

Comprehensive Annual Financial Report

City of Bellflower, California
Fiscal Year Ended June 30, 2014



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

**COMPREHENSIVE
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2014**

**PREPARED BY
FINANCE DEPARTMENT**

Tae G. Rhee
Director of Finance/City Treasurer

CITY OF BELLFLOWER

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December 12, 2014

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, 2014, 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

Capital Projects, Private Developments, and Other Community Projects

- Received preliminary approval for a \$8.19 million Measure R grant from the Gateway Cities Council of Governments to widen Bellflower Boulevard, from Beach Street to Artesia Boulevard. The project will significantly improve traffic and safety conditions and promote economic development in the area.
- Continued to work with the County of Los Angeles Fire Museum Association (CLAFMA) in a joint effort to fund the construction of a permanent Fire Museum and Event Center. The project will include the construction of a 2 story, 23,000 square foot building with a Museum on the first floor and an event center located on the second floor.
- Approved construction plans for a new Golden Corral Restaurant on the northwest corner of Bellflower Boulevard and Artesia Boulevard.
- Entered into a Disposition and Development Agreement with City Ventures for construction of 67 residential units with some retail along Alondra Boulevard west of Clark Avenue and 19 units in the downtown. Construction for the Alondra units is expected to be completed in summer of 2015 and the downtown units are expected to be completed in fall 2015.
- Entered into an Implementation Agreement with COBO, LLC for the operation of a Cigar Lounge with a beer and wine license.
- Completed design for several upcoming projects:
 - Flora Vista Dog Park
 - New Traffic Signal at Artesia Boulevard and California Avenue
 - New Parking Lot on 16906-16912 Bellflower Boulevard
 - Flower Street Rehabilitation
 - Rosecrans Avenue Slope Rehabilitation
 - Bellflower Boulevard Widening at the 91 Freeway
 - Landscaping on the 91 East Bound Ramp at Bellflower Boulevard
 - Zinn Park and Trail
- Completed a Specific Plan to allow for the Bellflower Collection mixed use development on the northwest corner of Alondra Blvd. and Clark Ave. The project involves a three-story tall, mixed use building including 10 live-work units and 10 residential units above along with 50 residential units to the north. Permits were issued and the project is undergoing inspections.
- Completed a Specific Plan Amendment to allow for Corte Bella Mixed Use on the southeast corner of Artesia Boulevard and Carpintero Avenue. Also approved a project that would construct 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.

- Completed a Specific Plan Amendment to allow for the Corte Fina Expansion of an existing 60-unit town home development near the southeast corner of Artesia Boulevard and Carpintero Avenue.
- Issued a final Certificate of Occupancy for the new Fronk's Restaurant.
- Entered into an agreement with Habitat for Humanity to allow their corporate office and a retail component on the former Hufcor site. Habitat is developing plans for their campus that will complement a future retail center adjacent to the Habitat for Humanity location.
- Widened a portion of Virginia Avenue to safely facilitate two-way vehicle traffic.
- Partnered with First 5 LA and L.A. Conservation Corps to develop and open a new Tot Lot Playground at Thompson Park for children ages 2-5 and children with special needs.
- Removed and replaced the Simms Park building roof.
- Resurfaced 0.5 miles and installed ADA curb ramps along Palo Verde Avenue and surrounding areas.
- Maintained the City's 7-year slurry seal schedule for all local streets.
- Rehabilitated 0.38 mile of arterial roadway pavement.
- Rehabilitated 1.44 miles of residential and collector roadway.
- Removed and replaced damaged curb, gutter, and sidewalk.
- Completed minor ADA improvements at the Thompson Park building.
- Entered into a Marketing Implementation Agreement and held a grand opening for Firehouse Chefs restaurant in the downtown area at the former El Herradero site.
- City entered into a CHDO and LMIHAF funding agreements with Little House to construct a 3 bedroom cottage with a kitchen and multipurpose room. Construction is expected to begin in December of 2014 and to be completed by June 2015. This project will provide housing to extremely low-income women with substance abuse issues.
- Participated in the development of the Bellflower-Paramount Bicycle Master Plan.
- Bellflower Village development was awarded the Los Angeles County Planning Association (APA) Award and the California-APA Award. 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.
- Completed a Bellflower Alondra Mixed Use 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.
- The General Plan Housing Element Update was pre-certified by the State of California in June 2013, approved by the City Council in October 2013, and certified by the State of California in the Spring of 2014.

- Entered into a Marketing Implementation Agreement with Metropolis Comics in the downtown area.
- A game plan to address nonconforming properties over an eight year period was approved by the City Council in October 2013. First series of amendments were approved in May 2014.

Municipal Water System

- Completed the System 2 Improvement project, replacing and extending a water pipe on Somerset Boulevard, from Bellflower Boulevard to Leahy Avenue to improve water pressure. Installed a new fire hydrant on Leahy Avenue.
- Decommissioned Well No. 17.
- Installed 60 radio read meters.
- Received a federal grant through the Gateway Water Management Authority to install 600 radio read meters over the next three years.
- Designed new water system atlas maps.
- Completed the first year of a five year water sales and lease agreement with Bellflower-Somerset Mutual Water Company (BSMWC). Leased 680 acre feet of surplus water rights and sold 1,300.18 acre feet of water to BSMWC.
- Maintained compliance with all regulatory requirements.

Other Accomplishments

- Crime Reduction
 - 23% reduction in robberies, decreasing from 138 (2012) to 105 (2013).
 - 13% reduction in residential burglaries, decreasing from 313 (2012) to 271 (2013).
 - 5% reduction in grand theft autos by 5%, decreasing from 516 (2012) to 487 (2013).
 - Maintained the overall Part 1 crime rate in proximity to the 2010 rate of 280. The rates were 281 in 2013, 283 in 2012 and 276 in 2011.
 - Continued to conduct relevant enforcement operations, including: gang sweeps, narcotics surveillances, bait car, prostitution stings, robbery suppression, parole searches, etc. in order to reduce criminal activity.
- Traffic Enforcement
 - Maintained an enforcement index of 30.0 or more.
 - Achieved 261 DUI arrests in 2013, which is significantly more than an anticipated 150 DUI arrests each year.
- Probation Population Management
 - Made 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.

- Continued to find ways of connecting the City's Community Policing Program with interested residents. Some methods include: Neighborhood Watch participation, coordinated efforts of district representatives, informational presentations to community groups, maintaining an informative and interactive departmental website, National Night Out participation, and maximum three day responses to neighborhood complaints (e.g. traffic, crime).
- Maintained core public safety services during a very difficult financial economy, while continually seeking new and creative funding sources to supplement existing funding.
- Secured funding to update the City's Safety Element, Natural Hazard Mitigation Plan, and Emergency Operation Plan.
- Participated in the development of draft Watershed Management Programs and Coordinated Integrated Monitoring Programs for the Los Cerritos Channel and Lower San Gabriel River Watershed Groups.
- Adopted a Low Impact Development Ordinance and Green Streets Best Management Practices Policy.
- Completed the 5-year Update and Re-Certification of the City's Sewer System Management Plan.
- Maintained compliance with the NPDES permit.
- Implemented the Commercial Business License Program and issued over 250 new licenses.
- Completed a business license data layer for the City's GIS system.
- Approved over two dozen "clean up" amendments through the Zoning Ordinance Text Amendment.
- Continued to maintain safe and attractive City facilities with minimal staffing.
- Implemented and assisted with special events including the Bellflower Car Show, Food Trucks & Flicks, Streetfest, Easter Egg Hunt, Halloween Trick or Treat Event, Mayor's Prayer Breakfast, Service Club Luncheon, Christmas Tree Lighting ceremony, Children's Holiday Party, BRAVO, Relay for Life, 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.
- Completed 7 Bellflower Looking Better beautification projects throughout the City.
- Supervised and coordinated 15,350 hours of volunteer service through the Bellflower Volunteer Center.
- Provided 11,570 hours of supervised park facilities to the community.
- Designed and distributed 28,000 recreation activity brochures to households three times a year.
- Deployed the Bellflower Recreation in Motion (BRIM) program 100 times throughout the year, visiting neighborhoods lacking park space, unsupervised parks, and community events.

