

Comprehensive Annual Financial Report



City of Bellflower, California
Fiscal Year Ended June 30, 2013



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

**COMPREHENSIVE
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2013**

**PREPARED BY
FINANCE DEPARTMENT**

Tae G. Rhee
Director of Finance/City Treasurer

CITY OF BELLFLOWER

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December 16, 2013

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

The Comprehensive Annual Financial Report (CAFR) for the City of Bellflower for the fiscal year ended June 30, 2013, 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, which provides the total net equity of the City including infrastructure, and the Statement of Activities, which 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 is 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 City Council each year. The City Manager, City Clerk, and City Attorney are appointed and serve at the will of the City Council.

Bellflower is located in Los Angeles County, 18 miles southeast of the City of Los Angeles, 100 miles north of San Diego, and 450 miles south of San Francisco. The City is 6.1 square miles in size and currently houses approximately 77,289 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's 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 City Council and staff have effectively carried out the City's 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 of 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. Palm Street Park, a new outdoor recreation facility, features tranquil walking paths, a large multi-color interactive playground for children, bike racks, picnic tables, and California native plant demonstration gardens.

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 Dissolved 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 Bellflower Public Facilities Corporation, which was organized primarily for the purpose of providing financial assistance to the City to construct a civic center and auditorium complex and to make certain park improvements. The State eliminated redevelopment agencies with Assembly Bill X1 26 in June 2011 and a Successor Agency, with an independent seven-member Oversight Board, has been established to wind down the affairs of the former 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 Projects, Private Developments, and Other Community Projects

- Completed construction of Riverview Park, 16 acres of open space adjacent to the San Gabriel River including 12 acres owned by Southern California Edison.
- Completed construction of Palm Park, 3 acres of neighborhood scale open space on property under lease from Caltrans, serving a dense and underserved neighborhood.
- Completed construction of 6,000 linear feet of new sidewalk in the neighborhood north of Rosecrans Avenue and west of Clark Avenue.
- Rehabilitated 0.6 mile of arterial roadway pavement.
- Completed ADA improvements to Simms Park parking lot and Caruthers Park parking lot.
- Maintained 7-year slurry seal schedule for all local streets.
- Completed upgrade of traffic signals at intersection of Bellflower and Rosecrans to include full left-turn phasing.
- Completed the last of the sewer lining projects which were conditional to joining the Capital Outlay program of the Los Angeles County Consolidated Sewer Maintenance District.
- Installed Belle the Cow public art sculpture at the Woodruff Avenue entryway to the Bellflower Bike Trail, marking the agricultural history of the City and especially of the Agricultural Estates neighborhoods.
- Belmont Court (Bellflower Boulevard and Belmont Street). Issued Certificate of Occupancy permits and held Grand Opening 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 commercial, new Japanese restaurant and a Korean BBQ restaurant, 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.
- Fronks Project. Issued permit and conducted inspections for this project, which entails development of the northeast corner of Bellflower Boulevard and Walnut Street to add new retail, outside dining area, and walkways and other amenities.
- Corte Bella Mixed Use. Initiated a Specific Plan Amendment to allow for a mixed use on the southeast corner of Artesia Boulevard 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.
- Corte Fina Expansion. Initiated a Specific Plan Amendment to allow for an expansion of an existing 60-unit town home development near the southeast corner of Artesia Boulevard and Carpintero Avenue.

- Plasma Center. Issued a Certificate of Occupancy for a new two-story medical building.
- 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 Alondra Mixed Use Overlay. Worked with Wildan 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.
- Housing Element – The General Plan Housing Element Update was pre-certified by the State of California in June 2013 and approved by the City Council in October 2013.
- GIS Business License Layer. Initiated business license data layer for City's GIS system.
- Expired Building Permits. Successfully resolved and closed out 449 "minor" expired permits out of 573. Initiated resolution of 103 "major" expired permits of which 43 have been successfully resolved.
- School Use Text Amendment. Several amendments to the Zoning Code were approved to regulate school uses. A 1-year moratorium was approved in late 2012 to allow for additional study and development of new Codes.

Municipal Water System

- Convened newly established Municipal Water Commission to advise the City Council.
- Successfully placed new High Capacity Well into operation. Completed first year of operation, resulting in operation of the Municipal Water System with no operating deficit.
- Completed second interconnect for System #1 at Dunbar Street.
- Los Angeles Gateway Region Integrated Regional Management Plan adopted regionally including reconstruction of the Municipal Water System as a recognized regional need.
- Maintained compliance with all regulatory requirements.

Other Accomplishments

- Temporary Utility Users' Tax Measure (Measure P) – Prepared a ballot measure for submission to the voters to temporarily increase the City's Utility Users' Tax by 2% for a period of five years. Measure P passed with a high approval rate (62%) in November 2012.

- Ending the Furlough – On June 30, 2012, the City ended the temporary work reduction (a.k.a. “Furlough”) first begun in December 2008, restoring full-time employees to a normal (40 hours-a-week) work schedule and normal pay. During the preceding 42-months, employees had accepted a 10% work reduction and resulting 10% reduction in pay.
- Installed new audio-visual equipment in City Council chambers and completed remodel of control room.
- Joined with neighboring cities to establish Watershed Management Groups for each of the City’s watersheds to work collaboratively toward compliance with the new Los Angeles County NPDES permit.
- Completed inventory of all traffic control, parking and street name signs, night time retro-reflectivity assessment and successfully put electronic database into operation.
- Continued to remove reported graffiti by the next working day.
- Continued to maintain safe and attractive City facilities with minimal staffing.
- Crime Reduction
 - The number of vehicle burglaries reduced to 333 in 2012 and 356 in 2011 from the 2010 level of 366.
 - The number of robberies reduced to 138 in 2012 and 115 in 2011 from the 2010 total of 172.
 - Maintained the overall Part 1 crime rate in proximity to the 2010 rate of 280. The rates were 283 in 2012 and 276 in 2011.
 - Continued to conduct relevant enforcement operations, including: gang sweeps, narcotics surveillances, bait car, prostitution stings, robbery suppression, etc. in order to reduce criminal activity.
- Traffic Enforcement
 - Maintained an enforcement index of 30.0 or more.
 - Achieved significantly more than an anticipated 100 DUI arrests each year. The number of arrests in 2012 and 2011 were 294 and 159.
- Probation Population Management
 - Made contact with at least 75% of the total 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.
- Continued 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.

- Maintained emergency response times in close proximity of 3.0 minutes.
- Maintained priority response times of less than or equal to 8.0 minutes.
- Maintained core public safety services during a very difficult financial economy, while continually seeking new and creative funding sources to supplement existing funding.
- Implemented/assisted with special events including the boulevard car show, Easter Egg Hunt, Halloween Trick or Treat Event, Mayor's Prayer Breakfast, Service Club Luncheon, Christmas Tree Lighting ceremony, Children's Holiday Party, BRAVO, State of the City Luncheon, and Outgoing Mayor's Ceremony.
- Partnered with local service clubs, churches and residents for the School Supplies/Backpack Drive and Holiday Food Basket & Spring Easter Basket Programs.
- Completion of six (6) Bellflower Looking Better beautification projects throughout the City.
- Supervision and coordination of 13,850 hours of volunteer service through the Bellflower Volunteer Center.
- Designed and distributed 27,000 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.
- Developed and implemented a plan to relaunch the Bellflower Recreation In Motion (BRIM) program.
- Developed and implemented new Food Trucks & Flicks special event.
- Conducted Senior Citizen Outreach program to assess recreation programming needs and desires of seniors, and to communicate current program offerings.
- Partnered with YMCA for new aquatics swim lesson agreement.
- Developed a plan and secured funding to integrate program registration and facility management recreation software with internet registration capabilities.

MAJOR INITIATIVES FOR THE FUTURE

Capital Projects, Private Development and Other Community Projects

- Make strategic transportation investments to attract and facilitate new economic development projects.
- Construct landscaping on the south side of the SR-91 Freeway at Bellflower Boulevard.
- With Southern California Edison, begin construction of Underground Utility District on Artesia Boulevard from Downey Avenue to Lakewood Boulevard.

- Begin construction of ADA restroom improvements.
- Triennial Building Code Cycle. Adopt the State's Building Standards Codes and local amendments.
- Nonconforming Uses and Abatement Period. Study, recommend changes and implement amendments to Zoning Code to address nonconforming uses, their abatement periods and create a more neighborhood based development standards.
- Food Carts. Develop a food cart ordinance. A 2-year moratorium was adopted in late 2012, in order to further research, evaluate and present code amendments/options for regulations to the Council.
- Electronic Cigarette Businesses. Develop an electronic cigarette ordinance. A 1-year moratorium was adopted in October 2013, in order to further research, evaluate and present code amendments/options for regulations to the Council.
- Promote and assist Bellflower Youth Cultural Arts Foundations efforts for a Halloween Haunted House and partner with local businesses to offer discounts upon presenting a ticket to the Haunted House.

Municipal Water System

- Enter one or more water sales agreements
- Construct System 2 Improvement project to improve water pressure
- Decommission Well No. 17
- Plan for phased repair and replacement of deficient fire hydrants
- Implement Military Families shut-off protection program

Other Initiatives

- Complete incorporation of Bike Trail, Palm Park and Riverview Park into the City's maintenance workload, effectively doubling the grounds maintenance responsibility.
- Complete ADA self-assessment and draft updated Transition Plan.
- Maintain compliance with the newly adopted NPDES permit.
- Crime Suppression
 - Reduce the number of residential burglaries by 5% from the 2012 total of 313.
 - Reduce the number of stolen cars by 5% from the 2012 total of 516.
 - Maintain the current number of robberies at the 2012 total of 138.
 - Achieve 30 graffiti vandalism arrests each year.

- Maintain the overall Part 1 crime rate at the 2012 rate of 243.
 - Continue to conduct relevant enforcement operations, including: recycling theft, gang sweeps, narcotics surveillances, bait car, prostitution stings, robbery suppression, parole searches, etc. in order to reduce criminal activity.
- Traffic Enforcement
 - Maintain an enforcement index of 30.0 or more.
 - Achieve 150 DUI arrests each year.
 - Probation Population Management. Make contact with at least 60% of the total 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, coordinated effort of District Representatives, informational presentations to community groups, maintaining an informative and interactive departmental Website, National Night Out participation, and maximum three day response to neighborhood complaints (e.g. traffic, crime).
 - Maintain routine response times of less than or equal to 35.0 minutes.
 - 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, Carnival at Thompson Park, Mayor's Prayer Breakfast, Service Club Luncheon, Christmas Tree Lighting ceremony, Children's Holiday Party, Elections, and Oath of Office Ceremony.
 - Assume full production responsibilities for additional City-Sponsored Special Events due to reorganization, including BRAVO, State of the City Luncheon, and Outgoing Mayor's Ceremony.
 - Provide seven (7) 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 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 and 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 of the community.

- Implement plan to transition department to program registration and facility management recreation software with internet registration capabilities.
- Continue utilizing and developing innovative uses of our social network platforms to promote and grow Parks and Recreation programming.
- Continue to streamline recruitment process for contracted recreation class instructors, increasing recreation and life-long learning opportunities in the community.
- Develop comprehensive Sponsorship Plan for special events and recreation programming.
- Continue to seek opportunities and develop plans to increase revenue for recreation programming.
- Plan and implement the return of Summer StreetFest special events.
- Utilize findings from Senior Citizen Outreach program to develop new recreation offerings for seniors.
- Partner with First 5 LA and Los Angeles Conservation Corps to develop new tot playground at Thompson Park.
- Continue to deploy the Bellflower Recreation In Motion (BRIM) team approximately 100 times throughout the year, visiting neighborhoods lacking park space, unsupervised parks, and community special events.

ECONOMIC CONDITION

The City's revenues have finally stopped declining from the recession. In fiscal year 2011-12, the General Fund alone had suffered a loss of \$2.7 million, or 10%, in recurring revenues when compared to the pre-recession fiscal year 2006-07. Costs, on the other hand, had increased and the loss of purchasing power during the same time period was 8.6%. Fortunately, the economy has been showing signs of recovery and the City's revenues have, therefore, increased. In fiscal year 2012-13, the annual recurring revenue loss for the General Fund declined to \$1.0 million, or 3.8%, compared to the pre-recession fiscal year 2006-07. Costs have increased to 9.0% during the same time period. The fiscal year 2012-13 amount includes the 2% Temporary Utility Users Tax (TUUT) which became effective April 1, 2012 for a 5-year period. Without TUUT, the annual revenue loss would have been \$1.3 million, or 4.9%, compared to the pre-recession fiscal year 2006-07. While revenues are continuing to improve, the City's has yet to fully recover from the recession. For budgeting and fiscal management, the City continues its reasonably conservative and cautious outlook.

The State's prior actions continue to have significant negative financial impact to cities. The State has a long historical record of unilaterally taking local governments' revenues to address its budget crisis and meet other financial obligations. More recently 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 Bellflower that would have otherwise been available to help eliminate blight and revitalize the community. The State also permanently took one of the City's General Fund revenue streams – vehicle license fees (loss of approximately \$271 thousand annually).

At the Federal level, the Community Development Block Grant (CDBG) and HOME programs continue to suffer significant budget cuts.

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% TUUT went into effect April 1, 2013, and the Council took action to allocate the funds to economic development, public safety, special community programs and other purposes.

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. The cities and the County recently settled, and the financial gain to Bellflower is approximately \$108 thousand annually and a retroactive refund of \$652 thousand.

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 White Nelson Diehl Evans LLP was selected to perform the audit for the fiscal year ended June 30, 2013. 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, 2012. 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 nineteen (19) 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, 2013.

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 White Nelson Diehl Evans LLP, 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



Government Finance Officers Association

**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, 2012

Executive Director/CEO

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

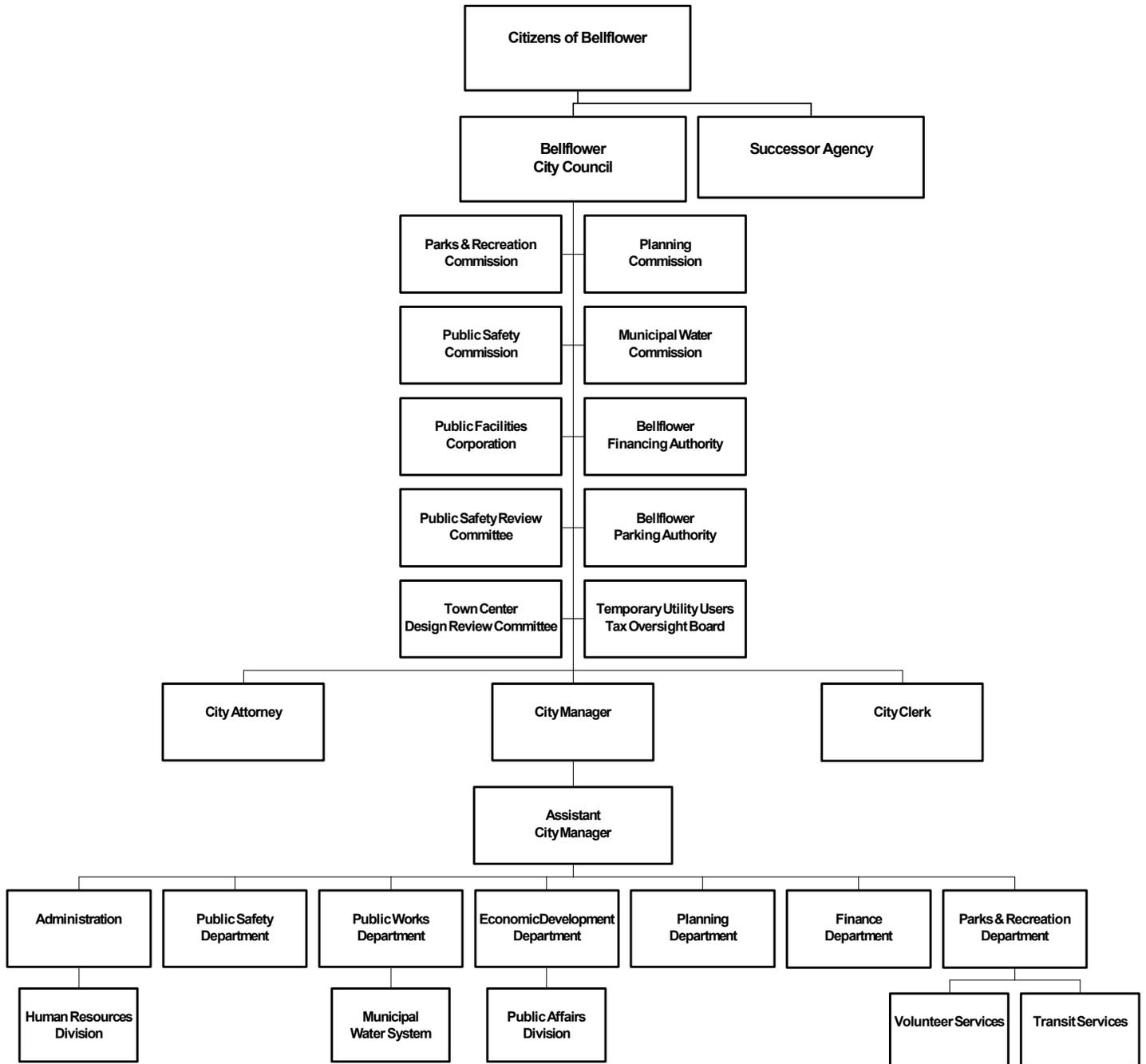
CITY COUNCIL

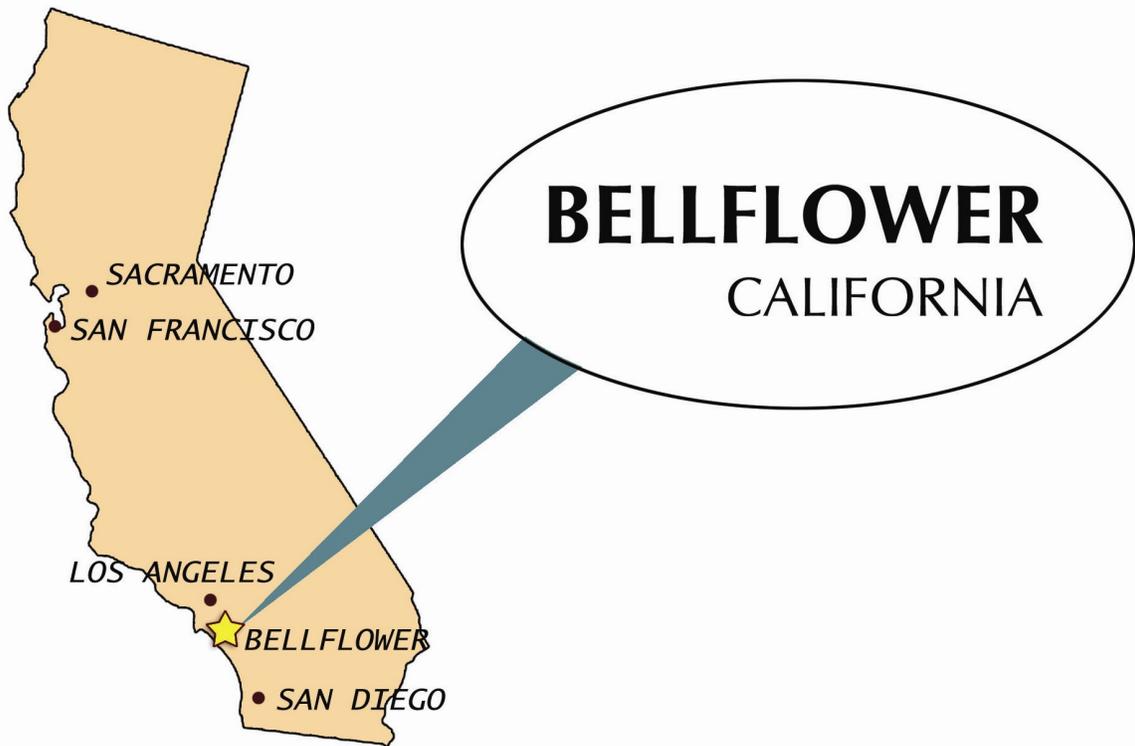
Ray Dunton, Mayor
Sonny R. Santa Ines, Mayor Pro Tem
Dan Koops, Council Member
Scott A. Larsen, Council Member
Ron Schnablegger, Council Member

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







INDEPENDENT AUDITORS' REPORT

Honorable City Council
of the City of Bellflower
Bellflower, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activity, each major fund, and the aggregate remaining fund information of the City of Bellflower (the City), as of and for the year ended June 30, 2013, and the related notes to the basic financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these basic financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the basic financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activity, each major fund, and the aggregate remaining fund information of the City of Bellflower, as of June 30, 2013, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

As discussed in Note 1e to the basic financial statements, the City incorporated deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure of net position due to the adoption of Governmental Accounting Standards Board's Statement No. 63, "*Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*". The adoption of this standard also provides a new statement of net position format to report all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. Our opinion is not modified with respect to this matter.

As discussed in Note 1e to the basic financial statements, the City has changed its method for accounting and reporting certain items previously reported as assets or liabilities during fiscal year 2013-2013 due to the early adoption of Governmental Accounting Standards Board's Statement No. 65, "*Items Previously Reported as Assets and Liabilities*". The adoption of this standard required retrospective application resulting in \$80,370 and \$320,938 reductions of previously reported net position of the governmental activities and business-type activity, respectively. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of funding progress and budgetary comparison schedules, as listed in the table of contents, 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 management's discussion and analysis and the schedule of funding progress in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during the audit of the basic financial statements. We do not express an opinion or provide any assurance on the management's discussion and analysis and the schedule of funding progress because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance on them. The budgetary comparison schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements of the City or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison schedules are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Matters (Continued)

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, supplementary information, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2013, 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

White Nelson Dick Evans LLP

Irvine, California
December 2, 2013

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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, 2013. 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

Government-wide:

- At June 30, 2013, the City's assets and deferred outflows of resources totaled \$109.2 million and total liabilities were \$21.4 million. The assets and deferred outflows of resources exceeded liabilities by \$87.8 million (net position). Of this amount, \$9.3 million in unrestricted net position may be used to meet the City's ongoing obligations to citizens and creditors.
- For the fiscal year ended June 30, 2013, net position increased \$8.2 million. Total revenues from programs and general revenues were \$39.4 million and total expenses for all functions and programs were \$31.2 million.
- Of total revenues of \$39.4 million, program revenues were \$13.5 million and general revenues were \$25.9 million. Program revenues are divided into three categories: Charges for services, \$5.5 million; Operating contributions and grants, \$3.7 million; and Capital contributions and grants, \$4.3 million.

Fund Based:

- At June 30, 2013, the General Fund balance was \$25.1 million, a decrease of \$1.9 million resulting from an operating surplus of \$177 thousand and an extraordinary loss of \$2.1 million from the transfer of a loan receivable from the Successor Agency to the Low and Moderate Income Housing Asset Special Revenue Fund pursuant to Assembly Bill 1484. The nonspendable fund balance was \$10.5 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 \$14.6 million, of which \$8 million was a contingency reserve set aside for cash flows and emergencies.
- The actual General Fund revenues and transfers in were \$26.5 million, an increase of \$2.3 million from the prior year actual of \$24.2 million. The final budget was \$25.8 million.

See independent auditors' report.

- The actual General Fund expenditures and transfers out were \$26.3 million, an increase of \$2.5 million from the prior year actual of \$23.8 million. The final budget was \$27.8 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 Position 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. As referred to in Note 1e to the basic financial statements, the City implemented Governmental Accounting Standard Board (GASB) Statement No. 63 and No. 65 during the fiscal year 2013. These statements incorporate the reporting for deferred outflows of resources, deferred inflows of resources, and net position in a statement of net position, statement of activities, and related disclosures.

These two statements report the City's net position and changes in them. Net position is the difference between assets, deferred outflows/inflows of resources, 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 position is 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.

See independent auditors' report.

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 Position 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.

See independent auditors' report.

Government-wide Financial Analysis

The government-wide statements report information about the City as a whole. The statement of net position includes all of the City's assets, deferred outflows/inflows of resources, 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 Position

	Statement of Net Position (in millions)					
	Governmental Activities		Business-Type Activities		Government-Wide Totals	
	2013	2012	2013	2012	2013	2012
Current and other assets	\$ 60.6	\$ 59.3	\$ (8.8)	\$ (8.8)	\$ 51.8	\$ 50.5
Capital assets	48.4	44.2	8.9	9.1	57.3	53.3
Total assets	<u>109.0</u>	<u>103.5</u>	<u>0.1</u>	<u>0.2</u>	<u>109.1</u>	<u>103.8</u>
Deferred outflows of resources	0.1	-	-	-	0.1	-
Deferred outflows of resources	<u>0.1</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>0.1</u>	<u>-</u>
Current and other liabilities	5.7	5.8	0.4	0.4	6.1	6.2
Long-term debt	15.3	16.2	-	-	15.3	16.2
Total liabilities	<u>21.0</u>	<u>22.0</u>	<u>0.4</u>	<u>0.4</u>	<u>21.4</u>	<u>22.4</u>
Net Position:						
Net investment in capital assets	40.7	35.9	8.9	9.1	49.6	45.0
Restricted	28.9	23.9	-	-	28.9	23.9
Unrestricted	<u>18.5</u>	<u>21.7</u>	<u>(9.2)</u>	<u>(9.2)</u>	<u>9.3</u>	<u>12.5</u>
Total net position	<u>\$ 88.1</u>	<u>\$ 81.5</u>	<u>\$ (0.3)</u>	<u>\$ (0.1)</u>	<u>\$ 87.8</u>	<u>\$ 81.4</u>

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

The City's Government-wide total net position were \$87.8 million, with assets of \$109.1 million, deferred outflows of resources of \$0.1 million, and liabilities of \$21.4 million. The net investment in capital assets of \$49.6 million represents 56% of the City's total net position. 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 position.

Another portion of the City's net position, \$28.9 million, or 33%, represents resources that are subject to external restrictions in how they may be used. The remaining balance of \$9.3 million, or 11%, in unrestricted net position 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 position.

See independent auditors' report.

