sale and issuance of conduit Multifamily Housing Revenue Bonds (Bellflower Terrace Seniors), Series 2002A and 2002B, in the aggregate amount of \$9,000,000, as allocated, in private activity bonds by the California Debt Limit Allocation Committee. In April 2002, Series 2002A bonds in the amount of \$8,595,000 and Series 2002B bonds in the amount of \$405,000 were issued to fund the project. The Series 2002A bonds are senior bonds that are credit enhanced by Fannie Mae and secured by certain property. The senior bonds bear 5% to 5.5% interest with the maturity date of June 1, 2035 and mandatory remarketing date of June 1, 2023.

The Series 2002B bonds are subordinate bonds that are not credit enhanced by Fannie Mae, but are secured by certain property. These subordinate bonds bear 8% interest with the maturity date of August 20, 2035.

Neither the faith, credit, nor the taxing power of the Agency is pledged to the repayment of the bonds. Accordingly, no liability has been recorded in the Statement of Net Assets. As of June 30, 2012, the amounts of principal outstanding on the bonds were \$7,800,000 for Series 2002A and \$290,000 for Series 2002B, for a total of \$8,090,000.

NOTE 18 - COMMITMENTS

Construction Commitments

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

Vendor	Project	Spec. No.	Project Authorization	Invoiced as of June 30, 2012	Committed
Pima Corporation	Contractor/Riverview Park	09/10-12R	\$2,162,420	\$ 1,872,618	\$ 289,802
Cora Constructors, Inc.	Contractor/High Capacity Well #1	10/11-11	1,547,140	1,547,140	
FM Thomas, Inc.	Climate Control/Thompson Park	11/12-01	73,614	73,614	
	Coldmill, Resurfacing & Concrete				
E.C. Construction	Replacement	11/12-02	378,389	103,380	275,009
	Removal of trees, curb, gutters asphalt, sidewalks				
Interlog Corporation	Construction/Park Street Park	11/12-04	184,656		184,656
Diversified Landscape Mgmt. Inc.	Construction/Park Street Park	11/12-05	1,063,724		1,063,724
All-Phase Electric Supply - CED	Light Poles (46)/Palm Street Park	11/12-05	165,860		165,860
The Wakefield Company	Park Furnishings/Palm Street Park	11/12-05	57,796		57,796
Landscape Structures, Inc.	Landscape/Palm Street Park	11/12-05	52,063		52,063
Superior Paving Co	Dubarry St Pavement Rehabilitation	11/12-06	70,821		70,821
			\$5,756,483	\$ 3,596,752	\$ 2,159,731

CITY OF BELLFLOWER
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012

NOTE 19 - SUCCESSORY AGENCY TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY

On December 29, 2011, the California Supreme Court upheld Assembly Bill 1X 26 (“the Bill”) that provides for the dissolution of all redevelopment agencies in the State of California. This action impacted the reporting entity of the City of Bellflower that previously had reported a redevelopment agency within the reporting entity of the City as a blended component unit.

The Bill provides that upon dissolution of a redevelopment agency, either the city or other unit of local government will agree to serve as the “successor agency” to hold the assets units they are distributed to other units of state and local government. On January 10, 2012, the City Council elected to become the Successor Agency for the former redevelopment agency in accordance with the Bill as part of City resolution number 12-001.

After enactment of the law, which occurred on June 28, 2011, redevelopment agencies in the State of California could not enter into new projects, obligations or commitments. Subject to the control of a newly established oversight board, remaining assets can only be used to pay enforceable obligations in existence as of the date of dissolution (including the completion of any unfinished projects that were subject to legally enforceable contractual commitments).

In future fiscal years, successor agencies will only be allocated revenue in the amount that is necessary to pay the estimated annual installment payments on enforceable obligations of the former redevelopment agency until all enforceable obligations of the prior redevelopment agency have been paid in full and all assets have been liquidated.

The Bill directs the State Controller of the State of California to review the propriety of any transfers of assets between redevelopment agencies and other public bodies that occurred after January 1, 2011. If the public body that received such transfers is not contractually committed to a third party for the expenditure or encumbrance of those assets, the State Controller is required to order the available assets to be transferred to the public body designated as the successor agency by the Bill.

Management believes, in consultation with legal counsel, that the obligations of the former redevelopment agency due to the City are valid enforceable obligations payable by the successor agency trust under the requirements of the Bill. The City’s position on this issue is not a position of settled law and there is considerable legal uncertainty regarding this issue. It is reasonably possible that a legal determination may be made at a later date by an appropriate judicial authority that would resolve this issue unfavorably to the City.

In accordance with the timeline set forth in the Bill (as modified by the California Supreme Court on December 29, 2011), all redevelopment agencies in the State of California were dissolved and ceased to operate as legal entities, as of February 1, 2012.

Prior to that date, the final seven months of activity of the redevelopment agency continued to be reported in the governmental funds of the City. After the date of dissolution, the assets and activities of the dissolved redevelopment agency are reported in a fiduciary fund (private-purpose trust fund) in the financial statements of the City.

CITY OF BELLFLOWER
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012

NOTE 19 - SUCCESSORY AGENCY TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY (CONTINUED)

The transfer of the assets and liabilities of the former redevelopment agency as of February 1, 2012 (effectively the same date as January 31, 2012) from governmental funds of the City to fiduciary funds was reported in the governmental funds as an extraordinary loss (or gain) in the governmental fund financial statements. The receipt of these assets and liabilities as of January 31, 2012 was reported in the private-purpose trust fund as an extraordinary gain (or loss).

Because of the different measurement focus of the governmental funds (*current financial resources measurement focus*) and the measurement focus of the trust funds (*economic resources measurement focus*), the extraordinary loss(gain) recognized in the governmental funds was not the same amount as the extraordinary gain (loss) that was recognized in the fiduciary fund financial statements.

The difference between the extraordinary gain recognized in the fund financial statements and the extraordinary loss recognized in the fiduciary fund financial statements is reconciled as follows:

Total extraordinary (gain)/loss reported in governmental fund – (decrease)/increase to net assets of the Successor Agency Trust Funds	(\$9,373,906)
Capital assets recorded in the government-wide financial statements – increase of net assets of the Successor Agency Trust Funds	14,074,087
Notes receivable recorded in the government-wide financial statements – increase of net assets of the Successor Agency Trust Funds	65,452
Deferred charges reported in the government-wide financial statements – increase of net assets of the Successor Agency Trust Funds	429,062
Deferred loss on refunding reported in the government-wide financial statements – increase of net assets of the Successor Agency Trust Funds	332,123
Long-term debt reported in the government-wide financial statements – decrease to net assets of the Successor Agency Trust Funds	<u>(7,455,853)</u>
Net decrease to net assets of the Successor Agency Trust Funds as a result of initial transfers (equal to amount of extraordinary gain reported in the government-wide financial statements of the City)	<u>(\$1,929,035)</u>

CITY OF BELLFLOWER
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012

NOTE 20 – SUCCESSOR AGENCY

A. Notes Receivable of the Successor Agency as of June 30, 2012 consisted of the following:

The former Redevelopment Agency made a loan to an individual in the amount of \$10,000, which matures on October 3, 2013. It bears 0% interest. The outstanding balance at June 30, 2012 was \$4,167.

The former Redevelopment Agency made a loan to an individual in the amount of \$85,000 and it bears interest at 5% per annum. However, the loan is a forgivable loan, which matures on November 24, 2018. The outstanding balance at June 30, 2012 was \$61,285.

B. Short-term payables are classified as due to the City of Bellflower in the amount of \$1,045,462 at June 30, 2012.

C. Capital assets of the Successor Agency as of June 30, 2012 consisted of the following:

	Balance July 1, 2011	Transferred From RDA	Additions	Deletions	Reclassification	Balance June 30, 2012
Nondepreciable Capital Assets:						
Land	\$ -	\$ 8,015,822	\$ -	\$ -	\$ -	\$ 8,015,822
Construction in progress		991,312			(759,925)	231,387
Total Nondepreciable Capital Assets		9,007,134			(759,925)	8,247,209
Capital assets, being depreciated						
Buildings and improvements		5,007,242				5,007,242
Equipment and furniture and fixtures		118,727				118,727
Infrastructure		1,063,121	40,556		759,925	1,863,602
Total Depreciable Capital Assets		6,189,090	40,556		759,925	6,989,571
Less accumulated depreciation for:						
Buildings and improvements		(845,429)	(58,222)			(903,651)
Equipment and furniture and fixtures		(73,516)	(4,665)			(78,181)
Infrastructure		(203,192)	(17,432)			(220,624)
Total Accumulated Depreciation		(1,122,137)	(80,319)			(1,202,456)
Net Depreciable Capital Assets		5,066,953	(39,763)		759,925	5,787,115
Net Governmental Capital Assets	\$ -	\$ 14,074,087	\$ (39,763)	\$ -	\$ -	\$ 14,034,324

CITY OF BELLFLOWER
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012

NOTE 20 – SUCCESSOR AGENCY (CONTINUED)

D. Long-term debt of the Successor Agency as of June 30, 2012, consisted of the following:

	Balance July 1, 2011	Transferred from RDA	Additions	Deletions	Balance June 30, 2012	Due Within One Year
2004 Refunding Tax Allocation Bonds	\$ -	\$ 6,880,000	\$ -	\$ (140,000)	\$ 6,740,000	\$ 150,000
Notes Payable-Dietz		154,827			154,827	9,312
Notes Payable-Goslins/Cleveland		361,969			361,969	6,621
Notes Payable-Nathan/Slavens		59,057		(59,057)		
Advacenes from the City of Bellflower		10,987,565			10,987,565	
	<u>\$ -</u>	<u>\$ 18,443,418</u>	<u>\$ -</u>	<u>\$ (199,057)</u>	<u>\$ 18,244,361</u>	<u>\$ 165,933</u>

a. Tax Allocation Bonds

2004 Refunding Tax Allocation Bonds

The 2004 Tax Allocation Bonds issued by the former Redevelopment Agency and outstanding at June 30, 2012 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 former Redevelopment Agency's refunding of the 1996 Tax Allocation Bonds resulted in an increase of its total debt service payments by \$519,611 and an economic gain (difference between the present values of the old and new debt) of \$109,705. The outstanding balance of the bonds as of June 30, 2012 was \$6,740,000.

The scheduled annual minimum debt service requirements at June 30, 2012 are as follows:

<u>2004 Refunding Tax Allocation Bond</u>			
Fiscal years Ending June 30,	Principal	Interest	Total
2013	\$ 150,000	\$ 442,356	\$ 592,356
2014	155,000	433,896	588,896
2015	165,000	425,154	590,154
2016	175,000	414,231	589,231
2017	185,000	402,646	587,646
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>\$ 6,740,000</u>	<u>\$ 6,219,975</u>	<u>\$ 12,959,975</u>

CITY OF BELLFLOWER
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012

NOTE 20 – SUCCESSOR AGENCY (Continued)

D. Long-term debt of the Successor Agency as of June 30, 2012, consisted of the following (Continued):

b. Advances from City of Bellflower

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

The advances from the General Fund to the former Redevelopment Agency bear the same interest rates as the State of California Local Agency Investment Fund. There is no repayment schedule as repayment will be made when funds are available. At June 30, 2012, the balance was \$10,987,565.

c. Notes Payable

Note Payable – Dietz

On December 2, 2004, the former Redevelopment Agency purchased a property located 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, 2012, was \$154,827.

The scheduled annual minimum debt service requirements at June 30, 2012 are as follows:

Fiscal years Ending June 30,	<u>Loan Payable - Dietz</u>		
	Principal	Interest	Total
2013	\$ 9,312	\$ 6,193	\$ 15,505
2014	9,684	5,821	15,505
2015	10,072	5,433	15,505
2016	10,475	5,030	15,505
2017	10,894	4,611	15,505
2018-2022	61,363	16,161	77,524
2023-2025	43,027	3,487	46,514
	\$ 154,827	\$ 46,736	\$ 201,563

Note Payable – Goslins/Cleveland

On December 1, 2008, the former Redevelopment Agency purchased a property located at 16515 Bellflower Blvd. in an amount of \$432,632. The transaction was financed in cash and a note agreement in an amount of \$430,000. The note bears interest at 5.0% a year with annual payment due on each December. The note balance outstanding as of June 30, 2012 was \$361,969.

CITY OF BELLFLOWER
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012

NOTE 20 – SUCCESSOR AGENCY (Continued)

D. Long-term debt of the Successor Agency, as of June 30, 2012, consisted of the following (Continued):

c. Notes Payable (Continued)

Note Payable – Goslins/Cleveland (Continued)

The scheduled annual minimum debt service requirements at June 30, 2012 are as follows:

Fiscal years Ending June 30,	Loan Payable - Goslins/Cleveland		
	Principal	Interest	Total
2013	\$ 6,621	\$ 18,098	\$ 24,719
2014	6,952	17,767	24,719
2015	7,300	17,420	24,720
2016	7,665	17,055	24,720
2017	8,048	16,672	24,720
2018-2022	46,694	76,904	123,598
2023-2027	59,594	64,003	123,597
2028-2032	76,059	47,539	123,598
2033-2037	97,073	26,525	123,598
2038-2039	45,963	3,476	49,439
	\$ 361,969	\$ 305,459	\$ 667,428

E. Deferred charges consist of issuance costs and discounts for debt issues. The amortization period is 358 months. The total costs deferred as a result of the issuance of the 2004 tax allocation refunding bonds were \$579,637. Accumulated amortization as of June 30, 2012 was \$158,670 with amortization expense for the fiscal year of \$8,095. The balance of deferred charges, net of accumulated amortization expense at June 30, 2012, was \$420,967.

F. The former Redevelopment Agency recorded a deferred loss on the refunding of its 1996 tax allocation bonds in the amount of \$509,637. The amortization period is 267 months which is the lesser of the remaining period of the old debt or the remaining period of the new debt. Accumulated amortization as of June 30, 2012 was \$341,667, with amortization expense for the fiscal year of \$9,544. The balance of deferred loss on refunding, net of accumulated amortization expense at June 30, 2012, was \$322,579.

NOTE 21 – PRIOR PERIOD ADJUSTMENTS

A prior period adjustment of \$1,460,056 was made on the fund statement of General fund, the statement of activities, and the statement of net assets due to an understatement of advances receivable from the former Redevelopment Agency capital project fund.

CITY OF BELLFLOWER
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012

NOTE 21 – PRIOR PERIOD ADJUSTMENTS (CONTINUED)

A prior period adjustment of (\$1,460,056) was made on the fund statement of the former Redevelopment Agency Capital Project fund, the statement of activities, and the statement of net assets due to an overstatement of advances payable to General fund.