- Offered new Senior Citizen programs, activities, and excursions as identified in the previous year's Senior Citizen Outreach Survey.
- Responded to more than 1,000 citizen inquiries and suggestions received by mail, by phone, and via the internet. Actively sought input from community members and groups.
- The City continues to work closely with our State and Federal legislative representatives and their staffs to ensure a free flowing exchange of information, in both directions, about our community's needs and concerns and the programs and services proposed and offered by the State and Federal governments. We continued our support of high speed rail projects through the EcoRapid Transit/Orangeline Development Authority.
- In concert with the League of California Cities and the California Contract Cities Association, and assisted by the City's lobbyists, monitored and advocated a position in support of or in opposition to more than 30 bills brought before the California Legislature and the U.S. Congress during their 2013-2014 Legislative Sessions. We lobbied, with mixed results, for the City's positions on utility user's taxes, outsourcing of services, elections, storm water runoff, environmental regulations, employee retirement, redevelopment, solar energy, and groundwater management.
- Using its "Tell Us How We're Doing" program, the City surveys residents, businesses and other members of the Bellflower community who received direct service from the City through by-mail surveys in order to monitor the public perception of City services.

MAJOR INITIATIVES FOR THE FUTURE

Capital Projects, Private Development and Other Community Projects

- The City is working on releasing a Request for Qualifications followed by a Request for Proposal to solicit a design/build firm to complete plans and construction of the Fire Museum and Event Center. It is anticipated the construction of this project will be completed in the Spring of 2016.
- An escrow for a property located at Mayne and Bellflower Boulevard is underway. This property is located in the heart of the downtown and will be the future site of the City's Transit Center.
- The City is working on a Purchase Agreement for property located on Trabuco and Alondra for a Urban Greening Project. This purchase would provide an additional 1.17 acres of Passive Park to the City. The project will act as a gateway to the east entrance into the City of Bellflower. The proposed project will feature a butterfly garden using plants that will attract native butterflies to the area. Additionally art that will complement the butterfly garden and act as a landmark is planned to be incorporated into the project. A grant has been received to help with the purchase of the land, and the City is currently seeking grants to help with the improvements. Only conceptual renderings have been completed for this concept.
- Complete plan check review and/or conduct timely field inspections for the following major construction projects:
 - Fire Museum and Events Center (Bellflower Blvd. and Greenway Trail)
 - Golden Corral Restaurant (Bellflower Blvd. and Artesia Blvd.)
 - The Bellflower Collection (Alondra Blvd. and Clark Ave.)
 - Downtown Bellflower Collection (Oak St. and Adenmoor Ave.)
 - Popeyes Louisiana Chicken (Woodruff Ave. and Rosecrans Ave.)

- 7-Eleven (Artesia Blvd. and Clark Ave.)
 - Autozone (Woodruff Ave. and Rosecrans Ave.)
 - Dollar Tree (Woodruff Ave. and Rosecrans/Lakewood Blvd. and Alondra)
- Process a 20-unit residential development on Oak St. and Adenmoor Ave. through the Planning Commission (for a Tentative Tract Map) and City Council (Street Vacation, Agreement).
 - Rehabilitate Flower Street and install ADA compliant features, from the west city limit to Woodruff Avenue.
 - Resurface portions of Eucalyptus Avenue, Cornuta Avenue, Ryon Avenue, and Hegel Street.
 - Complete pedestrian safety and ADA improvements along Clark Avenue and Eucalyptus Avenue under the Safe Routes to School program.
 - Complete the Bellflower Boulevard Pedestrian Enhancements in Downtown Bellflower.
 - Install a new traffic signal on the corner of California Avenue and Artesia Boulevard.
 - Construct a new parking lot on 16906-16912 Bellflower Boulevard to serve adjacent businesses in the downtown area.
 - Complete construction of the new Flora Vista Dog Park.
 - Complete construction of a new Zinn Park and Trail.
 - Design and install 12 new bus shelters throughout the City.
 - Complete the Rosecrans Avenue Slope Stabilization project.
 - Maintain the 7-year slurry seal schedule for all local streets.
 - Remove and replace damaged curb, gutter, and sidewalk.
 - Maintain tree trimming schedule.
 - Develop an updated Pavement Management System.
 - Develop a revised and restated ADA Transition Plan and commence high priority ADA upgrades identified in the Plan.
 - Complete ADA improvements for the Caruthers Park restrooms.
 - Construct landscaping on the south side of the SR-91 Freeway at Bellflower Boulevard.
 - Complete Bike Trail Ponding Relief project.
 - Expand the City Hall front counter and renovate the first floor lobby.
 - With Southern California Edison, complete construction of the Underground Utility District on Artesia Boulevard from Downey Avenue to Lakewood Boulevard.

- Complete the development of a Bellflower-Paramount Bicycle Master Plan.
- Complete a Federal Consultant Selection Process for Construction Engineering and Inspection for a three-year period.
- Begin an initiative to track and provide statistical reviews of social media sites in an effort to determine how businesses market and use these tools to either attack new business or help market existing business.
- Develop a quarterly electronic newsletter that will be released starting in January 2015. The newsletter will update the progress of new projects and discuss economic development related activities and amenities that can be used as an economic development draw. The newsletter will also highlight different businesses within the City. The newsletter will be e-mailed out to employees, developers, cities, and other stakeholders.
- Study and recommend changes within Phase 2 of the nonconforming action plan by amending the Zoning Code to address nonconforming uses, their abatement periods and create a more neighborhood-based development standard.
- Develop a food cart ordinance or alternative to address food carts. A 2-year moratorium was adopted in late 2012, in order to further research, evaluate and present code amendments and options for regulations to the Council.
- Develop appropriate codes to address electronic cigarettes. A moratorium extension was adopted, in order to further research, evaluate and present code amendments and options for regulations to the Council.

Municipal Water System

- Enter into one or more water lease and sales agreements.
- Install a phosphate treatment system at the High Capacity Well to mitigate colored water conditions.
- Connect 12 services onto a nearby BSMWC main, in lieu of rebuilding a deteriorating MWS main that the services are currently connected to.
- Install a minimum of 279 radio read meters in backyard easements.
- Replace a Glandon Avenue 4" main with 6" main to increase water pressure.
- Install an interconnection with BSMWC at Felson and Carpintero to serve as a back-up water supply source for System 8.
- Install a chlorine analyzer at the High Capacity Well.
- Complete a valuation of the Municipal Water System.
- Explore and apply for grants to secure funding for future capital improvements.

Other Initiatives

- Implement the Watershed Management Programs and Coordinated Integrated Monitoring Programs for the Los Cerritos Channel and Lower San Gabriel River Watershed Groups.
- Conduct the biennial Sewer System Management Plan Audit.
- Complete incorporation of Bike Trail, Palm Park and Riverview Park into the City's maintenance workload, effectively doubling the grounds maintenance responsibility.
- Maintain compliance with the 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 283.
 - 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.
- Community Outreach
 - 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 responsive to neighborhood complaints (e.g. traffic, crime).
- Public Safety Customer Service
 - Maintain routine response times of less than or equal to 35.0 minutes.
 - Maintain core public safety services during a very difficult economy, while continually seeking new and creative funding sources to supplement existing funding.
- Continue partnerships with public and private agencies for the expansion and continuation of the School Supplies/Backpack Drive and Holiday Food Basket and Spring Easter Basket programs.
- Partner with YMCA for a new youth basketball program and agreement.