Condensed Statement of Changes in Activities

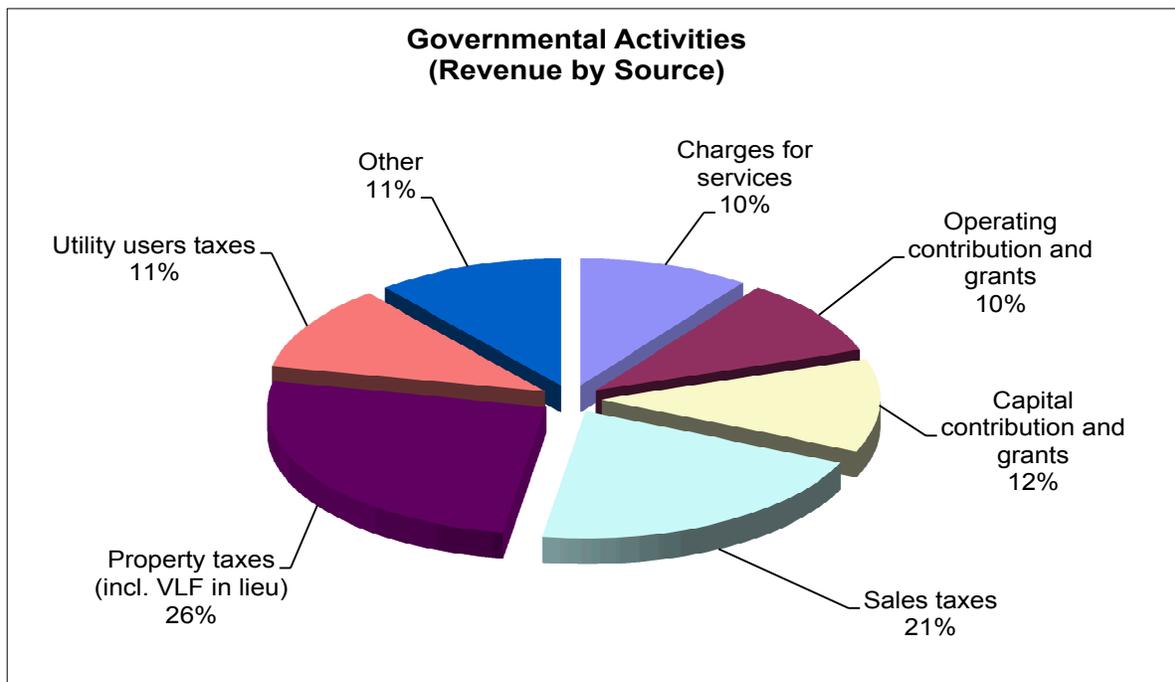
	Changes in Net Position (in millions)					
	Governmental Activities		Business-Type Activities		Government-Wide Totals	
	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12
Revenues						
Program Revenues:						
Charges for services	\$ 3.6	\$ 3.0	\$ 1.9	\$ 1.5	\$ 5.5	\$ 4.5
Operating grants and contributions	3.7	7.0	-	-	3.7	7.0
Capital grants and contributions	4.3	1.4	-	0.4	4.3	1.8
Subtotal Program Revenues	<u>11.6</u>	<u>11.4</u>	<u>1.9</u>	<u>1.9</u>	<u>13.5</u>	<u>13.3</u>
General Revenues:						
Sales taxes	8.0	7.6	-	-	8.0	7.6
Property taxes	3.3	3.4	-	-	3.3	3.4
Property taxes in lieu of VLF	6.4	6.3	-	-	6.4	6.3
Franchise taxes	1.6	1.6	-	-	1.6	1.6
Utility users taxes	4.0	3.7	-	-	4.0	3.7
Transient occupancy taxes	0.5	0.5	-	-	0.5	0.5
Business license taxes	0.6	0.6	-	-	0.6	0.6
Property transfer taxes	0.1	0.1	-	-	0.1	0.1
Intergovernmental	0.1	-	-	-	0.1	-
Earnings on investments	0.7	3.0	-	-	0.7	3.0
Gain on sale of property	-	-	-	-	-	-
Miscellaneous	0.6	0.7	-	-	0.6	0.7
Subtotal General Revenues	<u>25.9</u>	<u>27.5</u>	<u>-</u>	<u>-</u>	<u>25.9</u>	<u>27.5</u>
Total Revenues	<u>37.5</u>	<u>38.9</u>	<u>1.9</u>	<u>1.9</u>	<u>39.4</u>	<u>40.8</u>
Expenses:						
Governmental Activities:						
General government	3.5	3.4	-	-	3.5	3.4
Public safety	10.3	9.8	-	-	10.3	9.8
Public works	9.1	8.3	-	-	9.1	8.3
Community development	3.9	4.7	-	-	3.9	4.7
Parks and recreation	1.9	2.0	-	-	1.9	2.0
Interest on long-term debt	0.8	2.3	-	-	0.8	2.3
Business-Type Activities:						
Water	-	-	1.8	1.3	1.8	1.3
Interest on long-term debt	-	-	-	-	-	-
Total Expenses	<u>29.4</u>	<u>30.4</u>	<u>1.8</u>	<u>1.3</u>	<u>31.2</u>	<u>31.8</u>
Excess (deficiency) before transfers and extraordinary items	8.1	8.5	0.1	0.6	8.2	9.1
Transfers	-	0.4	-	(0.4)	-	-
Extraordinary gain on transfer of assets and liabilities to RDA successor trust funds	-	1.9	-	-	-	1.9
Change in Net Position	<u>8.1</u>	<u>10.7</u>	<u>0.1</u>	<u>0.2</u>	<u>8.2</u>	<u>11.0</u>
Net Assets - Beginning of Fiscal Year	81.5	70.9	(0.1)	(0.4)	81.4	70.5
Implementation of GASB statement No. 65	(0.1)	-	(0.3)	-	(0.4)	-
Prior Period Adjustment	(1.5)	(0.1)	-	-	(1.5)	(0.1)
Net Assets - Beginning of Fiscal Year, Restated	<u>80.0</u>	<u>70.8</u>	<u>(0.4)</u>	<u>(0.4)</u>	<u>79.5</u>	<u>70.4</u>
Net Assets - End of Fiscal Year	<u>\$ 88.1</u>	<u>\$ 81.5</u>	<u>\$ (0.3)</u>	<u>\$ (0.1)</u>	<u>\$ 87.8</u>	<u>\$ 81.4</u>

Notes: Due to rounding, the dollar and percentage details may not add up to corresponding totals.
See independent auditors' report.

Revenues for the City's governmental and business-type activities were \$39.4 million, a decrease of \$1.4 million, or 3%, from \$40.8 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 is approximately the same as the preceding fiscal year's total. During the fiscal year, the City's taxable assessed valuation increased 1.9%. Property taxes include property taxes in lieu of VLF (vehicle license fees). Property taxes in the General Fund increased \$980 thousand, of which \$624 thousand was attributable to the recovery of overcharged administrative fees in prior years by the County of Los Angeles (total recovery is \$652 thousand). The redevelopment property tax increment, net of pass through payments, decreased \$950 thousand due to AB X1 26 which dissolved all redevelopment agencies in California as of February 1, 2012, in order to redistribute revenues from redevelopment agencies to schools, counties, districts and other taxing entities. As a result, the City suffers a revenue loss of over \$3 million annually.
- The second largest revenue source was sales taxes, a general revenue, at \$8.0 million, which increased \$421 thousand, or 6% 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, sales were strong in automobiles and restaurants sectors which grew 11%.
- The third largest revenue source was capital grants and contributions, a program revenue, at \$4.3 million, which increased \$2.9 million, or 207% from the preceding fiscal year. Capital grants and contributions increased for public works and parks and recreation by \$920 thousand and \$2.1 million, respectively, and decreased for community development by \$129 thousand.
- The fourth largest revenue source was utility users taxes (UUT), a general revenue, at \$4.0 million, which increased \$308 thousand, or 8% from the preceding fiscal year. 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. During the fiscal year, the City received \$283 thousand in Measure P UUT revenue.
- The fifth largest revenue source was operating grants and contributions, a program revenue, at \$3.7 million, which decreased \$3.3 million, or 47% from the preceding fiscal year. Operating grants and contributions decreased for public safety and public works by \$80 thousand and \$3.3 million, respectively, and increased for community development and parks and recreation by \$18 thousand and \$62 thousand, respectively.

See independent auditors' report.

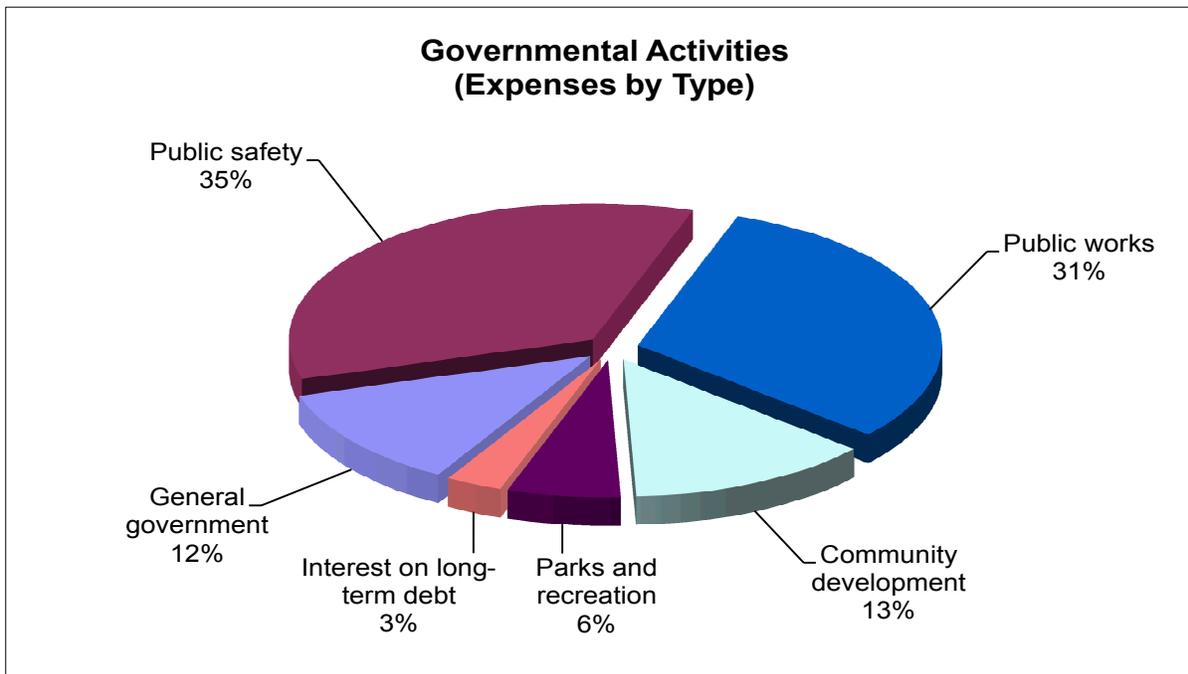
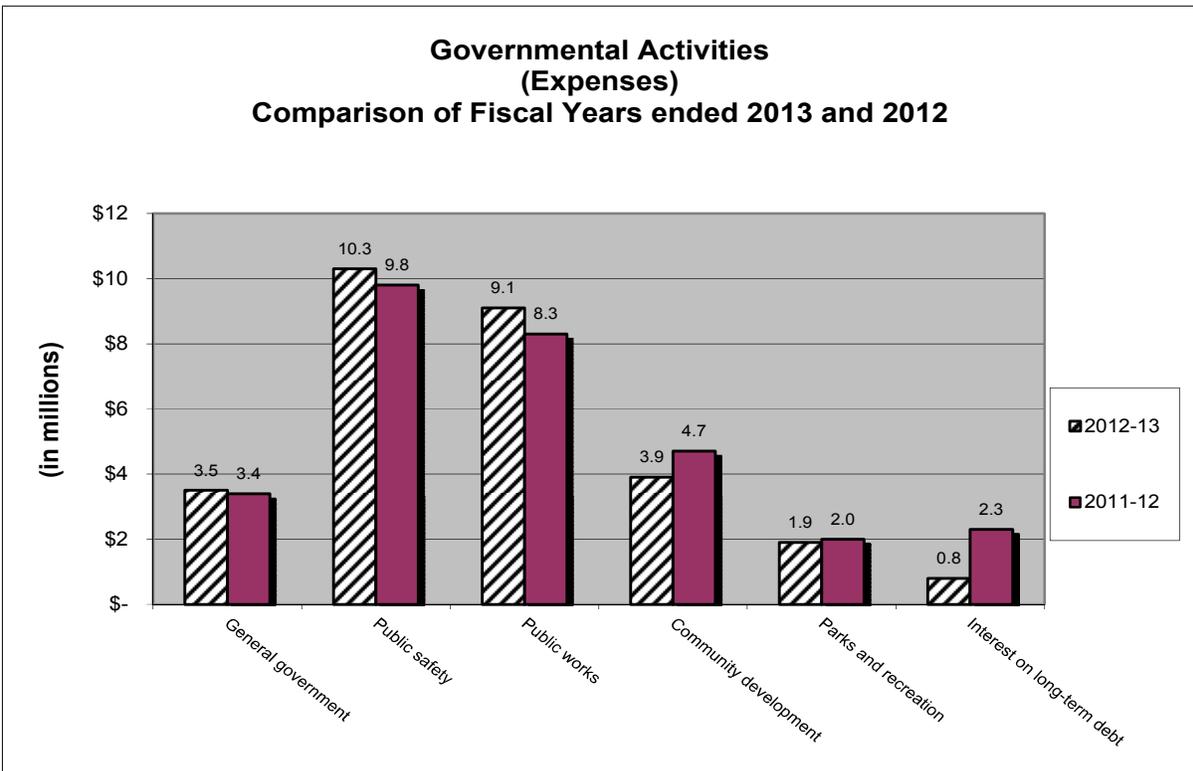


Note: Due to rounding, the percentages may not total 100%.

The cost of providing all governmental activities this year was \$29.4 million before applying program revenues of \$11.6 million. The remaining “public benefit” portion of governmental activities was paid with general revenues. Public Safety, the largest expense category, totaled \$10.3 million, or 35% of governmental activities, of which \$2.2 million was funded with program revenues. The remaining balance of \$8.1 million was funded with general revenues. Public Works, the second largest expense category, totaled \$9.1 million, or 31% of governmental activities with program revenues of \$5.0 million. Community Development, the third largest expense category, totaled \$3.9 million, or 13% of governmental activities with program revenues of \$2.0 million. General Government had expenses of \$3.5 million, or 12% of governmental activities paid entirely with general revenues. Parks and Recreation had expenses of \$1.9 million, or 6% of governmental activities with program revenues of \$2.5 million. Interest on long-term debt was \$808 thousand, or 3%, paid entirely with general revenues.

Expenses for governmental activities excluding interest on long-term debt totaled \$28.6 million, an increase of \$450 thousand, or 2% from the preceding fiscal year. Because of the recession and State revenue shifts, the Council made drastic budget cuts to the City programs and services since inception of the recession which significantly affected personnel, operating and capital projects at all levels. With improving revenues, the Council took action to end the 3½ year long 10% furlough effective June 30, 2012. Other substantial structural budget cuts were carried over to this fiscal year. Significant changes in the governmental activities expense categories when compared to the prior fiscal year are summarized as follows: \$497 thousand increase in Public Safety; \$131 thousand increase in General Government; \$780 thousand increase in Public Works; \$822 thousand decrease in Community Development; and \$137 thousand decrease in Parks and Recreation. Interest on long-term debt decreased \$1.5 million primarily due to AB X1 26 (redevelopment agency dissolution) and AB 1484 (recalculation of redevelopment agency loans payable to cities using LAIF rates).

See independent auditors' report.



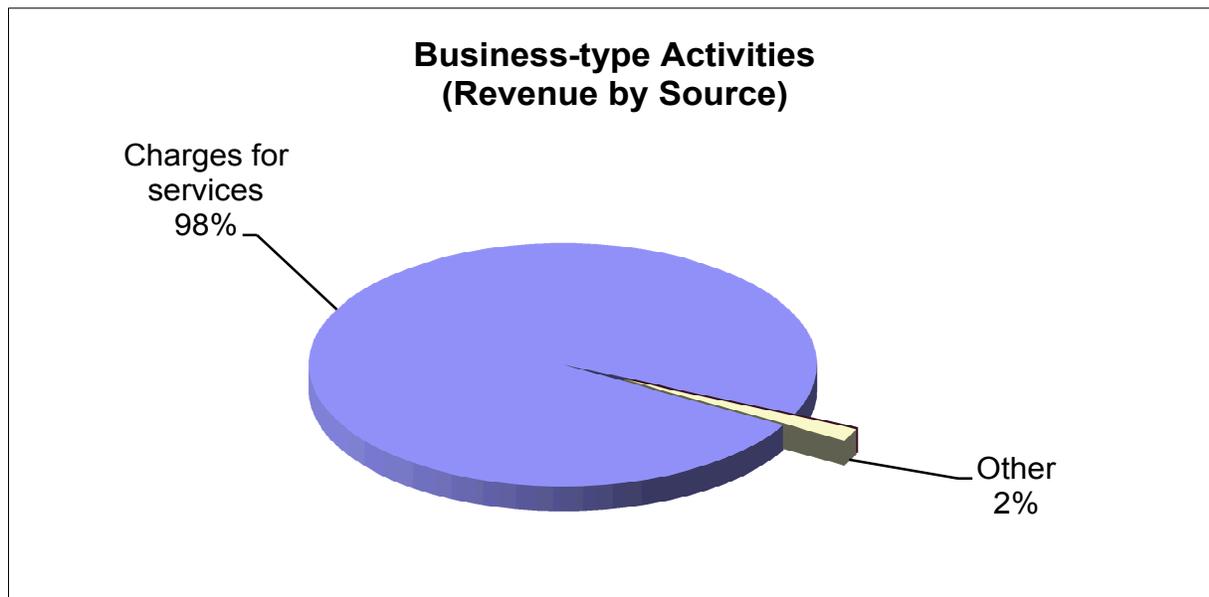
Note: The above chart may not total 100% due to rounding.

See independent auditors' report.

Business-Type Activities

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

- The MWS revenues and transfers in totaled \$1.9 million, which is approximately the same as the preceding fiscal year's total. Substantially all of the revenues were program revenues. Charges for services increased \$428 thousand primarily due to the sale of excess groundwater from the high capacity well and capital grants and contributions, on the other hand, decreased \$428 thousand.
- The expenses totaled \$1.8 million, which is an increase of \$110 thousand compared to the preceding fiscal year. The operating expenses increased \$93 thousand and other non-operating expenses increased \$17 thousand.
- At June 30, 2013, the deficit in net position decreased \$149 thousand, to \$307 thousand.



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.

See independent auditors' report.

As of the fiscal year ended June 30, 2013, the City's governmental funds reported combined ending fund balance of \$42.9 million, an increase of \$2.4 million, or 0.4%, compared to the prior year's balance of \$40.4 million.

The fund balances consisted of nonspendable, restricted, assigned and unassigned. Nonspendable fund balance of \$21.1 million is not available for use and is comprised of long-term interfund loans and advances receivable. Restricted fund balance of \$8.7 million can only be used for specific purposes pursuant to constraints imposed by applicable laws and regulations and external parties such as grantors and creditors. Assigned fund balance of \$2.1 million can be used for economic development and capital projects through the appropriate budget approval process. Unassigned fund balance of \$10.9 million represents the residual amount.

Revenues of governmental funds for the fiscal year ended June 30, 2013 were \$37.1 million, an increase of \$527 thousand, or 1.4%, from the prior year total of \$36.5 million. Expenditures of governmental funds were \$34.6 million, a decrease of \$425 thousand, or 1.2%, from the prior fiscal year total of \$35.0 million. Excluding other financing sources and uses and special and extraordinary items, governmental fund revenues exceeded governmental fund expenditures by \$2.5 million. As an extraordinary item, pursuant to the requirements of AB 1484, the General Fund transferred \$2.1 million in long-term loan receivable from the Successor Agency to the Low and Moderate Income Housing Asset Special Revenue Fund.

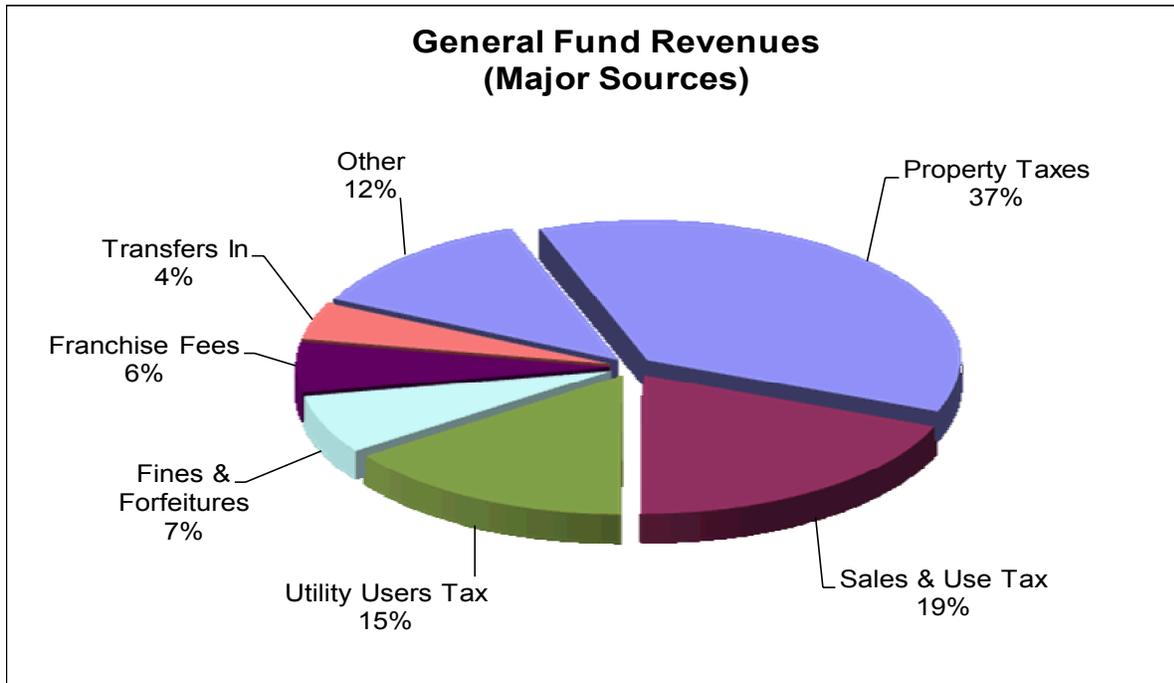
The City has four major governmental funds: General Fund, Low and Moderate Income Housing Asset Special Revenue Fund, Financing Authority Debt Service Fund, and Grant Projects Capital Projects Fund. An analysis of significant balances and transactions of the individual major funds has been provided below. 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 \$25.1 million, a decrease of \$1.9 million, or 7%, from the preceding year's balance. The unassigned fund balance was \$14.6 million, of which \$8 million was a contingency reserve set aside for cash flows and emergencies. The remaining \$10.5 million was a nonspendable fund balance comprised of long-term interfund 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 transfers out. The net unassigned fund balance of \$6.6 million represented 25% of the total fund expenditures and transfers out of \$26.3 million.

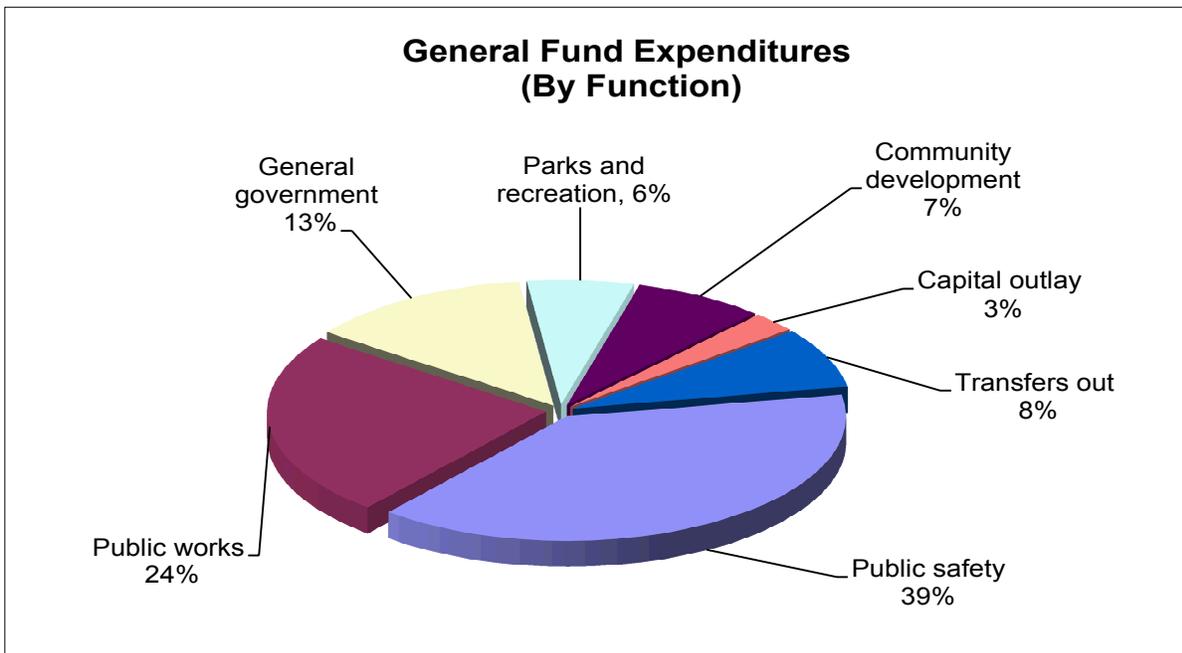
General Fund revenues and transfers in were \$26.5 million, an increase of \$2.3 million, or 10%, from the preceding fiscal year total of \$24.2 million. Significant changes in individual revenue sources are as follows: \$980 thousand increase in property taxes (including \$121 thousand increase in property taxes in lieu of vehicle license fees and \$624 thousand of the \$652 thousand total recovery from prior year property tax administration fees overcharged by the County of Los Angeles), \$424 thousand increase in sales taxes, \$308 thousand increase in utility users taxes (including the Measure P UUT of \$283 thousand), \$167 thousand increase in parking citation fines, \$92 thousand increase in franchise taxes, and one-time cost recoveries of \$123,000.

See independent auditors' report.



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

General Fund expenditures and transfers out were \$26.3 million, an increase of \$2.5 million, or 11%, from the preceding fiscal year total of \$23.8 million. Changes by functions are as follows: \$268 thousand increase in general government, \$518 thousand increase in public safety, \$443 thousand increase in public works, \$242 thousand increase in community development, \$81 thousand decrease in parks and recreation, \$62 thousand increase in capital outlay, and \$1.1 million increase in transfers out to other funds.



Note: The above chart may not total 100% due to rounding. See independent auditors' report.

Low and Moderate Income Housing Asset Special Revenue Fund. Pursuant to AB X1 26 and a related California Supreme Court decision, all redevelopment agencies in California were dissolved as of February 1, 2012, and successor agencies were established to wind down the affairs of the former redevelopment agencies. Certain housing assets and functions were transferred to cities and other entities electing to serve as successor housing agencies. Subsequent legislation, AB 1484, added additional 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. SB 341 was later adopted to further restrict how the LMIHAF resources are to be used along with various other compliance requirements.

The current primary sources of revenue for LMIHAF are annual residual receipts payments from the developer and operator of a 180-unit senior citizen housing complex under a ground lease agreement and related promissory notes. Pursuant to AB 1484, \$2,068,991, which was 20% of the loan receivable by the General Fund from the Successor Agency as of June 30, 2013, was transferred to the LMIHAF. The loan repayments will be another source of revenue and funding available for the LMIHAF.

At the end of the fiscal year, the fund balance in the Low and Moderate Income Housing Asset Special Revenue Fund was \$888 thousand, an increase of \$2.2 million, from the preceding fiscal year's deficit of \$1.4 million. Nonspendable fund balance was \$2.1 million representing the principal amount receivable from the Successor Agency, and unassigned fund deficit was \$1.2 million caused by advances payable to the HOME Fund.

The revenues were \$224 thousand, a decrease of \$20 thousand, or 8%, from the preceding fiscal year total of \$244 thousand. Revenues consisted primarily of the residual receipts payment from the developer/operator of the 180-unit senior citizen housing complex. The expenditures were \$44 thousand, a decrease of \$280 thousand, or 86%, from the preceding fiscal year total of \$324 thousand. Pursuant to the requirements of AB 1484, there was an extraordinary gain of \$2.1 million due to a transfer of 20% of the General Fund loan receivable from the Successor Agency to the LMIHAF.

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 \$7.8 million, a decrease of \$145 thousand, or 2%, from the preceding fiscal year. Nonspendable fund balance was \$7.3 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 were \$390 thousand (lease interest and investment earnings), an increase of \$16 thousand, or 4% from the preceding fiscal year total of \$374 thousand. The lease interest earned and received from the Municipal Water System generally equals 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 \$145 thousand from the Municipal Water System to make the required annual principal payment on the 2008
See independent auditors' report.

Certificates, reducing the Authority's advances receivable from the Water System by the same amount.

The expenditures (principal, interest and other charges) were \$535 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.