A prior period adjustment of (\$1,356,949) was made on the fund statement of the former Redevelopment Agency Housing fund, the statement of activities, and the statement of net assets due to an overstatement of advances payable to Home fund.

A prior period adjustment of \$1,238,000 was made on the fund statement of Home fund, statement of activities, and the statement of net assets due to an overstatement of deferred revenue.

NOTE 22 - SUBSEQUENT EVENTS

In preparing the accompanying financial statements, the City management has reviewed all known events that have occurred after June 30, 2012, and through December 17, 2012, the date when this financial statement was available to be issued, for inclusion in the financial statement and footnotes.

CITY OF BELLFLOWER
REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2012

Postemployment Benefit Plans Other Than Pensions

Trend Information

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS FOR
RETIREE HEALTH PLAN

Actuarial Valuation Date	Actuarial Accrued Liability	Actuarial Value of Assets	Unfunded Liability (Excess Assets)	Funded Ratio	Annual Covered Payroll	UAAL as a % of Payroll
1/1/2007	\$ 5,825,888	\$ -	\$ 5,825,888	0%	\$ 6,420,000	91%
1/1/2009	7,181,087	586,615	6,594,472	8%	5,510,000	120%
6/30/2011	9,098,908	1,236,295	7,862,613	13.6%	5,379,032	146%

**CITY OF BELLFLOWER
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND**

For the Fiscal Year Ended June 30, 2012

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 19,034,000	\$ 19,282,394	\$ 19,687,553	\$ 405,159
Licenses and permits	49,050	49,050	93,076	44,026
Fines, forfeitures, and penalties	1,571,000	1,571,000	1,638,990	67,990
Investment earnings	140,000	140,000	162,517	22,517
Charges for current services	867,700	867,700	833,254	(34,446)
Intergovernmental revenue	423,000	206,348	130,258	(76,090)
Other revenues	460,300	460,300	511,294	50,994
Total revenues	22,545,050	22,576,792	23,056,942	480,150
EXPENDITURES				
Current:				
General government:				
City council	217,125	217,125	198,548	18,577
Public affairs	244,718	244,718	228,049	16,669
Special events	51,850	51,850	51,287	563
City manager	469,885	614,411	613,923	488
City clerk	362,788	362,788	306,841	55,947
Parks and rec. commission	3,100	3,100	2,000	1,100
Planning commission	13,200	13,200	9,163	4,037
Finance	739,651	778,591	778,521	70
City attorney	115,000	115,000	117,206	(2,206)
Personnel/Risk management	300,098	300,098	298,095	2,003
Public safety commission	1,300	1,300	375	925
Non-departmental	601,816	601,816	562,680	39,136
Total general government	3,120,531	3,303,997	3,166,688	137,309
Public safety:				
Administration	1,436,446	1,333,970	1,325,995	7,975
Crossing guard	134,550	134,550	116,012	18,538
Sheriff	7,525,377	7,525,377	7,603,609	(78,232)
Support services	665,800	665,800	649,186	16,614
Emergency management	4,750	4,750	6,992	(2,242)
Total public safety	9,766,923	9,664,447	9,701,794	(37,347)

(Continued)

See Notes to the Basic Financial Statements

CITY OF BELLFLOWER
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
For the Fiscal Year Ended June 30, 2012
(Continued)

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES - CONTINUED				
Current:				
Public works:				
Administration	\$ 937,030	\$ 887,030	\$ 946,080	\$ (59,050)
Street maintenance	2,134,683	2,134,683	2,095,326	39,357
Stormwater maintenance	512,142	512,142	383,802	128,340
Lighting and landscaping	740,000	740,000	741,894	(1,894)
Facility maintenance	1,660,939	1,660,939	1,695,096	(34,157)
Total public works	<u>5,984,794</u>	<u>5,934,794</u>	<u>5,862,198</u>	<u>72,596</u>
Community development:				
Administration	388,430	557,930	577,976	(20,046)
Planning	653,127	688,127	658,735	29,392
Building and safety- LA contract	47,000	47,000	38,910	8,090
Farmers' market	1,650	1,650	1,056	594
Code enforcement	513,168	513,168	471,940	41,228
Total community development	<u>1,603,375</u>	<u>1,807,875</u>	<u>1,748,617</u>	<u>59,258</u>
Parks and recreation:				
Administration	578,143	578,143	623,762	(45,619)
Simms park	336,328	336,328	317,174	19,154
Thompson park	266,204	266,204	265,188	1,016
Caruthers park	260,480	260,480	249,933	10,547
Aquatic center	190,446	190,446	166,660	23,786
Civic auditorium	73,465	73,465	68,103	5,362
Cultural arts	17,451	17,451	17,451	
Total parks and recreation	<u>1,722,517</u>	<u>1,722,517</u>	<u>1,708,271</u>	<u>14,246</u>
Capital outlay	<u>799,000</u>	<u>1,598,569</u>	<u>628,579</u>	<u>969,990</u>
Total expenditures	<u>22,997,140</u>	<u>24,032,199</u>	<u>22,816,147</u>	<u>1,216,052</u>
Excess of revenues over (under) expenditures	<u>(452,090)</u>	<u>(1,455,407)</u>	<u>240,795</u>	<u>1,696,202</u>

(Continued)

See Notes to the Basic Financial Statements

CITY OF BELLFLOWER
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
For the Fiscal Year Ended June 30, 2012
(Continued)

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
OTHER FINANCING SOURCES (USES):				
Transfers in	\$ 1,205,300	\$ 1,205,300	\$ 1,099,594	\$ (105,706)
Transfers out	<u>(768,212)</u>	<u>(768,212)</u>	<u>(943,985)</u>	<u>(175,773)</u>
Total other financing sources (uses)	<u>437,088</u>	<u>437,088</u>	<u>155,609</u>	<u>(281,479)</u>
Net change in fund balance	<u>(15,002)</u>	<u>(1,018,319)</u>	<u>396,404</u>	<u>1,414,723</u>
Fund balance - July 1, 2011	28,098,159	28,098,159	28,098,159	
Prior period adjustment			<u>(1,460,056)</u>	<u>(1,460,056)</u>
Fund balance - July 1, 2011, restated	<u>28,098,159</u>	<u>28,098,159</u>	<u>26,638,103</u>	<u>(1,460,056)</u>
Fund balance - June 30, 2012	<u>\$ 28,083,157</u>	<u>\$ 27,079,840</u>	<u>\$ 27,034,507</u>	<u>\$ (45,333)</u>

See Notes to the Basic Financial Statements

CITY OF BELLFLOWER
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
LOW AND MODERATE INCOME HOUSING ASSET SPECIAL REVENUE FUND
For the Fiscal Year Ended June 30, 2012

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
REVENUES				
Investment earnings	\$ -	\$ -	\$ 79	\$ 79
Other revenue			243,738	243,738
Total revenues			243,817	243,817
EXPENDITURES				
Current:				
Community development		16,340	\$ 324,389	(308,049)
Total expenditures		16,340	324,389	(308,049)
Net change in fund balance before extraordinary item		(16,340)	(80,572)	(64,232)
EXTRAORDINARY ITEM				
Loss on transfer of assets and liabilities from RDA Housing capital projects fund			(1,280,016)	(1,280,016)
Net change in fund balance		(16,340)	(1,360,588)	(1,344,248)
Fund balance - July 1, 2011				
Fund balance (Deficit) - June 30, 2012	\$ -	\$ (16,340)	\$ (1,360,588)	\$ (1,344,248)

CITY OF BELLFLOWER
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FINANCING AUTHORITY DEBT SERVICE FUND
For the Fiscal Year Ended June 30, 2012

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES			
Investment earnings	\$ 4,500	\$ 7,919	\$ 3,419
Total revenues	<u>4,500</u>	<u>7,919</u>	<u>3,419</u>
EXPENDITURES			
Debt service:			
Principal retirement	140,000	140,000	
Interest and other charges	<u>396,119</u>	<u>396,119</u>	
Total expenditures	<u>536,119</u>	<u>536,119</u>	
Excess of revenues over (under) expenditures	<u>(531,619)</u>	<u>(528,200)</u>	<u>3,419</u>
OTHER FINANCING SOURCES			
Transfers in	<u>396,119</u>	<u>366,230</u>	<u>(29,889)</u>
Total other financing sources	<u>396,119</u>	<u>366,230</u>	<u>(29,889)</u>
Net change in fund balance	(135,500)	(161,970)	(26,470)
Fund balance - July 1, 2011	<u>8,121,856</u>	<u>8,121,856</u>	
Fund balance - June 30, 2012	<u>\$ 7,986,356</u>	<u>\$ 7,959,886</u>	<u>\$ (26,470)</u>

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

**CITY OF BELLFLOWER
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2012**

Special Revenue Funds:

Drug Forfeiture Fund – This fund is used to account for assets seizures and forfeitures related to drug offenses that are disbursed by the county. Expenditures of these revenues are restricted to law enforcement.

Transportation Fund (Proposition A) – This fund is used to account for revenues and expenditures related to a half-cent sales tax under Proposition A approved by Los Angeles County voters in 1980. A portion of Proposition A funds is allocated to cities and these funds must be used exclusively to benefit public transit. Expenditures related to fixed route and paratransit services, transportation demand management, transportation systems management and fare subsidy programs that exclusively benefit transit are all eligible uses of Proposition A funds.

Proposition C Fund – This fund is used to account for revenues and expenditures related to a half-cent sales tax under Proposition C approved by Los Angeles County voters in 1990. A portion of Proposition C funds is allocated to cities and these funds must be used to benefit public transit, congestion management programs, bikeways and bike lanes, street improvements supporting public transit service, and pavement management system projects.

Gas Tax Fund – This fund is used to account for revenues and expenditures under California Streets and Highways Code Sections 2105, 2106, 2107 and 2107.5. A portion of the excise tax collected on gasoline is allocated to cities and these funds are expended for street improvement and maintenance programs.

AQMD Fund (AB 2766) – This fund is used to account for revenues and expenditures under California Assembly Bill 2766 signed into law in 1990, California Health and Safety Code Sections 44220-44247. AB 2766 provides for the collection of an additional fee in motor vehicle registration fees, a portion of which is allocated to cities to fund various air pollution reduction programs.

Sewer Reconstruction Fund – This fund is used to account for the City's developer fees collected and expended to reconstruct and increase the existing capacity of the sewer system required due to new developments.

TDA Article 3 Fund – This fund is used to account for revenues and expenditures related to a quarter-cent of the sales tax that is collected statewide and then returned to its county of origin under the Transportation Development Act. A portion of the revenues is allocated to cities and these funds may be used for design and construction of pedestrian and bicycle facilities and amenities including wheelchair ramps.

Proposition 1B Fund – This fund is used to account for revenues and expenditures related to the Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006, approved by the voters as Proposition 1B on November 7, 2006. A portion of the bond funds is allocated to cities and these funds are expended for street and road improvements, congestion relief, enhanced mobility, and improved traffic safety.

**CITY OF BELLFLOWER
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2012**

Special Revenue Funds (Continued):

Parking District No. 1 Fund – This fund is used to account for the City's special assessment collected and expended pursuant to California Streets and Highways Code Sections 31822 and 31823 to maintain Parking District No. 1 that benefit properties along the west side of Bellflower Boulevard between Mayne Street and Flower Street,.

Building and Safety Fund – This fund is used to account for the City's buildings and safety operations. 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 – This fund is used to account for revenues and expenditures related to the City's public arts fees on 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.

CA-COPS Grant Fund – This fund is used to account for revenues and expenditures related to the Citizens Option for Public Safety funds allocated by the State to supplement front line municipal law enforcement services.

COG Position Fund – This fund is used to account for the City's expenditures and related reimbursements by the Gateway Cities Council of Governments for the position of Special Assistant to the City Manager who provides special transportation related services.

GP/Zoning/GIS Fee Fund – This fund is used to account for revenues and expenditures related to the fees collected as part of building and safety services to fund the costs related to the preparation, implementation and/or update of the General Plan, Zoning Ordinance, and Geographical Information System.

Public Facilities Fund – This fund is used to account for revenues and expenditures related to the City's developer fees on 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 – This fund is used to account for revenues and expenditures related to the City's developer fees on certain capital improvement and development projects to pay for the cost of increased parkland needs from these projects.

PEG Fund – This fund is used to account for revenues and expenditures related to a 1% fee on cable television and other video subscription services to fund the purchase and acquisition of capital equipment and facilities necessary to program and broadcast PEG (public, education and government) events on designated cable channels.

**CITY OF BELLFLOWER
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2011**

Special Revenue Funds (Continued):

Measure R Fund – This fund is used to account for revenues and expenditures related to a half-cent sales tax under Measure R approved by Los Angeles County voters in November 2008. A portion of Measure R funds is allocated to cities and these funds must be used for streets and roads, traffic control measures, bikeways and pedestrian improvements, public transit services and capital improvements, transportation marketing, and congestion management program.

HUTA RTC 7360 Fund (Gas Tax) – This fund is used to account for revenues and expenditures under California Streets and Highways Code Section 2103. A portion of the excise tax collected on gasoline is allocated to cities and these funds are expended for street improvement and maintenance programs.

Debt Service Funds:

Public Facilities Corporation Debt Service Fund – This fund is used to account for the payment of interest and principal on the debt issued by the Bellflower Public Facilities Corporation. The funds necessary to make the debt service payments are received from the General Fund.

Redevelopment Agency Debt Service Fund – This fund is used to account for the payment of interest and principal on the debt incurred by the Bellflower Redevelopment Agency as well as pass through payments to other taxing entities and other transfers and costs. The sources of the fund are 80% of the property tax increment and other resources. Pursuant to AB X1 26 and a related California Supreme Court decision, redevelopment agencies were dissolved as of February 1, 2012.

Capital Projects Funds:

Community Development Block Grant Fund – This fund is used to account for revenues and expenditures under the U.S. Department of Housing and Urban Development's Community Development Block Grant (CDBG) Program. CDBG funding is made available to develop viable communities by providing decent housing, a suitable living environment, and opportunities to expand economic opportunities, principally for low- and moderate-income persons.

Grant Projects Fund – This fund is used to account for capital projects funded with Federal, State and other grants and restricted funds.

Redevelopment Agency Capital Projects Fund – This fund accounts for revenues and expenditures related to low- and moderate-income housing activities funded with 20% of property tax increment and other resources.