- Implement/assist with special events including the Bellflower Car Show, Food Trucks & Flicks, Streetfest, Easter Egg Hunt, Halloween Trick or Treat Event, Mayor's Prayer Breakfast, Service Club Luncheon, Christmas Tree Lighting ceremony, Children's Holiday Party, BRAVO, Relay for Life, State of the City Luncheon, elections, and Outgoing Mayor's Ceremony.
- Provide seven Bellflower Looking Better beautification projects throughout the year.
- Continue to design and distribute recreation activities brochures to households three times a year.
- Continue to foster human development by providing programs and activities for our special needs population.
- Promote health and wellness through daily programming at parks and the Aquatic Center and through promoting access to newly developed parks and open spaces.
- 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.
- 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.
- Continue to streamline the recruitment process for contracted recreation class instructors, increasing recreation and life-long learning opportunities in the community.
- Conduct a complete Classification and Compensation study.
- Using the City's "Tell Us How We're Doing" program, surveys residents, businesses and other members of the Bellflower community who receive direct service from the City through the use of by-mail surveys designed to monitor our response and performance. Based on feedback received, we will seek to improve our customer service and the timely, efficient and courteous delivery of public services.
- Looking ahead to the expiration of the Temporary Utility Users' Tax in 2018, the City will continue to develop local revenue sources to provide future funding for necessary services.
- The City will continue to work with the League of California Cities, the California Contact Cities Association, and its lobbyists to monitor and advocate for or against specific legislation as it arises. Generally, the City's efforts for advocacy will focus around local land-use authority, revenue opportunities, economic development, water resources, and other areas of importance as deemed necessary by the City Council.
- The City will work closely with our State and Federal legislative representatives and their staffs to ensure an ongoing exchange of information about our community's needs and concerns, as well as about the programs and services proposed and offered by the State and Federal governments. We will continue our support of high speed rail projects through the EcoRapid Transit/Orangeline Development Authority.

ECONOMIC CONDITION

In fiscal year 2013-14, the City's revenues grew for the second year in a row from the recession. In the final year of the recession for the City (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. During the same time period, costs, on the other hand, had increased and the loss of purchasing power was 8.6%. Fortunately, the economy has been showing signs of recovery and the City's revenues have, therefore, increased.

In fiscal year 2013-14, the recurring General Fund revenues increased 3.1%, or \$780 thousand, from the preceding fiscal year. The recurring revenues do not include the new Measure P UUT revenues and the property tax administration fee settlement payments from Los Angeles County. In the preceding fiscal year 2012-13, the recurring General Fund revenues increased 6.0%, or \$1.4 million, from fiscal year 2011-12.

When compared to the pre-recession fiscal year 2006-07, the recurring General Fund revenue total of \$26.4 million in fiscal year 2013-14 was lower by 1.6%, or \$440 thousand. At the same time, costs have increased by 12%. As a result, it is evident that while revenues have improved, 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.

In addition to the recession, the State's 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. 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 gain slowly from prior drastic 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 to the General Fund (added \$1.46 million in fiscal year 2013-14). In December 2012, the City Council created a Temporary Utility Users' Tax Oversight Board (TUUTOB) to advise the City Council concerning expenditures made using revenue generated by the Temporary Utility Users' Tax. The seven-member Board meets quarterly and had its first meeting on July 16, 2013. 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. At the close of the first year the City is responsibly managing its revenues and continuing to develop local revenue sources to provide future funding for necessary services.

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.

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, 2014. 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 an unqualified opinion on the component unit financial statements for the Public Facilities Corporation. An unqualified opinion is also expected on the component unit financial statements for the Financing Authority.

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, 2013. 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 twenty (20) 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, 2014.