Grant Projects Capital Projects Fund is used to account for property acquisition and capital projects funded with Federal, State and other agency grants and restricted funds.

At the end of the fiscal year, the Grant Projects Capital Projects Fund had a deficit fund balance of \$2.5 million, a decrease of \$2.6 million, from the preceding fiscal year's balance of \$49 thousand. There was a prior period adjustment of \$2.3 million in outstanding grants receivables that were not received within 60 days after the fiscal year end, therefore, not available as current revenues and fund balance.

The revenues were \$3.7 million, an increase of \$338 thousand, or 10%, from the preceding fiscal year total of \$3.4 million. The expenditures were \$4.1 million, an increase of \$598 thousand, or 17%, from the preceding fiscal year total of \$3.5 million.

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 \$25.8 million, an increase of \$1.6 million from original allocations with the following significant amendments: \$2.0 million increase in taxes and \$260 thousand decrease in intergovernmental revenue.

Appropriations and Transfers Out – The final appropriations and transfers out were \$27.8 million, an increase of \$3.2 million from the original allocations of \$24.6 million as follows: \$224 thousand increase in general government, \$44 thousand decrease in public safety, \$346 thousand increase in public works, \$365 thousand increase in community development, \$19 thousand decrease in parks and recreation, \$912 thousand increase in capital outlay, and \$1.4 million increase in transfers out.

Budget to Actual Variance

The actual revenues and transfers in of \$26.5 million were higher than the final budgeted revenues and transfers in of \$25.8 million by \$743 thousand. Significant favorable variances were realized in the following categories: taxes, \$358 thousand, fines, forfeitures and penalties, \$234 thousand, and other revenues, \$107 thousand.

The actual expenditures and transfers out of \$26.3 million were lower than the final appropriations and transfers out of \$27.8 million by approximately \$1.4 million as follows: \$70 thousand lower in general government, \$87 thousand lower in public safety, \$59 thousand lower in public works, \$115 thousand lower in parks and recreation, \$907 thousand lower in capital outlay, and \$192 thousand lower in transfers out.

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Capital Asset and Debt Administration

Capital Assets. The City's investment in capital assets for governmental and business-type activities as of June 30, 2013, was \$57.4 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, please refer to the notes to the basic financial statements – Note 6, Capital Assets.

	Capital Assets (in thousands)					
	Governmental Activities		Business-Type Activities		Total	
	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12
Land	\$ 9,879	\$ 9,879	\$ 827	\$ 827	\$ 10,706	\$ 10,706
Buildings and improvements	22,637	14,309	158	69	22,795	14,378
Equipment and furniture and fixtures	1,895	1,368	16	11	1,911	1,379
Infrastructure	13,304	15,394	3,784	3,984	17,088	19,378
Construction in progress	556	3,084	-	-	556	3,084
Water rights	181	181	4,000	4,000	4,181	4,181
Acquisition costs	-	-	146	187	146	187
Total Capital Assets	<u>\$ 48,452</u>	<u>\$ 44,214</u>	<u>\$ 8,931</u>	<u>\$ 9,078</u>	<u>\$ 57,382</u>	<u>\$ 53,292</u>

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

During this fiscal year, the City expended \$5.2 million in capital assets excluding equipment and furniture and fixtures. The following were major projects for the fiscal year:

□ Palm Street Park	\$1.9 million
□ Street Improvements	\$1.2 million
□ Riverview Park	\$618 thousand
□ Sidewalk Projects	\$597 thousand
□ Traffic Signal Improvements	\$260 thousand
□ Sewer Line Improvements	\$251 thousand
□ Virginia Avenue Improvements	\$127 thousand

Long-Term Debt. At June 30, 2013, the City had \$17.0 million in outstanding long-term debt for governmental activities, a decrease of \$809 thousand, or 5%, from the preceding fiscal year. During the fiscal year, \$795 thousand was retired as scheduled principal payments on the outstanding long-term debt, excluding compensated absences. For additional information, please refer to the notes to the basic financial statements – Note 8, Long-Term Debt.

	Long-Term Debt (in thousands)			
	2013	2012	Variance Increase/ (Decrease)	% Change
2008 Certificates of Participation (Water System)	\$ 7,810	\$ 7,955	(145)	-2%
2011 Lease Financing Agreement	2,865	3,215	(350)	-11%
HUD Section 108 Loan	4,969	5,269	(300)	-6%
Compensated Absences	1,327	1,341	(14)	-1%
Total Long-Term Debt	<u>\$ 16,971</u>	<u>\$ 17,780</u>	<u>\$ (809)</u>	-5%

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

See independent auditors' report.

Under the California Government Code Section 43605, the City's legal bonded debt limit for this fiscal year was \$138 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 2013–14

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 third quarterly report of 2013, the UCLA Anderson Forecast asserted that the U.S. economy is "returning to normalcy." While the economy will not be "normal" by historical standards, it will be noticeably better than in recent years. The UCLA Anderson forecasts a real GDP growth of 2.5% for the rest of the year and a historical 3% growth rate in 2014 and 2015. The California's economy continues to mirror the slow growth of the nation. The forecast calls for total employment growth – including payroll, farm and the self-employed – of 2.7% in 2013 and 2.1% and 2.1% in 2014 and 2015, respectively. Nonfarm payroll employment will grow more slowly at 1.7%, 1.9% and 2.2% for the three forecast years.

The Legislative Analyst's Office, California's nonpartisan fiscal and policy advisor, reported that its forecast of state tax revenue collections has increased since last year. Accordingly, LAO now finds that California's state budget situation is even more promising than it had projected one year ago. Under current laws and policies, LAO projects a \$5.6 billion reserve by the end of fiscal year 2014-15 and sees continued economic growth and an operating surplus of approximately \$9.6 billion by fiscal year 2017-18.

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, the City faces continuing and growing Federal funding cuts to both Community Development Block Grant (CDBG) and HOME programs with the current annual loss of \$1 million.

The State has historically taken and deferred 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.

See independent auditors' report.

The following are the State's shifts of Bellflower's revenues since fiscal year 2004-05:

		Fiscal Year	Amount
Redevelopment Agency dissolution	Annual Loss	2011-12	Over \$3 million
Vehicle license fees	Annual Loss	2011-12	271,000
Supplemental Educational Revenue Augmentation Fund (SERAF)	One-Time	2010-11	168,000
Supplemental Educational Revenue Augmentation Fund (SERAF)	One-Time	2009-10	816,000
Educational Revenue Augmentation Fund (ERAF III)	One-Time	2005-06	618,000
Educational Revenue Augmentation Fund (ERAF III)	One-Time	2004-05	609,000

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 2013, the City Council adopted a balanced biennial operating budget with the General Fund revenues and transfers in of \$27.7 million and \$28.3 million and total appropriations and transfers out of \$27.7 million and \$28.1 million for fiscal years 2013-14 and 2014-15, respectively.

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, ending the 3½ year long pay reduction for employees.

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 from April 1, 2013 to March 31, 2018. Measure P raised \$283 thousand in fiscal year 2012-13.

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.

See independent auditors' report.

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.

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

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CITY OF BELLFLOWER

STATEMENT OF NET POSITION

June 30, 2013

	Primary Government		
	Governmental Activities	Business-type Activity	Total
ASSETS:			
Cash and investments	\$ 25,335,331	\$ 691,211	\$ 26,026,542
Cash and investments with fiscal agents	543,932	-	543,932
Receivables:			
Accounts receivable, net	6,450,182	296,437	6,746,619
Notes receivable	5,674,397	-	5,674,397
Interest receivable	87,113	-	87,113
Loans receivable	12,513	-	12,513
Inventory	-	14,379	14,379
Prepaid expenses	4,375	-	4,375
Net other post-employment benefit asset	299,283	-	299,283
Internal balances	9,959,761	(9,959,761)	-
Long-term receivable from successor agency trust funds	12,070,868	-	12,070,868
Advances to successor agency trust funds	130,212	-	130,212
Pre-acquisition costs, net of accumulated amortization	-	139,286	139,286
Capital assets:			
Not being depreciated	10,615,568	4,827,065	15,442,633
Being depreciated (net of accumulated depreciation)	37,836,691	4,103,781	41,940,472
TOTAL ASSETS	109,020,226	112,398	109,132,624
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred loss on refunding, net of accumulated amortization	84,524	-	84,524
TOTAL DEFERRED OUTFLOWS OF RESOURCES	84,524	-	84,524
LIABILITIES:			
Accounts payable	3,088,419	264,212	3,352,631
Accrued expenses	406,945	-	406,945
Interest payable	240,434	96,455	336,889
Unearned revenue	271,158	-	271,158
Deposits	26,224	58,340	84,564
Retention payable	35,893	-	35,893
Long-term liabilities:			
Due within one year	1,658,868	-	1,658,868
Due in more than one year	15,312,386	-	15,312,386
TOTAL LIABILITIES	21,040,327	419,007	21,459,334
NET POSITION:			
Net investment in capital assets	40,702,783	8,930,846	49,633,629
Restricted for:			
Construction of capital assets	2,260,323	-	2,260,323
Debt service	7,574,447	-	7,574,447
Streets, highways, bikeways, public transit and other related purposes	7,505,136	-	7,505,136
Housing	4,981,268	-	4,981,268
Community development	6,310,571	-	6,310,571
Public safety	189,120	-	189,120
Unrestricted	18,540,775	(9,237,455)	9,303,320
TOTAL NET POSITION	\$ 88,064,423	\$ (306,609)	\$ 87,757,814

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

CITY OF BELLFLOWER

STATEMENT OF ACTIVITIES

For the fiscal year ended June 30, 2013

Functions/programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 3,506,947	\$ -	\$ -	\$ -
Public safety	10,281,393	1,998,982	161,621	-
Public works	9,058,651	643,627	2,107,059	2,216,642
Community development	3,877,492	642,191	1,358,743	-
Parks and recreation	1,903,971	296,323	62,134	2,118,915
Interest on long term debt	807,729	-	-	-
Total governmental activities	29,436,183	3,581,123	3,689,557	4,335,557
Business-type activity:				
Water enterprise	1,783,206	1,900,476	-	-
Total	\$ 31,219,389	\$ 5,481,599	\$ 3,689,557	\$ 4,335,557

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 costs
- Earnings on investments
- Gain on sale of property
- Miscellaneous

Transfers

Total general revenues and transfers

Change in net position

Net Position - Beginning of Year, as Restated

Net Position - End of Year

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

Net (Expense) Revenue and
Changes in Net Position

Governmental Activities	Business-type Activity	Total
\$ (3,506,947)	\$ -	\$ (3,506,947)
(8,120,790)	-	(8,120,790)
(4,091,323)	-	(4,091,323)
(1,876,558)	-	(1,876,558)
573,401	-	573,401
(807,729)	-	(807,729)
<u>(17,829,946)</u>	<u>-</u>	<u>(17,829,946)</u>
<u>-</u>	<u>117,270</u>	<u>117,270</u>
<u>(17,829,946)</u>	<u>117,270</u>	<u>(17,712,676)</u>
7,995,393	-	7,995,393
3,339,134	-	3,339,134
6,377,335	-	6,377,335
1,550,638	-	1,550,638
4,009,201	-	4,009,201
526,149	-	526,149
592,823	-	592,823
120,693	-	120,693
-	-	-
39,735	-	39,735
42,811	-	42,811
674,358	232	674,590
22,306	-	22,306
640,142	20,105	660,247
(11,612)	11,612	-
<u>25,919,106</u>	<u>31,949</u>	<u>25,951,055</u>
8,089,160	149,219	8,238,379
<u>79,975,263</u>	<u>(455,828)</u>	<u>79,519,435</u>
<u>\$ 88,064,423</u>	<u>\$ (306,609)</u>	<u>\$ 87,757,814</u>

CITY OF BELLFLOWER

BALANCE SHEET
GOVERNMENTAL FUNDS

June 30, 2013

	General Fund	Low and Moderate Income Housing Asset Special Revenue Fund	Financing Authority Debt Service Fund
ASSETS			
Cash and investments	\$ 12,413,438	\$ -	\$ -
Cash and investments with fiscal agents	-	-	543,932
Accounts receivable - net	2,758,190	218,487	-
Due from other funds	2,997,608	-	-
Due from successor agency trust funds	130,212	-	-
Interest receivable	46,121	-	768
Prepaid expense	4,375	-	-
Loans receivable	12,513	-	-
Notes receivable	53,135	3,748,172	-
Long-term receivable from successor agency trust funds	9,656,694	2,414,174	-
Advances to other funds	2,689,580	-	7,270,181
TOTAL ASSETS	\$ 30,761,866	\$ 6,380,833	\$ 7,814,881
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
LIABILITIES:			
Accounts payable	\$ 2,682,318	\$ -	\$ -
Accrued expenditures	368,294	928	-
Due to other funds	-	14,413	-
Deposits payable	20,224	-	-
Retention payable	-	-	-
Unearned revenues	270,641	-	-
Advances from other funds	-	1,384,224	-
TOTAL LIABILITIES	3,341,477	1,399,565	-
DEFERRED INFLOWS OF RESOURCES:			
Unavailable revenues	2,277,469	4,093,355	-
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	5,618,946	5,492,920	-
FUND BALANCES (DEFICIT):			
Nonspendable:			
Long-term interfund balances	10,527,450	2,068,991	7,270,181
Restricted	-	-	544,700
Assigned	-	-	-
Unassigned	14,615,470	(1,181,078)	-
TOTAL FUND BALANCES (DEFICIT)	25,142,920	887,913	7,814,881
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 30,761,866	\$ 6,380,833	\$ 7,814,881

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

Grant Projects Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 10,421,382	\$ 22,834,820
-	-	543,932
3,095,183	378,322	6,450,182
-	-	2,997,608
-	-	130,212
-	31,103	77,992
-	-	4,375
-	-	12,513
-	1,873,090	5,674,397
-	-	12,070,868
-	1,384,224	11,343,985
<u>\$ 3,095,183</u>	<u>\$ 14,088,121</u>	<u>\$ 62,140,884</u>

\$ 65,550	\$ 340,054	\$ 3,087,922
1,888	34,969	406,079
2,869,253	113,942	2,997,608
6,000	-	26,224
24,305	11,588	35,893
-	516	271,157
-	-	1,384,224
<u>2,966,996</u>	<u>501,069</u>	<u>8,209,107</u>

<u>2,678,098</u>	<u>2,024,586</u>	<u>11,073,508</u>
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<u>5,645,094</u>	<u>2,525,655</u>	<u>19,282,615</u>
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-	1,232,728	21,099,350
-	8,189,887	8,734,587
-	2,139,851	2,139,851
(2,549,911)	-	10,884,481
<u>(2,549,911)</u>	<u>11,562,466</u>	<u>42,858,269</u>

<u>\$ 3,095,183</u>	<u>\$ 14,088,121</u>	<u>\$ 62,140,884</u>
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CITY OF BELLFLOWER

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

June 30, 2013

Fund balances - total governmental funds \$ 42,858,269

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets net of depreciation have not been included as financial resources in governmental funds.

Capital assets	\$ 69,041,619	
Accumulated depreciation	<u>(21,089,158)</u>	
		47,952,461

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 inflow of resources in the governmental funds.	405,510
--	---------

Net OPEB asset has not been included as financial resources in governmental funds.	299,283
--	---------

Interest accrued on advances are not available to pay for current expenditures and, therefore are offset by deferred inflow of resources in the governmental funds.	2,315,504
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Certain notes receivable are not available to pay for current period expenditures and, therefore are offset by deferred inflow of resources in the governmental funds. Also, accrued interest on notes receivable has not been reported in the governmental funds.	5,674,395
--	-----------

Certain grants receivable are not available to pay for current period expenditures and, therefore are offset by deferred inflows of resources in the governmental funds.	2,678,098
--	-----------

Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds. Long-term liabilities consists of the following:

Long-term debt	\$ (15,644,000)	
Compensated absences	<u>(1,327,254)</u>	
Total long-term liabilities		(16,971,254)

Deferred losses on refunding, net of accumulated amortization for long-term debt issuance have not been reported in the governmental funds.	84,524
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Accrued interest payable from the current portion of interest due on long-term debt has not been reported in the governmental funds.	(240,434)
--	-----------

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 Position.	<u>3,008,067</u>
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Net position of governmental activities	<u>\$ 88,064,423</u>
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See independent auditors' report and notes to basic financial statements.

CITY OF BELLFLOWER

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

For the fiscal year ended June 30, 2013

	General Fund	Low and Moderate Income Housing Asset Special Revenue Fund	Financing Authority Debt Service Fund
REVENUES:			
Taxes	\$ 21,550,294	\$ -	\$ -
Licenses and permits	60,431	-	-
Fines, forfeitures and penalties	1,805,305	-	-
Investment earnings	203,133	-	390,414
Charges for current services	863,741	-	-
Intergovernmental revenues	267,319	-	-
Other revenues	626,895	223,859	-
TOTAL REVENUES	25,377,118	223,859	390,414
EXPENDITURES:			
Current:			
General government	3,434,358	-	-
Public safety	10,220,088	-	-
Public works	6,305,542	-	-
Community development	1,990,402	44,349	-
Parks and recreation	1,626,832	-	-
Capital outlay	690,542	-	-
Debt service:			
Principal payments	-	-	145,000
Interest and fiscal charges	-	-	390,419
TOTAL EXPENDITURES	24,267,764	44,349	535,419
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	1,109,354	179,510	(145,005)
OTHER FINANCING SOURCES (USES):			
Transfers in	1,130,110	-	-
Transfers out	(2,062,060)	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(931,950)	-	-
NET CHANGE IN FUND BALANCES, BEFORE EXTRAORDINARY ITEMS	177,404	179,510	(145,005)
EXTRAORDINARY ITEMS:			
Loss on transfer of advance receivable	(2,068,991)	-	-
Gain on transfer of advance receivable	-	2,068,991	-
TOTAL EXTRAORDINARY ITEMS	(2,068,991)	2,068,991	-
NET CHANGE IN FUND BALANCES	(1,891,587)	2,248,501	(145,005)
FUND BALANCES (DEFICITS) - BEGINNING OF YEAR, AS RESTATED	27,034,507	(1,360,588)	7,959,886
FUND BALANCES (DEFICIT) - END OF YEAR	\$ 25,142,920	\$ 887,913	\$ 7,814,881

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

Grant Projects Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 3,049,670	\$ 24,599,964
-	478,007	538,438
-	-	1,805,305
-	80,007	673,554
-	143,983	1,007,724
3,724,594	3,372,019	7,363,932
1,984	231,529	1,084,267
<u>3,726,578</u>	<u>7,355,215</u>	<u>37,073,184</u>
-	-	3,434,358
-	30,159	10,250,247
66,626	1,921,849	8,294,017
-	1,670,422	3,705,173
-	-	1,626,832
3,996,794	1,037,745	5,725,081
-	650,000	795,000
-	401,273	791,692
<u>4,063,420</u>	<u>5,711,448</u>	<u>34,622,400</u>
<u>(336,842)</u>	<u>1,643,767</u>	<u>2,450,784</u>
-	2,050,448	3,180,558
-	(1,130,110)	(3,192,170)
-	920,338	(11,612)
<u>(336,842)</u>	<u>2,564,105</u>	<u>2,439,172</u>
-	-	(2,068,991)
-	-	2,068,991
-	-	-
<u>(336,842)</u>	<u>2,564,105</u>	<u>2,439,172</u>
<u>(2,213,069)</u>	<u>8,998,361</u>	<u>40,419,097</u>
<u>\$ (2,549,911)</u>	<u>\$ 11,562,466</u>	<u>\$ 42,858,269</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, 2013

Net change in fund balances - total governmental funds		\$ 2,439,172
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p>		
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 as depreciation expense. This is the amount by which capital outlay exceeds depreciation in the current period.		4,220,427
Certain revenue in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds:		
Taxes	\$ 16,547	
Grants	<u>416,170</u>	432,717
Interest revenue in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds.		(18,157)
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 is an expenditure in governmental funds, but the issuance increases long-term liabilities and the repayment reduces long-term liabilities in the Statement of Net Position This is the net change of the issuance of long-term debt and the principal repayments.		795,000
Deferred loss on refunding is an expenditures in the governmental funds, but these costs are reported as deferred outflows of resources on the Statement of Net Position. This is the total amortization of the deferred loss on refunding in the current period.		(26,885)
Accrued interest is interest due on long-term debt payable. This is the net change in accrued interest for the current period.		10,848
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.		245,167
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.		13,356
The internal service fund is used by management to charge the costs of equipment replacement to individual funds. The net revenues (expenses) of the internal service fund is reported with governmental activities.		<u>(22,485)</u>
Change in net position of governmental activities		<u>\$ 8,089,160</u>

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

CITY OF BELLFLOWER
STATEMENT OF NET POSITION
PROPRIETARY FUNDS

June 30, 2013

	Business-type Activity	Governmental Activity
	Water Enterprise Fund	Equipment Replacement Internal Service Fund
ASSETS:		
CURRENT ASSETS:		
Cash and investments	\$ 691,211	\$ 2,500,511
Accounts receivable	296,437	-
Interest receivable	-	9,121
Inventory	14,379	-
TOTAL CURRENT ASSETS	1,002,027	2,509,632
NONCURRENT ASSETS:		
Pre-acquisition costs, net of accumulated amortization	17,500	-
Original bond issue discount	121,786	-
Capital assets:		
Not being depreciated	4,827,065	-
Being depreciated, net of accumulated depreciation	4,103,781	499,798
TOTAL NONCURRENT ASSETS	9,070,132	499,798
TOTAL ASSETS	10,072,159	3,009,430
LIABILITIES:		
CURRENT LIABILITIES:		
Accounts payable	264,212	497
Accrued liabilities	-	866
Accrued interest payable	96,455	-
Refundable deposits	58,340	-
TOTAL CURRENT LIABILITIES	419,007	1,363
LONG-TERM LIABILITIES:		
Advances from other funds	9,959,761	-
TOTAL LONG-TERM LIABILITIES	9,959,761	-
TOTAL LIABILITIES	10,378,768	1,363
NET POSITION:		
Net investment in capital assets	8,930,846	499,798
Unrestricted	(9,237,455)	2,508,269
TOTAL NET POSITION	\$ (306,609)	\$ 3,008,067

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

CITY OF BELLFLOWER

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 PROPRIETARY FUNDS

For the fiscal year ended June 30, 2013

	Business-type Activity	Governmental Activity
	Water Enterprise Fund	Equipment Replacement Internal Service Fund
OPERATING REVENUES:		
Charges for services, net of refunds	\$ 1,852,156	\$ 149,366
OPERATING EXPENSES:		
Salaries	167,851	32,002
Benefits	64,336	19,610
Administration	76,845	-
Alarm	300	-
Communications	4,687	-
Distribution lines	13,651	-
Energy	138,803	-
Hydrants, meters, covers and services	6,507	-
Insurance	11,922	-
Licenses	17,452	-
Maintenance	23,680	6,785
Reclaimed water	5,487	-
Office supplies and expense	13,046	-
Professional services	52,843	-
Pumps and wells	54,784	-
Contracted services	132,288	500
Taxes	26,702	-
Telephone	4,218	-
Tools and equipment	529	-
Treatment and test	39,146	-
Utilities	3,310	-
Auto	12,523	-
Water purchases	266,186	-
Other expenses	624	-
Amortization	9,639	-
Depreciation	247,803	162,165
TOTAL OPERATING EXPENSES	<u>1,395,162</u>	<u>221,062</u>
OPERATING INCOME (LOSS)	<u>456,994</u>	<u>(71,696)</u>
NONOPERATING REVENUES (EXPENSES):		
Investment earnings	232	26,905
Interest expense and trustee fee	(388,044)	-
Gain (loss) on sale of capital assets	-	22,306
Other nonoperating revenue	68,425	-
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>(319,387)</u>	<u>49,211</u>
INCOME (LOSS) BEFORE TRANSFERS	137,607	(22,485)
TRANSFERS IN	<u>11,612</u>	<u>-</u>
CHANGE IN NET POSITION	149,219	(22,485)
TOTAL NET POSITION - BEGINNING OF YEAR, AS RESTATED	<u>(455,828)</u>	<u>3,030,552</u>
TOTAL NET POSITION - END OF YEAR	<u>\$ (306,609)</u>	<u>\$ 3,008,067</u>

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

CITY OF BELLFLOWER
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

For the fiscal year ended June 30, 2013

	Business-type Activity	Governmental Activity
	Water Enterprise Fund	Equipment Replacement Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers and users	\$ 1,864,242	\$ -
Cash paid to employees	(249,667)	(51,507)
Cash paid to suppliers	(845,235)	(6,788)
Internal activity - receipts from other funds	-	149,366
NET CASH PROVIDED BY OPERATING ACTIVITIES	769,340	91,071
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES:		
Cash transfer to/from other funds	11,612	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Proceeds from sale of capital assets	-	22,306
Other income	68,425	-
Principal, interest expense and trustee fee	(671,044)	-
Acquisition of capital assets	(100,824)	(179,738)
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	(703,443)	(157,432)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment earnings	232	27,794
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	77,741	(38,567)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	613,470	2,539,078
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 691,211	\$ 2,500,511

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

(Continued)

CITY OF BELLFLOWER

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 (CONTINUED)

For the fiscal year ended June 30, 2013

	<u>Business-type Activity</u>	<u>Governmental Activity</u>
	Water Enterprise Fund	Vehicle and Equipment Internal Service Fund
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income (loss)	\$ 456,994	\$ (71,696)
Adjustments:		
Amortization	9,639	-
Depreciation	247,803	162,165
Change in assets and liabilities:		
(Increase) decrease in accounts receivable	7,479	-
(Increase) decrease in inventory	(2,417)	-
(Increase) decrease in prepaid expense	1,000	-
Increase (decrease) in accounts payable	44,235	497
Increase (decrease) in accrued liabilities	-	105
Increase (decrease) in refundable deposits	4,607	-
	<u>4,607</u>	<u>-</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 769,340</u>	<u>\$ 91,071</u>

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

CITY OF BELLFLOWER

STATEMENT OF NET POSITION
FIDUCIARY FUNDS

June 30, 2013

	Private-Purpose Trust Fund RDA Successor Agency Fund	Agency Fund
	<u> </u>	<u> </u>
ASSETS:		
CURRENT ASSETS:		
Cash and investments	\$ 3,343,269	\$ 1,619,872
Cash and investments with fiscal agents	610,485	-
Interest receivable	1,766	-
Notes receivable	4,167	-
TOTAL CURRENT ASSETS	<u>3,959,687</u>	<u>1,619,872</u>
NONCURRENT ASSETS:		
Capital assets, net of accumulated depreciation	13,650,646	-
Prepaid insurance costs	220,416	-
TOTAL NONCURRENT ASSETS	<u>13,871,062</u>	<u>-</u>
TOTAL ASSETS	<u>17,830,749</u>	<u>\$ 1,619,872</u>
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred loss on refunding, net of accumulated amortization	299,674	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>299,674</u>	<u>-</u>
LIABILITIES:		
CURRENT LIABILITIES:		
Accounts payable	1,504	\$ -
Accrued expenditures	7,175	-
Interest payable	194,550	-
Due to the City of Bellflower	130,212	-
Deposit payable	16,623	1,619,872
Current portion of bonds and notes payable	171,636	-
TOTAL CURRENT LIABILITIES	<u>521,700</u>	<u>1,619,872</u>
LONG-TERM LIABILITIES:		
Payable to the City of Bellflower	12,070,868	-
Bonds and notes payable	6,866,610	-
TOTAL LONG-TERM LIABILITIES	<u>18,937,478</u>	<u>-</u>
TOTAL LIABILITIES	<u>19,459,178</u>	<u>\$ 1,619,872</u>
NET POSITION:		
Restricted for debt service	610,485	
Restricted held in trust for other purposes	1,833,219	
Unrestricted	(3,772,459)	
TOTAL NET POSITION	<u>\$ (1,328,755)</u>	

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

CITY OF BELLFLOWER

STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS

For the fiscal year ended June 30, 2013

	Private-Purpose Trust Fund
	<u>RDA</u>
	Successor Agency Fund
	<u> </u>
ADDITIONS:	
Investment revenue	\$ 13,108
Taxes and assessments	2,570,329
Other revenues	<u>26,464</u>
TOTAL ADDITIONS	<u>2,609,901</u>
DEDUCTIONS:	
Administration	251,130
Community development	1,618,399
Contributions to other funds for debt services	477,962
Depreciation	<u>196,767</u>
TOTAL DEDUCTIONS	<u>2,544,258</u>
CHANGE IN NET POSITION	65,643
NET POSITION - BEGINNING OF YEAR	<u>(1,394,398)</u>
NET POSITION - END OF YEAR	<u><u>\$ (1,328,755)</u></u>

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

NOTES TO BASIC FINANCIAL STATEMENTS

CITY OF BELLFLOWER

NOTES TO THE BASIC FINANCIAL STATEMENTS

For the year ended June 30, 2013

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. Description of Government-wide Financial Statements:

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information about the reporting government as a whole, except for its fiduciary activities. All fiduciary activities are reported only in the fund financial statements. Governmental activities, which normally are supported by taxes, intergovernmental revenues and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from discretely presented component units for which the primary government is financially accountable.

b. 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 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 former redevelopment agency. Although the Authority is a legal separate entity, the Authority is reported as a separate fund in the Debt Service Funds.