Redevelopment Agency Housing Fund – This fund accounts for revenues and expenditures related to low- and moderate-income housing activities funded with 20% of property tax increment and other resources.

**CITY OF BELLFLOWER
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2012**

Capital Projects Funds (Continued):

HOME Fund – This fund is used to account for revenues and expenditures under the U.S. Department of Housing and Urban Development’s HOME Investment Partnerships Program. HOME funds are used, often in partnership with local nonprofit groups, to fund a wide range of activities that build, buy, and rehabilitate affordable housing for rent or homeownership or provide direct rental assistance to low-income people.

Capital Projects/Economic Development Fund – This fund is used to account for capital, infrastructure, and economic development projects with resources that can be expended at City Council’s sole discretion.

**CITY OF BELLFLOWER
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2012**

Special Revenue Funds

	Drug Forfeiture Fund	Transportation Fund	Proposition C Fund	Gas Tax Fund
ASSETS				
Cash and investments	\$ 6,839	\$ 880,717	\$ 932,335	\$ -
Accounts receivable - net				91,237
Interest receivable	28	3,426	3,780	
Notes receivable				
Advances receivable				
Total assets	\$ 6,867	\$ 884,143	\$ 936,115	\$ 91,237
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ 37,182	\$ 28,056	\$ -
Accrued expenditures		15,596	3,600	
Retention payable				
Deposit payable				
Due to other funds				91,237
Deferred revenue				
Advances payable				
Total Liabilities		52,778	31,656	91,237
Fund Balances:				
Non spendable:				
Advances, net of deferred interest				
Restricted	6,867	831,365	904,459	
Assigned				
Unassigned				
Total fund balances (deficits)	6,867	831,365	904,459	
Total liabilities and fund balances	\$ 6,867	\$ 884,143	\$ 936,115	\$ 91,237

Special Revenue Funds

AQMD Fund	Sewer Reconstruction Fund	TDA Article 3 Fund	Proposition 1B Fund	Parking District No. 1 Fund	Building and Safety Fund
\$ 134,266 23,791 525	\$ 112,708 459	\$ - 5,523	\$ 1,144,822 2,338	\$ - 1,199	\$ 20,452
<u>\$ 158,582</u>	<u>\$ 113,167</u>	<u>\$ 5,523</u>	<u>\$ 1,147,160</u>	<u>\$ 1,199</u>	<u>\$ 20,452</u>
\$ -	\$ -	\$ -	\$ 5,795	\$ 562	\$ 13,609 6,843
		5,523		637	
		<u>5,523</u>	<u>5,795</u>	<u>1,199</u>	<u>20,452</u>
158,582	113,167		1,141,365		
<u>158,582</u>	<u>113,167</u>		<u>1,141,365</u>		
<u>\$ 158,582</u>	<u>\$ 113,167</u>	<u>\$ 5,523</u>	<u>\$ 1,147,160</u>	<u>\$ 1,199</u>	<u>\$ 20,452</u>

(Continued)

**CITY OF BELLFLOWER
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2012
(Continued)**

	Special Revenue Funds			
	Public Arts Fund	CA-COPS Grant Fund	COG Position Fund	GP/Zoning/ GIS Fee Fund
ASSETS				
Cash and investments	\$ -	\$ 127,714	\$ -	\$ 75,518
Accounts receivable - net		72,074	58,472	
Interest receivable		638		
Notes receivable				
Advances receivable				
Total assets	\$ -	\$ 200,426	\$ 58,472	\$ 75,518
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ 43,022	\$ -	\$ -
Accrued expenditures			5,696	
Deposit payable				
Retention payable				
Due to other funds	8,078		52,776	
Deferred revenue				
Advances payable				
Total Liabilities	8,078	43,022	58,472	
Fund Balances:				
Reserved:				
Non spendable:				
Advances, net of deferred interest				
Restricted		157,404		75,518
Assigned				
Unassigned	(8,078)			
Total fund balances (deficits)	(8,078)	157,404		75,518
Total liabilities and fund balances	\$ -	\$ 200,426	\$ 58,472	\$ 75,518

Special Revenue Funds

Public Facilities Fund	Park Facilities Fund	PEG Fund	Measure R Fund	HUTA RTC 7360 Fund
\$ 63,443	\$ 133,271	\$ 260,669	\$ 1,396,418	\$ 1,408,275
259	600	26,362	68,558	123,718
			5,818	5,172
<u>\$ 63,702</u>	<u>\$ 133,871</u>	<u>\$ 287,031</u>	<u>\$ 1,470,794</u>	<u>\$ 1,537,165</u>
\$ -	\$ 4,611	\$ -	\$ 42,368	\$ 2,635
			6,522	
			5,169	
	4,611		54,059	2,635
63,702	129,260	287,031	1,416,735	1,534,530
<u>63,702</u>	<u>129,260</u>	<u>287,031</u>	<u>1,416,735</u>	<u>1,534,530</u>
<u>\$ 63,702</u>	<u>\$ 133,871</u>	<u>\$ 287,031</u>	<u>\$ 1,470,794</u>	<u>\$ 1,537,165</u>

(Continued)

**CITY OF BELLFLOWER
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2012
(Continued)**

	Debt Service Funds		Capital Projects Funds	
	Public Facilities Corporation Fund	Redevelopment Debt Service Fund	CDBG Fund	Grant Projects Fund
ASSETS				
Cash and investments	\$ -	\$ -	\$ -	\$ 74,259
Accounts receivable - net			91,047	2,292,227
Interest receivable				
Notes receivable			610,881	
Advances receivable				
Total assets	\$ -	\$ -	\$ 701,928	\$ 2,366,486
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ 33,201	\$ 357,037
Accrued expenditures			9,981	
Retention payable				186,862
Deposit payable				6,000
Due to other funds			47,865	662,899
Deferred revenue			610,881	1,104,829
Total Liabilities			701,928	2,317,627
Fund Balances:				
Non spendable:				
Advances, net of deferred interest				
Restricted				48,859
Assigned				
Unassigned				
Total fund balances (deficits)				48,859
Total liabilities and fund balances	\$ -	\$ -	\$ 701,928	\$ 2,366,486

Capital Projects Funds

Redevelopment Capital Project Fund	Redevelopment Agency Housing Fund	HOME Fund	Capital Projects/ Economic Development Fund	Totals
\$ -	\$ -	\$ - 6,424	\$ 944,603 3,851	\$ 7,716,309 2,860,632 26,894
		1,620,480 1,370,519		2,231,361 1,370,519
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,997,423</u>	<u>\$ 948,454</u>	<u>\$ 14,205,715</u>
\$ -	\$ -	\$ 1,684 985 472	\$ -	\$ 569,762 49,223 187,334 11,169
		3,283 1,752,999		872,298 3,468,709
		1,759,423		5,158,495
		1,238,000		1,238,000
			948,454	6,868,844 948,454 (8,078)
		1,238,000	948,454	9,047,220
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,997,423</u>	<u>\$ 948,454</u>	<u>\$ 14,205,715</u>

CITY OF BELLFLOWER
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2012

	Special Revenue Funds			
	Drug Forfeiture Fund	Transportation Fund	Proposition C Fund	Gas Tax Fund
REVENUES				
Taxes	\$ -	\$ 1,129,757	\$ 939,322	\$ -
Licenses and permits				
Investment earnings	87	7,286	8,785	
Charges for current services				
Intergovernmental revenue				1,099,594
Other revenues				
Total revenues	<u>87</u>	<u>1,137,043</u>	<u>948,107</u>	<u>1,099,594</u>
EXPENDITURES				
Current:				
General government				
Public safety				
Public works		687,158	594,420	
Community development				
Capital outlay	2,083	3,342	68,116	
Debt service:				
Principal retirement				
Interest and other charges				
Pass-through payments				
Total expenditures	<u>2,083</u>	<u>690,500</u>	<u>662,536</u>	
Excess of revenues over (under) expenditures	<u>(1,996)</u>	<u>446,543</u>	<u>285,571</u>	<u>1,099,594</u>
OTHER FINANCING SOURCES (USES)				
Transfers in				
Transfers out				(1,099,594)
Total other financing sources (uses)				<u>(1,099,594)</u>
Net changes in fund balances before Special and Extraordinary Items	<u>(1,996)</u>	<u>446,543</u>	<u>285,571</u>	
SPECIAL ITEM				
Forgiveness of matured interest on advances				
EXTRAORDINARY ITEM				
Loss on transfer of assets and liabilities from RDA Housing capital project fund				
Net change in fund balance	<u>(1,996)</u>	<u>446,543</u>	<u>285,571</u>	
Fund balances (deficits) - July 1, 2011	8,863	384,822	618,888	
Prior period adjustment				
Fund balances (deficits) - July 1, 2011, restated	<u>8,863</u>	<u>384,822</u>	<u>618,888</u>	
Fund balances (deficits) - June 30, 2012	<u>\$ 6,867</u>	<u>\$ 831,365</u>	<u>\$ 904,459</u>	<u>\$ -</u>

Special Revenue Funds

AQMD Fund	Sewer Reconstruction Fund	TDA Article 3 Fund	Proposition 1B Fund	Parking District No. 1 Fund	Building and Safety Fund
\$ -	\$ -	\$ -	\$ -	\$ 13,138	\$ -
1,022	1,159		3,898		330,634
96,378	20,829	5,523	1,147,518		
<u>97,400</u>	<u>21,988</u>	<u>5,523</u>	<u>1,151,416</u>	<u>13,138</u>	<u>330,634</u>
		2,392	258,431	13,138	
7,630		3,131	12,695		715,629
<u>7,630</u>		<u>5,523</u>	<u>271,126</u>	<u>13,138</u>	<u>715,629</u>
89,770	21,988		880,290		(384,995)
					384,995
					<u>384,995</u>
89,770	21,988		880,290		
<u>89,770</u>	<u>21,988</u>		<u>880,290</u>		
68,812	91,179		261,075		
<u>68,812</u>	<u>91,179</u>		<u>261,075</u>		
<u>\$ 158,582</u>	<u>\$ 113,167</u>	<u>\$ -</u>	<u>\$ 1,141,365</u>	<u>\$ -</u>	<u>\$ -</u>

(Continued)

CITY OF BELLFLOWER
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2012
(Continued)

	Special Revenue Funds			
	Public Arts Fund	CA-COPS Grant Fund	COG Position Fund	GP/Zoning/ GIS Fee Fund
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits				
Investment earnings		1,244		
Charges for current services	43,500			26,020
Intergovernmental revenue		194,201		
Other revenues			186,566	
Total revenues	<u>43,500</u>	<u>195,445</u>	<u>186,566</u>	<u>26,020</u>
EXPENDITURES				
Current:				
General government			186,566	
Public safety		12,189		
Public works				
Community development				
Capital outlay		83,086		
Debt service:				
Principal retirement				
Interest and other charges				
Pass-through payment				
Total expenditures		<u>95,275</u>	<u>186,566</u>	
Excess of revenues over (under) expenditures	<u>43,500</u>	<u>100,170</u>		<u>26,020</u>
OTHER FINANCING SOURCES (USES)				
Transfers in				49,498
Transfers out				
Total other financing sources (uses)				<u>49,498</u>
Net changes in fund balances before Special and Extraordinary Items	43,500	100,170		75,518
SPECIAL ITEM				
Forgiveness of matured interest on advances				
EXTRAORDINARY ITEM				
Loss on transfer of assets and liabilities from RDA Housing capital project fund				
Net change in fund balance	<u>43,500</u>	<u>100,170</u>		<u>75,518</u>
Fund balances (deficits) - July 1, 2011	(51,578)	57,234		
Prior period adjustment				
Fund balances (deficits) - July 1, 2011, restated	<u>(51,578)</u>	<u>57,234</u>		
Fund balances (deficits) - June 30, 2012	<u>\$ (8,078)</u>	<u>\$ 157,404</u>	<u>\$ -</u>	<u>\$ 75,518</u>

Special Revenue Funds

Public Facilities Fund	Park Facilities Fund	PEG Fund	Measure R Fund	HUTA RTC 7360 Fund
\$ -	\$ -	\$ 98,907	\$ 698,281	\$ -
681	1,833		13,583	8,485
5,993	3,949			1,042,332
<u>6,674</u>	<u>5,782</u>	<u>98,907</u>	<u>711,864</u>	<u>1,050,817</u>
			90,799	
	52,869	8,645	191,623	29,799
				65,796
	<u>52,869</u>	<u>8,645</u>	<u>282,422</u>	<u>95,595</u>
<u>6,674</u>	<u>(47,087)</u>	<u>90,262</u>	<u>429,442</u>	<u>955,222</u>
<u>6,674</u>	<u>(47,087)</u>	<u>90,262</u>	<u>429,442</u>	<u>955,222</u>
<u>6,674</u>	<u>(47,087)</u>	<u>90,262</u>	<u>429,442</u>	<u>955,222</u>
57,028	176,347	196,769	987,293	579,308
<u>57,028</u>	<u>176,347</u>	<u>196,769</u>	<u>987,293</u>	<u>579,308</u>
<u>\$ 63,702</u>	<u>\$ 129,260</u>	<u>\$ 287,031</u>	<u>\$ 1,416,735</u>	<u>\$ 1,534,530</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, 2012
(Continued)

	Debt Service Funds		Capital Projects Funds	
	Public Facilities Corporation Fund	Redevelopment Debt Service Fund	CDBG Fund	Grant Projects Fund
REVENUES				
Taxes	\$ -	\$ 1,175,836	\$ -	\$ -
Licenses and permits				
Investment earnings		3,885		
Charges for current services				
Intergovernmental revenue			1,028,616	3,386,562
Other revenues			116,748	1,984
Total revenues	402,625	2,091,785	1,145,364	3,465,099
EXPENDITURES				
Current:				
General government				
Public safety				
Public works				56,841
Community development		58,880	554,913	
Capital outlay				3,408,258
Debt service:				
Principal retirement	280,000	149,116	286,000	
Interest and other charges	122,625	1,658,356	304,451	
Pass-through payment		225,433		
Total expenditures	402,625	2,091,785	1,145,364	3,465,099
Excess of revenues over (under) expenditures	(402,625)	(912,064)		(76,553)
OTHER FINANCING SOURCES (USES)				
Transfers in	402,625	1,512,657		94,162
Transfers out		(239,055)		
Total other financing sources (uses)	402,625	1,273,602		94,162
Net change in fund balances before Special and Extraordinary Items		361,538		17,609
SPECIAL ITEM				
Forgiveness of matured interest on advances				
EXTRAORDINARY ITEM				
Gain (loss) on transfer of assets and liabilities to RDA successor trust funds		(966,049)		
Net change in fund balance	402,625	(604,511)		17,609
Fund balances (deficits) - July 1, 2011		604,511		31,250
Prior period adjustment				
Fund balances (deficits) - July 1, 2011, restated		604,511		31,250
Fund balances (deficits) - June 30, 2012	\$ -	\$ -	\$ -	\$ 48,859