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, 2013

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

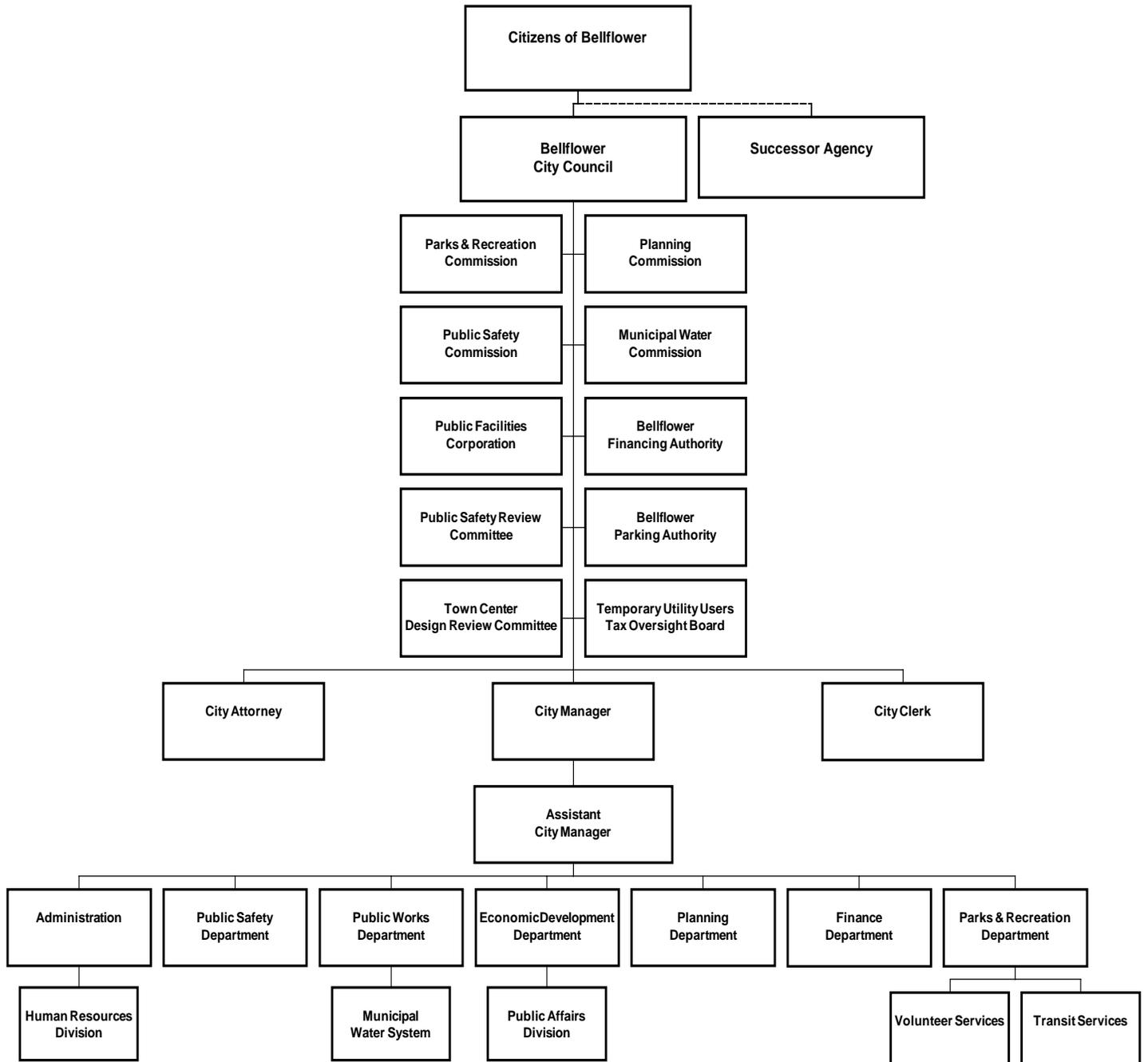
CITY COUNCIL

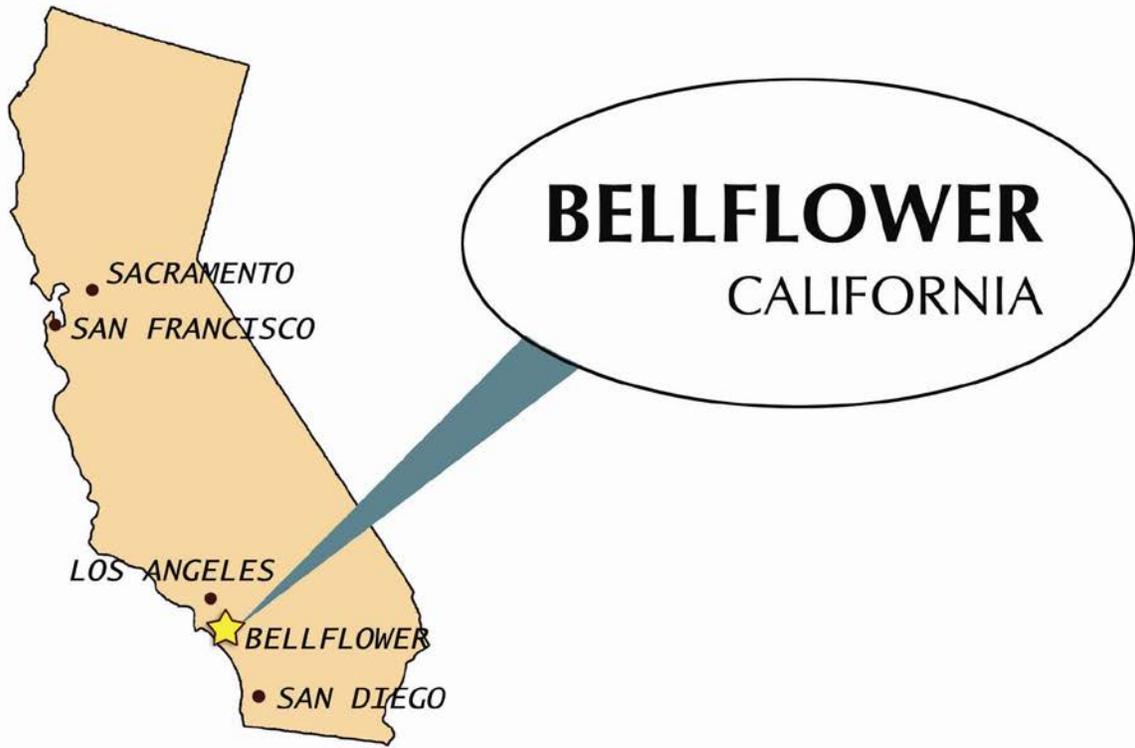
Sonny R. Santa Ines, Mayor
Scott A. Larsen, Mayor Pro Tem
Ray Dunton, Council Member
Dan Koops, Council Member
Ron Schnablegger, Council Member

PRINCIPAL ADMINISTRATIVE OFFICERS

Jeffrey L. Stewart, City Manager
Leo L. Mingle, Assistant City Manager
Debra D. Bauchop, City Clerk
Brian K. Lee, Director of Economic Development
P.J. Mellana, Director of Parks and Recreation
Rafael Guzman, Director of Planning
Joel D. Hockman, Director of Public Safety
Leonard W. Gorecki III, Director of Public Works
Tae G. Rhee, Director of Finance/City Treasurer

City of Bellflower Organization Chart





INDEPENDENT AUDITORS' REPORT

The Honorable Mayor and
Members of the 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, 2014, 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 opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, 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 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 opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activity, each major fund, and the aggregate remaining fund information of the City of Bellflower, as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 the General Fund and Low and Moderate Income Housing Asset Special Revenue Fund budgetary comparison schedules, listed in the table of contents as required supplementary information, 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.

The General Fund and Low and Moderate Income Housing Asset Special Revenue Fund 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 General Fund and Low and Moderate Income Housing Asset Special Revenue Fund budgetary comparison schedules are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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, as listed in the table of contents, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Other Matters (Continued)

Other Information (Continued)

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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2014, 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.



Irvine, California
December 1, 2014

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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, 2014. 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 and 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, 2014, the City's assets and deferred outflows of resources totaled \$112.1 million and total liabilities were \$19.2 million. The assets and deferred outflows of resources exceeded liabilities by \$92.9 million (net position). Of this amount, \$13.4 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, 2014, net position increased \$3.7 million (from the restated beginning net position). Total revenues from programs and general revenues were \$37.7 million and total expenses for all functions and programs were \$34.0 million.

During the year, the beginning net position was restated to account for the change in the position taken by the State Department of Finance with respect to the City's loan receivable from the Successor Agency. This change increased the loan balance and caused the net position to increase by \$1.5 million.

- Of total revenues of \$37.7 million, program revenues were \$10.7 million and general revenues were \$27.0 million. Program revenues are divided into three categories: Charges for services, \$5.9 million; Operating contributions and grants, \$4.3 million; and Capital contributions and grants, \$0.6 million.

Fund Based:

- At June 30, 2014, the General Fund balance was \$26.3 million, an increase of \$10 thousand (from the restated beginning fund balance). The nonspendable fund balance was \$11.7 million (long-term advances receivable from the Successor Agency to the Dissolved Bellflower Redevelopment Agency and the City's Municipal Water System) and the unassigned fund balance was \$14.6 million, of which \$8.0 million was a contingency reserve set aside for cash flows and emergencies.

See independent auditors' report

As discussed above, the City's loan receivable from the Successor Agency was restated causing the beginning General Fund balance to increase by \$1.2 million (80% of the loan is allocated to the General Fund and 20% is allocated to the Low and Moderate Income Housing Asset Special Revenue Fund).

- The actual General Fund revenues and transfers in were \$27.9 million, an increase of \$1.4 million from the prior year actual of \$26.5 million. The final budget was \$27.8 million.
- The actual General Fund expenditures and transfers out were \$27.9 million, an increase of \$1.5 million from the prior year actual of \$26.3 million. The final budget was \$29.0 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. 66 and No. 70 during the fiscal year 2014. These statements did not impact the City.

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 net 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.

See independent auditors' report

Fund Financial Statements

The Fund Financial Statements include statements for three categories of activities – governmental, proprietary, and fiduciary. The governmental activities are prepared using the current financial resources measurement focus and the modified accrual basis of accounting. The fiduciary activities are agency funds, which only report a balance sheet and do not have a measurement focus.

Reconciliation of the Fund Financial Statements to the Government-wide Financial Statements is provided to explain the differences created by the integrated approach.

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

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

Proprietary funds are primarily used to account for City charges for the services it provides, whether to outside customers or to other units of the City. These funds are reported in the same way that all activities are reported in the Statement of Net 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.