See independent auditors' report.

CITY OF BELLFLOWER

NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)

For the year ended June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

b. Reporting Entity (Continued):

Blended Component Units (Continued):

Separate 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, California 90706, or by calling (562) 804-1424.

Discretely Presented Component Units:

There are no entities which meet the criteria for discrete disclosure within these financial statements.

c. Basis of Presentation:

Government-wide Financial Statements:

While separate government-wide financial statements are presented, they are interrelated. The governmental activities column incorporates data from the governmental funds and internal service funds, while the business-type activities incorporate data from the government's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded in the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this rule are charges between the government's water functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Fund Financial Statements:

The underlying accounting system of the City is organized and operated on the basis of separate funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

See independent auditors' report.

CITY OF BELLFLOWER

NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)

For the year ended June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

c. Basis of Presentation (Continued):

Fund Financial Statements (Continued):

The fund financial statements provide information about the government's funds, including its fiduciary funds and blended component units. Separate financial statements for the government's governmental, proprietary, and fiduciary funds are presented after the Government-wide Financial Statements. These statements display information about major funds individually and nonmajor funds in the aggregate for governmental and enterprise funds. Fiduciary statements, even though excluded from the government-wide financial statements represent private purpose trust funds and agency funds.

The City reports the following major governmental funds:

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.

The Low and Moderate Income Housing Asset Special Revenue Fund is used to account for the assets and liabilities transferred from the former redevelopment agency to assist the City to increase, improve, and preserve the community's supply of low and moderate income housing.

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

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

The City reports the following major proprietary 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.

See independent auditors' report.

CITY OF BELLFLOWER

NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)

For the year ended June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

c. Basis of Presentation (Continued):

Fund Financial Statements (Continued):

Fund Types (Continued):

Fiduciary Funds:

The 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.

The 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.

During the course of operations the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/due to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between funds included in the governmental activities are eliminated so that only the net amount included as internal balances in the governmental activities column. Similarly, balances between funds included in business type activities are eliminated so that only the net amount is included in internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In the fund financial statements these amounts are reported at gross amount as transfer in/out. While reported in the fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in the governmental activities column are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between funds included in business type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

See independent auditors' report.

CITY OF BELLFLOWER

NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)

For the year ended June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

d. Measurement Focus and Basis of Accounting:

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as is the proprietary and private purpose trust fund financial statements. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Revenue from property taxes is recognized in the fiscal year which the taxes are levied. Grants and similar items are recognized as revenues as soon as the eligibility requirements imposed by the provider have been satisfied. Special assessments are recorded as revenue when earned. Unbilled receivables are recorded as revenues when services are provided.

The 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 become measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, except for principal and interest on long-term liabilities, claims and judgments, and compensated absences which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisition of capital leases are reported as other financing sources.

Property taxes, sales tax, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue (within 60 days of year end). Amounts owed to the city, which are not available, are recorded as receivables and deferred inflows of resources.

See independent auditors' report.

CITY OF BELLFLOWER

NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)

For the year ended June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

d. Measurement Focus and Basis of Accounting (Continued):

Special assessments are recorded as revenues when they become available as current assets. Annual assessments due in future years are reflected as receivables and deferred inflows of resources. All other revenue items are considered to be measurable and available only when cash is received by the government.

The City's Fiduciary Funds consists of private purpose trust funds which are reported using the economic resources measurement focus and the agency funds which have no measurement focus, but utilizes the accrual basis for reporting its assets and liabilities.

e. New Accounting Pronouncements:

Implemented:

In fiscal year 2012-2013, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 63, "*Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*". This statement incorporates deferred outflows of resources and deferred inflows of resources, as defined by GASB Concepts Statement No. 4, "*Elements of Financial Statements*" into the definitions of the required components of the residual measure of net position, formerly net assets. This statement also provides a new Statement of Net Position format to report all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position.

In fiscal year 2012-2013, the City early implemented GASB Statement No. 65, "*Items Previously Reported as Assets and Liabilities*". This statement established accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities. Due to the early implementation of this statement, deferred bond costs, which should be recognized as an expense in the period incurred, were eliminated. Accounting changes adopted to conform to the provisions of this statement should be applied retroactively. The result of the implementation of this standard was to decrease the net position at July 1, 2012 by \$80,370 and \$320,938 of the governmental activities and business-type activity, respectively, which is the amount of bond issue costs at July 1, 2012.

See independent auditors' report.

CITY OF BELLFLOWER

NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)

For the year ended June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

e. New Accounting Pronouncements (Continued):

Pending Accounting Standards:

GASB has issued the following statements which may impact the City's financial reporting requirements in the future:

- GASB 66 - *“Technical Corrections, an amendment of GASB Statement No. 10 and Statement No. 62”*, effective for periods beginning after December 15, 2012.
- GASB 67 - *“Financial Reporting for Pension Plans, an amendment of GASB Statement No. 25”*, effective for the fiscal years beginning after June 15, 2013.
- GASB 68 - *“Accounting and Financial Reporting for Pensions, an amendment of GASB Statement No. 27”*, effective for the fiscal years beginning after June 15, 2014.
- GASB 69 - *“Government Combinations and Disposals of Government Operations”*, effective for periods beginning after December 15, 2013.
- GASB 70 - *“Accounting and Financial Reporting for Nonexchange Financial Guarantees”*, effective for the periods beginning after June 15, 2013.

f. 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

See independent auditors' report.

CITY OF BELLFLOWER

NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)

For the year ended June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

f. Cash and Investments (Continued):

The City reports certain investments at fair value in the balance sheet and recognizes the corresponding change in the fair value of investments in the year in which the change occurred.

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.

g. 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, 2013.

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CITY OF BELLFLOWER

NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)

For the year ended June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

g. Capital Assets (Continued):

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

<u>Asset</u>	<u>Useful Life</u>
Buildings and improvements	20 to 50 years
Infrastructure	40 to 65 years
Machinery and equipment	3 to 20 years
Furniture and fixtures	5 to 20 years

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

h. Deferred Outflows/Inflows of Resources:

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has one item that qualifies for reporting in this category. It is the deferred loss on refunding reported in the government-wide statement of net position and the fiduciary funds financial statements. A deferred loss on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. The City has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, *unavailable revenues*, is reported only in the governmental fund balance sheet. The governmental funds report unavailable revenues from four sources: taxes, investment income, grants and notes receivable collections. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

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CITY OF BELLFLOWER

NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)

For the year ended June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

i. Net Position Flow Assumptions:

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

It is the City's practice to consider restricted - net position to have been depleted before unrestricted - net position is applied, however it is at the Council's discretion.

j. 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.

k. Compensated Absences:

Vacation time may be accumulated up to 320 hours for both non-represented and represented employees. Cash compensation for unused vacation leave in excess of 320 hours for employees is generally payable to an employee on the last payday in June. Cash compensation for the balance of vacation leave is payable to an employee upon termination of 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.

l. 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, are deferred and amortized over the life of the bonds using the straight-line method. Amortization of bond premiums or discounts 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.

See independent auditors' report.

CITY OF BELLFLOWER

NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)

For the year ended June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

m. Property Taxes:

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.

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.

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CITY OF BELLFLOWER

NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)

For the year ended June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

m. Property Taxes (Continued):

Property Tax Administration Fees - The State of California fiscal year 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.

n. Program Revenues:

Amounts reported as 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

o. Proprietary Funds Operating and Nonoperating Revenues and Expenses:

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 water fund and internal service funds are charges to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

p. Net Position and Fund Equity:

In the government-wide financial statements and proprietary fund financial statements, net position are reported in three categories: net investment in capital assets, restricted net position, and unrestricted net position. Restricted net position represents net position 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 position are considered unrestricted.

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

See independent auditors' report.

CITY OF BELLFLOWER

NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)

For the year ended June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

p. Net Position 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.

q. Use of Estimates:

The preparation of financial statements requires management to make certain 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, as well as the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:

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.

See independent auditors' report.

CITY OF BELLFLOWER

NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)

For the year ended June 30, 2013

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED):

General Budget Policies (Continued):

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 \$11,117,929 for the fiscal year.

Excess of Expenditures over Appropriations:

The following are funds in which certain expenditures exceeded appropriations for the fiscal year ended June 30, 2013. The City manages its budget at the department level rather than at the cost center level as shown below.

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Major Funds:			
General Fund:			
General government:			
Public affairs	\$ 255,119	\$ 266,756	\$ (11,637)
Special events	52,529	70,913	(18,384)
City attorney	121,000	146,531	(25,531)
Public safety commission	1,300	1,600	(300)
Elections	168,445	181,929	(13,484)
Public safety:			
Administration	1,410,850	1,468,489	(57,639)
Public works:			
Street maintenance	2,265,415	2,390,066	(124,651)
Facility maintenance	1,876,511	1,885,728	(9,217)
Community development:			
Administration	629,066	655,461	(26,395)
Building and safety - L.A. contract	47,000	48,910	(1,910)
Parks and recreation:			
Thompson Park	259,210	260,661	(1,451)
Grant Projects Capital Projects Fund:			
Public works	35,000	66,626	(31,626)

See independent auditors' report.

CITY OF BELLFLOWER

NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)

For the year ended June 30, 2013

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED):

Excess of Expenditures over Appropriations (Continued):

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Other Governmental Funds:			
TDA Article 3 Special Revenue Fund:			
Public works	\$ -	\$ 646	\$ (646)
Proposition 1B Special Revenue Fund:			
Public works	-	6,754	(6,754)
Parking District No. 1 Special Revenue Fund:			
Public works	11,700	14,008	(2,308)
Building and Safety Special Revenue Fund:			
Community development	701,929	715,739	(13,810)
Measure R Special Revenue Fund:			
Public works	179,191	201,293	(22,102)

3. CASH AND INVESTMENTS:

Cash and Investments:

Cash and investments as of June 30, 2013 are classified in the accompanying financial statements as follows:

Statement of Net Position:	
Cash and investments	\$ 26,026,542
Cash and investments with fiscal agents	543,932
Statement of Fiduciary Net Position:	
Cash and investments	4,963,141
Cash and investments with fiscal agents	<u>610,485</u>
Total cash and investments	<u>\$ 32,144,100</u>

Cash and investments held by the City at June 30, 2013 consisted of the following:

Petty cash	\$ 3,847
Deposits with financial institutions	4,618,412
Investments	<u>27,521,841</u>
Total cash and investments	<u>\$ 32,144,100</u>

See independent auditors' report.

CITY OF BELLFLOWER

NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)

For the year ended June 30, 2013

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
United States Treasury Obligations	5 years	None	None
United States Government Sponsored Agency Securities	5 years	None	None

N/A - Not Applicable

See independent auditors' report.

CITY OF BELLFLOWER

NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)

For the year ended June 30, 2013

3. CASH AND INVESTMENTS (CONTINUED):

Investments Authorized by Debt Agreements:

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

<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 and Loans	None	None	None
United States Treasury Obligations	None	None	None
United States Government Sponsored 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
Corporate Obligations	None	None	None

N/A - Not Applicable

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.

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CITY OF BELLFLOWER

NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)

For the year ended June 30, 2013

3. CASH AND INVESTMENTS (CONTINUED):

Disclosures Relating to Interest Rate Risk (Continued):

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	Remaining Maturity (in Months)					Totals
	12 Months or Less	13 to 24 Months	25 to 36 Months	37 to 48 Months	Over 48 Months	
Certificates of Deposit	\$ 32,376	\$ -	\$ -	\$ -	\$ -	\$ 32,376
State Investment Pool	16,105,795	-	-	-	-	16,105,795
Municipal Obligations	2,220,872	523,460	1,681,232	2,776,128	3,027,562	10,229,254
Held by Debt Trustee:						
Certificates of Deposit	1,136,000	-	-	-	-	1,136,000
Money Market Funds	18,416	-	-	-	-	18,416
	<u>\$ 19,513,459</u>	<u>\$ 523,460</u>	<u>\$ 1,681,232</u>	<u>\$ 2,776,128</u>	<u>\$ 3,027,562</u>	<u>\$27,521,841</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.

Investment Type	Minimum Legal Rating	Total as of June 30, 2013	Ratings as of Fiscal Year End			
			AAA	AA	A	Not Rated
Certificates of Deposit	N/A	\$ 32,376	\$ -	\$ -	\$ -	\$ 32,376
State Investment Pool	N/A	16,105,795	-	-	-	16,105,795
Municipal Obligations	N/A	10,229,254	-	6,595,103	3,634,151	-
Held by Debt Trustee:						
Certificates of Deposit	N/A	1,136,000	-	-	-	1,136,000
Money Market Funds	A	18,416	18,416	-	-	-
		<u>\$ 27,521,841</u>	<u>\$ 18,416</u>	<u>\$ 6,595,103</u>	<u>\$ 3,634,151</u>	<u>\$17,274,171</u>

All certificates of deposit are FDIC insured, which is equivalent to a AAA rating.
See independent auditors' report.

CITY OF BELLFLOWER

NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)

For the year ended June 30, 2013

3. CASH AND INVESTMENTS (CONTINUED):

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, 2013, 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.

See independent auditors' report.

CITY OF BELLFLOWER

NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)

For the year ended June 30, 2013

4. NOTES RECEIVABLE:

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

Major Funds:

General Fund	\$ 53,135
Low and Moderate Income Housing Asset Special Revenue Fund	3,748,172

Other Governmental Funds:

Community Development Block Grant Capital Projects Fund	586,841
HOME Capital Projects Fund	<u>1,286,249</u>

\$ 5,674,397

5. INTERFUND ACTIVITY:

The following represents the interfund activity of the City for the fiscal year ended June 30, 2013.

Due To/From Other Funds:

<u>Due from Other Funds</u>	<u>Due to Other Funds</u>	<u>Amount</u>
General Fund	Low and Moderate Income Housing Asset Special Revenue Fund	\$ 14,413
	Grant Projects Capital Projects Fund	2,869,253
	Other Governmental Funds - Special Revenue Funds:	
	TDA Article 3	60,673
	Parking District No. 1	99
	COG Position	<u>53,170</u>
		<u>\$ 2,997,608</u>

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.

See independent auditors' report.

CITY OF BELLFLOWER

NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)

For the year ended June 30, 2013

5. INTERFUND ACTIVITY (CONTINUED):

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.

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, 2013, the funds below have made/received advances that are not expected to be repaid within one year.

<u>Funds Making Advances</u>	<u>Funds Receiving Advances</u>	<u>Amount</u>
General Fund	Water Enterprise Fund	\$ 2,689,580
Financing Authority Debt Service Fund	Water Enterprise Fund	7,270,181
Other Governmental Funds: HOME Capital Projects Fund	Low and Moderate Income Housing Asset Special Revenue Fund	<u>1,384,224</u>
		<u>\$ 11,343,985</u>

The advances from the Bellflower Financing Authority to the Water Enterprise 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 Enterprise 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 Asset Special Revenue Fund to HOME Capital Projects Fund bear 1% per annum. There is no repayment schedule.

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CITY OF BELLFLOWER

NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)

For the year ended June 30, 2013

5. INTERFUND ACTIVITY (CONTINUED):

Transfers In/Out:

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 Other Governmental Funds were to eliminate fund deficits.

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
General Fund	Other Governmental Funds: Gas Tax Special Revenue Fund	\$ 1,130,110
Other Governmental Funds:		
Building and Safety Special Revenue Fund	General Fund	237,732
Public Facilities Corporation Debt Service Fund	General Fund	461,112
Community Development Block Grant Capital Projects Fund	General Fund	145,558
HOME Capital Projects Fund Capital Projects/Economic Development Capital Projects Fund	General Fund	1,191,901
Water Enterprise Fund	General Fund	<u>11,612</u>
		<u>\$ 3,192,170</u>

See independent auditors' report.

CITY OF BELLFLOWER

NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)

For the year ended June 30, 2013

6. CAPITAL ASSETS:

Governmental Activities:

Changes in capital assets for governmental activities for the fiscal year ended June 30, 2013 were as follows:

	Balance at <u>July 1, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Reclassification</u>	Balance at <u>June 30, 2013</u>
Capital assets, not being depreciated:					
Land	\$ 9,878,514	\$ -	\$ -	\$ -	\$ 9,878,514
Water rights	181,010	-	-	-	181,010
Construction in progress	<u>3,083,601</u>	<u>5,137,590</u>	<u>-</u>	<u>(7,665,147)</u>	<u>556,044</u>
Total capital assets, not being depreciated	<u>13,143,125</u>	<u>5,137,590</u>	<u>-</u>	<u>(7,665,147)</u>	<u>10,615,568</u>
Capital assets, being depreciated:					
Buildings and improvements	23,801,902	-	-	9,131,485	32,933,387
Equipment, furniture and fixtures	7,689,543	598,955	(198,534)	338,711	8,428,675
Infrastructure	<u>21,995,645</u>	<u>-</u>	<u>-</u>	<u>(1,805,049)</u>	<u>20,190,596</u>
Total capital assets, being depreciated	<u>53,487,090</u>	<u>598,955</u>	<u>(198,534)</u>	<u>7,665,147</u>	<u>61,552,658</u>
Less accumulated depreciation for:					
Buildings and improvements	(9,493,385)	(662,596)	-	(139,959)	(10,295,940)
Equipment, furniture and fixtures	(6,321,074)	(408,574)	184,909	11,020	(6,533,719)
Infrastructure	<u>(6,601,497)</u>	<u>(413,750)</u>	<u>-</u>	<u>128,939</u>	<u>(6,886,308)</u>
Total accumulated depreciation	<u>(22,415,956)</u>	<u>(1,484,920)</u>	<u>184,909</u>	<u>-</u>	<u>(23,715,967)</u>
Total capital assets, being depreciated, net	<u>31,071,134</u>	<u>(885,965)</u>	<u>(13,625)</u>	<u>7,665,147</u>	<u>37,836,691</u>
Total governmental activities capital assets, net	<u>\$ 44,214,259</u>	<u>\$ 4,251,625</u>	<u>\$ (13,625)</u>	<u>\$ -</u>	<u>\$ 48,452,259</u>

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

General government	\$ 135,665
Public safety	66,950
Public works	695,704
Community development	239,017
Parks and recreation	347,584
Total	<u>\$ 1,484,920</u>

Depreciation expense for governmental activities (governmental funds) is \$1,322,755.
Depreciation expense for governmental activities (internal service fund) is \$162,165.

See independent auditors' report.

CITY OF BELLFLOWER

NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)

For the year ended June 30, 2013

6. CAPITAL ASSETS (CONTINUED):

Business-type Activities:

Changes in capital assets for business-type activities for the fiscal year ended June 30, 2013 were as follows:

	<u>Balance at</u> <u>July 1, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Reclassification</u>	<u>Balance at</u> <u>June 30, 2013</u>
Capital assets, not being depreciated:					
Land	\$ 827,065	\$ -	\$ -	\$ -	\$ 827,065
Water rights	<u>4,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,000,000</u>
Total capital assets, not being depreciated	<u>4,827,065</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,827,065</u>
Capital assets, being depreciated:					
Buildings and improvements	95,000	95,364	-	-	190,364
Machinery and equipment	15,544	5,460	-	-	21,004
Acquisition costs	412,081	-	-	-	412,081
Infrastructure	<u>4,746,634</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,746,634</u>
Total capital assets, being depreciated	<u>5,269,259</u>	<u>100,824</u>	<u>-</u>	<u>-</u>	<u>5,370,083</u>
Less accumulated depreciation for:					
Buildings and improvements	(26,125)	(5,854)	-	-	(31,979)
Machinery and equipment	(4,576)	(1,036)	-	-	(5,612)
Acquisition costs	(224,964)	(41,208)	-	-	(266,172)
Infrastructure	<u>(762,834)</u>	<u>(199,705)</u>	<u>-</u>	<u>-</u>	<u>(962,539)</u>
Total accumulated depreciation	<u>(1,018,499)</u>	<u>(247,803)</u>	<u>-</u>	<u>-</u>	<u>(1,266,302)</u>
Total capital assets, being depreciated, net	<u>4,250,760</u>	<u>(146,979)</u>	<u>-</u>	<u>-</u>	<u>4,103,781</u>
Total business-type activities capital assets, net	<u>\$ 9,077,825</u>	<u>\$ (146,979)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,930,846</u>

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

Water \$ 247,803

See independent auditors' report.

CITY OF BELLFLOWER

NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)

For the year ended June 30, 2013

7. DEFERRED INFLOWS OF RESOURCES:

At June 30, 2013, deferred inflows of resources, reported in the governmental fund financial statements, consisted of the following:

	General Fund	Low and Moderate Income Housing Asset Special Revenue Fund	Grant Projects Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Unavailable sales tax revenue	\$ 405,510	\$ -	\$ -	\$ -	\$ 405,510
Unavailable investment income	1,818,824	345,183	-	151,497	2,315,504
Unavailable grant revenue	-	-	2,678,098	-	2,678,098
Unavailable revenue for notes receivable	<u>53,135</u>	<u>3,748,172</u>	<u>-</u>	<u>1,873,089</u>	<u>5,674,396</u>
	<u>\$ 2,277,469</u>	<u>\$ 4,093,355</u>	<u>\$ 2,678,098</u>	<u>\$ 2,024,586</u>	<u>\$ 11,073,508</u>

8. LONG-TERM DEBT:

The following is a summary of changes in the City's long-term liabilities for the fiscal year ended June 30, 2013:

	Balance at July 1, 2012	Additions	Deletions	Balance at June 30, 2013	Due Within One Year
Governmental Activities:					
2008 Certificates of Participation	\$ 7,955,000	\$ -	\$ (145,000)	\$ 7,810,000	\$ 150,000
2011 Lease Financing Agreement	3,215,000	-	(350,000)	2,865,000	365,000
Section 108 Loan	5,269,000	-	(300,000)	4,969,000	314,000
Compensated absences	<u>1,340,610</u>	<u>816,512</u>	<u>(829,868)</u>	<u>1,327,254</u>	<u>829,868</u>
	<u>\$ 17,779,610</u>	<u>\$ 816,512</u>	<u>\$ (1,624,868)</u>	<u>\$ 16,971,254</u>	<u>\$ 1,658,868</u>

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CITY OF BELLFLOWER

NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)

For the year ended June 30, 2013

8. LONG-TERM DEBT (CONTINUED):

2008 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, 2013 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, 2013 was \$7,810,000.

The annual requirements to amortize the 2008 Certificates of Participation outstanding at June 30, 2013 are as follows:

<u>Fiscal Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	175,000	356,300	531,300
2019 - 2023	1,010,000	1,655,372	2,665,372
2024 - 2028	1,270,000	1,386,262	2,656,262
2029 - 2033	1,630,000	1,023,016	2,653,016
2034 - 2038	2,085,000	545,897	2,630,897
2039 - 2040	<u>995,000</u>	<u>52,894</u>	<u>1,047,894</u>
	<u>\$ 7,810,000</u>	<u>\$ 6,512,717</u>	<u>\$ 14,322,717</u>

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CITY OF BELLFLOWER

NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)

For the year ended June 30, 2013

8. LONG-TERM DEBT (CONTINUED):

2011 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 was retained by the Bank as its fee, \$17,500 was retained by the Bank to pay additional costs of issuance, \$3,458,403 was applied to prepay the 1999 Notes, and \$4,097 was 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 April 1 and October 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, 2013 was \$2,865,000.

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CITY OF BELLFLOWER

NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)

For the year ended June 30, 2013

8. LONG-TERM DEBT (CONTINUED):

2011 Lease Financing Agreement (Continued):

The annual requirements to amortize the 2011 Lease Financing Agreement outstanding at June 30, 2013 are as follows:

<u>Fiscal Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	425,000	40,479	465,479
2019	440,000	24,671	464,671
2020	<u>455,000</u>	<u>8,315</u>	<u>463,315</u>
	<u>\$ 2,865,000</u>	<u>\$ 382,038</u>	<u>\$ 3,247,038</u>

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, 2013 was \$4,969,000.

The annual requirements to amortize the Section 108 Loan outstanding at June 30, 2013 are as follows:

<u>Fiscal Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	380,000	200,584	580,584
2019 - 2023	2,199,000	644,996	2,843,996
2024 - 2025	<u>1,037,000</u>	<u>62,974</u>	<u>1,099,974</u>
	<u>\$ 4,969,000</u>	<u>\$ 1,903,027</u>	<u>\$ 6,872,027</u>

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CITY OF BELLFLOWER

NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)

For the year ended June 30, 2013

8. LONG-TERM DEBT (CONTINUED):

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 \$829,868 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 Position. No expenditure was reported for these amounts in the fund statements for the fiscal year 2013. 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, 2013, totals \$497,386.

9. CITY EMPLOYEES RETIREMENT PLAN (DEFINED BENEFIT PENSION PLAN):

Plan Description:

The City contributes to the Miscellaneous 2% at 55 Risk Pool and Miscellaneous 2% at 62 Risk Pool of the California Public Employees Retirement System (PERS), cost sharing, multiple-employer, public employee, defined benefit pension plans. 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. As of July 1, 2005, the City was mandated by the State to participate in these risk pools. The risk pools combine assets and liabilities across employers of the same risk pool to provide a method to spread the risk of uncertain gains and losses over a larger base of members. The Miscellaneous 2% at 62 Risk Pool was created by California Employees' Pension Reform Act (PEPRA) as of January 1, 2013 and is open to all new employees who do not qualify for the Miscellaneous 2% at 55 Risk Pool. Benefit provisions and all other requirements are established by state provisions and all other requirements are established by state statute. Copies of PERS' annual financial report may be obtained from their Executive Office - 400 P Street, Sacramento, CA 95814.

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CITY OF BELLFLOWER

NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)

For the year ended June 30, 2013

9. CITY EMPLOYEES RETIREMENT PLAN (DEFINED BENEFIT PENSION PLAN)
(CONTINUED):

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 rate; for the year ended June 30, 2013 the rate was 11.255% for miscellaneous employees of annual covered payroll. Active plan members of Miscellaneous 2% at 62 Risk Pool are required to contribute 6.25% of their annual covered salary. The required employer contribution rate of the fiscal year ended June 30, 2013 for the Miscellaneous 2% at 62 Risk Pool was 6.25%. PEPRAs do not allow the City to pay any portion of the employee required contribution on behalf of the employee. The City is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members under PEPRAs provisions. The contribution requirements of plan members and the City are established and may be amended by PERS.