Capital Projects Funds

Redevelopment Agency Capital Projects Fund	Redevelopment Agency Housing Fund	Home Fund	Capital Projects/ Economic Development Fund	Totals
\$ -	\$ -	\$ -	\$ -	\$ 4,055,241
	172			330,634
		312,543		52,120
15,289	5,625	49,205	10,454	100,291
				8,313,267
				385,871
<u>15,289</u>	<u>5,797</u>	<u>361,748</u>	<u>10,454</u>	<u>13,237,424</u>
				186,566
				12,189
				1,703,179
377,399	23,906	361,748		2,122,274
413,759				4,321,033
				715,116
				2,085,432
				225,433
<u>791,158</u>	<u>23,906</u>	<u>361,748</u>		<u>11,371,222</u>
<u>(775,869)</u>	<u>(18,109)</u>		<u>10,454</u>	<u>1,866,202</u>
239,055				2,682,992
(1,402,712)	(109,945)			(2,851,306)
<u>(1,163,657)</u>	<u>(109,945)</u>			<u>(168,314)</u>
(1,939,526)	(128,054)		10,454	1,697,888
10,064,425				10,064,425
<u>10,339,955</u>	<u>1,280,016</u>			<u>10,653,922</u>
<u>18,464,854</u>	<u>1,151,962</u>		<u>10,454</u>	<u>22,416,235</u>
(19,924,910)	204,987		938,000	(14,710,122)
<u>1,460,056</u>	<u>(1,356,949)</u>	<u>1,238,000</u>		<u>1,341,107</u>
<u>(18,464,854)</u>	<u>(1,151,962)</u>	<u>1,238,000</u>	<u>938,000</u>	<u>(13,369,015)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,238,000</u>	<u>\$ 948,454</u>	<u>\$ 9,047,220</u>

CITY OF BELLFLOWER
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
DRUG FORFEITURE SPECIAL REVENUE FUND
For the Fiscal Year Ended June 30, 2012

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES			
Investment earnings	\$ 100	\$ 87	\$ (13)
Intergovernmental revenue	5,000		(5,000)
Total revenues	<u>5,100</u>	<u>87</u>	<u>(5,013)</u>
EXPENDITURES			
Capital outlay	<u>12,000</u>	<u>2,083</u>	<u>9,917</u>
Total expenditures	<u>12,000</u>	<u>2,083</u>	<u>9,917</u>
Net change in fund balance	(6,900)	(1,996)	4,904
Fund balance - July 1, 2011	<u>8,863</u>	<u>8,863</u>	
Fund balance - June 30, 2012	<u>\$ 1,963</u>	<u>\$ 6,867</u>	<u>\$ 4,904</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, 2012

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES			
Taxes	\$ 1,037,000	\$ 1,129,757	\$ 92,757
Investment earnings	3,000	7,286	4,286
Total revenues	<u>1,040,000</u>	<u>1,137,043</u>	<u>97,043</u>
EXPENDITURES			
Current:			
Public works	739,567	687,158	52,409
Capital outlay	125,000	3,342	121,658
Total expenditures	<u>864,567</u>	<u>690,500</u>	<u>174,067</u>
Net change in fund balance	175,433	446,543	271,110
Fund balance - July 1, 2011	<u>384,822</u>	<u>384,822</u>	
Fund balance - June 30, 2012	<u>\$ 560,255</u>	<u>\$ 831,365</u>	<u>\$ 271,110</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, 2012

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES			
Taxes	\$ 860,000	\$ 939,322	\$ 79,322
Investment earnings	1,500	8,785	7,285
Total revenues	<u>861,500</u>	<u>948,107</u>	<u>86,607</u>
EXPENDITURES			
Current:			
Public works	688,843	594,420	94,423
Capital outlay	390,000	68,116	321,884
Total expenditures	<u>1,078,843</u>	<u>662,536</u>	<u>416,307</u>
Net change in fund balance	(217,343)	285,571	502,914
Fund balance - July 1, 2011	<u>618,888</u>	<u>618,888</u>	
Fund balance - June 30, 2012	<u>\$ 401,545</u>	<u>\$ 904,459</u>	<u>\$ 502,914</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, 2012

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES			
Intergovernmental revenue	\$ 1,205,300	\$ 1,099,594	\$ (105,706)
Total revenues	<u>1,205,300</u>	<u>1,099,594</u>	<u>(105,706)</u>
Excess of revenues over (under) expenditures	<u>1,205,300</u>	<u>1,099,594</u>	<u>(105,706)</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	<u>(1,205,300)</u>	<u>(1,099,594)</u>	<u>105,706</u>
Total other financing sources (uses)	<u>(1,205,300)</u>	<u>(1,099,594)</u>	<u>105,706</u>
Net change in fund balance			
Fund balance - July 1, 2011			
Fund balance - June 30, 2012	<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, 2012

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES			
Investment earnings	\$ 200	\$ 1,022	\$ 822
Intergovernmental revenue	92,000	96,378	4,378
Total revenues	<u>92,200</u>	<u>97,400</u>	<u>5,200</u>
EXPENDITURES			
Capital outlay	<u>120,000</u>	<u>7,630</u>	<u>112,370</u>
Total expenditures	<u>120,000</u>	<u>7,630</u>	<u>112,370</u>
Net change in fund balance	(27,800)	89,770	117,570
Fund balance - July 1, 2011	<u>68,812</u>	<u>68,812</u>	
Fund balance - June 30, 2012	<u>\$ 41,012</u>	<u>\$ 158,582</u>	<u>\$ 117,570</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, 2012

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES			
Investment earnings	\$ 300	\$ 1,159	\$ 859
Charges for current services	1,000	20,829	19,829
Total revenues	<u>1,300</u>	<u>21,988</u>	<u>20,688</u>
EXPENDITURES			
Capital outlay	<u>74,643</u>		<u>74,643</u>
Total expenditures	<u>74,643</u>		<u>74,643</u>
Net change in fund balance	(73,343)	21,988	95,331
Fund balance - July 1, 2011	<u>91,179</u>	<u>91,179</u>	
Fund balance - June 30, 2012	<u>\$ 17,836</u>	<u>\$ 113,167</u>	<u>\$ 95,331</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, 2012**

	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Intergovernmental revenue	\$ 148,728	\$ 5,523	\$ (143,205)
Total revenues	<u>148,728</u>	<u>5,523</u>	<u>(143,205)</u>
EXPENDITURES			
Current:			
Public works		2,392	(2,392)
Capital outlay	148,728	3,131	145,597
Total expenditures	<u>148,728</u>	<u>5,523</u>	<u>143,205</u>
Net change in fund balance			
Fund balance - July 1, 2011	<u> </u>	<u> </u>	<u> </u>
Fund balance - June 30, 2012	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF BELLFLOWER
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
PROPOSITION 1B SPECIAL REVENUE FUND
For the Fiscal Year Ended June 30, 2012

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES			
Investment earnings	\$ 2,000	\$ 3,898	\$ 1,898
Intergovernmental revenue	1,147,518	1,147,518	
Total revenues	<u>1,149,518</u>	<u>1,151,416</u>	<u>1,898</u>
EXPENDITURES			
Current:			
Public works	263,278	258,431	4,847
Capital outlay	<u>250,000</u>	<u>12,695</u>	<u>237,305</u>
Total expenditures	<u>513,278</u>	<u>271,126</u>	<u>242,152</u>
Net change in fund balance	636,240	880,290	244,050
Fund balance - July 1, 2011	<u>261,075</u>	<u>261,075</u>	
Fund balance - June 30, 2012	<u><u>\$ 897,315</u></u>	<u><u>\$ 1,141,365</u></u>	<u><u>\$ 244,050</u></u>

CITY OF BELLFLOWER
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
PARKING DISTRICT NO. 1 SPECIAL REVENUE FUND
For the Fiscal Year Ended June 30, 2012

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES			
Taxes	\$ 8,200	\$ 13,138	\$ 4,938
Total revenues	<u>8,200</u>	<u>13,138</u>	<u>4,938</u>
EXPENDITURES			
Current:			
Public works	11,700	13,138	(1,438)
Total expenditures	<u>11,700</u>	<u>13,138</u>	<u>(1,438)</u>
Excess of revenues over (under) expenditures	<u>(3,500)</u>		<u>3,500</u>
OTHER FINANCING SOURCES			
Transfers in	<u>3,500</u>		<u>(3,500)</u>
Total other financing sources	<u>3,500</u>		<u>(3,500)</u>
Net change in fund balance			
Fund balance - July 1, 2011			
Fund balance - June 30, 2012	<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, 2012

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES			
Licenses and permits	\$ 551,210	\$ 330,634	\$ (220,576)
Total revenues	<u>551,210</u>	<u>330,634</u>	<u>(220,576)</u>
EXPENDITURES			
Current:			
Community development	700,086	715,629	(15,543)
Total expenditures	<u>700,086</u>	<u>715,629</u>	<u>(15,543)</u>
Excess of revenues over (under) expenditures	<u>(148,876)</u>	<u>(384,995)</u>	<u>(236,119)</u>
OTHER FINANCING SOURCES			
Transfers in	148,876	384,995	236,119
Total other financing sources	<u>148,876</u>	<u>384,995</u>	<u>236,119</u>
Net change in fund balance			
Fund balance - July 1, 2011	<u> </u>	<u> </u>	<u> </u>
Fund balance - June 30, 2012	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF BELLFLOWER
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
PUBLIC ARTS SPECIAL REVENUE FUND
For the Fiscal Year Ended June 30, 2012

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES			
Charges for current services	\$ 15,000	\$ 43,500	\$ 28,500
Total revenues	<u>15,000</u>	<u>43,500</u>	<u>28,500</u>
Net change in fund balance	15,000	43,500	28,500
Fund balance (deficit) - July 1, 2011	<u>(51,578)</u>	<u>(51,578)</u>	
Fund balance (deficit) - June 30, 2012	<u><u>\$ (36,578)</u></u>	<u><u>\$ (8,078)</u></u>	<u><u>\$ 28,500</u></u>

CITY OF BELLFLOWER
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
CA - COPS GRANT SPECIAL REVENUE FUND
For the Fiscal Year Ended June 30, 2012

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES			
Investment earnings	\$ -	\$ 1,244	\$ 1,244
Intergovernmental revenue	145,817	194,201	48,384
Total revenues	<u>145,817</u>	<u>195,445</u>	<u>49,628</u>
EXPENDITURES			
Current:			
Public safety	55,000	12,189	42,811
Capital outlay	97,434	83,086	14,348
Total expenditures	<u>152,434</u>	<u>95,275</u>	<u>57,159</u>
Net change in fund balance	(6,617)	100,170	106,787
Fund balance - July 1, 2011	<u>57,234</u>	<u>57,234</u>	
Fund balance - June 30, 2012	<u><u>\$ 50,617</u></u>	<u><u>\$ 157,404</u></u>	<u><u>\$ 106,787</u></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, 2012

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES			
Other revenues	\$ 188,809	\$ 186,566	\$ (2,243)
Total revenues	<u>188,809</u>	<u>186,566</u>	<u>(2,243)</u>
EXPENDITURES			
Current:			
General government	<u>188,809</u>	<u>186,566</u>	
Total expenditures	<u>188,809</u>	<u>186,566</u>	
Net change in fund balance			
Fund balance - July 1, 2011			
Fund balance - June 30, 2012	<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
PUBLIC FACILITIES SPECIAL REVENUE FUND
For the Fiscal Year Ended June 30, 2012

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES			
Investment earnings	\$ 600	\$ 681	\$ 81
Charges for current services	9,000	5,993	(3,007)
Total revenues	9,600	6,674	(2,926)
Net change in fund balance	9,600	6,674	(2,926)
Fund balance - July 1, 2011	57,028	57,028	
Fund balance - June 30, 2012	\$ 66,628	\$ 63,702	\$ (2,926)

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, 2012

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES			
Investment earnings	\$ 500	\$ 1,833	\$ 1,333
Charges for current services	35,000	3,949	(31,051)
Total revenues	<u>35,500</u>	<u>5,782</u>	<u>(29,718)</u>
EXPENDITURES			
Capital outlay	<u>212,330</u>	<u>52,869</u>	<u>159,461</u>
Total expenditures	<u>212,330</u>	<u>52,869</u>	<u>159,461</u>
Net change in fund balance	(176,830)	(47,087)	129,743
Fund balance - July 1, 2011	<u>176,347</u>	<u>176,347</u>	
Fund balance - June 30, 2012	<u>\$ (483)</u>	<u>\$ 129,260</u>	<u>\$ 129,743</u>

CITY OF BELLFLOWER
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
PEG SPECIAL REVENUE FUND
For the Fiscal Year Ended June 30, 2012

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES			
Taxes	\$ 91,200	\$ 98,907	\$ 7,707
Total revenues	91,200	98,907	7,707
EXPENDITURES			
Capital outlay	100,000	8,645	91,355
Net change in fund balance	(8,800)	90,262	99,062
Fund balance - July 1, 2011	196,769	196,769	
Fund balance - June 30, 2012	\$ 187,969	\$ 287,031	\$ 99,062

CITY OF BELLFLOWER
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
MEASURE R SPECIAL REVENUE FUND
For the Fiscal Year Ended June 30, 2012

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES			
Taxes	\$ 645,000	\$ 698,281	\$ 53,281
Investment earnings	6,000	13,583	7,583
Total revenues	<u>651,000</u>	<u>711,864</u>	<u>60,864</u>
EXPENDITURES			
Current:			
Public works	178,735	90,799	87,936
Capital outlay	<u>754,000</u>	<u>191,623</u>	<u>562,377</u>
Total expenditures	<u>932,735</u>	<u>282,422</u>	<u>650,313</u>
Net change in fund balance	(281,735)	429,442	711,177
Fund balance - July 1, 2011	<u>987,293</u>	<u>987,293</u>	
Fund balance - June 30, 2012	<u><u>\$ 705,558</u></u>	<u><u>\$ 1,416,735</u></u>	<u><u>\$ 711,177</u></u>

CITY OF BELLFLOWER
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
HUTA RTC 7360 SPECIAL REVENUE FUND
For the Fiscal Year Ended June 30, 2012