See independent auditors' report

Notes to the Basic Financial Statements

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

Other Information

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

Government-wide Financial Analysis

The government-wide statements report information about the City as a whole. The statement of net 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	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 62.4	\$ 60.6	\$ (8.5)	\$ (8.8)	\$ 53.9	\$ 51.8
Capital assets	49.7	48.4	8.4	8.9	58.1	57.3
Total assets	<u>112.1</u>	<u>109.0</u>	<u>(0.1)</u>	<u>0.1</u>	<u>112.0</u>	<u>109.1</u>
Deferred outflows of resources	0.1	0.1	-	-	0.1	0.1
Deferred outflows of resources	<u>0.1</u>	<u>0.1</u>	<u>-</u>	<u>-</u>	<u>0.1</u>	<u>0.1</u>
Current and other liabilities	4.6	5.7	0.3	0.4	4.9	6.1
Long-term debt	14.3	15.3	-	-	14.3	15.3
Total liabilities	<u>18.9</u>	<u>21.0</u>	<u>0.3</u>	<u>0.4</u>	<u>19.2</u>	<u>21.4</u>
Net Position:						
Net investment in capital assets	42.6	40.7	8.4	8.9	51.1	49.6
Restricted	28.4	28.9	-	-	28.4	28.9
Unrestricted	<u>22.3</u>	<u>18.5</u>	<u>(8.8)</u>	<u>(9.2)</u>	<u>13.4</u>	<u>9.3</u>
Total net position	<u>\$ 93.3</u>	<u>\$ 88.1</u>	<u>\$ (0.4)</u>	<u>\$ (0.3)</u>	<u>\$ 92.9</u>	<u>\$ 87.8</u>

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

The City's Government-wide total net position were \$92.9 million, with assets of \$112.0 million, deferred outflows of resources of \$0.1 million, and liabilities of \$19.2 million. The net investment in capital assets of \$51.1 million represents 55% 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, \$28.4 million, or 31%, represents resources that are subject to external restrictions in how they may be used.

The remaining balance of \$13.4 million, or 14%, 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.

Condensed Statement of Changes in Activities

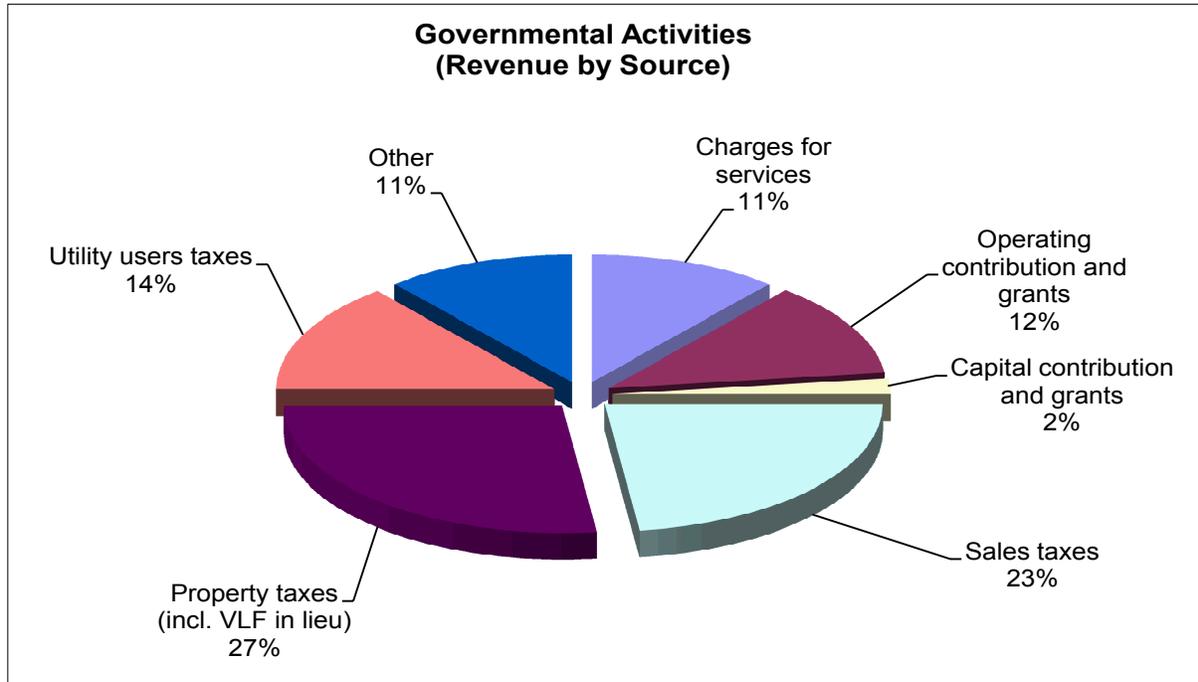
	Changes in Net Position (in millions)					
	Governmental Activities		Business-Type Activities		Government-Wide Totals	
	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
Revenues						
Program Revenues:						
Charges for services	\$ 4.0	\$ 3.6	\$ 1.9	\$ 1.9	\$ 5.9	\$ 5.5
Operating grants and contributions	4.3	3.7	-	-	4.3	3.7
Capital grants and contributions	0.6	4.3	-	-	0.6	4.3
Subtotal Program Revenues	<u>8.8</u>	<u>11.6</u>	<u>1.9</u>	<u>1.9</u>	<u>10.7</u>	<u>13.5</u>
General Revenues:						
Sales taxes	8.3	8.0	-	-	8.3	8.0
Property taxes	3.0	3.3	-	-	3.0	3.3
Property taxes in lieu of VLF	6.5	6.4	-	-	6.5	6.4
Franchise taxes	1.6	1.6	-	-	1.6	1.6
Utility users taxes	5.1	4.0	-	-	5.1	4.0
Transient occupancy taxes	0.6	0.5	-	-	0.6	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	-	-	0.1	0.1
Earnings on investments	0.4	0.7	-	-	0.4	0.7
Miscellaneous	0.7	0.6	0.1	-	0.7	0.6
Subtotal General Revenues	<u>27.0</u>	<u>25.9</u>	<u>0.1</u>	<u>-</u>	<u>27.0</u>	<u>25.9</u>
Total Revenues	<u>35.8</u>	<u>37.5</u>	<u>2.0</u>	<u>1.9</u>	<u>37.7</u>	<u>39.4</u>
Expenses:						
Governmental Activities:						
General government	3.6	3.5	-	-	3.6	3.5
Public safety	10.7	10.3	-	-	10.7	10.3
Public works	9.6	9.1	-	-	9.6	9.1
Community development	5.4	3.9	-	-	5.4	3.9
Parks and recreation	1.9	1.9	-	-	1.9	1.9
Interest on long-term debt	0.8	0.8	-	-	0.8	0.8
Business-Type Activities:						
Water	-	-	2.0	1.8	2.0	1.8
Total Expenses	<u>32.0</u>	<u>29.4</u>	<u>2.0</u>	<u>1.8</u>	<u>34.0</u>	<u>31.2</u>
Change in Net Position	<u>3.8</u>	<u>8.1</u>	<u>(0.1)</u>	<u>0.1</u>	<u>3.7</u>	<u>8.2</u>
Net Assets - Beginning of Fiscal Year	88.1	81.5	(0.3)	(0.1)	87.8	81.4
Implementation of GASB statement No. 65		(0.1)		(0.3)	-	(0.4)
Prior Period Adjustment	1.5	(1.5)		-	1.5	(1.5)
Net Assets - Beginning of Fiscal Year, Restated	<u>89.5</u>	<u>80.0</u>	<u>(0.3)</u>	<u>(0.4)</u>	<u>89.2</u>	<u>79.5</u>
Net Assets - End of Fiscal Year	<u>\$ 93.3</u>	<u>\$ 88.1</u>	<u>\$ (0.4)</u>	<u>\$ (0.3)</u>	<u>\$ 92.9</u>	<u>\$ 87.8</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 \$37.7 million, a decrease of \$1.7 million, or 4%, from \$39.4 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 \$9.5 million, which decreased \$217 thousand, or 2.2% from preceding fiscal year. Property taxes include property taxes in lieu of VLF (vehicle license fees) of \$6.5 million. From a legal settlement with the County of Los Angeles, the City recovered \$624 thousand in the preceding fiscal year 2012-13 and \$27 thousand in the current fiscal year for overcharged property tax administration fees. Without these settlement payments, property taxes increased \$380 thousand during the fiscal year and the City's taxable assessed property values increased 2.5%.
- The second largest revenue source was sales taxes, a general revenue, at \$8.3 million, which increased \$284 thousand, or 3.5% 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. Countywide sales tax revenue increased \$280 thousand during the fiscal year (\$117 thousand from Proposition A; \$70 thousand from Measure R; and \$94 thousand from Proposition C). During the fiscal year, sales were strong in the City for building/construction and restaurant sectors which grew 10% and 8%, respectively. Sales were weak for the automobile/transportation and business/industry sectors which declined 10% and 13%, respectively.
- The third largest revenue source was utility users taxes (UUT), a general revenue, at \$5.1 million, which increased \$1.1 million, or 28% 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. The City received \$1.5 million in Measure P UUT revenue in the current fiscal year and \$283 thousand in the preceding fiscal year 2012-13. Without the Measure P revenue, the net UUT revenue declined \$67 thousand. During the fiscal year, the two largest sectors, telecommunication and electricity, decreased 5% and 1%, respectively. The gas sector, on the other hand, increased 10%.
- The fourth largest revenue source was operating grants and contributions, a program revenue, at \$4.3 million, which increased \$583 thousand, or 16% from the preceding fiscal year. Operating grants and contributions increased for public works by \$667 thousand and decreased for community development by \$66 thousand.
- The fifth largest revenue source was charges for services, a program revenue, at \$4.0 million, which increased \$395 thousand, or 11% from the preceding fiscal year. During the fiscal year, charges for services increased for public safety, parks and recreation, and community development by \$176 thousand, \$131 thousand, and \$54 thousand, respectively.