The City's employer contributions to PERS for the last three years are as follows:

<u>June 30,</u>	<u>Employer Portion</u>	<u>Employee Portion</u>	<u>Total</u>
2013	\$ 420,888	\$ 286,995	\$ 707,883
2012	\$ 640,761	\$ 389,101	\$ 1,029,862
2011	\$ 544,012	\$ 437,440	\$ 981,452

These contributions were equal to the required contributions for each year.

10. DEFERRED COMPENSATION PLAN AND TRUST:

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

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

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CITY OF BELLFLOWER

NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)

For the year ended June 30, 2013

11. POST-EMPLOYMENT 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 2012-13, the City contributed \$951,677 to the plan, including \$800,672 of cash contributions made to CERBT and \$151,005 in premium payments for retiree insurance made directly to CalPERS.

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	4,118
Adjustment to annual required contribution	<u>(4,118)</u>
Annual OPEB cost (expense)	706,510
Actual contributions made	<u>(951,677)</u>
Increase in net OPEB obligation (asset)	(245,167)
Net OPEB Obligation (Asset) - beginning of year	<u>(54,116)</u>
Net OPEB Obligation (Asset) - end of year	<u><u>\$ (299,283)</u></u>

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CITY OF BELLFLOWER

NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)

For the year ended June 30, 2013

11. POST-EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONTINUED):

Annual OPEB and Net OPEB Obligation (Continued):

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2013 and the four preceding fiscal years were as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contribution</u>	<u>Net of OPEB Obligation (Asset)</u>
06/30/2009	\$ 610,176	104%	\$ (59,241)
06/30/2010	610,167	95%	(31,524)
06/30/2011	617,890	104%	(58,105)
06/30/2012	706,510	99%	(54,116)
06/30/2013	706,510	135%	(299,283)

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.

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.

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CITY OF BELLFLOWER

NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)

For the year ended June 30, 2013

11. POST-EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONTINUED):

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.

12. CALIFORNIA JOINT POWERS INSURANCE AUTHORITY (CJPIA):

Description of Self-Insurance Pool Pursuant to Joint Powers Agreement:

The City of Bellflower is a member of the California Joint Powers Insurance Authority (Authority). The Authority is composed of 122 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 lines of coverage. The Authority 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.

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CITY OF BELLFLOWER

NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)

For the year ended June 30, 2013

12. CALIFORNIA JOINT POWERS INSURANCE AUTHORITY (CJPIA) (CONTINUED):

Self-Insurance Programs of the Authority:

Each member pays an annual contribution to cover estimated losses for the coverage period. This initial funding is paid at the beginning of the coverage period. After the close of the coverage period, outstanding claims are valued. A retrospective deposit computation is then conducted annually thereafter until all claims incurred during the coverage period are closed on a pool-wide basis. This subsequent cost re-allocation among members based on actual claim development can result in adjustments of either refunds or additional deposits required.

The total funding requirement for self-insurance programs is estimated using actuarial models and pre-funded through the annual contribution. Costs are allocated to individual agencies based on exposure (payroll) and experience (claims) relative to other members of the risk-sharing pool. Additional information regarding the cost allocation methodology is provided below.

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 million are distributed based on the outcome of cost allocation within the first and second loss layers. (5) Costs of covered claims for \$5 million to \$10 million are paid under a reinsurance contract subject to a \$2.5 million annual aggregate deductible. The \$2.5 million annually aggregate deductible is fully covered under a separate policy; as such no portion of it is retained by the Authority. Costs of covered claims from \$10 million to \$15 million are paid under two reinsurance contracts subject to a combined \$3 million annual aggregate deductible. The \$3 million annual aggregate deductible is fully retained by the Authority. (6) Cost of covered claims from \$15 million up to \$50 million are covered through excess insurance policies.

The overall coverage limit for each member including all layers of coverage is \$50 million per occurrence.

Costs of covered claims for subsidence losses are paid by reinsurance and excess insurance with a pooled sub-limit of \$25 million per occurrence. This \$25 million subsidence sub limit is composed of (a) \$5 million retained within the pool's SIR, (b) \$10 million in reinsurance and (c) \$10 million in excess insurance. The excess insurance layer has a \$10 million annual aggregate.

See independent auditors' report.

CITY OF BELLFLOWER

NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)

For the year ended June 30, 2013

12. CALIFORNIA JOINT POWERS INSURANCE AUTHORITY (CJPIA) (CONTINUED):

Self-Insurance Programs of the Authority (Continued):

Workers' Compensation Coverage

The City of Bellflower also participates in the workers' compensation pool administered by the Authority. In the workers' 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 weight 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 million are distributed based on the outcome of cost allocation within the first and second loss layers. (5) Costs of covered claims from \$2 million 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 million. Coverage from \$2 million to \$5 million is purchased as part of a reinsurance policy, and Employer's Liability losses from \$5 million to \$10 million are pooled among members.

Purchased Insurance:

Pollution Legal Liability Insurance

The City of Bellflower participates in the pollution legal liability insurance program (formerly called environmental 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 million for the 3-year period from July 1, 2011 through July 1, 2014. Each member of the Authority has a \$10 million 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's property is currently insured according to a schedule of covered property submitted by the City of Bellflower to the Authority. The City of Bellflower's property currently has all-risk property insurance protection in the amount of \$38,685,102. 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.

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CITY OF BELLFLOWER

NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)

For the year ended June 30, 2013

12. CALIFORNIA JOINT POWERS INSURANCE AUTHORITY (CJPIA) (CONTINUED):

Purchased Insurance (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 \$24,506,361. There is a deductible of 5% per unit 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 \$3,000,000 with a \$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.

Adequacy of Protection:

During the past three fiscal years, none of the above programs of protection experienced settlements or judgments that exceeded pooled or insured coverage. There were no significant reductions in pooled or insured liability coverage in the fiscal year 2012-13.

13. NET POSITION AND FUND BALANCES:

Net Position:

Net position is the excess of all the City's assets over all its liabilities, regardless of fund. Net position is divided into three captions. These captions apply only to net position, which is determined only at the government-wide level, proprietary funds, and fiduciary funds and are described below.

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CITY OF BELLFLOWER

NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)

For the year ended June 30, 2013

13. NET POSITION AND FUND BALANCES (CONTINUED):

Net Position (Continued):

Net investment in capital assets - describe the portion of net position 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 position 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 position which is not restricted as to use.

Details of the three categories are as follows:

	<u>Governmental Activities</u>	<u>Business-type Activity</u>
Net investment in capital assets:		
Total capital assets,		
net of accumulated depreciation	\$ 48,452,259	\$ 8,930,846
Deferred loss on refunding	84,524	-
Less: total capital related debt	<u>(7,834,000)</u>	<u>-</u>
Net investment in capital assets	<u>40,702,783</u>	<u>8,930,846</u>
Restricted for:		
Construction of capital assets	2,260,323	-
Debt service	7,574,447	-
Streets, highways, bikeways, public transit, and other related purposes	7,505,136	-
Housing	4,981,268	-
Community development	6,310,571	-
Public safety	<u>189,120</u>	<u>-</u>
Total restricted net position	<u>28,820,865</u>	<u>-</u>
Unrestricted	<u>18,540,775</u>	<u>(9,237,455)</u>
Total net position	<u>\$ 88,064,423</u>	<u>\$ (306,609)</u>

See independent auditors' report.

CITY OF BELLFLOWER

NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)

For the year ended June 30, 2013

13. NET POSITION AND FUND BALANCES (CONTINUED):

Fund Balances:

As of June 30, 2013, 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.

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.

CITY OF BELLFLOWER

NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)

For the year ended June 30, 2013

13. NET POSITION AND FUND BALANCES (CONTINUED):

Fund Balances (Continued):

	General Fund	Low and Moderate Housing Asset Special Revenue Fund	Financing Authority Debt Service Fund	Grant Projects Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Nonspendable:						
Advance, net of deferred interest	\$ 10,527,450	\$ 2,068,991	\$ 7,270,181	\$ -	\$ 1,232,728	\$ 21,099,350
Restricted:						
Debt service	-	-	544,700	-	-	544,700
Streets and roads	-	-	-	-	7,505,136	7,505,136
Community development	-	-	-	-	375,159	375,159
Public safety programs	-	-	-	-	189,120	189,120
Capital projects	-	-	-	-	120,472	120,472
Assigned:						
Economic development	-	-	-	-	2,139,851	2,139,851
Unassigned	<u>14,615,470</u>	<u>(1,181,078)</u>	<u>-</u>	<u>(2,549,911)</u>	<u>-</u>	<u>10,884,481</u>
	<u>\$ 25,142,920</u>	<u>\$ 887,913</u>	<u>\$ 7,814,881</u>	<u>\$ (2,549,911)</u>	<u>\$ 11,562,466</u>	<u>\$ 42,858,269</u>

14. DEFICIT FUND BALANCES AND NET POSITION:

The Grant Projects Capital Projects Fund has a deficit fund balance of \$2,549,911 at June 30, 2013. The deficit is expected to be remedied in the near future as revenues are collected in excess of anticipated expenditures.

The Water Enterprise Fund has deficit net position of \$306,609 at June 30, 2013, which should be alleviated as future revenues are expected to increase and costs are expected to decrease with a new high capacity well.

See independent auditors' report.

CITY OF BELLFLOWER

NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)

For the year ended June 30, 2013

15. CONSTRUCTION COMMITMENTS:

The City has construction contracts in progress as follows:

<u>Vendor</u>	<u>Project</u>	<u>Spec. No.</u>	<u>Project Authorization</u>	<u>Invoiced as of June 30, 2013</u>	<u>Committed</u>
Accutron Corporation	Removal of trees, adj. curb, gutters, asphalt and sidewalks - Various locations	12/13-02	\$ 211,777	\$ -	\$ 211,777
All American Asphalt	Pavement rehabilitation - Palo Verde Avenue	11/12-07	326,000	-	326,000
CA Professional Engineering	Traffic Signal Upgrade - Bellflower @ Alondra	10/11/15	108,823	73,330	35,493
Doug Martin Contracting Co.	Placing of Slurry Seal - Various locations	12/13-03	298,691	-	298,691
Edward Technologies, Inc.	Audio Visual System Upgrade - City Hall	12/13-01	<u>260,600</u>	<u>190,459</u>	<u>70,141</u>
			<u>\$ 1,205,891</u>	<u>\$ 263,789</u>	<u>\$ 942,102</u>

16. RESTATEMENT OF NET POSITION AND FUND BALANCE:

Net position for the government-wide financial statements as of July 1, 2012 was restated as follows:

	<u>Governmental Activities</u>	<u>Business-type Activity</u>
Net position as previously reported as of June 30, 2012	\$ 81,543,648	\$ (134,890)
Reduction in net position to remove unamortized bond issuance costs for the implementation of GASB Statement 65	(80,370)	(320,938)
Reduction in net position to record an allowance for forgivable notes receivable	<u>(1,488,015)</u>	<u>-</u>
Net position as restated July 1, 2012	<u>\$ 79,975,263</u>	<u>\$ (455,828)</u>

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CITY OF BELLFLOWER

NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)

For the year ended June 30, 2013

16. RESTATEMENT OF NET POSITION AND FUND BALANCE (CONTINUED):

Fund balance (deficit) for the governmental fund financial statements as of July 1, 2012 was restated as follows:

	Grant Projects Capital Projects Fund
	<u> </u>
Fund balance as previously reported as of June 30, 2012	\$ 48,859
Reduction in fund balances to report grant receivables as unavailable revenues	<u>(2,261,928)</u>
Fund balance (deficit) as restated July 1, 2012	<u>\$ (2,213,069)</u>

Net position for the proprietary fund financial statements as of July 1, 2012 was restated as follows:

	Water Enterprise Fund
	<u> </u>
Net position as previously reported as of June 30, 2012	\$ (134,890)
Reduction in net position to remove unamortized bond issuance costs for the implementation of GASB Statement 65	<u>(320,938)</u>
Net position as restated July 1, 2012	<u>\$ (455,828)</u>

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CITY OF BELLFLOWER

NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)

For the year ended June 30, 2013

16. RESTATEMENT OF NET POSITION AND FUND BALANCE (CONTINUED):

Net position for the fiduciary fund financial statements as of July 1, 2012 was restated as follows:

	<u>Private-Purpose Trust Fund</u>
Net position as previously reported as of June 30, 2012	\$ (1,259,675)
Reduction in net position to remove unamortized bond issuance costs for the implementation of GASB Statement 65	<u>(134,723)</u>
Net position as restated July 1, 2012	<u>\$ (1,394,398)</u>

17. RECENT CHANGES IN LEGISLATION AFFECTING CALIFORNIA REDEVELOPMENT AGENCIES:

On June 28, 2011, Assembly Bills x1 26 (the "Dissolution Act") and x1 27 was enacted as part of the fiscal year 2011-12 state budget package which dissolved Redevelopment.

On June 27, 2012, as part of the fiscal year 2012-13 state budget package, the Legislature passed and the Governor signed AB 1484, which made technical and substantive amendments to the Dissolution Act based on experience to-date at the state and local level in implementing the Dissolution Act.

Under the Dissolution Act, each California redevelopment agency (each a "Dissolved RDA") was dissolved as of February 1, 2012, and the sponsoring community that formed the Dissolved RDA, together with other designated entities, have initiated the process under the Dissolution Act to unwind the affairs of the Dissolved RDA. A Successor Agency was created for each Dissolved RDA which is the sponsoring community of the Dissolved RDA unless it elected not to serve as the Successor Agency. On February 1, 2012, the City became the Successor Agency of the former redevelopment agency by operation of law in accordance with the Bill.

The Dissolution Act also created oversight boards which monitor the activities of the successor agencies. The roles of the successor agencies and oversight boards is to administer the wind down of each Dissolved RDA which includes making payments due on enforceable obligations, disposing of the assets (other than housing assets) and remitting the unencumbered balances of the Dissolved RDAs to the County Auditor-Controller for distribution to the affected taxing entities.

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CITY OF BELLFLOWER

NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)

For the year ended June 30, 2013

17. RECENT CHANGES IN LEGISLATION AFFECTING CALIFORNIA REDEVELOPMENT AGENCIES (CONTINUED):

The Dissolution Act allowed the sponsoring community that formed the Dissolved RDA to elect to assume the housing functions and take over the certain housing assets of the Dissolved RDA. If the sponsoring community does not elect to become the Successor Housing Agency and assume the Dissolved RDA's housing functions, such housing functions and all related housing assets will be transferred to the local housing authority in the jurisdiction. AB 1484 modified and provided some clarifications on the treatment of housing assets under the Dissolution Act. The City elected on March 26, 2012 to serve as the Housing Successor Agency by adopting City Resolution No. 12-09.

The housing assets, obligations, and activities of the Dissolved RDA have been transferred and are reported in the Low and Moderate Income Housing Asset Special Revenue Fund in the financial statements of the City. All other assets, obligations, and activities of the Dissolved RDA have been transferred and are reported in a fiduciary fund (private-purpose trust fund) in the financial statements of the City.

The Dissolution Act and AB 1484 also establish roles for the County Auditor-Controller (CAC), the California Department of Finance (the "DOF") and the California State Controller's office in the dissolution process and the satisfaction of enforceable obligations of the Dissolved RDAs.

The County Auditor-Controller is charged with establishing a Redevelopment Property Tax Trust Fund (the "RPTTF") for each Successor Agency and depositing into the RPTTF for each six-month period the amount of property taxes that would have been redevelopment property tax increment had the Dissolved RDA not been dissolved. The deposit in the RPTTF is to be used to pay to the Successor Agency the amounts due on the Successor Agency's enforceable obligations for the upcoming six-month period.

The Successor Agency is required to prepare a recognized obligation payment schedule (the "ROPS") approved by the oversight board setting forth the amounts due for each enforceable obligation during each six month period. The ROPS is submitted to the DOF for approval. The County Auditor-Controller will make payments to the Successor Agency from the RPTTF based on the ROPS amount approved by the DOF. The ROPS is prepared in advance for the enforceable obligations due over the next six months.

The process of making RPTTF deposits to be used to pay enforceable obligations of the Dissolved RDA will continue until all enforceable obligations have been paid in full and all non-housing assets of the Dissolved RDA have been liquidated.

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CITY OF BELLFLOWER

NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)

For the year ended June 30, 2013

17. RECENT CHANGES IN LEGISLATION AFFECTING CALIFORNIA REDEVELOPMENT AGENCIES (CONTINUED):

As part of the dissolution process AB1484 required the Successor Agency to have due diligence reviews of both the low and moderate income housing funds and all other funds to be completed by October 15, 2012 and January 15, 2013 to compute the funds (cash) which were not needed by the Successor Agency to be retained to pay for existing enforceable obligations. These funds were to be remitted to the CAC after the DOF completed its review of the due diligence reviews. The former redevelopment agency (Successor Agency) did not have to remit any funds to the CAC as a result of the due diligence review.

The DOF issued a Finding of Completion on March 8, 2013 in which DOF concurred that the Successor Agency has made full payments of any payments required as a result of the due diligence reviews. The Finding of Completion allowed the placement of loan agreements between the former redevelopment agency and the City on the ROPS, as an enforceable obligation, provided the oversight board makes a finding that the loan was for legitimate redevelopment purposes. Loan repayments could begin in the 2014-15 fiscal year as governed by the criteria in the health and code safety section. The oversight board adopted Resolution No. 13-03 to make a finding that the amended and restated the cooperation agreement between the City and the former RDA was for legitimate redevelopment purposes and therefore, should be recognized as enforceable obligations. The DOF will consider the enforceability of the loan agreement once the repayment request is placed on ROPS 14-15A. When the repayments begin, 20% of the repayments of the loan must be allocated to the Low and Moderate Income Housing Asset Special Revenue Fund. At June 30, 2013, the long-term advances to the Successor Agency totaled \$12,070,868 which included principal of \$10,344,955 and interest of \$1,725,913. In the financial statements, 80% of the advance and related interest are reported in the General Fund and 20% in the Low and Moderate Income Housing Asset Special Revenue Fund.

The State Controller of the State of California has been directed to review the propriety of any transfers of assets between Dissolved RDA and other public bodies that occurred after January 1, 2011 and the date upon which the RDA ceased to operate, or January 31, 2012, whichever was earlier, between the City or county, or City and county that created an RDA, or any other public agency, and the RDA. 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. The State Controller's completed its review on June 27, 2013 and did not identify any unallowable transfers of assets that occurred during the audit between the former RDA, the City and or other public agencies.

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CITY OF BELLFLOWER

NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)

For the year ended June 30, 2013

17. RECENT CHANGES IN LEGISLATION AFFECTING CALIFORNIA REDEVELOPMENT AGENCIES (CONTINUED):

Management believes, in consultation with legal counsel, that the obligations of the Dissolved RDA due to the City are valid enforceable obligations payable by the Successor Agency under the requirements of the Dissolution Act and AB 1484. 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.

18. SUCCESSOR AGENCY TRUST FOR ASSETS OF THE FORMER REDEVELOPMENT AGENCY:

Notes Receivable:

Notes receivable of the Successor Agency as of June 30, 2013 consisted of the following:

The former Redevelopment Agency made a loan to a business in the amount of \$10,000, which matures on October 8, 2013. It bears 0% interest. The outstanding balance at June 30, 2013 was \$4,167.

The former Redevelopment Agency made a loan to a business 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, 2013 was \$64,670, which is offset by an allowance for doubtful accounts as the loan is to be forgiven.

Short-term Payables:

Short-term payables are classified as due to the City of Bellflower in the amount of \$130,212 at June 30, 2013.

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CITY OF BELLFLOWER

NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)

For the year ended June 30, 2013

18. SUCCESSOR AGENCY TRUST FOR ASSETS OF THE FORMER REDEVELOPMENT AGENCY (CONTINUED):

Capital Assets:

Capital assets of the Successor Agency as of June 30, 2013 consisted of the following:

	Balance at <u>July 1, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Reclassification</u>	Balance at <u>June 30, 2013</u>
Capital assets, not being depreciated:					
Land	\$ 8,015,822	\$ -	\$ -	\$ 7,800	\$ 8,023,622
Construction in progress	<u>231,387</u>	<u>-</u>	<u>(186,911)</u>	<u>(44,476)</u>	<u>-</u>
Total capital assets, not being depreciated	<u>8,247,209</u>	<u>-</u>	<u>(186,911)</u>	<u>(36,676)</u>	<u>8,023,622</u>
Capital assets, being depreciated:					
Buildings and improvements	5,007,242	-	-	36,676	5,043,918
Equipment, furniture and fixtures	118,727	-	-	-	118,727
Infrastructure	<u>1,863,602</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,863,602</u>
Total capital assets, being depreciated	<u>6,989,571</u>	<u>-</u>	<u>-</u>	<u>36,676</u>	<u>7,026,247</u>
Less accumulated depreciation for:					
Buildings and improvements	(903,651)	(139,732)	-	-	(1,043,383)
Equipment, furniture and fixtures	(78,181)	(11,195)	-	-	(89,376)
Infrastructure	<u>(220,624)</u>	<u>(45,840)</u>	<u>-</u>	<u>-</u>	<u>(266,464)</u>
Total accumulated depreciation	<u>(1,202,456)</u>	<u>(196,767)</u>	<u>-</u>	<u>-</u>	<u>(1,399,223)</u>
Total capital assets, being depreciated, net	<u>5,787,115</u>	<u>(196,767)</u>	<u>-</u>	<u>36,676</u>	<u>5,627,024</u>
Total capital assets, net	<u>\$ 14,034,324</u>	<u>\$ (196,767)</u>	<u>\$ (186,911)</u>	<u>\$ -</u>	<u>\$ 13,650,646</u>

Long-term Debt:

Long-term debt of the Successor Agency as of June 30, 2013, consisted of the following:

	Balance at <u>July 1, 2012</u>	<u>Additions</u>	<u>Deletions</u>	Balance at <u>June 30, 2013</u>	Due Within <u>One Year</u>
2004 Refunding Tax Allocation Bonds	\$ 6,740,000	\$ -	\$ (150,000)	\$ 6,590,000	\$ 155,000
Original Issue Discount	(55,163)	-	2,546	(52,617)	-
Notes payable - Dietz	154,827	-	(9,312)	145,515	9,684
Notes payable - Goslins/Cleveland	361,969	-	(6,621)	355,348	6,952
Advances from the City of Bellflower	<u>10,987,565</u>	<u>1,083,303</u>	<u>-</u>	<u>12,070,868</u>	<u>-</u>
	<u>\$ 18,189,198</u>	<u>\$ 1,083,303</u>	<u>\$ (163,387)</u>	<u>\$ 19,109,114</u>	<u>\$ 171,636</u>

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CITY OF BELLFLOWER

NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)

For the year ended June 30, 2013

18. SUCCESSOR AGENCY TRUST FOR ASSETS OF THE FORMER REDEVELOPMENT AGENCY (CONTINUED):

Long-term Debt (Continued):

2004 Refunding Tax Allocation Bonds

The 2004 Tax Allocation Bonds issued by the former Redevelopment Agency and outstanding at June 30, 2013 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, 2013 was \$6,590,000.

The scheduled annual minimum debt service requirements at June 30, 2013 are as follows:

<u>Fiscal Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	200,000	390,399	590,399
2019 - 2023	1,205,000	1,736,845	2,941,845
2024 - 2028	1,660,000	1,281,778	2,941,778
2029 - 2033	2,290,000	656,040	2,946,040
2034	555,000	36,630	591,630
	<u>\$ 6,590,000</u>	<u>\$ 5,777,619</u>	<u>\$ 12,367,619</u>

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, 2013 was \$145,515.

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CITY OF BELLFLOWER

NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)

For the year ended June 30, 2013

18. SUCCESSOR AGENCY TRUST FOR ASSETS OF THE FORMER REDEVELOPMENT AGENCY (CONTINUED):

Long-term Debt (Continued):

Note Payable -Dietz (Continued)

The scheduled annual minimum debt service requirements at June 30, 2013 are as follows:

<u>Fiscal Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	11,329	4,176	15,505
2019 - 2023	63,818	13,706	77,524
2024 - 2025	29,243	1,766	31,009
	<u>\$ 145,515</u>	<u>\$ 40,543</u>	<u>\$ 186,058</u>

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, 2013 was \$355,348.

The scheduled annual minimum debt service requirements at June 30, 2013 are as follows:

<u>Fiscal Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	8,450	16,269	24,719
2019 - 2023	49,028	74,570	123,598
2024 - 2028	62,574	61,023	123,597
2029 - 2033	79,861	43,736	123,597
2034 - 2038	101,927	21,672	123,599
2039	23,543	1,177	24,720
	<u>\$ 355,348</u>	<u>\$ 287,361</u>	<u>\$ 642,709</u>

See independent auditors' report.

CITY OF BELLFLOWER

NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)

For the year ended June 30, 2013

18. SUCCESSOR AGENCY TRUST FOR ASSETS OF THE FORMER REDEVELOPMENT AGENCY (CONTINUED):

Long-term Debt (Continued):

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, 2013, the balance was \$12,070,868.

Prepaid Insurance Costs:

Prepaid insurance costs were incurred in connection with the issuance of the 2004 tax allocation refunding bonds. The amortization period is 358 months. The total bond insurance costs deferred were \$318,180. Accumulated amortization as of June 30, 2013 was \$97,764 with amortization expense for the fiscal year of \$10,665. The balance of prepaid insurance costs, net of accumulated amortization expense at June 30, 2013 was \$220,416.

Deferred Loss on Refunding:

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, 2013 was \$209,963, with amortization expense for the fiscal year of \$22,905. The balance of deferred loss on refunding, net of accumulated amortization expense at June 30, 2013 was \$299,674.

Multifamily Housing Revenue Bonds (Series 2002A and 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.

See independent auditors' report.

CITY OF BELLFLOWER

NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)

For the year ended June 30, 2013

18. SUCCESSOR AGENCY TRUST FOR ASSETS OF THE FORMER REDEVELOPMENT AGENCY (CONTINUED):

Multifamily Housing Revenue Bonds (Series 2002A and 2002B) (Continued):

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 Position. As of June 30, 2013, the amounts of principal outstanding on the bonds were \$7,650,000 for Series 2002A and \$270,000 for Series 2002B, for a total of \$7,920,000.

19. SUBSEQUENT EVENTS:

Events occurring after June 30, 2013 have been evaluated for possible adjustments to the financial statements or disclosure as of December 2, 2013, which is the date these financial statements were available to be issued.

See independent auditors' report.

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CITY OF BELLFLOWER

SCHEDULE OF FUNDING PROGRESS

For the fiscal year ended June 30, 2013

RETIREE HEALTH PLAN

Actuarial Valuation Date	Actuarial Accrued Liability (AAL) (a)	Actuarial Value of Assets (AVA) (b)	Unfunded Actuarial Liability (UAAL) (a) - (b)	Funded Ratio AVA (b)/(a)	Annual Covered Payroll (c)	UAAL as a % of Payroll [(a)-(b)]/c]
01/01/07	\$ 5,825,888	\$ -	\$ 5,825,888	0.00%	\$ 6,420,000	90.75%
01/01/09	7,181,087	586,615	6,594,472	8.17%	5,510,000	119.68%
06/30/11	9,098,908	1,236,295	7,862,613	13.59%	5,379,032	146.17%

See independent auditors' report.