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES			
Investment earnings	\$ 5,000	\$ 8,485	\$ 3,485
Intergovernmental revenue	858,900	1,042,332	183,432
Total revenues	<u>863,900</u>	<u>1,050,817</u>	<u>186,917</u>
EXPENDITURES			
Current:			
Community development	230,000	29,799	200,201
Capital outlay	467,384	65,796	401,588
Total expenditures	<u>697,384</u>	<u>95,595</u>	<u>601,789</u>
Net change in fund balance	166,516	955,222	788,706
Fund balance - July 1, 2011	<u>579,308</u>	<u>579,308</u>	
Fund balance - June 30, 2012	<u>\$ 745,824</u>	<u>\$ 1,534,530</u>	<u>\$ 788,706</u>

CITY OF BELLFLOWER
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
PUBLIC FACILITIES CORPORATION DEBT SERVICE FUND
For the Fiscal Year Ended June 30, 2012

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
EXPENDITURES			
Debt service:			
Principal retirement	\$ 280,000	\$ 280,000	\$ -
Interest and other charges	122,625	122,625	
Total expenditures	<u>402,625</u>	<u>402,625</u>	
Excess of revenues over (under) expenditures	<u>(402,625)</u>	<u>(402,625)</u>	
OTHER FINANCING SOURCES			
Transfers in	<u>402,625</u>	<u>402,625</u>	
Total other financing sources	<u>402,625</u>	<u>402,625</u>	
Net change in fund balance			
Fund balance - July 1, 2011			
Fund balance - June 30, 2012	<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
REDEVELOPMENT AGENCY DEBT SERVICE FUND
For the Fiscal Year Ended June 30, 2012

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES			
Taxes	\$ 2,090,000	\$ 1,175,836	\$ (914,164)
Investment earnings	8,500	3,885	(4,615)
Total revenues	<u>2,098,500</u>	<u>1,179,721</u>	<u>(918,779)</u>
EXPENDITURES			
Current:			
Community development	45,000	58,880	(13,880)
Debt service:			
Principal retirement	348,174	149,116	199,058
Interest and other charges	3,483,160	1,658,356	1,824,804
Pass-through payments	476,700	225,433	251,267
Total expenditures	<u>4,353,034</u>	<u>2,091,785</u>	<u>2,261,249</u>
Excess of revenues over (under) expenditures	<u>(2,254,534)</u>	<u>(912,064)</u>	<u>1,342,470</u>
OTHER FINANCING SOURCES			
Transfers in	2,254,534	1,512,657	(741,877)
Transfers out	<u> </u>	<u>(239,055)</u>	<u>(239,055)</u>
Total other financing sources	<u>2,254,534</u>	<u>1,273,602</u>	<u>(980,932)</u>
Net change in fund balance before extraordinary item		361,538	361,538
EXTRAORDINARY ITEM			
Loss on transfer of assets and liabilities to RDA successor trust funds		<u>(966,049)</u>	<u>(966,049)</u>
Net change in fund balance		(604,511)	(604,511)
Fund balance - July 1, 2011	<u>604,511</u>	<u>604,511</u>	
Fund balance - June 30, 2012	<u>\$ 604,511</u>	<u>\$ -</u>	<u>\$ (604,511)</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, 2012

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES			
Intergovernmental revenue	\$ 1,076,372	\$ 1,028,616	\$ (47,756)
Other revenues	500	116,748	116,248
Total revenues	1,076,872	1,145,364	68,492
EXPENDITURES			
Current:			
Community development	679,632	554,913	124,719
Debt service:			
Principal retirement	286,000	286,000	
Interest and other charges	304,451	304,451	
Total expenditures	1,270,083	1,145,364	124,719
Excess of revenues over (under) expenditures	(193,211)		193,211
OTHER FINANCING SOURCES			
Transfers in	193,211		(193,211)
Total other financing sources	193,211		(193,211)
Net change in fund balance			
Fund balance - July 1, 2011			
Fund balance - June 30, 2012	\$ -	\$ -	\$ -

CITY OF BELLFLOWER
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GRANT PROJECTS FUND
For the Fiscal Year Ended June 30, 2012

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES			
Intergovernmental revenue	\$ 9,455,564	\$ 3,386,562	\$ (6,069,002)
Other revenues	1,984	1,984	
Total revenues	<u>9,457,548</u>	<u>3,388,546</u>	<u>(6,069,002)</u>
EXPENDITURES			
Current:			
Public works	218,979	56,841	162,138
Capital outlay	<u>9,236,585</u>	<u>3,408,258</u>	<u>5,828,327</u>
Total expenditures	<u>9,455,564</u>	<u>3,465,099</u>	<u>5,990,465</u>
Excess of revenues over (under) expenditures	<u>1,984</u>	<u>(76,553)</u>	<u>(78,537)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in		<u>94,162</u>	<u>94,162</u>
Total other financing sources (uses)		<u>94,162</u>	<u>94,162</u>
Net change in fund balance	1,984	17,609	15,625
Fund balance - July 1, 2011	<u>31,250</u>	<u>31,250</u>	
Fund balance - June 30, 2012	<u>\$ 33,234</u>	<u>\$ 48,859</u>	<u>\$ 15,625</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, 2012

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES			
Other revenues	\$ 47,600	\$ 15,289	\$ (32,311)
Total revenues	<u>47,600</u>	<u>15,289</u>	<u>(32,311)</u>
EXPENDITURES			
Current:			
Community development	970,315	377,399	592,916
Capital outlay	<u>420,000</u>	<u>413,759</u>	<u>6,241</u>
Total expenditures	<u>1,390,315</u>	<u>791,158</u>	<u>599,157</u>
Excess of revenues over (under) expenditures	<u>(1,342,715)</u>	<u>(775,869)</u>	<u>566,846</u>
OTHER FINANCING SOURCES			
Transfers in		239,055	239,055
Transfers out	<u>(2,136,484)</u>	<u>(1,402,712)</u>	<u>733,772</u>
Total other financing sources	<u>(2,136,484)</u>	<u>(1,163,657)</u>	<u>972,827</u>
Net changes in fund balances before Special and Extraordinary Items	<u>(3,479,199)</u>	<u>(1,939,526)</u>	<u>1,539,673</u>
SPECIAL ITEM			
Forgiveness of matured interest on advances		10,064,425	10,064,425
EXTRAORDINARY ITEM			
Gain on transfer of assets and liabilities to RDA successor trust funds		<u>10,339,955</u>	<u>10,339,955</u>
Net change in fund balance	<u>(3,479,199)</u>	<u>18,464,854</u>	<u>21,944,053</u>
Fund balance (deficit) - July 1, 2011	(19,924,910)	(19,924,910)	
Prior period adjustment		<u>1,460,056</u>	<u>1,460,056</u>
Fund balance (deficit) - July 1, 2011, restated	<u>(19,924,910)</u>	<u>(18,464,854)</u>	<u>1,460,056</u>
Fund balance - June 30, 2012	<u>\$ (23,404,109)</u>	<u>\$ -</u>	<u>\$ 23,404,109</u>

CITY OF BELLFLOWER
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
REDEVELOPMENT AGENCY HOUSING CAPITAL PROJECTS FUND
For the Fiscal Year Ended June 30, 2012

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES			
Taxes	\$ 522,000	\$ -	\$ (522,000)
Investment earnings		172	172
Other revenues	31,250	5,625	(25,625)
Total revenues	553,250	5,797	(547,453)
EXPENDITURES			
Current:			
Community development	88,539	23,906	64,633
Total expenditures	88,539	23,906	64,633
Excess of revenues over (under) expenditures	464,711	(18,109)	(482,820)
OTHER FINANCING SOURCES (USES)			
Transfers out	(118,050)	(109,945)	8,105
Total other financing sources (uses)	(118,050)	(109,945)	8,105
Net change in fund balance before extraordinary item	346,661	(128,054)	(474,715)
EXTRAORDINARY ITEM			
Gain on transfer of assets and liabilities to RDA sccessor trust fund		1,280,016	1,280,016
Net change in fund balance	346,661	1,151,962	805,301
Fund balance - July 1, 2011	204,987	204,987	
Prior period adjustment		(1,356,949)	(1,356,949)
Fund balance (deficit) - July 1, 2011, restated	204,987	(1,151,962)	(1,356,949)
Fund balance - June 30, 2012	\$ 551,648	\$ -	\$ (551,648)

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, 2012

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES			
Intergovernmental revenue	\$ 1,021,973	\$ 312,543	\$ (709,430)
Other revenues	500	49,205	48,705
Total revenues	<u>1,022,473</u>	<u>361,748</u>	<u>(660,725)</u>
EXPENDITURES			
Current:			
Community development	<u>1,022,473</u>	<u>361,748</u>	<u>660,725</u>
Total expenditures	<u>1,022,473</u>	<u>361,748</u>	<u>660,725</u>
Net change in fund balance			
Fund balance - July 1, 2011			
Prior period adjustment		<u>1,238,000</u>	<u>1,238,000</u>
Fund balance - July 1, 2011, restated		<u>1,238,000</u>	<u>1,238,000</u>
Fund balance - June 30, 2012	<u>\$ -</u>	<u>\$ 1,238,000</u>	<u>\$ 1,238,000</u>

**CITY OF BELLFLOWER
PRIVATE-PURPOSE TRUST FUNDS
COMBINING STATEMENT OF NET ASSETS
June 30, 2012**

	Redevelopment Obligation Retirement Fund	RDA Successor Agency BUSD Trust Fund	Total RDA Successor Agency Funds
Assets:			
Cash and investments	\$ 1,511,204	\$ 1,415,374	\$ 2,926,578
Cash and investments with fiscal agents	604,842		604,842
Interest receivable	722	1,074	1,796
Notes receivable	65,452		65,452
Deferred charges - net of accumulated amortization	420,967		420,967
Deferred loss on refunding - net of accumulated amortization	322,579		322,579
Capital assets, net of accumulated depreciation	14,034,324		14,034,324
Total assets	\$ 16,960,090	\$ 1,416,448	\$ 18,376,538
Liabilities:			
Accounts payable	\$ 124,613	\$ -	\$ 124,613
Accrued expenditures	6,669		6,669
Interest payable	198,485		198,485
Deposit payable	16,623		16,623
Long-term payable to the City	1,045,462		1,045,462
Long-term debt, due within one year	165,933		165,933
Long-term debt, due in more than one year	18,078,428		18,078,428
Total liabilities	19,636,213		19,636,213
Net Assets			
Restricted for debt service	406,357		406,357
Held in trust for other purposes		1,416,448	1,416,448
Unrestricted	(3,082,480)		(3,082,480)
Total net assets (deficit)	\$ (2,676,123)	\$ 1,416,448	\$ (1,259,675)

**CITY OF BELLFLOWER
PRIVATE-PURPOSE TRUST FUNDS
COMBINING STATEMENT OF CHANGES IN NET ASSETS
For the Fiscal Year Ended June 30, 2012**

	Redevelopment Obligation Retirement Fund	RDA Successor Agency BUSD Trust Fund	Total RDA Successor Agency Fund
Additions:			
Investment revenue	\$ 4,640	\$ 1,795	\$ 6,435
Taxes and assessments	1,386,606		1,386,606
Net assets received upon dissolution of redevelopment agency	(1,929,035)	1,207,980	(721,055)
Other revenue	10,363		10,363
Total additions	<u>(527,426)</u>	<u>1,209,775</u>	<u>682,349</u>
Deductions:			
Administration	156,685		156,685
Community development	190,796		190,796
Contributions to other funds for debt service	1,496,585		1,496,585
Amortization	17,639		17,639
Depreciation	80,319		80,319
Total deductions	<u>1,942,024</u>		<u>1,942,024</u>
Change in net assets before transfers	(2,469,450)	1,209,775	(1,259,675)
Transfers in		206,673	206,673
Transfers out	<u>(206,673)</u>		<u>(206,673)</u>
Change in net assets	(2,676,123)	1,416,448	(1,259,675)
Net Assets - July 1, 2011			
Net Assets (deficit) - June 30, 2012	<u>\$ (2,676,123)</u>	<u>\$ 1,416,448</u>	<u>\$ (1,259,675)</u>

**CITY OF BELLFLOWER
FIDUCIARY FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
For the Fiscal Year Ended June 30, 2012**

	<u>Balance July 1, 2011</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2012</u>
<u>Agency Fund</u>				
Assets:				
Cash and investments	<u>\$ 752,961</u>	<u>\$ 593,707</u>	<u>\$ 312,131</u>	<u>\$ 1,034,537</u>
Liabilities:				
Deposits payable	<u>\$ 752,961</u>	<u>\$ 593,707</u>	<u>\$ 312,131</u>	<u>\$ 1,034,537</u>



**STATISTICAL SECTION
(UNAUDITED)**



STATISTICAL SECTION

	<u>Pages</u>
<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.	132 - 141
<i>Revenue Capacity</i> – These schedules contain information to help the reader assess the City’s most significant local revenue source, the property tax.	142 - 145
<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.	146 - 151
<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.	152 - 153
<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.	154 - 158

CITY OF BELLFLOWER

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

	<u>2011-12</u>	<u>2010-11</u>	<u>2009-10</u>	<u>2008-09</u>
Governmental activities:				
Invested in capital assets, net of related debt	\$ 35,922,038	\$ 38,999,300	\$ 36,578,312	\$ 33,770,883
Restricted	23,873,928	16,507,823	13,405,884	13,727,607
Unrestricted	<u>21,747,682</u>	<u>15,408,558</u>	<u>15,789,002</u>	<u>14,313,070</u>
Total governmental activities net assets	<u>81,543,648</u>	<u>70,915,681</u>	<u>65,773,198</u>	<u>61,811,560</u>
Business-type activities:				
Invested in capital assets, net of related debt	9,077,825	7,503,198	6,986,494	6,305,692
Restricted	-	-	991,719	-
Unrestricted	<u>(9,212,715)</u>	<u>(7,885,342)</u>	<u>(8,548,992)</u>	<u>(7,020,762)</u>
Total business-type activities net assets	<u>(134,890)</u>	<u>(382,144)</u>	<u>(570,779)</u>	<u>(715,070)</u>
Primary government:				
Invested in capital assets, net of related debt	44,999,863	46,502,498	43,564,806	40,076,575
Restricted	23,873,928	16,507,823	14,397,603	13,727,607
Unrestricted	<u>12,534,967</u>	<u>7,523,216</u>	<u>7,240,010</u>	<u>7,292,308</u>
Total primary government net assets	<u>\$ 81,408,758</u>	<u>\$ 70,533,537</u>	<u>\$ 65,202,419</u>	<u>\$ 61,096,490</u>

Note: Amounts for governmental activities for fiscal year 2008-09 restated.