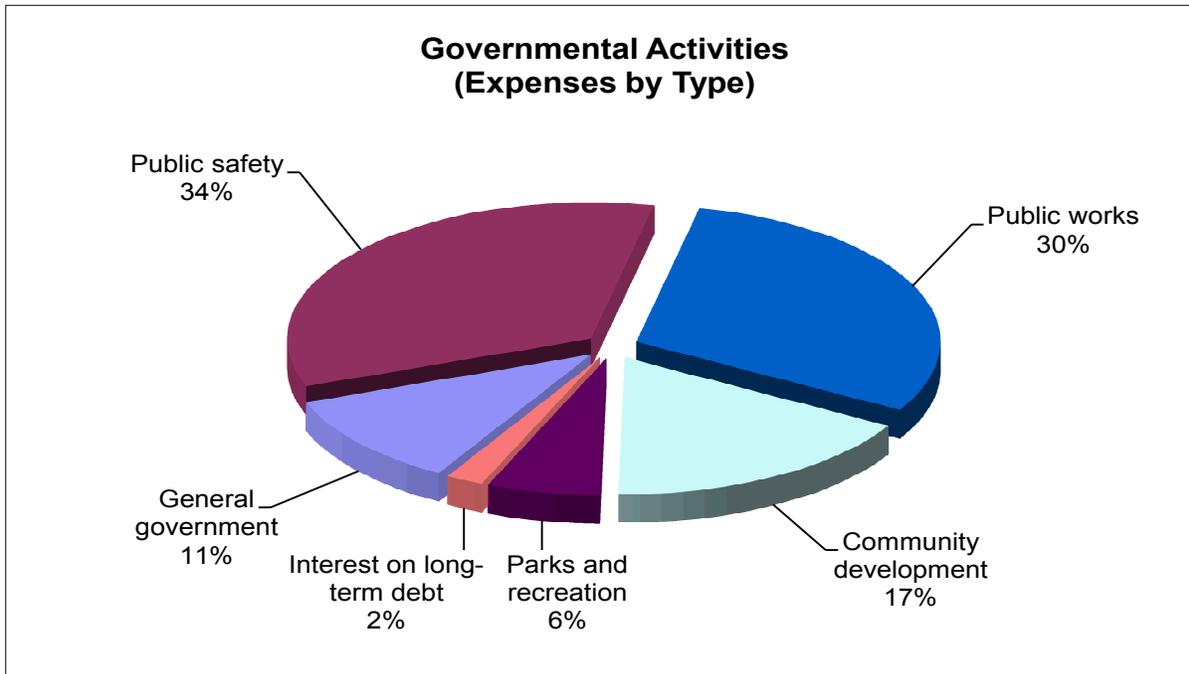
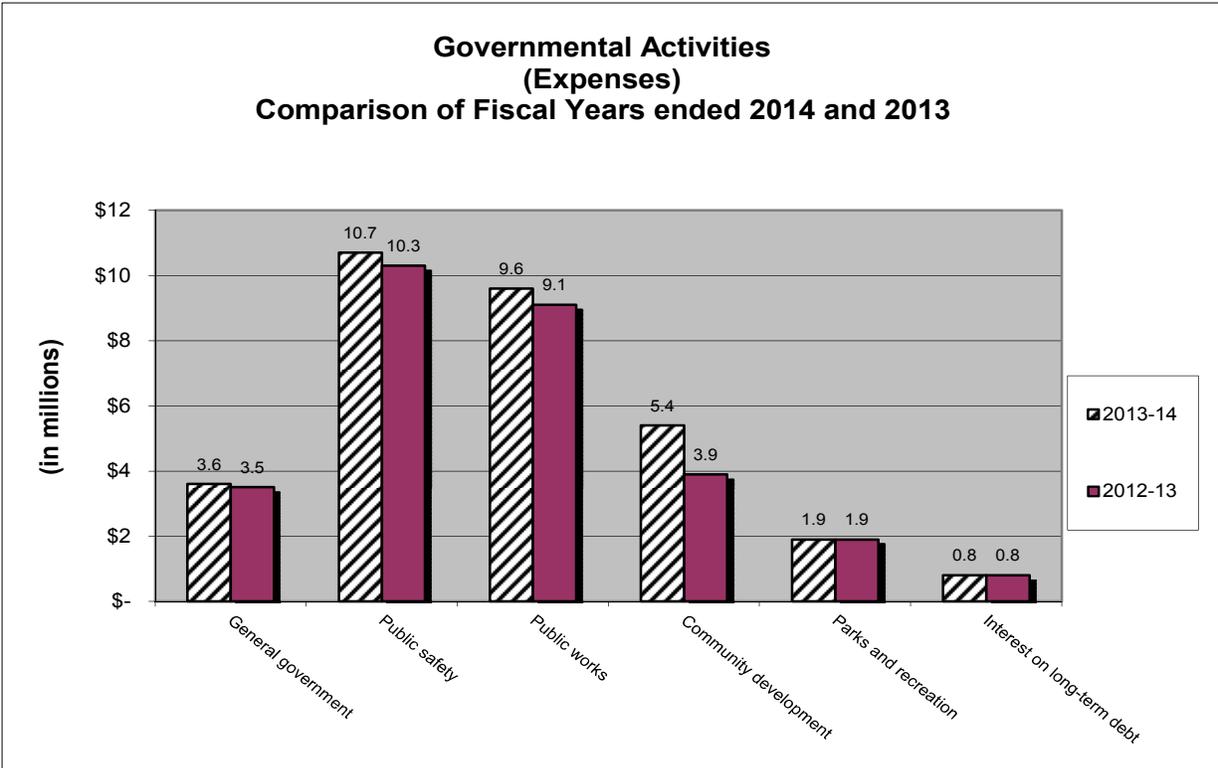


Note: Due to rounding, the percentages may not total 100%.