CITY OF BELLFLOWER

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

For the fiscal year ended June 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 19,233,000	\$ 21,191,974	\$ 21,550,294	\$ 358,320
Licenses and permits	49,050	49,050	60,431	11,381
Fines, forfeitures and penalties	1,571,000	1,571,000	1,805,305	234,305
Investment earnings	175,000	175,000	203,133	28,133
Charges for current services	847,700	794,700	863,741	69,041
Intergovernmental revenue	493,000	233,000	267,319	34,319
Other revenues	520,300	520,300	626,895	106,595
TOTAL REVENUES	22,889,050	24,535,024	25,377,118	842,094
EXPENDITURES:				
GENERAL GOVERNMENT:				
City council	225,505	224,797	189,618	35,179
Public affairs	248,047	255,119	266,756	(11,637)
Special events	53,050	52,529	70,913	(18,384)
City manager	477,375	640,262	592,512	47,750
City clerk	370,205	367,684	349,286	18,398
Parks and recreation commission	3,100	3,100	2,100	1,000
Planning commission	13,200	13,200	8,400	4,800
Finance	745,724	739,497	735,315	4,182
City attorney	115,000	121,000	146,531	(25,531)
Personnel/Risk management	322,746	320,486	314,451	6,035
Public safety commission	1,300	1,300	1,600	(300)
Elections	108,553	168,445	181,929	(13,484)
Non-departmental	596,816	597,166	574,947	22,219
TOTAL GENERAL GOVERNMENT	3,280,621	3,504,585	3,434,358	70,227
PUBLIC SAFETY:				
Administration	1,455,189	1,410,850	1,468,489	(57,639)
Crossing guard	138,560	138,560	116,339	22,221
Sheriff	8,069,390	8,069,390	7,993,740	75,650
Support services	683,800	683,800	641,520	42,280
Emergency management	4,750	4,750	-	4,750
TOTAL PUBLIC SAFETY	10,351,689	10,307,350	10,220,088	87,262
PUBLIC WORKS:				
Administration	879,663	924,911	883,389	41,522
Street maintenance	2,222,292	2,265,415	2,390,066	(124,651)
Stormwater maintenance	488,590	533,275	405,865	127,410
Lighting and landscaping	750,000	764,271	740,494	23,777
Facility maintenance	1,677,489	1,876,511	1,885,728	(9,217)
TOTAL PUBLIC WORKS	6,018,034	6,364,383	6,305,542	58,841

See independent auditors' report.

(Continued)

CITY OF BELLFLOWER

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

(Continued)

For the fiscal year ended June 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES (CONTINUED):				
COMMUNITY DEVELOPMENT:				
Administration	\$ 392,067	\$ 629,066	\$ 655,461	\$ (26,395)
Planning	666,287	745,724	745,723	1
Building and safety - LA contract	47,000	47,000	48,910	(1,910)
Farmers' market	1,650	1,650	1,217	433
Code enforcement	519,199	567,968	539,091	28,877
TOTAL COMMUNITY DEVELOPMENT	<u>1,626,203</u>	<u>1,991,408</u>	<u>1,990,402</u>	<u>1,006</u>
PARKS AND RECREATION:				
Administration	589,958	602,194	531,006	71,188
Simms park	344,072	330,212	316,027	14,185
Thompson park	269,649	259,210	260,661	(1,451)
Caruthers park	264,416	252,758	249,825	2,933
Aquatic center	195,569	184,891	171,583	13,308
Civic auditorium	76,635	73,663	64,271	9,392
Cultural arts	20,601	20,601	20,601	-
Youth/teen programs	-	18,597	12,858	5,739
TOTAL PARKS AND RECREATION	<u>1,760,900</u>	<u>1,742,126</u>	<u>1,626,832</u>	<u>115,294</u>
CAPITAL OUTLAY	<u>685,000</u>	<u>1,597,337</u>	<u>690,542</u>	<u>906,795</u>
TOTAL EXPENDITURES	<u>23,722,447</u>	<u>25,507,189</u>	<u>24,267,764</u>	<u>1,239,425</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(833,397)</u>	<u>(972,165)</u>	<u>1,109,354</u>	<u>2,081,519</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	1,229,300	1,229,300	1,130,110	(99,190)
Transfers out	<u>(835,283)</u>	<u>(2,253,787)</u>	<u>(2,062,060)</u>	<u>191,727</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>394,017</u>	<u>(1,024,487)</u>	<u>(931,950)</u>	<u>92,537</u>
NET CHANGE IN FUND BALANCE, BEFORE EXTRAORDINARY ITEM	(439,380)	(1,996,652)	177,404	2,174,056
EXTRAORDINARY ITEM:				
Loss on transfer of advance receivable	<u>(2,068,991)</u>	<u>(2,068,991)</u>	<u>(2,068,991)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(2,508,371)	(4,065,643)	(1,891,587)	2,174,056
FUND BALANCE - BEGINNING OF YEAR	<u>27,034,507</u>	<u>27,034,507</u>	<u>27,034,507</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 24,526,136</u>	<u>\$ 22,968,864</u>	<u>\$ 25,142,920</u>	<u>\$ 2,174,056</u>

See independent auditors' report.

CITY OF BELLFLOWER

BUDGETARY COMPARISON SCHEDULE

LOW AND MODERATE INCOME HOUSING ASSET SPECIAL REVENUE FUND

For the fiscal year ended June 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Other revenues	\$ -	\$ 211,250	\$ 223,859	\$ 12,609
TOTAL REVENUES	-	211,250	223,859	12,609
EXPENDITURES:				
Current:				
Community development	-	484,817	44,349	440,468
TOTAL EXPENDITURES	-	484,817	44,349	440,468
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES, BEFORE EXTRAORDINARY ITEM	-	(273,567)	179,510	453,077
EXTRAORDINARY ITEM:				
Gain on transfer of advance receivable	-	-	2,068,991	2,068,991
NET CHANGE IN FUND BALANCE	-	(273,567)	2,248,501	2,522,068
FUND BALANCE (DEFICIT) - BEGINNING OF YEAR	(1,360,588)	(1,360,588)	(1,360,588)	-
FUND BALANCE - END OF YEAR	\$ (1,360,588)	\$ (1,634,155)	\$ 887,913	\$ 2,522,068

See independent auditors' report.

CITY OF BELLFLOWER

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

FINANCING AUTHORITY DEBT SERVICE FUND - MAJOR FUND

For the fiscal year ended June 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment earnings	\$ 394,919	\$ 394,919	\$ 390,414	\$ (4,505)
TOTAL REVENUES	<u>394,919</u>	<u>394,919</u>	<u>390,414</u>	<u>(4,505)</u>
EXPENDITURES:				
Debt service:				
Principal retirement	145,000	145,000	145,000	-
Interest and other charges	<u>390,419</u>	<u>390,419</u>	<u>390,419</u>	<u>-</u>
TOTAL EXPENDITURES	<u>535,419</u>	<u>535,419</u>	<u>535,419</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(140,500)	(140,500)	(145,005)	(4,505)
FUND BALANCE - BEGINNING OF YEAR	<u>7,959,886</u>	<u>7,959,886</u>	<u>7,959,886</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 7,819,386</u>	<u>\$ 7,819,386</u>	<u>\$ 7,814,881</u>	<u>\$ (4,505)</u>

See independent auditors' report.

CITY OF BELLFLOWER

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

GRANT PROJECTS CAPITAL PROJECTS FUND - MAJOR FUND

For the fiscal year ended June 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental revenue	\$ 1,840,000	\$ 8,365,799	\$ 3,724,594	\$ (4,641,205)
Other revenues	1,984	1,984	1,984	-
TOTAL REVENUES	1,841,984	8,367,783	3,726,578	(4,641,205)
EXPENDITURES:				
Current:				
Public works	-	35,000	66,626	(31,626)
Capital outlay	1,840,000	8,330,799	3,996,794	4,334,005
TOTAL EXPENDITURES	1,840,000	8,365,799	4,063,420	4,302,379
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	1,984	1,984	(336,842)	(338,826)
FUND BALANCE (DEFICIT) - BEGINNING OF YEAR	(2,213,069)	(2,213,069)	(2,213,069)	-
FUND BALANCE (DEFICIT) - END OF YEAR	<u>\$ (2,211,085)</u>	<u>\$ (2,211,085)</u>	<u>\$ (2,549,911)</u>	<u>\$ (338,826)</u>

See independent auditors' report.

**COMBINING AND INDIVIDUAL OTHER GOVERNMENTAL FUNDS
STATEMENTS AND SCHEDULES**

CITY OF BELLFLOWER
OTHER GOVERNMENTAL FUNDS

June 30, 2013

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.

CITY OF BELLFLOWER

OTHER GOVERNMENTAL FUNDS
(CONTINUED)

June 30, 2013

SPECIAL REVENUE FUNDS (CONTINUED):

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.

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.

CITY OF BELLFLOWER

OTHER GOVERNMENTAL FUNDS
(CONTINUED)

June 30, 2013

SPECIAL REVENUE FUNDS (CONTINUED):

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.

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.

DEBT SERVICE FUND:

Public Facilities Corporation 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.

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. CBG 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.

CITY OF BELLFLOWER
OTHER GOVERNMENTAL FUNDS
(CONTINUED)

June 30, 2013

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
OTHER GOVERNMENTAL FUNDS

June 30, 2013

		Special Revenue Funds		
		Drug Forfeiture Fund	Transportation Fund	Proposition C Fund
ASSETS				
Cash and investments		\$ -	\$ 1,460,728	\$ 1,397,622
Accounts receivable, net		-	-	-
Interest receivable		-	4,868	4,817
Notes receivable		-	-	-
Advances to other funds		-	-	-
	TOTAL ASSETS	<u>\$ -</u>	<u>\$ 1,465,596</u>	<u>\$ 1,402,439</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES:				
Accounts payable		\$ -	\$ 75,678	\$ 100,311
Accrued expenditures		-	5,078	3,623
Retention payable		-	-	1,593
Due to other funds		-	-	-
Unearned revenues		-	-	-
	TOTAL LIABILITIES	-	80,756	105,527
DEFERRED INFLOWS OF RESOURCES:				
Unavailable revenues		-	-	-
	TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	-	80,756	105,527
FUND BALANCES:				
Nonspendable:				
Advances, net of deferred interest		-	-	-
Restricted		-	1,384,840	1,296,912
Assigned		-	-	-
	TOTAL FUND BALANCES	-	1,384,840	1,296,912
	TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ -</u>	<u>\$ 1,465,596</u>	<u>\$ 1,402,439</u>

See independent auditors' report.

Special Revenue Funds (Continued)

Gas Tax Fund	AQMD Fund	Sewer Reconstruction Fund	TDA Article 3 Fund	Proposition 1B Fund	Parking District No. 1 Fund	Building and Safety Fund
\$ 1,637,937	\$ 172,808	\$ 120,046	\$ -	\$ 1,122,027	\$ -	\$ 10,661
149,720	24,292	-	81,745	-	1,360	-
5,987	544	426	-	4,019	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 1,793,644</u>	<u>\$ 197,644</u>	<u>\$ 120,472</u>	<u>\$ 81,745</u>	<u>\$ 1,126,046</u>	<u>\$ 1,360</u>	<u>\$ 10,661</u>
\$ 2,677	\$ -	\$ -	\$ 21,072	\$ 3,908	\$ 1,261	\$ 5,303
-	-	-	-	-	-	4,842
-	-	-	-	-	-	-
-	-	-	60,673	-	99	-
-	-	-	-	-	-	516
<u>2,677</u>	<u>-</u>	<u>-</u>	<u>81,745</u>	<u>3,908</u>	<u>1,360</u>	<u>10,661</u>
-	-	-	-	-	-	-
<u>2,677</u>	<u>-</u>	<u>-</u>	<u>81,745</u>	<u>3,908</u>	<u>1,360</u>	<u>10,661</u>
-	-	-	-	-	-	-
1,790,967	197,644	120,472	-	1,122,138	-	-
-	-	-	-	-	-	-
<u>1,790,967</u>	<u>197,644</u>	<u>120,472</u>	<u>-</u>	<u>1,122,138</u>	<u>-</u>	<u>-</u>
<u>\$ 1,793,644</u>	<u>\$ 197,644</u>	<u>\$ 120,472</u>	<u>\$ 81,745</u>	<u>\$ 1,126,046</u>	<u>\$ 1,360</u>	<u>\$ 10,661</u>

(Continued)

CITY OF BELLFLOWER

COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS
(CONTINUED)

June 30, 2013

		Special Revenue Funds (Continued)		
		Public	CA-COPS	COG
		Arts	Grant	Position
		Fund	Fund	Fund
ASSETS				
Cash and investments		\$ 38,768	\$ 200,137	\$ -
Accounts receivable, net		-	11,449	59,166
Interest receivable		127	735	-
Notes receivable		-	-	-
Advances to other funds		-	-	-
		<u>-</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS		<u>\$ 38,895</u>	<u>\$ 212,321</u>	<u>\$ 59,166</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES:				
Accounts payable		\$ -	\$ 23,201	\$ -
Accrued expenditures		-	-	5,996
Retention payable		-	-	-
Due to other funds		-	-	53,170
Unearned revenues		-	-	-
		<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES		-	23,201	59,166
DEFERRED INFLOWS OF RESOURCES:				
Unavailable revenues		-	-	-
		<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES		<u>-</u>	<u>23,201</u>	<u>59,166</u>
FUND BALANCES:				
Nonspendable:				
Advances, net of deferred interest		-	-	-
Restricted		38,895	189,120	-
Assigned		-	-	-
		<u>-</u>	<u>-</u>	<u>-</u>
TOTAL FUND BALANCES		<u>38,895</u>	<u>189,120</u>	<u>-</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES		<u>\$ 38,895</u>	<u>\$ 212,321</u>	<u>\$ 59,166</u>

See independent auditors' report.

Special Revenue Funds (Continued)					Debt Service Fund
GP/Zoning/ GIS Fee Fund	Public Facilities Fund	Park Facilities Fund	PEG Fund	Measure R Fund	Public Facilities Corporation Fund
\$ 130,755	\$ 70,397	\$ 11,547	\$ 180,059	\$ 1,714,396	\$ -
-	-	-	26,850	-	-
-	247	24	-	5,328	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 130,755</u>	<u>\$ 70,644</u>	<u>\$ 11,571</u>	<u>\$ 206,909</u>	<u>\$ 1,719,724</u>	<u>\$ -</u>
\$ 40	\$ -	\$ 8,654	\$ 70,667	\$ 3,248	\$ -
-	-	-	-	3,841	-
-	-	-	9,523	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>40</u>	<u>-</u>	<u>8,654</u>	<u>80,190</u>	<u>7,089</u>	<u>-</u>
-	-	-	-	-	-
<u>40</u>	<u>-</u>	<u>8,654</u>	<u>80,190</u>	<u>7,089</u>	<u>-</u>
-	-	-	-	-	-
130,715	70,644	2,917	126,719	1,712,635	-
-	-	-	-	-	-
<u>130,715</u>	<u>70,644</u>	<u>2,917</u>	<u>126,719</u>	<u>1,712,635</u>	<u>-</u>
<u>\$ 130,755</u>	<u>\$ 70,644</u>	<u>\$ 11,571</u>	<u>\$ 206,909</u>	<u>\$ 1,719,724</u>	<u>\$ -</u>

(Continued)

CITY OF BELLFLOWER

COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS
(CONTINUED)

June 30, 2013

		<u>Capital Projects Funds</u>	
		<u>CDBG</u>	<u>HOME</u>
		<u>Fund</u>	<u>Fund</u>
ASSETS			
Cash and investments		\$ 13,303	\$ 1,571
Accounts receivable, net		18,470	5,270
Interest receivable		-	-
Notes receivable		586,841	1,286,249
Advances to other funds		-	1,384,224
		<u>-</u>	<u>1,384,224</u>
TOTAL ASSETS		<u>\$ 618,614</u>	<u>\$ 2,677,314</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
LIABILITIES:			
Accounts payable		\$ 21,271	\$ 13
Accrued expenditures		10,502	1,087
Retention payable		-	472
Due to other funds		-	-
Unearned revenues		-	-
		<u>-</u>	<u>-</u>
TOTAL LIABILITIES		31,773	1,572
DEFERRED INFLOWS OF RESOURCES:			
Unavailable revenues		586,841	1,437,745
		<u>586,841</u>	<u>1,437,745</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES		<u>618,614</u>	<u>1,439,317</u>
FUND BALANCES:			
Nonspendable:			
Advances, net of deferred interest		-	1,232,728
Restricted		-	5,269
Assigned		-	-
		<u>-</u>	<u>-</u>
TOTAL FUND BALANCES		<u>-</u>	<u>1,237,997</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES		<u>\$ 618,614</u>	<u>\$ 2,677,314</u>

See independent auditors' report.

<u>Capital Projects Funds (Continued)</u> <u>Capital Projects/ Economic Development Fund</u>	<u>Total Other Governmental Funds</u>
\$ 2,138,620	\$ 10,421,382
-	378,322
3,981	31,103
-	1,873,090
-	1,384,224
<u>\$ 2,142,601</u>	<u>\$ 14,088,121</u>
\$ 2,750	\$ 340,054
-	34,969
-	11,588
-	113,942
-	516
<u>2,750</u>	<u>501,069</u>
-	2,024,586
<u>2,750</u>	<u>2,525,655</u>
-	1,232,728
-	8,189,887
2,139,851	2,139,851
<u>2,139,851</u>	<u>11,562,466</u>
<u>\$ 2,142,601</u>	<u>\$ 14,088,121</u>

CITY OF BELLFLOWER

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

For the fiscal year ended June 30, 2013

	Special Revenue Funds		
	Drug Forfeiture Fund	Transportation Fund	Proposition C Fund
REVENUES:			
Taxes	\$ -	\$ 1,194,660	\$ 993,544
Licenses and permits	-	-	-
Investment earnings	23	11,421	11,582
Charges for current services	-	-	-
Intergovernmental revenue	3,650	-	-
Other revenues	-	-	68
TOTAL REVENUES	<u>3,673</u>	<u>1,206,081</u>	<u>1,005,194</u>
EXPENDITURES:			
Current:			
Public safety	-	-	-
Public works	-	652,606	562,118
Community development	-	-	-
Capital outlay	10,540	-	50,623
Debt service:			
Principal retirement	-	-	-
Interest and other charges	-	-	-
TOTAL EXPENDITURES	<u>10,540</u>	<u>652,606</u>	<u>612,741</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(6,867)</u>	<u>553,475</u>	<u>392,453</u>
OTHER FINANCING SOURCES (USES):			
Transfers in	-	-	-
Transfers out	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(6,867)	553,475	392,453
FUND BALANCES (DEFICIT) - BEGINNING OF YEAR	<u>6,867</u>	<u>831,365</u>	<u>904,459</u>
FUND BALANCES - END OF YEAR	<u>\$ -</u>	<u>\$ 1,384,840</u>	<u>\$ 1,296,912</u>

See independent auditors' report.

Special Revenue Funds (Continued)

Gas Tax Fund	AQMD Fund	Sewer Reconstruction Fund	TDA Article 3 Fund	Proposition 1B Fund	Parking District No. 1 Fund	Building and Safety Fund
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,008	\$ -
-	-	-	-	-	-	478,007
15,788	1,580	1,178	-	11,392	-	-
-	-	6,127	-	-	-	-
1,739,073	92,775	-	81,537	-	-	-
-	772	-	-	-	-	-
<u>1,754,861</u>	<u>95,127</u>	<u>7,305</u>	<u>81,537</u>	<u>11,392</u>	<u>14,008</u>	<u>478,007</u>
-	-	-	-	-	-	-
294,011	-	-	646	6,754	14,008	-
-	-	-	-	-	-	715,739
74,303	56,065	-	80,891	23,865	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>368,314</u>	<u>56,065</u>	<u>-</u>	<u>81,537</u>	<u>30,619</u>	<u>14,008</u>	<u>715,739</u>
1,386,547	39,062	7,305	-	(19,227)	-	(237,732)
-	-	-	-	-	-	237,732
<u>(1,130,110)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(1,130,110)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>237,732</u>
256,437	39,062	7,305	-	(19,227)	-	-
1,534,530	158,582	113,167	-	1,141,365	-	-
<u>\$ 1,790,967</u>	<u>\$ 197,644</u>	<u>\$ 120,472</u>	<u>\$ -</u>	<u>\$ 1,122,138</u>	<u>\$ -</u>	<u>\$ -</u>

(Continued)

CITY OF BELLFLOWER

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
OTHER GOVERNMENTAL FUNDS
(CONTINUED)

For the fiscal year ended June 30, 2013

	Special Revenue Funds (Continued)		
	Public	CA-COPS	COG
	Arts Fund	Grant Fund	Position Fund
REVENUES:			
Taxes	\$ -	\$ -	\$ -
Licenses and permits	-	-	-
Investment earnings	219	1,754	-
Charges for current services	56,762	-	-
Intergovernmental revenue	-	120,130	-
Other revenues	-	-	190,413
TOTAL REVENUES	<u>56,981</u>	<u>121,884</u>	<u>190,413</u>
EXPENDITURES:			
Current:			
Public safety	-	30,159	-
Public works	-	-	190,413
Community development	10,008	-	-
Capital outlay	-	60,009	-
Debt service:			
Principal retirement	-	-	-
Interest and other charges	-	-	-
TOTAL EXPENDITURES	<u>10,008</u>	<u>90,168</u>	<u>190,413</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>46,973</u>	<u>31,716</u>	<u>-</u>
OTHER FINANCING SOURCES (USES):			
Transfers in	-	-	-
Transfers out	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	46,973	31,716	-
FUND BALANCES (DEFICIT) - BEGINNING OF YEAR	<u>(8,078)</u>	<u>157,404</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u>\$ 38,895</u>	<u>\$ 189,120</u>	<u>\$ -</u>

See independent auditors' report.

Special Revenue Funds (Continued)					Debt Service Fund
GP/Zoning/ GIS Fee Fund	Public Facilities Fund	Park Facilities Fund	PEG Fund	Measure R Fund	Public Facilities Corporation Fund
\$ -	\$ -	\$ -	\$ 105,145	\$ 742,313	\$ -
-	-	-	-	-	-
-	676	513	-	13,885	-
55,197	6,266	19,631	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>55,197</u>	<u>6,942</u>	<u>20,144</u>	<u>105,145</u>	<u>756,198</u>	<u>-</u>
-	-	-	-	-	-
-	-	-	-	201,293	-
-	-	-	-	-	-
-	-	146,487	265,457	259,005	-
-	-	-	-	-	350,000
-	-	-	-	-	111,112
-	-	<u>146,487</u>	<u>265,457</u>	<u>460,298</u>	<u>461,112</u>
<u>55,197</u>	<u>6,942</u>	<u>(126,343)</u>	<u>(160,312)</u>	<u>295,900</u>	<u>(461,112)</u>
-	-	-	-	-	461,112
-	-	-	-	-	-
-	-	-	-	-	<u>461,112</u>
55,197	6,942	(126,343)	(160,312)	295,900	-
<u>75,518</u>	<u>63,702</u>	<u>129,260</u>	<u>287,031</u>	<u>1,416,735</u>	<u>-</u>
<u>\$ 130,715</u>	<u>\$ 70,644</u>	<u>\$ 2,917</u>	<u>\$ 126,719</u>	<u>\$ 1,712,635</u>	<u>\$ -</u>

(Continued)

CITY OF BELLFLOWER

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
OTHER GOVERNMENTAL FUNDS
(CONTINUED)

For the fiscal year ended June 30, 2013

	<u>Capital Projects Funds</u>	
	<u>CDBG Fund</u>	<u>HOME Fund</u>
REVENUES:		
Taxes	\$ -	\$ -
Licenses and permits	-	-
Investment earnings	-	-
Charges for current services	-	-
Intergovernmental revenue	823,717	511,137
Other revenues	40,272	4
TOTAL REVENUES	<u>863,989</u>	<u>511,141</u>
EXPENDITURES:		
Current:		
Public safety	-	-
Public works	-	-
Community development	419,386	525,289
Capital outlay	-	-
Debt service:		
Principal retirement	300,000	-
Interest and other charges	290,161	-
TOTAL EXPENDITURES	<u>1,009,547</u>	<u>525,289</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(145,558)</u>	<u>(14,148)</u>
OTHER FINANCING SOURCES (USES):		
Transfers in	145,558	14,145
Transfers out	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>145,558</u>	<u>14,145</u>
NET CHANGE IN FUND BALANCES	-	(3)
FUND BALANCES (DEFICIT) - BEGINNING OF YEAR	<u>-</u>	<u>1,238,000</u>
FUND BALANCES - END OF YEAR	<u>\$ -</u>	<u>\$ 1,237,997</u>

See independent auditors' report.

<u>Capital Projects Funds (Continued)</u>	<u>Total Other Governmental Funds</u>
<u>Capital Projects/ Economic Development Fund</u>	
\$ -	\$ 3,049,670
-	478,007
9,996	80,007
-	143,983
-	3,372,019
-	231,529
<u>9,996</u>	<u>7,355,215</u>
-	30,159
-	1,921,849
-	1,670,422
10,500	1,037,745
-	650,000
-	401,273
<u>10,500</u>	<u>5,711,448</u>
<u>(504)</u>	<u>1,643,767</u>
1,191,901	2,050,448
-	(1,130,110)
<u>1,191,901</u>	<u>920,338</u>
1,191,397	2,564,105
<u>948,454</u>	<u>8,998,361</u>
<u>\$ 2,139,851</u>	<u>\$ 11,562,466</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, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment earnings	\$ 100	\$ 100	\$ 23	\$ (77)
Intergovernmental revenue	5,000	5,000	3,650	(1,350)
TOTAL REVENUES	5,100	5,100	3,673	(1,427)
EXPENDITURES:				
Capital outlay	12,000	12,000	10,540	1,460
TOTAL EXPENDITURES	12,000	12,000	10,540	1,460
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(6,900)	(6,900)	(6,867)	33
FUND BALANCE - BEGINNING OF YEAR	6,867	6,867	6,867	-
FUND BALANCE - END OF YEAR	\$ (33)	\$ (33)	\$ -	\$ 33

See independent auditors' report.

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, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 1,058,000	\$ 1,058,000	\$ 1,194,660	\$ 136,660
Investment earnings	5,000	5,000	11,421	6,421
TOTAL REVENUES	<u>1,063,000</u>	<u>1,063,000</u>	<u>1,206,081</u>	<u>143,081</u>
EXPENDITURES:				
Current:				
Public works	764,967	764,967	652,606	112,361
Capital outlay	220,000	340,000	-	340,000
TOTAL EXPENDITURES	<u>984,967</u>	<u>1,104,967</u>	<u>652,606</u>	<u>452,361</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	78,033	(41,967)	553,475	595,442
FUND BALANCE - BEGINNING OF YEAR	<u>831,365</u>	<u>831,365</u>	<u>831,365</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 909,398</u>	<u>\$ 789,398</u>	<u>\$ 1,384,840</u>	<u>\$ 595,442</u>

See independent auditors' report.

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, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 877,000	\$ 877,000	\$ 993,544	\$ 116,544
Investment earnings	1,000	1,000	11,582	10,582
Other revenues	-	-	68	68
TOTAL REVENUES	<u>878,000</u>	<u>878,000</u>	<u>1,005,194</u>	<u>127,194</u>
EXPENDITURES:				
Current:				
Public works	715,954	715,954	562,118	153,836
Capital outlay	352,500	726,500	50,623	675,877
TOTAL EXPENDITURES	<u>1,068,454</u>	<u>1,442,454</u>	<u>612,741</u>	<u>829,713</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(190,454)	(564,454)	392,453	956,907
FUND BALANCE - BEGINNING OF YEAR	<u>904,459</u>	<u>904,459</u>	<u>618,888</u>	<u>(285,571)</u>
FUND BALANCE - END OF YEAR	<u>\$ 714,005</u>	<u>\$ 340,005</u>	<u>\$ 1,011,341</u>	<u>\$ 671,336</u>

See independent auditors' report.