Source: City Finance Department

<u>2007-08</u>	<u>2006-07</u>	<u>2005-06</u>	<u>2004-05</u>	<u>2003-04</u>	<u>2002-03</u>
\$ 34,454,767	\$ 28,032,957	\$ 22,594,651	\$ 14,706,513	\$ 10,751,912	\$ 18,597,924
5,144,724	5,797,645	7,890,144	10,033,611	14,510,268	4,758,956
<u>23,197,638</u>	<u>23,640,310</u>	<u>20,901,096</u>	<u>21,643,482</u>	<u>17,575,155</u>	<u>17,225,057</u>
<u>62,797,129</u>	<u>57,470,912</u>	<u>51,385,891</u>	<u>46,383,606</u>	<u>42,837,335</u>	<u>40,581,937</u>
6,115,154	6,171,974	-	-	-	-
-	-	-	-	-	-
<u>(6,699,586)</u>	<u>(6,453,055)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(584,432)</u>	<u>(281,081)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
40,569,921	34,204,931	22,594,651	14,706,513	10,751,912	18,597,924
5,144,724	5,797,645	7,890,144	10,033,611	14,510,268	4,758,956
<u>16,498,052</u>	<u>17,187,255</u>	<u>20,901,096</u>	<u>21,643,482</u>	<u>17,575,155</u>	<u>17,225,057</u>
<u>\$ 62,212,697</u>	<u>\$ 57,189,831</u>	<u>\$ 51,385,891</u>	<u>\$ 46,383,606</u>	<u>\$ 42,837,335</u>	<u>\$ 40,581,937</u>

CITY OF BELLFLOWER

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

	2011-12	2010-11	2009-10	2008-09
Expenses:				
Governmental activities:				
General government	\$ 3,375,762	\$ 3,719,558	\$ 3,651,270	\$ 4,016,741
Public safety	9,783,923	10,325,791	10,303,163	10,465,437
Public works	8,279,059	8,151,419	8,720,389	8,534,387
Community development	4,699,176	4,876,131	3,761,972	7,795,755
Parks and recreation	2,040,498	1,938,080	2,187,622	2,880,923
Interest on long-term debt	2,260,133	3,644,737	3,617,692	1,370,074
Total governmental activities expenses	30,438,551	32,655,716	32,242,108	35,063,317
Business-type activities:				
Water	1,319,742	1,290,882	1,317,455	1,423,016
Interest on long-term debt	-	-	412,027	-
Total business-type activities expenses	1,319,742	1,290,882	1,729,482	1,423,016
Total primary government expenses	31,758,293	33,946,598	33,971,590	36,486,333
Program revenues:				
Governmental activities:				
Charges for services:				
Public safety	1,886,900	1,813,859	2,082,459	1,792,240
Public works	478,545	154,069	119,975	378,031
Community development	358,811	915,134	665,881	533,292
Parks and recreation	271,989	294,005	305,658	578,768
Operating contributions and grants	6,979,234	6,719,028	6,116,197	5,124,970
Capital contributions and grants	1,425,827	1,995,701	2,276,280	1,866,525
Total governmental activities program revenues	11,401,306	11,891,796	11,566,450	10,273,826
Business-type activities:				
Charges for services:				
Water	1,472,233	1,463,718	1,441,351	1,471,959
Operating contributions and grants	-	-	-	-
Capital contributions and grants	427,952	376,485	392,093	2,222
Total business-type activities program revenues	1,900,185	1,840,203	1,833,444	1,474,181
Total primary government program revenues	13,301,491	13,731,999	13,399,894	11,748,007
Net revenues (expenses):				
Governmental activities	(19,037,245)	(20,763,920)	(20,675,658)	(24,789,491)
Business-type activities	580,443	549,321	103,962	51,165
Total Primary government net expenses	(18,456,802)	(20,214,599)	(20,571,696)	(24,738,326)

Note: Community development expenses for fiscal year 2008-09 restated.

Source: City Finance Department

	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03
\$	4,673,647	\$ 4,684,334	\$ 4,190,022	\$ 4,251,643	\$ 3,314,466	\$ 3,842,068
	9,830,279	9,466,438	8,931,846	8,505,491	8,329,356	8,392,745
	8,561,074	7,955,725	8,134,862	7,655,727	6,967,996	6,017,861
	4,737,554	4,154,709	4,666,591	3,763,743	4,307,424	3,879,185
	3,422,450	2,888,491	2,690,337	2,644,966	2,599,166	2,629,115
	1,082,459	1,106,344	1,130,336	1,149,420	460,854	460,005
	32,307,463	30,256,041	29,743,994	27,970,990	25,979,262	25,220,979
	1,886,301	722,246	-	-	-	-
	-	-	-	-	-	-
	1,886,301	722,246	-	-	-	-
	34,193,764	30,978,287	29,743,994	27,970,990	25,979,262	25,220,979
	1,696,289	1,748,090	1,734,648	1,506,526	1,588,548	1,014,482
	634,813	575,015	176,980	286,347	111,191	80,880
	561,831	888,645	936,430	741,302	559,775	481,466
	711,744	617,406	504,394	497,670	445,630	455,731
	7,787,002	6,026,064	7,242,195	5,647,748	6,326,966	5,025,451
	2,013,500	1,211,344	1,269,027	969,623	705,282	1,705,501
	13,405,179	11,066,564	11,863,674	9,649,216	9,737,392	8,763,511
	1,489,421	422,677	-	-	-	-
	-	-	-	-	-	-
	35,548	-	-	-	-	-
	1,524,969	422,677	-	-	-	-
	14,930,148	11,489,241	11,863,674	9,649,216	9,737,392	8,763,511
	(18,902,284)	(19,189,477)	(17,880,320)	(18,321,774)	(16,241,870)	(16,457,468)
	(361,332)	(299,569)	-	-	-	-
	(19,263,616)	(19,489,046)	(17,880,320)	(18,321,774)	(16,241,870)	(16,457,468)

Continued

CITY OF BELLFLOWER

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

	2011-12	2010-11	2009-10	2008-09
General revenues and other changes in net assets:				
Governmental activities:				
Taxes:				
Sales taxes	\$ 7,574,381	\$ 4,323,155	\$ 4,491,686	\$ 4,074,112
Property taxes	3,429,221	4,647,638	3,784,401	4,259,838
Property taxes in lieu of VLF	6,256,394	6,130,178	6,099,840	6,408,704
Franchise taxes	1,557,146	1,447,478	1,410,399	1,517,568
Utility users taxes	3,701,170	3,856,436	4,037,569	4,118,981
Transient occupancy taxes	486,846	443,966	450,715	514,825
Business license taxes	590,885	588,495	659,970	601,787
Property transfer taxes	103,908	112,740	114,075	101,339
Intergovernmental - unrestricted:				
Motor vehicle in lieu	38,347	354,854	227,345	263,401
State Mandated Cost	117	42,374	-	-
Earnings on investments	3,005,570	2,907,072	2,943,647	1,151,930
Miscellaneous	749,291	669,986	425,759	506,782
Gain on sale of property	8,325	-	1,229	-
Transfers	353,525	382,031	(9,339)	284,655
Total governmental activities	27,855,126	25,906,403	24,637,296	23,803,922
Business-type activities:				
Earnings on investments	806	1,490	11,500	102,852
Miscellaneous	19,530	19,855	19,490	-
Transfers	(353,525)	(382,031)	9,339	(284,655)
Total business-type activities	(333,189)	(360,686)	40,329	(181,803)
Total primary government	27,521,937	25,545,717	24,677,625	23,622,119
Changes in net assets before extraordinary item:				
Governmental activities	8,817,881	5,142,483	3,961,638	(985,569)
Business-type activities	247,254	188,635	144,291	(130,638)
Total primary government	9,065,135	5,331,118	4,105,929	(1,116,207)
Extraordinary item:				
Governmental activities:				
Extraordinary gain on transfer of assets and liabilities to RDA successor trust funds	1,929,035	-	-	-
Net assets - July 1	70,533,537	65,202,419	61,096,490	62,212,697
Prior period adjustments	(118,949)	-	-	-
Net assets - July 1, Restated	70,414,588	65,202,419	61,096,490	62,212,697
Net assets - June 30	\$ 81,408,758	\$ 70,533,537	\$ 65,202,419	\$ 61,096,490

Source: City Finance Department

	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03
\$	4,864,723	\$ 5,492,016	\$ 5,623,126	\$ 5,126,776	\$ 5,366,684	\$ 5,367,504
	4,630,983	4,378,690	4,092,921	3,408,915	2,918,170	2,586,027
	6,089,921	5,568,084	4,551,129	3,786,400	-	-
	1,536,573	1,355,987	1,403,431	1,318,757	1,298,670	1,254,579
	4,057,482	4,029,961	3,935,990	3,748,243	3,358,180	3,239,040
	579,635	603,016	584,975	520,290	518,838	499,837
	515,903	591,004	518,358	501,369	503,318	481,278
	127,741	223,963	239,878	252,189	213,839	153,101
	343,552	418,679	534,255	2,264,037	3,476,915	4,516,754
	-	-	-	-	-	-
	1,027,148	830,394	556,572	352,426	219,649	317,933
	457,785	1,752,791	841,970	588,643	623,005	484,302
	-	-	-	-	-	-
	(2,944)	-	-	-	-	-
	24,228,502	25,244,585	22,882,605	21,868,045	18,497,268	18,900,355
	63,741	18,486	-	-	-	-
	(8,704)	2	-	-	-	-
	2,944	-	-	-	-	-
	57,981	18,488	-	-	-	-
	24,286,483	25,263,073	22,882,605	21,868,045	18,497,268	18,900,355
	5,326,218	6,055,108	5,002,285	3,546,271	2,255,398	2,442,887
	(303,351)	(281,081)	-	-	-	-
	5,022,867	5,774,027	5,002,285	3,546,271	2,255,398	2,442,887
	-	-	-	-	-	-
	57,189,830	51,385,891	46,383,606	42,837,335	40,581,937	38,139,050
	-	29,912	-	-	-	-
	57,189,830	51,415,803	46,383,606	42,837,335	40,581,937	38,139,050
\$	62,212,697	\$ 57,189,830	\$ 51,385,891	\$ 46,383,606	\$ 42,837,335	\$ 40,581,937

CITY OF BELLFLOWER

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

	<u>2011-12</u>	<u>2010-11</u>	<u>2009-10</u>	<u>2008-09</u>
General fund:				
Reserved	\$ -	\$ -	\$ 12,383,616	\$ 10,468,690
Unreserved	-	-	15,085,456	15,232,621
Nonspendable	12,658,015	12,362,490	-	-
Unassigned	<u>14,376,492</u>	<u>15,735,669</u>	-	-
Total general fund	<u>27,034,507</u>	<u>28,098,159</u>	<u>27,469,072</u>	<u>25,701,311</u>
All other governmental funds:				
Reserved	-	-	8,875,952	8,855,703
Unreserved, reported in:				
Special revenue funds	-	-	2,888,638	3,327,694
Capital projects funds	-	-	(17,837,466)	(14,885,202)
Nonspendable	8,653,181	7,555,181	-	-
Restricted	7,413,549	4,895,041	-	-
Assigned	948,454	938,000	-	-
Unassigned	<u>(1,368,666)</u>	<u>(19,976,488)</u>	-	-
Total all other governmental funds	<u>15,646,518</u>	<u>(6,588,266)</u>	<u>(6,072,876)</u>	<u>(2,701,805)</u>
Total general and other governmental funds	<u>\$ 42,681,025</u>	<u>\$ 21,509,893</u>	<u>\$ 21,396,196</u>	<u>\$ 22,999,506</u>

Beginning in fiscal year 2010-11, City of Bellflower classified fund balances in compliance with GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions.

Source: City Finance Department

<u>2007-08</u>	<u>2006-07</u>	<u>2005-06</u>	<u>2004-05</u>	<u>2003-04</u>	<u>2002-03</u>
\$ 14,987,982	\$ 14,514,961	\$ 10,284,180	\$ 5,808,367	\$ 2,970,580	\$ 1,897,237
11,198,992	11,537,788	12,106,940	14,728,727	13,816,303	13,662,445
-	-	-	-	-	-
-	-	-	-	-	-
<u>26,186,974</u>	<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>
1,366,764	1,721,800	1,498,046	1,379,715	1,781,629	216,111
3,254,679	2,446,988	1,892,825	1,672,152	1,649,405	2,242,222
(12,246,593)	(9,091,439)	(3,765,274)	2,481,605	6,812,177	(1,841,764)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>(7,625,150)</u>	<u>(4,922,651)</u>	<u>(374,403)</u>	<u>5,533,472</u>	<u>10,243,211</u>	<u>616,569</u>
<u>\$ 18,561,824</u>	<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

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

	2011-12	2010-11	2009-10	2008-09
Revenues:				
Taxes	\$ 23,742,794	\$ 22,390,173	\$ 22,136,199	\$ 22,101,270
Licenses and permits	423,710	572,062	452,082	464,381
Fines, forfeitures and penalties	1,638,990	1,686,089	1,911,150	1,666,020
Investment income	222,635	590,299	906,481	930,809
Charges for current services	933,545	927,555	818,787	1,012,328
Intergovernmental	8,443,525	9,100,956	8,608,657	7,334,737
Other	1,140,903	760,494	531,220	675,210
Total revenues	<u>36,546,102</u>	<u>36,027,628</u>	<u>35,364,576</u>	<u>34,184,755</u>
Expenditures				
Current:				
General government	3,353,254	3,479,042	3,375,676	4,011,397
Public safety	9,713,983	10,236,155	10,209,735	10,449,205
Public works	7,565,377	7,592,448	8,100,735	8,151,096
Community development	4,195,280	4,937,757	4,324,935	6,518,256
Parks and recreation	1,708,271	1,633,907	1,804,542	2,576,285
Capital outlay	4,949,612	3,078,443	3,562,332	3,513,599
Debt service:				
Principal retirement	855,116	1,059,778	881,520	673,361
Interest and fiscal charges	2,481,551	3,620,112	3,448,658	2,944,340
Debt issuance costs	-	58,326	-	-
Pass-through payments	225,433	636,591	1,257,353	450,973
Total expenditures	<u>35,047,877</u>	<u>36,332,559</u>	<u>36,965,486</u>	<u>39,288,512</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,498,225</u>	<u>(304,931)</u>	<u>(1,600,910)</u>	<u>(5,103,757)</u>
Other financing sources (uses):				
Proceeds from issuance of long term debt	-	3,495,000	-	9,255,000
Payment to refunded debt escrow	-	(3,458,403)	-	-
Proceeds on sale of property	-	-	6,939	1,784
Original issuance discount	-	-	-	-
Transfers in	4,148,816	4,739,433	4,018,221	4,221,886
Transfers out	(3,795,291)	(4,357,402)	(4,027,560)	(3,937,231)
Total other financing sources (uses)	<u>353,525</u>	<u>418,628</u>	<u>(2,400)</u>	<u>9,541,439</u>
Special item:				
Forgiveness of matured interest	10,064,425	-	-	-
Extraordinary item:				
Gain on transfer of assets and liabilities from former RDA funds	9,373,906	-	-	-
Net change in fund balances	<u>\$ 21,290,081</u>	<u>\$ 113,697</u>	<u>\$ (1,603,310)</u>	<u>\$ 4,437,682</u>
Debt service as a percentage of noncapital expenditures	11.2%	14.1%	13.0%	10.1%