The cost of providing all governmental activities this year was \$32.0 million before applying program revenues of \$8.8 million. The remaining “public benefit” portion of governmental activities was paid with general revenues. Public Safety, the largest expense category, totaled \$10.7 million, or 34% of governmental activities, of which \$2.3 million was funded with program revenues. The remaining balance of \$8.4 million was funded with general revenues. Public Works, the second largest expense category, totaled \$9.6 million, or 30% of governmental activities with program revenues of \$3.6 million. Community Development, the third largest expense category, totaled \$5.4 million, or 17% of governmental activities with program revenues of \$2.0 million. General Government had expenses of \$3.6 million, or 11% 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 \$0.9 million. Interest on long-term debt was \$759 thousand, or 2%, paid entirely with general revenues.

Expenses for governmental activities increased \$2.6 million, or 9% from the preceding fiscal year. Significant changes in the governmental activities expense categories when compared to the prior fiscal year are summarized as follows: \$1.5 million increase in Community Development; \$525 thousand increase in Public Works; \$466 thousand increase in Public Safety; \$108 thousand increase in General Government; and \$37 thousand increase in Parks and Recreation. Interest on long-term debt decreased \$48 thousand.

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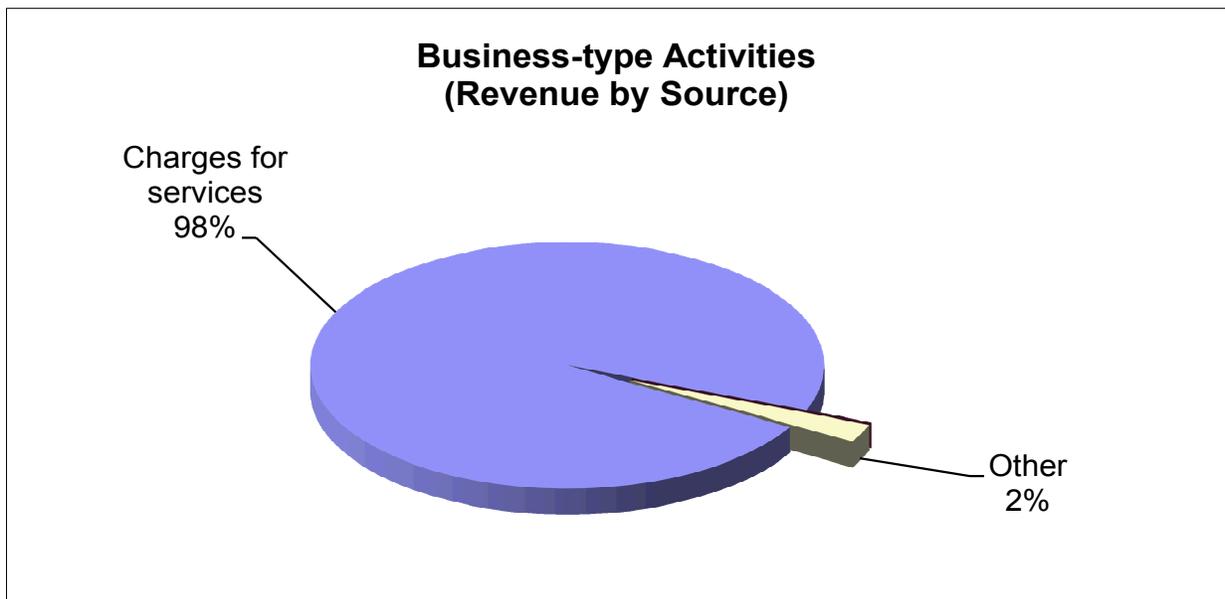


Note: The above chart may not total 100% due to rounding.

Business-Type Activities

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

- The MWS revenues and transfers in totaled \$2.0 million, which is approximately the same as the preceding fiscal year's total. Substantially all of the revenues were charges for services, program revenue, which decreased \$5 thousand, and other minor miscellaneous revenues increased \$26 thousand.
- The expenses totaled \$2.0 million, which is an increase of \$264 thousand, or 15%, compared to the preceding fiscal year. The MWS reported a loss of \$226 thousand from the sale of demolished residential property and other expenses increased \$38 thousand.
- At June 30, 2014, the deficit in net position increased \$93 thousand, to \$400 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.

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As of the fiscal year ended June 30, 2014, the City's governmental funds reported combined ending fund balance of \$48.6 million, an increase of \$4.3 million, or 9.7%, compared to the preceding fiscal year's restated balance of \$44.3 million.

The fund balances consisted of nonspendable, restricted, assigned and unassigned. Nonspendable fund balance of \$11.7 million is not available for use and is comprised of long-term loans receivable from the Successor Agency and Municipal Water System. Restricted fund balance of \$19.8 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 \$2.6 million can be used for economic development and capital projects through the appropriate budget approval process. Unassigned fund balance of \$14.5 million represents the residual amount.

Revenues of governmental funds for the fiscal year ended June 30, 2014 were \$38.6 million, an increase of \$1.5 million, or 4.1%, from the prior year total of \$37.1 million. Expenditures of governmental funds were \$34.3 million, a decrease of \$341 thousand, or 1.0%, from the prior fiscal year total of \$34.6 million. Excluding other financing sources and uses, governmental fund revenues exceeded governmental fund expenditures by \$4.3 million.

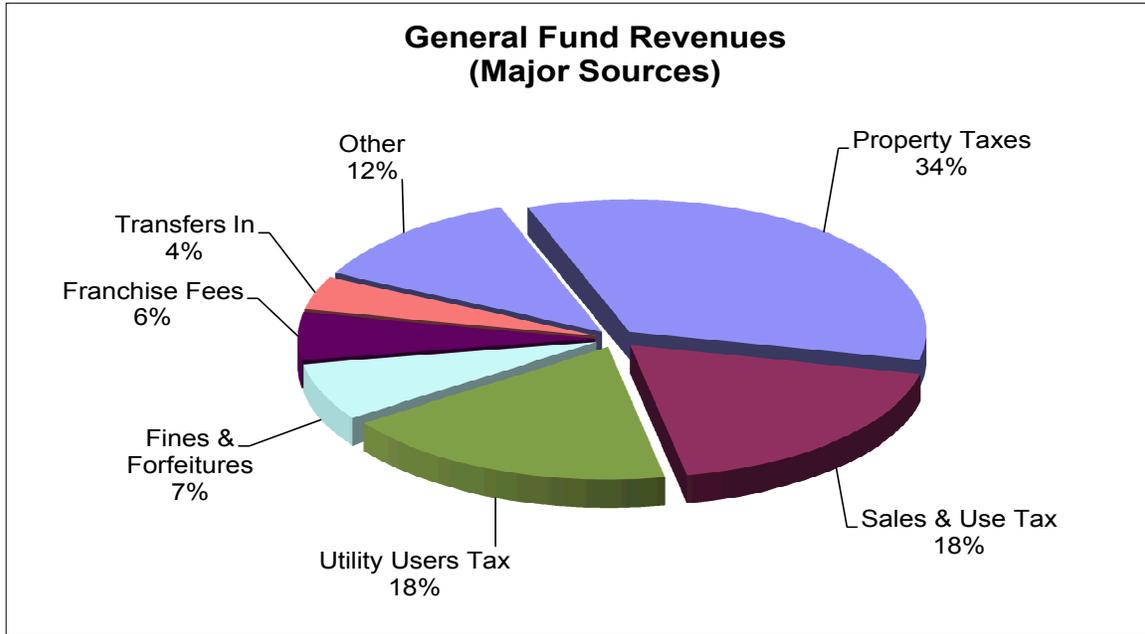
The City has five major governmental funds: General Fund, Low and Moderate Income Housing Asset Special Revenue Fund, Financing Authority Debt Service Fund, Grant Projects Capital Projects Fund, and HOME Capital Projects Fund. An analysis of significant balances and transactions of the individual major funds has been provided below. With respect to other governmental (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 \$26.3 million, which was approximately the same as the preceding fiscal year's restated 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 \$11.7 million was a nonspendable fund balance comprised of long-term loans receivable from the Successor Agency and Municipal Water System. 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 24% of the total fund expenditures and transfers out of \$27.9 million. As discussed earlier, the City's loan receivable from the Successor Agency was restated during the fiscal year causing the beginning General Fund balance to increase by \$1.2 million (80% of the total \$1.5 million increase was allocated to the General Fund and the balance, 20%, was allocated to the Low and Moderate Income Housing Asset Special Revenue Fund).