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, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental revenue	\$ 1,229,300	\$ 2,105,400	\$ 1,739,073	\$ (366,327)
Investment earnings	-	4,000	15,788	11,788
TOTAL REVENUES	<u>1,229,300</u>	<u>2,109,400</u>	<u>1,754,861</u>	<u>(354,539)</u>
EXPENDITURES:				
Current:				
Public works	-	455,595	294,011	161,584
Community development	-	-	-	-
Capital outlay	-	943,857	74,303	869,554
TOTAL EXPENDITURES	<u>-</u>	<u>1,399,452</u>	<u>368,314</u>	<u>1,031,138</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,229,300</u>	<u>709,948</u>	<u>1,386,547</u>	<u>676,599</u>
OTHER FINANCING USES:				
Transfers out	<u>(1,229,300)</u>	<u>(1,229,300)</u>	<u>(1,130,110)</u>	<u>99,190</u>
TOTAL OTHER FINANCING USES	<u>(1,229,300)</u>	<u>(1,229,300)</u>	<u>(1,130,110)</u>	<u>99,190</u>
NET CHANGE IN FUND BALANCE	-	(519,352)	256,437	775,789
FUND BALANCE - BEGINNING OF YEAR	<u>1,534,530</u>	<u>1,534,530</u>	<u>1,534,530</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 1,534,530</u>	<u>\$ 1,015,178</u>	<u>\$ 1,790,967</u>	<u>\$ 775,789</u>

See independent auditors' report.

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, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment earnings	\$ 500	\$ 500	\$ 1,580	\$ 1,080
Intergovernmental revenue	93,800	93,800	92,775	(1,025)
Other revenues	-	-	772	772
TOTAL REVENUES	<u>94,300</u>	<u>94,300</u>	<u>95,127</u>	<u>827</u>
EXPENDITURES:				
Capital outlay	-	58,000	56,065	1,935
TOTAL EXPENDITURES	<u>-</u>	<u>58,000</u>	<u>56,065</u>	<u>1,935</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	94,300	36,300	39,062	2,762
FUND BALANCE - BEGINNING OF YEAR	<u>158,582</u>	<u>158,582</u>	<u>158,582</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 252,882</u>	<u>\$ 194,882</u>	<u>\$ 197,644</u>	<u>\$ 2,762</u>

See independent auditors' report.

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, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment earnings	\$ 100	\$ 100	\$ 1,178	\$ 1,078
Charges for current services	1,000	1,000	6,127	5,127
TOTAL REVENUES	1,100	1,100	7,305	6,205
EXPENDITURES:				
Current:				
Public works	25,000	25,000	-	25,000
TOTAL EXPENDITURES	25,000	25,000	-	25,000
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(23,900)	(23,900)	7,305	31,205
FUND BALANCE - BEGINNING OF YEAR	113,167	113,167	113,167	-
FUND BALANCE - END OF YEAR	\$ 89,267	\$ 89,267	\$ 120,472	\$ 31,205

See independent auditors' report.

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, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental revenue	\$ 53,000	\$ 182,673	81,537	\$ (101,136)
TOTAL REVENUES	<u>53,000</u>	<u>182,673</u>	<u>81,537</u>	<u>(101,136)</u>
EXPENDITURES:				
Current:				
Public works	-	-	646	(646)
Capital outlay	53,000	182,673	80,891	101,782
TOTAL EXPENDITURES	<u>53,000</u>	<u>182,673</u>	<u>81,537</u>	<u>101,136</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	-	-	-
FUND BALANCE - BEGINNING OF YEAR	-	-	-	-
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See independent auditors' report.

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, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment earnings	\$ 5,000	\$ 5,000	\$ 11,392	\$ 6,392
TOTAL REVENUES	<u>5,000</u>	<u>5,000</u>	<u>11,392</u>	<u>6,392</u>
EXPENDITURES:				
Current:				
Public works	-	-	6,754	(6,754)
Capital outlay	897,518	1,147,518	23,865	1,123,653
TOTAL EXPENDITURES	<u>897,518</u>	<u>1,147,518</u>	<u>30,619</u>	<u>1,116,899</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(892,518)	(1,142,518)	(19,227)	1,123,291
FUND BALANCE - BEGINNING OF YEAR	<u>1,141,365</u>	<u>1,141,365</u>	<u>1,141,365</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 248,847</u>	<u>\$ (1,153)</u>	<u>\$ 1,122,138</u>	<u>\$ 1,123,291</u>

See independent auditors' report.

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, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 8,400	\$ 8,400	14,008	\$ 5,608
TOTAL REVENUES	8,400	8,400	14,008	5,608
EXPENDITURES:				
Current:				
Public works	11,700	11,700	14,008	(2,308)
TOTAL EXPENDITURES	11,700	11,700	14,008	(2,308)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(3,300)	(3,300)	-	3,300
OTHER FINANCING SOURCES:				
Transfers in	3,300	3,300	-	(3,300)
TOTAL OTHER FINANCING SOURCES	3,300	3,300	-	(3,300)
NET CHANGE IN FUND BALANCE	-	-	-	-
FUND BALANCE - BEGINNING OF YEAR	-	-	-	-
FUND BALANCE - END OF YEAR	\$ -	\$ -	\$ -	\$ -

See independent auditors' report.

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, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Licenses and permits	\$ 551,210	\$ 551,210	\$ 478,007	\$ (73,203)
TOTAL REVENUES	551,210	551,210	478,007	(73,203)
EXPENDITURES:				
Current:				
Community development	701,929	701,929	715,739	(13,810)
TOTAL EXPENDITURES	701,929	701,929	715,739	(13,810)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(150,719)	(150,719)	(237,732)	(87,013)
OTHER FINANCING SOURCES:				
Transfers in	150,719	150,719	237,732	87,013
TOTAL OTHER FINANCING SOURCES	150,719	150,719	237,732	87,013
NET CHANGE IN FUND BALANCE	-	-	-	-
FUND BALANCE - BEGINNING OF YEAR	-	-	-	-
FUND BALANCE - END OF YEAR	\$ -	\$ -	\$ -	\$ -

See independent auditors' report.

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, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment earnings	\$ -	\$ -	\$ 219	\$ 219
Charges for current services	15,000	15,000	56,762	41,762
TOTAL REVENUES	15,000	15,000	56,981	41,981
EXPENDITURES:				
Current:				
Community development	-	10,008	10,008	-
TOTAL EXPENDITURES	-	10,008	10,008	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	15,000	4,992	46,973	41,981
FUND BALANCE (DEFICIT) - BEGINNING OF YEAR	(8,078)	(8,078)	(8,078)	-
FUND BALANCE - END OF YEAR	\$ 6,922	\$ (3,086)	\$ 38,895	\$ 41,981

See independent auditors' report.

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, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment earnings	\$ -	\$ 1,500	\$ 1,754	\$ 254
Intergovernmental revenue	-	194,000	120,130	(73,870)
TOTAL REVENUES	-	195,500	121,884	(73,616)
EXPENDITURES:				
Current:				
Public safety	-	35,000	30,159	4,841
Capital outlay	-	128,932	60,009	68,923
TOTAL EXPENDITURES	-	163,932	90,168	73,764
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	31,568	31,716	148
FUND BALANCE - BEGINNING OF YEAR	157,404	157,404	157,404	-
FUND BALANCE - END OF YEAR	\$ 157,404	\$ 188,972	\$ 189,120	\$ 148

See independent auditors' report.

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, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Other revenues	\$ 190,553	\$ 190,553	\$ 190,413	\$ (140)
TOTAL REVENUES	190,553	190,553	190,413	(140)
EXPENDITURES:				
Current:				
Public works	190,553	190,553	190,413	140
TOTAL EXPENDITURES	190,553	190,553	190,413	140
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	-	-	-
FUND BALANCE - BEGINNING OF YEAR	-	-	-	-
FUND BALANCE - END OF YEAR	\$ -	\$ -	\$ -	\$ -

See independent auditors' report.

CITY OF BELLFLOWER

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

GP/ZONING/GIS FEE SPECIAL REVENUE FUND

For the fiscal year ended June 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Charges for current services	\$ -	\$ 53,000	\$ 55,197	\$ 2,197
TOTAL REVENUES	-	53,000	55,197	2,197
EXPENDITURES:				
Current:				
Public works	-	14,500	-	14,500
TOTAL EXPENDITURES	-	14,500	-	14,500
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	38,500	55,197	16,697
FUND BALANCE - BEGINNING OF YEAR	75,518	75,518	75,518	-
FUND BALANCE - END OF YEAR	\$ 75,518	\$ 114,018	\$ 130,715	\$ 16,697

See independent auditors' report.

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, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment earnings	\$ 700	\$ 700	\$ 676	\$ (24)
Charges for current services	9,000	9,000	6,266	(2,734)
TOTAL REVENUES	9,700	9,700	6,942	(2,758)
FUND BALANCE - BEGINNING OF YEAR	63,702	63,702	63,702	-
FUND BALANCE - END OF YEAR	\$ 73,402	\$ 73,402	\$ 70,644	\$ -

See independent auditors' report.

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, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment earnings	\$ 500	\$ 500	\$ 513	\$ 13
Charges for current services	35,000	35,000	19,631	(15,369)
TOTAL REVENUES	35,500	35,500	20,144	(15,356)
EXPENDITURES:				
Capital outlay	-	159,461	146,487	12,974
TOTAL EXPENDITURES	-	159,461	146,487	12,974
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	35,500	(123,961)	(126,343)	(2,382)
FUND BALANCE - BEGINNING OF YEAR	129,260	129,260	129,260	-
FUND BALANCE - END OF YEAR	\$ 164,760	\$ 5,299	\$ 2,917	\$ (2,382)

See independent auditors' report.

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, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 93,000	\$ 93,000	\$ 105,145	\$ 12,145
TOTAL REVENUES	<u>93,000</u>	<u>93,000</u>	<u>105,145</u>	<u>12,145</u>
EXPENDITURES:				
Capital outlay	<u>100,000</u>	<u>271,000</u>	<u>265,457</u>	<u>5,543</u>
TOTAL EXPENDITURES	<u>100,000</u>	<u>271,000</u>	<u>265,457</u>	<u>5,543</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(7,000)	(178,000)	(160,312)	17,688
FUND BALANCE - BEGINNING OF YEAR	<u>287,031</u>	<u>287,031</u>	<u>287,031</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 280,031</u>	<u>\$ 109,031</u>	<u>\$ 126,719</u>	<u>\$ 17,688</u>

See independent auditors' report.

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, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 658,000	\$ 658,000	742,313	\$ 84,313
Investment earnings	6,000	6,000	13,885	7,885
TOTAL REVENUES	<u>664,000</u>	<u>664,000</u>	<u>756,198</u>	<u>92,198</u>
EXPENDITURES:				
Current:				
Public works	179,191	179,191	201,293	(22,102)
Capital outlay	<u>520,000</u>	<u>1,128,000</u>	<u>259,005</u>	<u>868,995</u>
TOTAL EXPENDITURES	<u>699,191</u>	<u>1,307,191</u>	<u>460,298</u>	<u>846,893</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(35,191)	(643,191)	295,900	939,091
FUND BALANCE - BEGINNING OF YEAR	<u>1,416,735</u>	<u>1,416,735</u>	<u>1,416,735</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 1,381,544</u>	<u>\$ 773,544</u>	<u>\$ 1,712,635</u>	<u>\$ 939,091</u>

See independent auditors' report.

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, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES	\$ -	\$ -	\$ -	\$ -
TOTAL REVENUES	-	-	-	-
EXPENDITURES:				
Debt service:				
Principal retirement	350,000	350,000	350,000	-
Interest and other charges	111,112	111,112	111,112	-
TOTAL EXPENDITURES	461,112	461,112	461,112	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(461,112)	(461,112)	(461,112)	-
OTHER FINANCING SOURCES:				
Transfers in	461,112	461,112	461,112	-
TOTAL OTHER FINANCING SOURCES	461,112	461,112	461,112	-
NET CHANGE IN FUND BALANCE	-	-	-	-
FUND BALANCE - BEGINNING OF YEAR	-	-	-	-
FUND BALANCE - END OF YEAR	\$ -	\$ -	\$ -	\$ -

See independent auditors' report.

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, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental revenue	\$ 1,076,372	\$ 793,476	\$ 823,717	\$ 30,241
Other revenues	500	11,000	40,272	29,272
TOTAL REVENUES	<u>1,076,872</u>	<u>804,476</u>	<u>863,989</u>	<u>59,513</u>
EXPENDITURES:				
Current:				
Community development	686,863	605,408	419,386	186,022
Debt service:				
Principal retirement	300,000	300,000	300,000	-
Interest and other charges	290,161	290,161	290,161	-
TOTAL EXPENDITURES	<u>1,277,024</u>	<u>1,195,569</u>	<u>1,009,547</u>	<u>186,022</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(200,152)</u>	<u>(391,093)</u>	<u>(145,558)</u>	<u>245,535</u>
OTHER FINANCING SOURCES:				
Transfers in	200,152	391,093	145,558	(245,535)
TOTAL OTHER FINANCING SOURCES	<u>200,152</u>	<u>391,093</u>	<u>145,558</u>	<u>(245,535)</u>
NET CHANGE IN FUND BALANCE	-	-	-	-
FUND BALANCE - BEGINNING OF YEAR	-	-	-	-
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See independent auditors' report.

CITY OF BELLFLOWER

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

ECONOMIC DEVELOPMENT CAPITAL PROJECTS FUND

For the fiscal year ended June 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment earnings	\$ -	\$ -	\$ 9,996	\$ 9,996
TOTAL REVENUES	-	-	9,996	9,996
EXPENDITURES:				
Capital outlay	-	10,500	10,500	-
TOTAL EXPENDITURES	-	10,500	10,500	-
EXCESS OF REVENUES OVER (UUNDER) EXPENDITURES	-	(10,500)	(504)	9,996
OTHER FINANCING SOURCES:				
Transfers in	-	1,191,901	1,191,901	-
TOTAL OTHER FINANCING SOURCES	-	1,191,901	1,191,901	-
NET CHANGE IN FUND BALANCE	-	1,181,401	1,191,397	9,996
FUND BALANCE - BEGINNING OF YEAR	948,454	948,454	948,454	-
FUND BALANCE - END OF YEAR	\$ 948,454	\$ 2,129,855	\$ 2,139,851	\$ 9,996

See independent auditors' report.

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, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental revenue	\$ 617,997	\$ 1,022,835	\$ 511,137	\$ (511,698)
Other revenues	500	500	4	(496)
TOTAL REVENUES	618,497	1,023,335	511,141	(512,194)
EXPENDITURES:				
Current:				
Community development	618,497	1,058,497	525,289	533,208
TOTAL EXPENDITURES	618,497	1,058,497	525,289	533,208
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	(35,162)	(14,148)	21,014
OTHER FINANCING SOURCES:				
Transfers in	-	35,662	14,145	(21,517)
TOTAL OTHER FINANCING SOURCES	-	35,662	14,145	(21,517)
NET CHANGE IN FUND BALANCE	-	500	(3)	(503)
FUND BALANCE - BEGINNING OF YEAR	1,238,000	1,238,000	1,238,000	-
FUND BALANCE - END OF YEAR	\$ 1,238,000	\$ 1,238,500	\$ 1,237,997	\$ (503)

See independent auditors' report.

CITY OF BELLFLOWER

COMBINING STATEMENT OF NET POSITION
PRIVATE-PURPOSE TRUST FUNDS

June 30, 2013

	Redevelopment Obligation Retirement Fund	RDA Successor Agency BUSD Trust Fund	Total RDA Successor Agency Funds
ASSETS:			
CURRENT ASSETS:			
Cash and investments	\$ 1,511,069	\$ 1,832,200	\$ 3,343,269
Cash and investments with fiscal agents	610,485	-	610,485
Interest receivable	747	1,019	1,766
Notes receivable	4,167	-	4,167
TOTAL CURRENT ASSETS	2,126,468	1,833,219	3,959,687
NONCURRENT ASSETS:			
Capital assets, net of accumulated depreciation	13,650,646	-	13,650,646
Prepaid insurance costs	220,416	-	220,416
TOTAL NONCURRENT ASSETS	13,871,062	-	13,871,062
TOTAL ASSETS	15,997,530	1,833,219	17,830,749
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred loss on refunding, net of accumulated amortization	299,674	-	299,674
TOTAL DEFERRED OUTFLOWS OF RESOURCES	299,674	-	299,674
LIABILITIES:			
CURRENT LIABILITIES:			
Accounts payable	1,504	-	1,504
Accrued expenditures	7,175	-	7,175
Interest payable	194,550	-	194,550
Due to the City of Bellflower	130,212	-	130,212
Deposit payable	16,623	-	16,623
Current portion of bonds and notes payable	171,636	-	171,636
TOTAL CURRENT LIABILITIES	521,700	-	521,700
LONG-TERM LIABILITIES:			
Payable to the City of Bellflower	12,070,868	-	12,070,868
Due in more than one year	6,866,610	-	6,866,610
TOTAL LONG-TERM LIABILITIES	18,937,478	-	18,937,478
TOTAL LIABILITIES	19,459,178	-	19,459,178
NET POSITION:			
Restricted for debt service	610,485	-	610,485
Restricted held in trust for other purposes	-	1,833,219	1,833,219
Unrestricted	(3,772,459)	-	(3,772,459)
TOTAL NET POSITION	\$ (3,161,974)	\$ 1,833,219	\$ (1,328,755)

See independent auditors' report.

CITY OF BELLFLOWER

COMBINING STATEMENT OF CHANGES IN NET POSITION
PRIVATE-PURPOSE TRUST FUNDS

For the fiscal year ended June 30, 2013

	Redevelopment Obligation Retirement Fund	RDA Successor Agency BUSD Trust Fund	Total RDA Successor Agency Funds
ADDITIONS:			
Investment revenue	\$ 8,516	\$ 4,592	\$ 13,108
Taxes and assessments	2,570,329	-	2,570,329
Other revenues	26,464	-	26,464
TOTAL ADDITIONS	2,605,309	4,592	2,609,901
DEDUCTIONS:			
Administration	251,130	-	251,130
Community development	1,618,399	-	1,618,399
Contributions to other funds for debt services	477,962	-	477,962
Depreciation	196,767	-	196,767
TOTAL DEDUCTIONS	2,544,258	-	2,544,258
CHANGE IN NET POSITION, BEFORE TRANSFERS	61,051	4,592	65,643
TRANSFERS IN	-	412,179	412,179
TRANSFERS OUT	(412,179)	-	(412,179)
CHANGE IN NET POSITION	(351,128)	416,771	65,643
NET POSITION - BEGINNING OF YEAR	(2,810,846)	1,416,448	(1,394,398)
NET POSITION - END OF YEAR	\$ (3,161,974)	\$ 1,833,219	\$ (1,328,755)

See independent auditors' report.

CITY OF BELLFLOWER

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 AGENCY FUND

For the fiscal year ended June 30, 2013

	<u>Balance July 1, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2013</u>
ASSETS:				
Cash and investments	<u>\$ 1,034,537</u>	<u>\$ 1,149,406</u>	<u>\$ 564,071</u>	<u>\$ 1,619,872</u>
LIABILITIES:				
Deposits payable	<u>\$ 1,034,537</u>	<u>\$ 1,149,406</u>	<u>\$ 564,071</u>	<u>\$ 1,619,872</u>

See independent auditors' report.

**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.	144 - 153
<i>Revenue Capacity</i> – These schedules contain information to help the reader assess the City’s most significant local revenue source, the property tax.	154 - 157
<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.	158 - 163
<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.	164 - 165
<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.	167 - 170

CITY OF BELLFLOWER

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

	<u>2012-13</u>	<u>2011-12</u>	<u>2010-11</u>	<u>2009-10</u>
Governmental activities:				
Net investment in capital assets	\$ 40,702,783	\$ 35,922,038	\$ 38,999,300	\$ 36,578,312
Restricted	28,820,865	23,873,928	16,507,823	13,405,884
Unrestricted	<u>18,540,775</u>	<u>21,747,682</u>	<u>15,408,558</u>	<u>15,789,002</u>
Total governmental activities net position	<u>88,064,423</u>	<u>81,543,648</u>	<u>70,915,681</u>	<u>65,773,198</u>
Business-type activities:				
Net investment in capital assets	8,930,846	9,077,825	7,503,198	6,986,494
Restricted	-	-	-	991,719
Unrestricted	<u>(9,237,455)</u>	<u>(9,212,715)</u>	<u>(7,885,342)</u>	<u>(8,548,992)</u>
Total business-type activities net position	<u>(306,609)</u>	<u>(134,890)</u>	<u>(382,144)</u>	<u>(570,779)</u>
Primary government:				
Net investment in capital assets	49,633,629	44,999,863	46,502,498	43,564,806
Restricted	28,820,865	23,873,928	16,507,823	14,397,603
Unrestricted	<u>9,303,320</u>	<u>12,534,967</u>	<u>7,523,216</u>	<u>7,240,010</u>
Total primary government net position	<u>\$ 87,757,814</u>	<u>\$ 81,408,758</u>	<u>\$ 70,533,537</u>	<u>\$ 65,202,419</u>

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

Source: City Finance Department

<u>2008-09</u>	<u>2007-08</u>	<u>2006-07</u>	<u>2005-06</u>	<u>2004-05</u>	<u>2003-04</u>
\$ 33,770,883	\$ 34,454,767	\$ 28,032,957	\$ 22,594,651	\$ 14,706,513	\$ 10,751,912
13,727,607	5,144,724	5,797,645	7,890,144	10,033,611	14,510,268
<u>14,313,070</u>	<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>61,811,560</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>
6,305,692	6,115,154	6,171,974	-	-	-
-	-	-	-	-	-
<u>(7,020,762)</u>	<u>(6,699,586)</u>	<u>(6,453,055)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(715,070)</u>	<u>(584,432)</u>	<u>(281,081)</u>	<u>-</u>	<u>-</u>	<u>-</u>
40,076,575	40,569,921	34,204,931	22,594,651	14,706,513	10,751,912
13,727,607	5,144,724	5,797,645	7,890,144	10,033,611	14,510,268
<u>7,292,308</u>	<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>\$ 61,096,490</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>

CITY OF BELLFLOWER

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

	2012-13	2011-12	2010-11	2009-10
Expenses:				
Governmental activities:				
General government	\$ 3,506,947	\$ 3,375,762	\$ 3,719,558	\$ 3,651,270
Public safety	10,281,393	9,783,923	10,325,791	10,303,163
Public works	9,058,651	8,279,059	8,151,419	8,720,389
Community development	3,877,492	4,699,176	4,876,131	3,761,972
Parks and recreation	1,903,971	2,040,498	1,938,080	2,187,622
Interest on long-term debt	807,729	2,260,133	3,644,737	3,617,692
Total governmental activities expenses	29,436,183	30,438,551	32,655,716	32,242,108
Business-type activities:				
Water	1,783,206	1,319,742	1,290,882	1,317,455
Interest on long-term debt	-	-	-	412,027
Total business-type activities expenses	1,783,206	1,319,742	1,290,882	1,729,482
Total primary government expenses	31,219,389	31,758,293	33,946,598	33,971,590
Program revenues:				
Governmental activities:				
Charges for services:				
Public safety	1,998,982	1,886,900	1,813,859	2,082,459
Public works	643,627	478,545	154,069	119,975
Community development	642,191	358,811	915,134	665,881
Parks and recreation	296,323	271,989	294,005	305,658
Operating contributions and grants	3,689,557	6,979,234	6,719,028	6,116,197
Capital contributions and grants	4,335,557	1,425,827	1,995,701	2,276,280
Total governmental activities program revenues	11,606,237	11,401,306	11,891,796	11,566,450
Business-type activities:				
Charges for services:				
Water	1,900,476	1,472,233	1,463,718	1,441,351
Capital contributions and grants	-	427,952	376,485	392,093
Total business-type activities program revenues	1,900,476	1,900,185	1,840,203	1,833,444
Total primary government program revenues	13,506,713	13,301,491	13,731,999	13,399,894
Net revenues (expenses):				
Governmental activities	(17,829,946)	(19,037,245)	(20,763,920)	(20,675,658)
Business-type activities	117,270	580,443	549,321	103,962
Total Primary government net expenses	(17,712,676)	(18,456,802)	(20,214,599)	(20,571,696)

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

Source: City Finance Department

	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04
\$	4,016,741	\$ 4,673,647	\$ 4,684,334	\$ 4,190,022	\$ 4,251,643	\$ 3,314,466
	10,465,437	9,830,279	9,466,438	8,931,846	8,505,491	8,329,356
	8,534,387	8,561,074	7,955,725	8,134,862	7,655,727	6,967,996
	7,795,755	4,737,554	4,154,709	4,666,591	3,763,743	4,307,424
	2,880,923	3,422,450	2,888,491	2,690,337	2,644,966	2,599,166
	1,370,074	1,082,459	1,106,344	1,130,336	1,149,420	460,854
	<u>35,063,317</u>	<u>32,307,463</u>	<u>30,256,041</u>	<u>29,743,994</u>	<u>27,970,990</u>	<u>25,979,262</u>
	1,423,016	1,886,301	722,246	-	-	-
	-	-	-	-	-	-
	<u>1,423,016</u>	<u>1,886,301</u>	<u>722,246</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>36,486,333</u>	<u>34,193,764</u>	<u>30,978,287</u>	<u>29,743,994</u>	<u>27,970,990</u>	<u>25,979,262</u>
	1,792,240	1,696,289	1,748,090	1,734,648	1,506,526	1,588,548
	378,031	634,813	575,015	176,980	286,347	111,191
	533,292	561,831	888,645	936,430	741,302	559,775
	578,768	711,744	617,406	504,394	497,670	445,630
	5,124,970	7,787,002	6,026,064	7,242,195	5,647,748	6,326,966
	1,866,525	2,013,500	1,211,344	1,269,027	969,623	705,282
	<u>10,273,826</u>	<u>13,405,179</u>	<u>11,066,564</u>	<u>11,863,674</u>	<u>9,649,216</u>	<u>9,737,392</u>
	1,471,959	1,489,421	422,677	-	-	-
	2,222	35,548	-	-	-	-
	<u>1,474,181</u>	<u>1,524,969</u>	<u>422,677</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>11,748,007</u>	<u>14,930,148</u>	<u>11,489,241</u>	<u>11,863,674</u>	<u>9,649,216</u>	<u>9,737,392</u>
	(24,789,491)	(18,902,284)	(19,189,477)	(17,880,320)	(18,321,774)	(16,241,870)
	51,165	(361,332)	(299,569)	-	-	-
	<u>(24,738,326)</u>	<u>(19,263,616)</u>	<u>(19,489,046)</u>	<u>(17,880,320)</u>	<u>(18,321,774)</u>	<u>(16,241,870)</u>