Source: City Finance Department

2007-08	2006-07	2005-06	2004-05	2003-04	2002-03
\$ 22,016,119	\$ 21,686,876	\$ 20,932,778	\$ 18,695,357	\$ 14,386,007	\$ 13,434,204
987,878	1,374,588	717,457	666,283	525,931	454,720
1,601,565	1,652,801	1,627,310	1,450,200	1,526,371	953,120
1,122,760	1,442,451	1,237,932	1,963,553	1,060,975	1,160,279
1,667,612	1,517,594	994,934	896,682	637,601	610,335
9,227,030	7,060,444	8,424,480	8,341,439	10,376,260	10,704,674
775,340	1,227,621	1,927,505	373,128	600,214	727,449
<u>37,398,304</u>	<u>35,962,375</u>	<u>35,862,396</u>	<u>32,386,642</u>	<u>29,113,359</u>	<u>28,044,781</u>
4,465,318	4,417,204	4,000,618	3,776,426	2,844,794	2,994,450
9,628,337	9,391,867	8,890,397	8,505,120	8,298,283	8,361,304
8,090,059	7,252,435	6,988,181	6,744,422	6,304,721	5,598,487
4,373,346	3,724,641	4,320,677	4,101,851	4,391,298	3,784,808
2,913,410	2,659,799	2,455,222	2,497,559	2,409,121	2,446,395
7,384,859	6,553,988	10,801,152	5,642,889	5,078,293	4,048,727
618,654	607,013	598,519	487,315	278,090	275,000
2,438,881	2,194,586	1,820,663	1,766,409	448,609	452,960
-	-	-	2,478	536,803	-
50,770	47,461	40,816	32,418	28,548	23,802
<u>39,963,634</u>	<u>36,848,994</u>	<u>39,916,245</u>	<u>33,556,887</u>	<u>30,618,560</u>	<u>27,985,933</u>
<u>(2,565,330)</u>	<u>(886,619)</u>	<u>(4,053,849)</u>	<u>(1,170,245)</u>	<u>(1,505,201)</u>	<u>58,848</u>
-	-	-	210,717	14,815,000	128,502
-	-	-	-	(2,380,002)	-
-	-	-	-	-	-
-	-	-	-	(75,954)	-
3,055,912	2,190,297	2,087,090	3,047,142	7,129,525	2,564,493
<u>(3,058,856)</u>	<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>
<u>(2,944)</u>	<u>-</u>	<u>-</u>	<u>210,717</u>	<u>12,359,044</u>	<u>128,502</u>
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ (2,568,274)</u>	<u>\$ (886,619)</u>	<u>\$ (4,053,849)</u>	<u>\$ (959,528)</u>	<u>\$ 10,853,843</u>	<u>\$ 187,350</u>
9.4%	9.2%	7.7%	7.9%	4.8%	2.9%

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	Assessed Value and Estimated Actual Value ¹							Average Annual Growth	Total Direct Tax Rate
	Residential	Commercial	Industrial	Institutional	Unsecured	Other	Total		
2012	\$ 3,339,355	\$ 518,444	\$ 74,595	\$ 98,724	\$ 77,661	\$ 72,937	\$ 4,181,716	2.06%	0.14215%
2011	3,280,690	499,515	73,423	97,927	72,882	72,917	4,097,354	0.50%	0.13940%
2010	3,307,026	496,368	74,530	37,972	77,543	83,637	4,077,076	-4.82%	0.12631%
2009	3,534,679	482,112	71,625	37,547	77,226	80,329	4,283,518	5.23%	0.12209%
2008	3,348,493	454,750	69,008	44,008	71,196	82,991	4,070,446	9.37%	0.11940%
2007	3,047,812	412,766	66,844	35,661	75,057	83,516	3,721,656	10.16%	0.11797%
2006	2,748,617	382,427	65,493	36,089	74,510	71,387	3,378,523	10.04%	0.11514%
2005	2,468,512	352,710	62,311	41,858	79,824	65,031	3,070,246	7.47%	0.11479%
2004	2,265,193	324,377	59,664	55,268	91,997	60,470	2,856,969	7.86%	0.11276%
2003	2,090,188	307,365	56,481	36,814	93,323	64,670	2,648,841	6.32%	0.11053%

Notes:

¹ Net of homeowners' exemption.

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.

Sources: Los Angeles County Assessor's Office
HdL Coren & Cone

CITY OF BELLFLOWER

DIRECT AND OVERLAPPING PROPERTY TAX RATES

(Rate per \$100 of assessed value)

Last Ten Fiscal Years

	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03
City Direct Tax Rate:										
Basic Levy ¹	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000
Total City Direct Tax Rate	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000
Overlapping Tax Rates:										
Detention Facilities 1987 Debt S	-	-	-	-	-	0.00066	0.00080	0.00092	0.00099	0.00103
LA Co. Flood Control Storm Dr. DS #4	-	-	-	-	-	0.00005	0.00002	0.00021	0.00043	0.00062
Flood Control Ref. Bonds 1993 DS	-	-	-	-	-	-	0.00003	0.00003	0.00004	0.00026
Cerritos CC DS 2004 Ser 2004A	0.00128	0.00093	0.00221	0.00172	0.00407	0.00251	0.01279	0.01908	-	-
Cerritos CC DS 2005 Refunding Bonds	0.00594	0.00607	0.00533	0.00510	0.00412	0.00429	0.01144	-	-	-
Cerritos CCD DS 2004 Series 2006	0.00402	0.00426	0.00433	0.00312	0.00253	0.01713	-	-	-	-
Cerritos CC DS 2004 Ser 2009C	0.00658	0.01551	0.00667	-	-	-	-	-	-	-
Central Basin MWD 1114	0.00370	0.00370	0.00430	0.00430	0.00450	0.00470	0.00520	0.00580	0.00610	0.00670
Total Overlapping ² Tax Rates	0.02152	0.03047	0.02284	0.01424	0.01522	0.02934	0.03028	0.02604	0.00756	0.00861
Total Direct & Overlapping Tax Rates	1.02152	1.03047	1.02284	1.01424	1.01522	1.02934	1.03028	1.02604	1.00756	1.00861
City's Share of 1% Levy per Prop 13 ³	0.06662	0.06662	0.06662	0.06662	0.06662	0.06662	0.06662	0.06662	0.06662	0.06662
Redevelopment Rate ⁴	1.00370	1.00370	1.00430	1.00430	1.00450	1.00541	1.00604	1.00697	1.00755	1.00861
Total Direct Rate ⁵	0.14215	0.13940	0.12631	0.12209	0.11940	0.11797	0.11514	0.11479	0.11276	0.11053

Notes:

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

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

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

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

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

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

Sources: Los Angeles County Assessor's Office
HdL Coren & Cone

CITY OF BELLFLOWER

PRINCIPAL PROPERTY TAXPAYERS Current Year and Nine Years Ago

Taxpayer	2011-12		2002-03	
	Taxable Assessed Value	Percent of Total Taxable Assessed Value	Taxable Assessed Value	Percent of Total Taxable Assessed Value
Kaiser Foundation Health Plan Inc	\$ 64,359,711	1.54%	\$ -	-
Advanced Group	31,371,843	0.75%	14,283,661	0.54%
Lakewood Plaza SC LP	20,600,000	0.49%	-	-
Kmart Plaza	15,932,901	0.38%	13,817,620	0.52%
Bellflower Park LP	13,300,000	0.32%	-	-
Rosecrans Bellflower LLC	12,583,757	0.30%	-	-
Belmont Place Bellflower Associates	11,663,864	0.28%	8,628,500	0.33%
Time Warner NY Cable LLC	11,458,141	0.27%	-	-
Bellflower-Somerset Mutual Water Co	10,983,526	0.26%	7,850,387	0.30%
Iron Mountain	10,558,492	0.25%	8,883,400	0.34%
AT&T	-	-	35,087,089	1.32%
Haagen GDH Partnership	-	-	12,736,079	0.48%
Kenneth W. and Phyllis L. Duke Trust	-	-	9,801,808	0.37%
Union Development Company	-	-	9,563,113	0.36%
James A. and Sharon Carter	-	-	8,284,361	0.31%
	<u>\$ 202,812,235</u>	<u>4.85%</u>	<u>\$ 128,936,018</u>	<u>4.87%</u>

Note:

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

Sources: Los Angeles County Assessor's Office
HdL Coren & Cone

CITY OF BELLFLOWER

PROPERTY TAX LEVIES AND COLLECTIONS Last Ten Fiscal Years

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year ¹	Collected within the Fiscal Year of Levy		Collections in Subsequent Years ²	Total Collections to Date	
		Amount ²	Percent of Levy		Amount ²	Percent of Levy
2012	\$ 4,021,859	\$ 3,926,910	97.6%	\$ 94,949	\$ 4,021,859	100.0%
2011	5,797,038	5,581,329	96.3%	215,709	5,797,038	100.0%
2010	5,725,077	5,421,175	94.7%	138,679	5,559,854	97.1%
2009	5,204,777	4,851,441	93.2%	149,300	5,000,741	96.1%
2008	4,976,597	4,606,673	92.6%	94,954	4,701,627	94.5%
2007	4,463,573	4,233,517	94.8%	64,829	4,298,346	96.3%
2006	4,035,721	3,908,444	96.8%	105,137	4,013,581	99.5%
2005	3,527,392	3,459,803	98.1%	57,709	3,517,512	99.7%
2004	3,232,445	3,140,053	97.1%	47,226	3,187,279	98.6%
2003	2,925,750	2,843,727	97.2%	16,852	2,860,579	97.8%

Notes:

- Collections in Subsequent Years include prior year delinquencies. They do not include penalties, interest and L.A. County administrative fees.
- Due to AB X1 26 and a related California Supreme Court decision, redevelopment agencies were dissolved as of February 1, 2012. As a result, the 2012 property taxes reported above include partial fiscal year taxes for the Bellflower Redevelopment Agency from November 2011 to January 2012.

Sources: ¹ HdL Coren & Cone and Los Angeles County Assessor's Office

² 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 ³	Debt Per Capita ⁴
	Refunding Tax Allocation Bonds ¹	California Energy Commission Loan	Notes Payable ⁵	2011 Lease Financing Agreement ²	1999 Refunding Certificates of Participation	2008 Water System Certificates of Participation	2004 Section 108 Loan	Total Governmental Activities		
2012	\$ 6,740,000	\$ -	\$ 516,796	\$ 3,215,000	\$ -	\$ 7,955,000	\$ 5,269,000	\$ 23,695,796	n/a	\$ 308
2011	6,880,000	-	724,969	3,495,000	-	8,095,000	5,555,000	24,749,969	n/a	322
2010	7,010,000	-	956,747	-	3,655,000	8,230,000	5,828,000	25,679,747	0.76%	332
2009	7,135,000	-	1,173,267	-	3,935,000	8,230,000	6,088,000	26,561,267	0.80%	344
2008	7,255,000	-	188,628	-	4,200,000	-	6,336,000	17,979,628	0.52%	233
2007	7,370,000	-	196,281	-	4,460,000	-	6,572,000	18,598,281	0.55%	241
2006	7,480,000	19,654	203,641	-	4,705,000	-	6,797,000	19,205,295	0.59%	249
2005	7,590,000	58,097	210,717	-	4,945,000	-	7,000,000	19,803,814	0.66%	257
2004	7,815,000	95,412	-	-	5,170,000	-	7,000,000	20,080,412	0.71%	261
2003	2,000,000	128,502	-	-	5,390,000	-	-	7,518,502	0.28%	98

¹ Tax Allocation Bonds were refunded in April 2004. As of February 1, 2012, this obligation has been transferred from the dissolved Bellflower Redevelopment Agency to the City of Bellflower, as Successor Agency to the Bellflower Redevelopment Agency.

² 2011 Lease Financing Agreement refunded the 1999 Refunding Certificates of Participation.

³ Per Capita Personal Income data was not available for calendar years 2011 and 2012.

⁴ These ratios are calculated using the official demographic estimate as of January 1st of each calendar year.

⁵ As of February 1, 2012, this obligation has been transferred from the dissolved Bellflower Redevelopment Agency to the City of Bellflower, as Successor Agency to the Bellflower Redevelopment Agency

Notes:

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

No debt was issued in the business-type activities.

Source: City Finance Department

CITY OF BELLFLOWER

RATIO OF GENERAL BONDED DEBT OUTSTANDING Last Ten Fiscal Years

Fiscal Year Ended June 30	Outstanding General Bonded Debt			Per Capita ³
	2004 Refunding Tax Allocation Bonds ¹	Total	Percent of Assessed Value ²	
2012 ⁴	\$ -	\$ -	-	\$ -
2011	6,880,000	6,880,000	0.168%	90
2010	7,010,000	7,010,000	0.172%	91
2009	7,135,000	7,135,000	0.167%	92
2008	7,255,000	7,255,000	0.178%	94
2007	7,370,000	7,370,000	0.198%	95
2006	7,480,000	7,480,000	0.221%	97
2005	7,590,000	7,590,000	0.247%	99
2004	7,815,000	7,815,000	0.274%	102
2003	2,000,000	2,000,000	0.076%	26

¹ Tax Allocation Bonds were refunded in April 2004.

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

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

⁴ Due to AB X1 26 and a related California Supreme Court decision, redevelopment agencies were dissolved as of February 1, 2012. The outstanding debt and obligations of the dissolved Bellflower Redevelopment Agency were transferred to the Successor Agency and are accounted for in a trust fund entitled Redevelopment Obligation Retirement Fund.

Note:

General bonded debt is debt payable with governmental fund resources and general obligation bonds recorded in enterprise funds. The City has no applicable indebtedness in 2012.

Source: City Finance Department

CITY OF BELLFLOWER

LEGAL DEBT MARGIN INFORMATION

Last Ten Fiscal Years
(in thousands of dollars)

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Assessed valuation ¹	\$ 3,616,441	\$ 3,550,753	\$ 3,589,218	\$ 3,806,597
Conversion percentage	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>
Adjusted assessed valuation	904,110	887,688	897,305	951,649
Debt limit percentage	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>
Debt limit	135,617	133,153	134,596	142,747
Total net debt applicable to limit:				
General obligation bonds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Legal debt margin	<u>\$ 135,617</u>	<u>\$ 133,153</u>	<u>\$ 134,596</u>	<u>\$ 142,747</u>
Total debt applicable to the limit as a percentage of debt limit	0.0%	0.0%	0.0%	0.0%

¹ 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

2008	2007	2006	2005	2004	2003
\$ 3,617,655	\$ 3,293,826	\$ 2,979,724	\$ 2,688,502	\$ 2,492,334	\$ 2,300,754
<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>
904,414	823,457	744,931	672,126	623,084	575,189
<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>
135,662	123,518	111,740	100,819	93,463	86,278
-	-	-	-	-	-
<u>\$ 135,662</u>	<u>\$ 123,518</u>	<u>\$ 111,740</u>	<u>\$ 100,819</u>	<u>\$ 93,463</u>	<u>\$ 86,278</u>
0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

CITY OF BELLFLOWER

DIRECT AND OVERLAPPING DEBT
Fiscal Year Ended June 30, 2012

	Total Debt 6/30/2012	% Applicable (1)	City's Share of Debt 6/30/12
<u>DIRECT DEBT:</u>			
City of Bellflower General Fund Obligations (Water System Certificates of Participation)	7,955,000	100.000 %	7,955,000
City of Bellflower General Fund Obligations (Lease Financing Agreement)	3,215,000	100.000	3,215,000
TOTAL DIRECT DEBT			<u>11,170,000</u>
<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>			
Los Angeles County Flood Control District	\$ 37,195,000	0.429 %	\$ 159,567
Metropolitan Water District	196,545,000	0.215	422,572
Cerritos Community College District	189,248,420	12.720	24,072,399
Compton Community College District	63,611,122	2.681	1,705,414
Downey Unified School District	71,910,256	3.782	2,719,646
Norwalk-La Mirada Unified School District	146,062,323	0.023	33,594
Paramount Unified School District	118,754,292	10.333	12,270,881
Los Angeles County Regional Park and Open Space Assessment District	170,725,000	0.414	706,802
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			<u>42,090,875</u>
<u>OVERLAPPING GENERAL FUND DEBT:</u>			
Los Angeles County General Fund Obligations	\$ 1,474,122,758	0.414 %	6,102,868
Los Angeles County Superintendent of Schools Certificates of Participation	11,269,678	0.414	46,656
Los Angeles County Sanitation District No. 2 Authority	30,522,672	10.286	3,139,562
Los Angeles County Sanitation District No. 3 Authority	14,808,890	0.239	35,393
Los Angeles County Sanitation District No. 18 Authority	17,063,856	0.006	1,024
Bellflower Unified School District Certificates of Participation	8,900,000	68.309	6,079,501
Norwalk-La Mirada Unified School District Certificates of Participation	2,770,165	0.023	637
Paramount Unified School District Certificates of Participation	25,860,000	10.333	2,672,114
TOTAL OVERLAPPING GENERAL FUND DEBT			<u>18,077,755</u>
Less: Los Angeles County General Fund Obligation supported by landfill revenues			69,130
NET OVERLAPPING GENERAL FUND DEBT			<u>18,008,625</u>
SUBTOTAL - NET OVERLAPPING DEBT			<u>60,099,500</u>
NET COMBINED DIRECT AND OVERLAPPING DEBT			<u>\$ 71,269,500</u>
GROSS COMBINED DIRECT AND OVERLAPPING DEBT			<u>\$ 71,338,630 (2)</u>

(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 2011-12 Assessed Valuation:

Total Overlapping Tax and Assessment Debt..... 1.01%

Ratios to Adjusted Assessed Valuation:

Combined Direct Debt (\$11,170,000)..... 0.29%

Gross Combined Total Debt..... 1.86%

Net Combined Total Debt..... 1.86%

2011-12 Assessed Valuation	\$ 4,181,716,151
Redevelopment Incremental Valuation	340,345,009
Adjusted Assessed Valuation	<u>\$ 3,841,371,142</u>

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/12: \$0

Source: California Municipal Statistics, Inc.

CITY OF BELLFLOWER

PLEDGED-REVENUE COVERAGE Last Ten Fiscal Years

2004 Refunding Tax Allocation Bonds									
Fiscal Year Ended June 30	Property Tax Increment ¹	Los Angeles County Admin Fees	Pass Through Payments to Other Taxing Agencies ²	SERAF/ ERAF ³	Net Property Tax Increment	Debt Service			Coverage
						Principal	Interest	Total	
2012	\$ 1,175,836	\$ 58,880	\$ 25,433	\$ -	\$ 1,091,523	\$ 140,000	\$ 450,252	\$ 590,252	1.85
2011	2,866,280	54,455	68,503	168,087	2,575,235	130,000	457,584	587,584	4.38
2010	2,613,979	41,900	40,931	816,422	1,714,726	125,000	464,634	589,634	2.91
2009	1,974,985	38,379	50,973	-	1,885,633	120,000	469,818	589,818	3.20
2008	1,968,309	39,942	50,771	-	1,877,596	115,000	474,177	589,177	3.19
2007	1,839,456	36,499	47,461	-	1,755,496	110,000	477,697	587,697	2.99
2006	1,723,502	27,251	40,816	115,567	1,539,868	110,000	480,491	590,491	2.61
2005	1,391,817	27,625	32,418	106,860	1,224,914	225,000	367,017	592,017	2.07
2004	1,189,460	27,424	28,548	63,435	1,070,053	25,000	189,045	214,045	5.00
2003	964,186	25,124	23,803	29,643	885,616	25,000	191,220	216,220	4.10

¹ Pursuant to AB X1 26, over 60% of property tax increment that would have otherwise been accrued to fiscal year 2011-12 for debt service has been shift to the subsequent fiscal year.

² Does not include pass through payments to Bellflower Unified School District that are subordinate to the bonded indebtedness.

³ State mandated transfers to the Supplemental Educational Revenue Augmentation Fund (SERAF) and Educational Revenue Augmentation Fund (ERAF).

Notes:

Due to AB X1 26 and a related California Supreme Court decision, all redevelopment agencies were dissolved as of February 1, 2012. The assets and liabilities (excluding non-cash housing assets) of the dissolved Bellflower Redevelopment Agency have been transferred to the City of Bellflower, as Successor Agency to the Bellflower Redevelopment Agency. The City also elected to be a Successor Housing Agency to manage the Redevelopment Agency's housing assets and activities.

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

Source: City Finance Department

CITY OF BELLFLOWER

DEMOGRAPHIC AND ECONOMIC STATISTICS Last Ten Fiscal Years

Calendar Year	Population ¹	Personal Income	Per Capita Personal Income ²	Unemployment Rate ³
2012	76,907	n/a	n/a	12.1%
2011	76,840	n/a	n/a	12.7%
2010	77,312	\$ 3,377,606,656	\$ 43,688	12.4%
2009	77,194	3,302,668,096	42,784	9.9%
2008	77,110	3,428,464,820	44,462	5.9%
2007	77,189	3,367,987,637	43,633	4.8%
2006	77,039	3,249,890,215	42,185	5.1%
2005	77,052	2,998,478,580	38,915	6.1%
2004	76,888	2,822,174,040	36,705	7.0%
2003	76,434	2,672,667,678	34,967	6.9%

Sources:

¹ California Department of Finance

<http://www.dof.ca.gov/HTML/DEMOGRAP/ReportsPapers/ReportsPapers.asp>

Official estimate as of January 1st of each calendar year.

² Bureau of Economic Analysis; Los Angeles-Long Beach-Santa Ana area; historical data restated (City of Bellflower data not available)

<http://www.bea.gov/regional/reis/default.cfm?selTable=CA1-3§ion=2>

Information on Per Capita Personal Income not available for calendar years 2011 and 2012.

³ California Employment Development Department Labor Market Information

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

Unemployment rates are average monthly rates for the fiscal years.

CITY OF BELLFLOWER

PRINCIPAL EMPLOYERS

Current Year and Nine Years Ago

Employer	2011-12		2002-03	
	Number of Employees ¹	Percent of Total Employment ²	Number of Employees ¹	Percent of Total Employment ²
Bellflower Medical Center	530	1.644%	268	0.811%
Kaiser Permanente Medical Group	224	0.695%	949	2.873%
Hollywood Sports Park	199	0.617%	-	-
Time Warner Cable (Comcast of L.A.)	186	0.577%	196	0.593%
City of Bellflower	170	0.527%	242	0.733%
K-Mart Corporation	132	0.409%	120	0.363%
Estrella, Inc.	117	0.363%	108	0.327%
Bel Tooren Villa Convalescent	111	0.344%	102	0.309%
Peter Wylan DDS	106	0.329%	133	0.403%
Stater Brothers Market	94	0.292%	-	-
Bellwood General Hospital	-	-	250	0.757%
Ford West	-	-	170	0.515%
	<u>1,869</u>	<u>5.797%</u>	<u>2,538</u>	<u>7.683%</u>

Sources: ¹ City Finance Department

² California Employment Development Department Labor Market Information

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

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

Fiscal Year	Total Employment (12-Month Avg.)	Calendar Year	Total Employment
2011-12	32,242	2011	32,200
2010-11	31,883	2010	31,800
2009-10	31,867	2009	32,400
2008-09	33,533	2008	34,100
2007-08	34,489	2007	34,500
2006-07	34,750	2006	34,100
2005-06	34,150	2005	33,700
2004-05	33,675	2004	33,200
2003-04	33,292	2003	33,000
2002-03	33,033	2002	33,200

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									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
General government										
Full-time	17	17	17	18	21	21	21	20	18	18
Part-time	2	3	4	6	9	10	7	7	13	16
Total	<u>19</u>	<u>20</u>	<u>21</u>	<u>24</u>	<u>30</u>	<u>31</u>	<u>28</u>	<u>27</u>	<u>31</u>	<u>34</u>
Public safety										
Full-time	9	10	10	12	11	11	10	11	11	11
Part-time	7	7	6	7	8	8	11	11	9	10
Total	<u>16</u>	<u>17</u>	<u>16</u>	<u>19</u>	<u>19</u>	<u>19</u>	<u>21</u>	<u>22</u>	<u>20</u>	<u>21</u>
Public works										
Full-time	35	34	34	35	31	31	31	31	28	28
Part-time	2	3	2	14	16	14	11	13	17	15
Total	<u>37</u>	<u>37</u>	<u>36</u>	<u>49</u>	<u>47</u>	<u>45</u>	<u>42</u>	<u>44</u>	<u>45</u>	<u>43</u>
Community development										
Full-time	18	18	18	19	24	24	24	21	19	19
Part-time	0	1	1	2	3	5	4	3	9	10
Total	<u>18</u>	<u>19</u>	<u>19</u>	<u>21</u>	<u>27</u>	<u>29</u>	<u>28</u>	<u>24</u>	<u>28</u>	<u>29</u>
Parks and recreation										
Full-time	7	7	7	8	10	10	10	10	10	10
Part-time	73	63	59	72	134	146	118	114	105	105
Total	<u>80</u>	<u>70</u>	<u>66</u>	<u>80</u>	<u>144</u>	<u>156</u>	<u>128</u>	<u>124</u>	<u>115</u>	<u>115</u>
Total										
Full-time total	86	86	86	92	97	97	96	93	86	86
Part-time total	84	77	72	101	170	183	151	148	153	156
Total	<u>170</u>	<u>163</u>	<u>158</u>	<u>193</u>	<u>267</u>	<u>280</u>	<u>247</u>	<u>241</u>	<u>239</u>	<u>242</u>

Note:

Excludes frozen positions.

Source: City Finance Department

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CITY OF BELLFLOWER

OPERATING INDICATORS BY FUNCTION Last Ten Fiscal Years

	2011-12	2010-11	2009-10	2008-09
Police:				
Arrests ¹	-	2,590	2,660	2,563
Parking citations issued	24,774	25,139	29,410	30,017
Public Works:				
Street resurfacing (miles)	2.24	2.55	2.30	-
Parks and Recreation:				
Number of recreation classes	192	171	188	158
Number of facility rentals	255	272	257	268
Programs and Facilities Attendance	1,085,520	1,060,863	1,275,595	1,159,691
Water Services:				
Customer accounts	1,824	1,824	1,823	1,823
Annual Supply (acre feet)	763	673	683	712
Average Daily Consumption (thousands of gallons)	622	612	610	636

¹ 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.

Source: City of Bellflower

2007-08	2006-07	2005-06	2004-05	2003-04	2002-03
2,258	2,413	2,214	2,133	2,084	2,151
25,290	24,941	28,318	29,870	33,028	27,242
-	-	2.65	0.77	1.14	4.73
131	156	159	164	151	154
299	264	282	286	291	271
1,207,835	1,163,802	1,189,803	1,256,536	1,356,420	1,351,491
1,818	1,815	-	-	-	-
763	818	-	-	-	-
681	730	-	-	-	-

CITY OF BELLFLOWER

CAPITAL ASSET STATISTICS BY FUNCTION Last Seven Fiscal Years

	<u>2011-12</u>	<u>2010-11</u>	<u>2009-10</u>	<u>2008-09</u>	<u>2007-08</u>	<u>2006-07</u>	<u>2005-06</u>
Police:							
Substation	1	1	1	1	1	1	1
Public Works:							
Streets (miles)	96.41	96.41	96.41	96.41	96.41	96.41	96.41
Streetlights	147	147	147	147	147	147	147
Streetlights (Bike Trail)	138	138	-	-	-	-	-
Traffic signals	64	64	49	49	49	49	49
Parks and Recreation:							
Parks	5	5	5	5	5	5	5
Community centers	2	2	2	2	2	2	2
Wastewater:							
Sanitary sewers (miles)	98.65	98.65	98.65	98.65	98.65	98.65	98.65
Storm drains (miles)	6.25	6.25	6.25	6.25	6.25	6.25	6.25

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

Source: City of Bellflower

CITY OF BELLFLOWER



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