Continued

CITY OF BELLFLOWER

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

	2012-13	2011-12	2010-11	2009-10
General revenues and other changes in net position:				
Governmental activities:				
Taxes:				
Sales taxes	\$ 7,995,393	\$ 7,574,381	\$ 4,323,155	\$ 4,491,686
Property taxes	3,339,134	3,429,221	4,647,638	3,784,401
Property taxes in lieu of VLF	6,377,335	6,256,394	6,130,178	6,099,840
Franchise taxes	1,550,638	1,557,146	1,447,478	1,410,399
Utility users taxes	4,009,201	3,701,170	3,856,436	4,037,569
Transient occupancy taxes	526,149	486,846	443,966	450,715
Business license taxes	592,823	590,885	588,495	659,970
Property transfer taxes	120,693	103,908	112,740	114,075
Intergovernmental - unrestricted:				
Motor vehicle in lieu	39,735	38,347	354,854	227,345
State Mandated Cost	42,811	117	42,374	-
Earnings on investments	674,358	3,005,570	2,907,072	2,943,647
Miscellaneous	640,142	749,291	669,986	425,759
Gain on sale of property	22,306	8,325	-	1,229
Transfers	(11,612)	353,525	382,031	(9,339)
Total governmental activities	25,919,106	27,855,126	25,906,403	24,637,296
Business-type activities:				
Earnings on investments	232	806	1,490	11,500
Miscellaneous	20,105	19,530	19,855	19,490
Transfers	11,612	(353,525)	(382,031)	9,339
Total business-type activities	31,949	(333,189)	(360,686)	40,329
Total primary government	25,951,055	27,521,937	25,545,717	24,677,625
Changes in net position before extraordinary item:				
Governmental activities	8,089,160	8,817,881	5,142,483	3,961,638
Business-type activities	149,219	247,254	188,635	144,291
Total primary government	8,238,379	9,065,135	5,331,118	4,105,929
Extraordinary item:				
Governmental activities:				
Extraordinary gain on transfer of assets and liabilities to RDA successor trust funds	-	1,929,035	-	-
Net position - July 1	81,408,758	70,533,537	65,202,419	61,096,490
Implementation of GASB Statement No. 65	(401,308)			
Prior period adjustments	(1,488,015)	(118,949)	-	-
Net position - July 1, Restated	79,519,435	70,414,588	65,202,419	61,096,490
Net position - June 30	\$ 87,757,814	\$ 81,408,758	\$ 70,533,537	\$ 65,202,419

Source: City Finance Department

	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04
\$	4,074,112	\$ 4,864,723	\$ 5,492,016	\$ 5,623,126	\$ 5,126,776	\$ 5,366,684
	4,259,838	4,630,983	4,378,690	4,092,921	3,408,915	2,918,170
	6,408,704	6,089,921	5,568,084	4,551,129	3,786,400	-
	1,517,568	1,536,573	1,355,987	1,403,431	1,318,757	1,298,670
	4,118,981	4,057,482	4,029,961	3,935,990	3,748,243	3,358,180
	514,825	579,635	603,016	584,975	520,290	518,838
	601,787	515,903	591,004	518,358	501,369	503,318
	101,339	127,741	223,963	239,878	252,189	213,839
	263,401	343,552	418,679	534,255	2,264,037	3,476,915
	-	-	-	-	-	-
	1,151,930	1,027,148	830,394	556,572	352,426	219,649
	506,782	457,785	1,752,791	841,970	588,643	623,005
	-	-	-	-	-	-
	284,655	(2,944)	-	-	-	-
	23,803,922	24,228,502	25,244,585	22,882,605	21,868,045	18,497,268
	102,852	63,741	18,486	-	-	-
	-	(8,704)	2	-	-	-
	(284,655)	2,944	-	-	-	-
	(181,803)	57,981	18,488	-	-	-
	23,622,119	24,286,483	25,263,073	22,882,605	21,868,045	18,497,268
	(985,569)	5,326,218	6,055,108	5,002,285	3,546,271	2,255,398
	(130,638)	(303,351)	(281,081)	-	-	-
	(1,116,207)	5,022,867	5,774,027	5,002,285	3,546,271	2,255,398
	-	-	-	-	-	-
	62,212,697	57,189,830	51,385,891	46,383,606	42,837,335	40,581,937
	-	-	29,912	-	-	-
	62,212,697	57,189,830	51,415,803	46,383,606	42,837,335	40,581,937
\$	61,096,490	\$ 62,212,697	\$ 57,189,830	\$ 51,385,891	\$ 46,383,606	\$ 42,837,335

CITY OF BELLFLOWER

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

	<u>2012-13</u>	<u>2011-12</u>	<u>2010-11</u>	<u>2009-10</u>
General fund:				
Reserved	\$ -	\$ -	\$ -	\$ 12,383,616
Unreserved	-	-	-	15,085,456
Nonspendable	10,527,450	12,658,015	12,362,490	-
Unassigned	<u>14,615,470</u>	<u>14,376,492</u>	<u>15,735,669</u>	-
Total general fund	<u>25,142,920</u>	<u>27,034,507</u>	<u>28,098,159</u>	<u>27,469,072</u>
All other governmental funds:				
Reserved	-	-	-	8,875,952
Unreserved, reported in:				
Special revenue funds	-	-	-	2,888,638
Capital projects funds	-	-	-	(17,837,466)
Nonspendable	10,571,900	8,653,181	7,555,181	-
Restricted	8,734,587	7,413,549	4,895,041	-
Assigned	2,139,851	948,454	938,000	-
Unassigned	<u>(3,730,989)</u>	<u>(1,368,666)</u>	<u>(19,976,488)</u>	-
Total all other governmental funds	<u>17,715,349</u>	<u>15,646,518</u>	<u>(6,588,266)</u>	<u>(6,072,876)</u>
Total general and other governmental funds	<u>\$ 42,858,269</u>	<u>\$ 42,681,025</u>	<u>\$ 21,509,893</u>	<u>\$ 21,396,196</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>2008-09</u>	<u>2007-08</u>	<u>2006-07</u>	<u>2005-06</u>	<u>2004-05</u>	<u>2003-04</u>
\$ 10,468,690	\$ 14,987,982	\$ 14,514,961	\$ 10,284,180	\$ 5,808,367	\$ 2,970,580
15,232,621	11,198,992	11,537,788	12,106,940	14,728,727	13,816,303
-	-	-	-	-	-
-	-	-	-	-	-
<u>25,701,311</u>	<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>
8,855,703	1,366,764	1,721,800	1,498,046	1,379,715	1,781,629
3,327,694	3,254,679	2,446,988	1,892,825	1,672,152	1,649,405
(14,885,202)	(12,246,593)	(9,091,439)	(3,765,274)	2,481,605	6,812,177
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>(2,701,805)</u>	<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>\$ 22,999,506</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>

CITY OF BELLFLOWER

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

	2012-13	2011-12	2010-11	2009-10
Revenues:				
Taxes	\$ 24,599,964	\$ 23,742,794	\$ 22,390,173	\$ 22,136,199
Licenses and permits	538,438	423,710	572,062	452,082
Fines, forfeitures and penalties	1,805,305	1,638,990	1,686,089	1,911,150
Investment income	673,554	222,635	590,299	906,481
Charges for current services	1,007,724	933,545	927,555	818,787
Intergovernmental	7,363,932	8,443,525	9,100,956	8,608,657
Other	1,084,267	1,140,903	760,494	531,220
Total revenues	37,073,184	36,546,102	36,027,628	35,364,576
Expenditures				
Current:				
General government	3,434,358	3,353,254	3,479,042	3,375,676
Public safety	10,250,247	9,713,983	10,236,155	10,209,735
Public works	8,294,017	7,565,377	7,592,448	8,100,735
Community development	3,705,173	4,195,280	4,937,757	4,324,935
Parks and recreation	1,626,832	1,708,271	1,633,907	1,804,542
Capital outlay	5,725,081	4,949,612	3,078,443	3,562,332
Debt service:				
Principal retirement	795,000	855,116	1,059,778	881,520
Interest and fiscal charges	791,692	2,481,551	3,620,112	3,448,658
Debt issuance costs	-	-	58,326	-
Pass-through payments	-	225,433	636,591	1,257,353
Total expenditures	34,622,400	35,047,877	36,332,559	36,965,486
Excess (deficiency) of revenues over (under) expenditures	2,450,784	1,498,225	(304,931)	(1,600,910)
Other financing sources (uses):				
Proceeds from issuance of long term debt	-	-	3,495,000	-
Payment to refunded debt escrow	-	-	(3,458,403)	-
Proceeds on sale of property	-	-	-	6,939
Original issuance discount	-	-	-	-
Transfers in	3,180,558	4,148,816	4,739,433	4,018,221
Transfers out	(3,192,170)	(3,795,291)	(4,357,402)	(4,027,560)
Total other financing sources (uses)	(11,612)	353,525	418,628	(2,400)
Special item:				
Forgiveness of matured interest	-	10,064,425	-	-
Extraordinary items:				
Gain on transfer of advances receivable	2,068,991	-	-	-
Loss on transfer of advances receivable	(2,068,991)	-	-	-
Gain on transfer of assets and liabilities from former RDA funds	-	9,373,906	-	-
Total extraordinary items	-	9,373,906	-	-
Net change in fund balances	\$ 2,439,172	\$ 21,290,081	\$ 113,697	\$ (1,603,310)
Debt service as a percentage of noncapital expenditures	5.5%	11.2%	14.1%	13.0%

Source: City Finance Department

2008-09	2007-08	2006-07	2005-06	2004-05	2003-04
\$ 22,101,270	\$ 22,016,119	\$ 21,686,876	\$ 20,932,778	\$ 18,695,357	\$ 14,386,007
464,381	987,878	1,374,588	717,457	666,283	525,931
1,666,020	1,601,565	1,652,801	1,627,310	1,450,200	1,526,371
930,809	1,122,760	1,442,451	1,237,932	1,963,553	1,060,975
1,012,328	1,667,612	1,517,594	994,934	896,682	637,601
7,334,737	9,227,030	7,060,444	8,424,480	8,341,439	10,376,260
675,210	775,340	1,227,621	1,927,505	373,128	600,214
<u>34,184,755</u>	<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>
4,011,397	4,465,318	4,417,204	4,000,618	3,776,426	2,844,794
10,449,205	9,628,337	9,391,867	8,890,397	8,505,120	8,298,283
8,151,096	8,090,059	7,252,435	6,988,181	6,744,422	6,304,721
6,518,256	4,373,346	3,724,641	4,320,677	4,101,851	4,391,298
2,576,285	2,913,410	2,659,799	2,455,222	2,497,559	2,409,121
3,513,599	7,384,859	6,553,988	10,801,152	5,642,889	5,078,293
673,361	618,654	607,013	598,519	487,315	278,090
2,944,340	2,438,881	2,194,586	1,820,663	1,766,409	448,609
-	-	-	-	2,478	536,803
450,973	50,770	47,461	40,816	32,418	28,548
<u>39,288,512</u>	<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>(5,103,757)</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>
9,255,000	-	-	-	210,717	14,815,000
-	-	-	-	-	(2,380,002)
1,784	-	-	-	-	-
-	-	-	-	-	(75,954)
4,221,886	3,055,912	2,190,297	2,087,090	3,047,142	7,129,525
<u>(3,937,231)</u>	<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>9,541,439</u>	<u>(2,944)</u>	<u>-</u>	<u>-</u>	<u>210,717</u>	<u>12,359,044</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 4,437,682</u>	<u>\$ (2,568,274)</u>	<u>\$ (886,619)</u>	<u>\$ (4,053,849)</u>	<u>\$ (959,528)</u>	<u>\$ 10,853,843</u>
10.1%	9.4%	9.2%	7.7%	7.9%	4.8%

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		
2013	\$ 3,393,131	\$ 518,715	\$ 73,958	\$ 116,442	\$ 84,264	\$ 76,042	\$ 4,262,552	1.93%	0.14357%
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%

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

	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04
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
LA Co. Flood Control Storm Dr. DS #4	-	-	-	-	-	-	0.00005	0.00002	0.00021	0.00043
Flood Control Ref. Bonds 1993 DS	-	-	-	-	-	-	-	0.00003	0.00003	0.00004
Cerritos CC DS 2004 Series 2004A	0.00154	0.00128	0.00093	0.00221	0.00172	0.00407	0.00251	0.01279	0.01908	-
Cerritos CC DS 2005 Refunding Bonds	0.00620	0.00594	0.00607	0.00533	0.00510	0.00412	0.00429	0.01144	-	-
Cerritos CCD DS 2004 Series 2006	0.00408	0.00402	0.00426	0.00433	0.00312	0.00253	0.01713	-	-	-
Cerritos CC DS 2004 Series 2009C	0.00754	0.00658	0.01551	0.00667	-	-	-	-	-	-
Cerritos CC DS 2004 Series 2012D	0.00659	-	-	-	-	-	-	-	-	-
Central Basin MWD 1114	0.00350	0.00370	0.00370	0.00430	0.00430	0.00450	0.00470	0.00520	0.00580	0.00610
Total Overlapping ² Tax Rates	0.02944	0.02152	0.03047	0.02284	0.01424	0.01522	0.02934	0.03028	0.02604	0.00756
Total Direct & Overlapping Tax Rates	1.02944	1.02152	1.03047	1.02284	1.01424	1.01522	1.02934	1.03028	1.02604	1.00756
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
Total Direct Rate ⁵	0.14357	0.14215	0.13940	0.12631	0.12209	0.11940	0.11797	0.11514	0.11479	0.11276

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. AB X1 26 eliminated RDA from the State of California for the fiscal year 2012/13 and thereafter.

⁵ Because basic and debt rates vary by tax rate area individual rates cannot be summed. The 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	2012-13		2003-04	
	Taxable Assessed Value	Percent of Total Taxable Assessed Value	Taxable Assessed Value	Percent of Total Taxable Assessed Value
Kaiser Foundation Health Plan Inc	\$ 76,088,970	1.79%	\$ -	-
Advanced Group	32,086,880	0.75%	14,568,679	0.51%
Lakewood Plaza SC LP	21,012,000	0.49%	-	-
Time Warner NY Cable LLC	19,479,239	0.46%	-	-
Kmart Plaza Bellflower	16,251,557	0.38%	14,093,971	0.49%
Bellflower Park LP	13,300,000	0.31%	-	-
Belmont Place Bellflower Associates	11,896,977	0.28%	8,628,500	0.30%
Bellflower-Somerset Mutual Water Co	11,758,925	0.28%	8,208,359	0.29%
Iron Mountain	10,769,660	0.25%	9,691,000	0.34%
Ford West Properties LLC	10,527,147	0.25%	-	-
Comcast of Los Angeles Inc	-	-	32,891,539	1.15%
Haagen GDH Partnership	-	-	12,990,800	0.45%
Kenneth W. and Phyllis L. Duke	-	-	10,957,324	0.38%
James A. and Sharon Carter Et Al	-	-	8,449,431	0.30%
Union Development Company Inc	-	-	8,038,606	0.28%
	<u>\$ 223,171,355</u>	<u>5.24%</u>	<u>\$ 128,518,209</u>	<u>4.50%</u>

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
2013	\$ 2,561,931	\$ 2,542,776	99.3%	\$ 19,155	2,561,931	100.0%
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%

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									Debt Per Capita ⁵
	Refunding Tax Allocation Bonds ¹	California Energy Commission Loan	Notes Payable ²	2011 Lease Financing Agreement ³	1999 Refunding Certificates of Participation	2008 Water System Certificates of Participation	2004 Section 108 Loan	Total Governmental Activities	Percentage of Personal Income ⁴	
2013	\$ -	\$ -	\$ -	\$ 2,865,000	\$ -	\$ 7,810,000	\$ 4,969,000	\$ 15,644,000	n/a	202
2012	-	-	-	3,215,000	-	7,955,000	5,269,000	16,439,000	1.05%	213
2011	6,880,000	-	724,969	3,495,000	-	8,095,000	5,555,000	24,749,969	1.60%	322
2010	7,010,000	-	956,747	-	3,655,000	8,230,000	5,828,000	25,679,747	1.78%	332
2009	7,135,000	-	1,173,267	-	3,935,000	8,230,000	6,088,000	26,561,267	1.87%	345
2008	7,255,000	-	188,628	-	4,200,000	-	6,336,000	17,979,628	1.25%	235
2007	7,370,000	-	196,281	-	4,460,000	-	6,572,000	18,598,281	1.30%	243
2006	7,480,000	19,654	203,641	-	4,705,000	-	6,797,000	19,205,295	1.38%	250
2005	7,590,000	58,097	210,717	-	4,945,000	-	7,000,000	19,803,814	1.48%	257
2004	7,815,000	95,412	-	-	5,170,000	-	7,000,000	20,080,412	1.55%	262

¹ AB X1 26 dissolved all redevelopment agencies in California as of February 1, 2012. As a result, the Tax Allocation Bonds were transferred from the dissolved Bellflower Redevelopment Agency to the Successor Agency and accounted for in a Private-Purpose Trust Fund.

² These notes of the dissolved Bellflower Redevelopment Agency were transferred to the Successor Agency and accounted for in a Private-Purpose Trust Fund.

³ 2011 Lease Financing Agreement refunded the 1999 Refunding Certificates of Participation.

⁴ Per Capita Personal Income data is provided on a calendar year basis and is not yet available for 2013.

⁵ These ratios are calculated using the official demographic estimate as of January 1st of each calendar year.

Notes:

Details regarding the City's outstanding debt can be found in the notes to the financial statements.
No debt was issued in the business-type activities.

Source: City Finance Department

CITY OF BELLFLOWER

RATIO OF GENERAL BONDED DEBT OUTSTANDING Last Ten Fiscal Years

Fiscal Year Ended June 30	Outstanding General Bonded Debt			Per Capita ³
	2004 Refunding Tax Allocation Bonds ¹	Total	Percent of Assessed Value ²	
2013 ⁴	\$ -	\$ -	-	\$ -
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

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>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Assessed valuation ¹	\$ 3,681,845	\$ 3,616,441	\$ 3,550,753	\$ 3,589,218
Conversion percentage	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>
Adjusted assessed valuation	920,461	904,110	887,688	897,305
Debt limit percentage	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>
Debt limit	138,069	135,617	133,153	134,596
Total net debt applicable to limit:				
General obligation bonds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Legal debt margin	<u>\$ 138,069</u>	<u>\$ 135,617</u>	<u>\$ 133,153</u>	<u>\$ 134,596</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 the 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

2009	2008	2007	2006	2005	2004
\$ 3,806,597	\$ 3,617,655	\$ 3,293,826	\$ 2,979,724	\$ 2,688,502	\$ 2,492,334
<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>
951,649	904,414	823,457	744,931	672,126	623,084
<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>
142,747	135,662	123,518	111,740	100,819	93,463
-	-	-	-	-	-
<u>\$ 142,747</u>	<u>\$ 135,662</u>	<u>\$ 123,518</u>	<u>\$ 111,740</u>	<u>\$ 100,819</u>	<u>\$ 93,463</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, 2013

	<u>Gross Debt Balance</u>	<u>Percent Applicable to City</u>	<u>Net Bonded Debt</u>
<u>DIRECT DEBT</u>			
CITY OF BELLFLOWER GENERAL FUND OBLIGATIONS:			
WATER SYSTEM CERTIFICATES OF PARTICIPATION	\$ 7,810,000	100.000 %	\$ 7,810,000
LEASE FINANCING AGREEMENT	2,865,000	100.000	2,865,000
TOTAL DIRECT DEBT			<u>10,675,000</u>
<u>OVERLAPPING DEBT</u>			
315.05 METROPOLITAN WATER DISTRICT *	79,696,126	0.443	352,741
790.50 CERRITOS CC DS 2004 SERIES 2004A	2,330,000	10.722	249,832
790.51 CERRITOS CC DS 2005 REFUNDING BONDS	21,268,286	10.722	2,280,471
790.52 CERRITOS CC DS 2004 SERIES 2006	30,645,000	10.722	3,285,880
790.53 CERRITOS CC DS 2004 SERIES 2009C	51,160,000	10.722	5,485,581
790.54 CERRITOS CC DS 2004 SERIES 2012D	82,825,515	10.722	8,880,885
793.50 COMPTON CCD DS 2002 SERIES A	19,730,000	2.254	444,668
793.51 COMPTON CCD DS 2002 SERIES 2008A	28,576,122	2.254	644,040
793.52 COMPTON CCD DS 2002 REF	14,470,000	2.254	326,120
819.52 ABC UNIFIED SD DS 1997 SERIES	29,626,700	0.033	9,656
819.53 ABC UNIFIED SD DS 2010 REFUND BONDS	21,615,000	0.033	7,044
822.03 BELLFLOWER UNIFIED SCHOOL DISTRICT	37,000,000	69.339	25,655,269
853.53 DOWNEY USD DS REFUNDING 1999 SERIES A	6,020,256	3.613	217,535
853.57 DOWNEY USD DS 2002 SERIES B	695,000	3.613	25,113
853.58 DOWNEY USD DS 2002 SERIES C	3,735,000	3.613	134,960
853.59 DOWNEY USD DS 2006 REFUNDING BONDS	8,675,000	3.613	313,461
853.60 DOWNEY USD DS 2007 REF BDS	20,125,000	3.613	727,194
853.61 DOWNEY USD DS 2011 REFUNDING BONDS	11,755,000	3.613	424,753
853.62 DOWNEY USD DS 2012 REF BONDS	17,620,000	3.613	636,678
903.51 NORWALK-LA MIRADA USD DS 2002 S-05A	65,849,872	0.018	12,099
903.52 NORWALK-LA MIRADA USD DS 2005 REFUNDING BONDS	24,870,000	0.018	4,570
903.53 NORWALK-LA MIRADA USD DS 2002 SER 2007A	30,802,452	0.018	5,660
903.56 NORWALK-LA MIRADA UDS DS 2009 REF BONDS	21,430,000	0.018	3,937
907.50 PARAMOUNT USD DS 2005 REFUNDING BOND	17,470,000	7.882	1,376,928
907.51 PARAMOUNT USD DS 1998 SERIES B	7,714,976	7.882	608,069
907.52 PARAMOUNT USD DS 2006 SERIES 2007	27,425,000	7.882	2,161,549
907.53 PARAMOUNT USD DS 2006, SERIES 2011 BONDS	33,864,316	7.882	2,669,075
TOTAL OVERLAPPING DEBT			<u>56,943,768</u>
TOTAL DIRECT AND OVERLAPPING DEBT			<u>\$ 67,618,768</u>

2012/13 Assessed Valuation: \$3,906,775,010 After Deducting \$355,777,151 Incremental Value.

Debt To Assessed Valuation Ratios:	Direct Debt	0.27%
	Overlapping Debt	1.46%
	Total Debt	1.73%

*This fund is a portion of a larger agency, and is responsible for debt in areas outside the city.

Notes:

The report reflects debt which is being repaid through voter-approved property tax indebtedness.

Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the city. The percentage of overlapping debt applicable is estimated by using taxable assessed values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the city's boundaries and dividing it by each unit's total taxable assessed value.

Sources: HdL Coren & Cone, Los Angeles County Auditor-Controller

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	
2013	\$ 2,787,697	\$ 68,106	\$ 136,333	\$ -	\$ 2,583,258	\$ 150,000	\$ 442,356	\$ 592,356	4.36
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

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 Calendar Years

<u>Calendar Year</u>	<u>Population</u>	<u>Personal Income (In Thousands)</u>	<u>Per Capita Personal Income</u>	<u>Unemployment Rate</u>
2012	77,289	1,569,894	20,312	9.4%
2011	76,907	1,545,062	20,090	12.5%
2010	77,312	1,446,739	18,713	12.8%
2009	76,908	1,416,807	18,422	11.7%
2008	76,590	1,438,591	18,783	7.6%
2007	76,493	1,427,956	18,668	5.1%
2006	76,748	1,394,461	18,169	4.9%
2005	76,964	1,340,662	17,419	5.4%
2004	76,765	1,298,448	16,915	6.6%
2003	76,275	1,250,236	16,391	7.1%

Notes and Data Sources:

Population: California State Department of Finance.

Unemployment Data: California Employment Development Department.

2003-2009 Income Data: ESRI - *Demographic Estimates are based on the last available Census.*

Projections are developed by incorporating all of the prior census data released to date. Demographics Data is totaled from Census Block Groups that overlap the City's boundaries.

2010 and Later Income Data: US Census Bureau, most recent American Community Survey.

Report by: HdL Coren & Cone

CITY OF BELLFLOWER

PRINCIPAL EMPLOYERS

Current Year and Nine Years Ago

Employer	2012-13		2003-04	
	Number of Employees ¹	Percent of Total Employment ²	Number of Employees ¹	Percent of Total Employment ²
Hollywood Sports Park	366	1.116%	129	0.387%
Kaiser Permanente Medical Group	273	0.832%	993	2.983%
City of Bellflower	176	0.537%	239	0.718%
K-Mart Corporation	131	0.399%	120	0.360%
Superior Grocers	125	0.381%	-	-
Tsibel Dental Group Inc.	113	0.345%	-	-
Bel Tooren Villa Convalescent	112	0.341%	127	0.381%
Stater Brothers Market	92	0.280%	-	-
George Chevrolet	89	0.271%	-	-
Tulaphorn Inc.	79	0.241%	-	-
Bellflower Medical Center	-	-	521	1.565%
Time Warner Cable (Comcast of L.A.)	-	-	219	0.658%
Ford West	-	-	172	0.517%
Peter Wylan DDS	-	-	142	0.427%
Estrella, Inc.	-	-	118	0.354%
	<u>1,556</u>	<u>4.744%</u>	<u>2,780</u>	<u>8.350%</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 ²
2012-13	32,800	2012	32,400
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

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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									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
General government										
Full-time	17	17	17	17	18	21	21	21	20	18
Part-time	1	2	3	4	6	9	10	7	7	13
Total	18	19	20	21	24	30	31	28	27	31
Public safety										
Full-time	8	9	10	10	12	11	11	10	11	11
Part-time	8	7	7	6	7	8	8	11	11	9
Total	16	16	17	16	19	19	19	21	22	20
Public works										
Full-time	35	35	34	34	35	31	31	31	31	28
Part-time	4	2	3	2	14	16	14	11	13	17
Total	39	37	37	36	49	47	45	42	44	45
Community development										
Full-time	22	18	18	18	19	24	24	24	21	19
Part-time	0	0	1	1	2	3	5	4	3	9
Total	22	18	19	19	21	27	29	28	24	28
Parks and recreation										
Full-time	7	7	7	7	8	10	10	10	10	10
Part-time	74	73	63	59	72	134	146	118	114	105
Total	81	80	70	66	80	144	156	128	124	115
Total										
Full-time total	89	86	86	86	92	97	97	96	93	86
Part-time total	87	84	77	72	101	170	183	151	148	153
Total	176	170	163	158	193	267	280	247	241	239

Note:

Excludes frozen positions.

Source: City Finance Department

CITY OF BELLFLOWER

OPERATING INDICATORS BY FUNCTION

Last Ten Fiscal Years

	2012-13	2011-12	2010-11	2009-10
Police:				
Arrests ¹	2,085	2,328	2,590	2,660
Parking citations issued	27,440	24,774	25,139	29,410
Public Works:				
Street resurfacing (miles)	2.23	2.24	2.55	2.30
Parks and Recreation:				
Number of recreation classes	198	192	171	188
Number of facility rentals	245	255	272	257
Programs and facilities attendance	1,083,360	1,085,520	1,060,863	1,275,595
Water Services:				
Customer accounts	1,824	1,824	1,824	1,823
Annual supply to direct customers (acre feet)	658	622	673	683
Average daily consumption (thousands of gallons)	587	555	601	610
Annual supply to other water utilities/ agencies (acre feet)	2,806	104	-	-

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

2008-09	2007-08	2006-07	2005-06	2004-05	2003-04
2,563	2,258	2,413	2,214	2,133	2,084
30,017	25,290	24,941	28,318	29,870	33,028
-	-	-	2.65	0.77	1.14
158	131	156	159	164	151
268	299	264	282	286	291
1,159,691	1,207,835	1,163,802	1,189,803	1,256,536	1,356,420
1,823	1,818	1,815	-	-	-
712	763	818	-	-	-
636	681	730	-	-	-
-	-	-	-	-	-

CITY OF BELLFLOWER

CAPITAL ASSET STATISTICS BY FUNCTION Last Eight Fiscal Years

	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06
Police:								
Substation	1	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	96.41
Streetlights	147	147	147	147	147	147	147	147
Streetlights (Bike Trail)	138	138	138	-	-	-	-	-
Traffic signals	64	64	64	49	49	49	49	49
Parks and Recreation:								
Parks	8	5	5	5	5	5	5	5
Community centers	2	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	98.65
Storm drains (miles)	6.25	6.25	6.25	6.25	6.25	6.25	6.25	6.25

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

Source: City of Bellflower

CITY OF BELLFLOWER



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