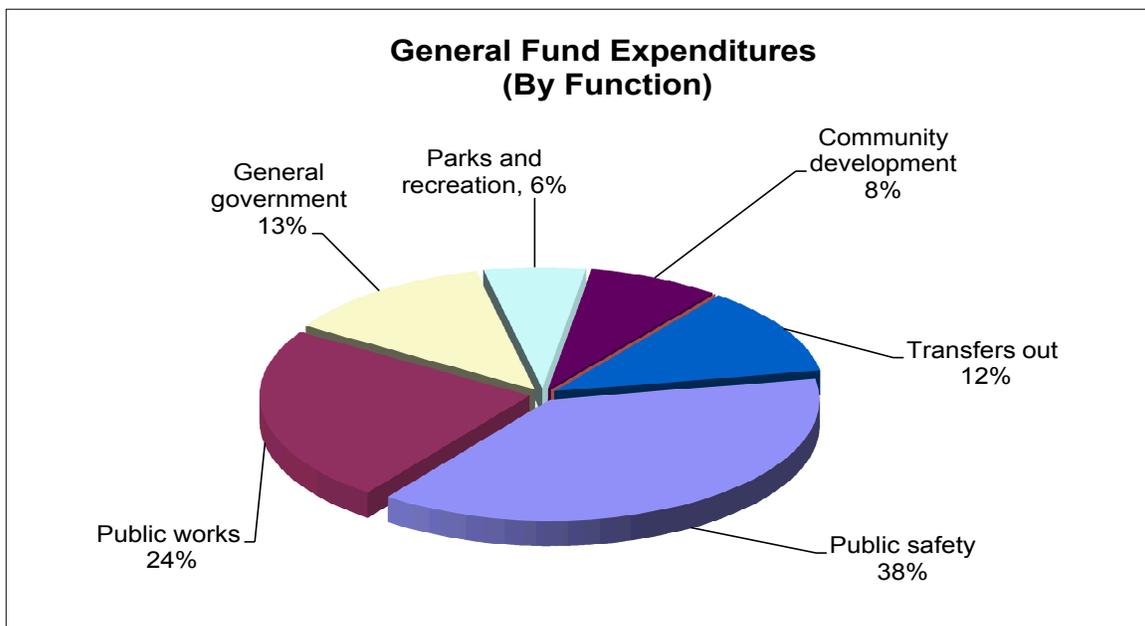
General Fund revenues and transfers in were \$27.9 million, an increase of \$1.4 million, or 5.2%, from the preceding fiscal year total of \$26.5 million. Significant changes in individual revenue sources are as follows: \$1.2 million increase in taxes (including a \$1.1 million increase in utility users tax due to Measure P; \$157 thousand increase in property taxes in lieu of vehicle license fees; \$102 thousand increase in sales tax; and \$378 thousand decrease in property taxes due to a large settlement payment received from L.A. County in the preceding fiscal year 2012-13), \$148 thousand increase in fines and penalties, and \$109 thousand increase in charges for services. Please see additional discussion on property taxes and utility users taxes on page 11.

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

General Fund expenditures and transfers out were \$27.9 million, an increase of \$1.5 million, or 5.8%, from the preceding fiscal year total of \$26.3 million. Changes by functions were as follows: \$369 thousand increase in public safety, \$281 thousand increase in public works, \$194 thousand increase in community development, \$91 thousand increase in general government, \$69 thousand increase in parks and recreation, \$691 thousand decrease in capital outlay, and \$1.2 million increase in transfers out to other Funds. General Fund's contributions for capital projects are now transferred to a separate capital projects fund for expenditure.



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

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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. SB 341 eliminated funding for moderate income housing.

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.

The other major funding sources are loan repayments from the Successor Agency. Pursuant to AB 1484, 20% of the loan receivable by the General Fund from the Successor Agency, was required to be transferred to the LMIHAF. As a result, \$2,414,174 of the loan receivable (including interest) was transferred in fiscal year 2012-13, and that amount was later restated and increased by \$233,299 in fiscal year 2013-14 pursuant to the change in the interpretation of the law by the State Department of Finance regarding the recalculation of the City's loan receivable from the Successor Agency under AB 1484.

At the end of the fiscal year, the fund balance in the Low and Moderate Income Housing Asset Special Revenue Fund was \$1.2 million, an increase of \$17 thousand from the restated preceding fiscal year's balance. The restatement relates to the loan receivable from the Successor Agency as discussed above. The entire fund balance was restricted for low, very low, and extremely low income housing purposes permitted under SB 341.

The revenues were \$311 thousand, an increase of \$88 thousand, or 39%, from the preceding fiscal year total of \$224 thousand. Revenues consisted primarily of the residual receipts payment from the developer/operator of the 180-unit senior citizen housing complex. The expenditures were \$294 thousand, an increase of \$250 thousand from the preceding fiscal year total of \$44 thousand. LMIHAF expended \$240 thousand in homebuyers down payment assistance during the fiscal year.

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. In July 2008, the Authority issued Water System Certificates of Participation in the amount of \$8.23 million.

At the end of the current fiscal year, the fund balance of the Financing Authority Debt Service Fund was \$7.7 million, a decrease of \$150 thousand, or 1.9%, from the preceding fiscal year. The entire fund balance was restricted for debt service and comprised of long-term advances receivable of \$7.1 million from the Municipal Water System and a debt service reserve of \$544 thousand held by the trustee of the 2008 Certificates.

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The revenues were \$384 thousand (lease interest and investment earnings), a decrease of \$6 thousand, or 1.6% from the preceding fiscal year total of \$390 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 \$150 thousand from the Municipal Water System to make the required annual principal payment on the 2008 Certificates, reducing the Authority's advances receivable from the Water System by the same amount.

The expenditures (principal, interest and other charges) were \$535 thousand, which was substantially the same as the preceding fiscal year. The Financing Authority Debt Service Fund incurred expenditures related solely to the required annual debt service payments on the 2008 Certificates.

Grant Projects Capital Projects Fund is used to account for capital projects and property acquisitions 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 \$95 thousand, a reduction of \$2.5 million in deficit, from the preceding fiscal year's deficit fund balance of \$2.5 million. Fund deficits generally represent expenditures that are grant reimbursable but have not been billed, or have been billed but have not been reimbursed within the first two months after the fiscal year-end (i.e., not received by August 31).

The revenues were \$2.9 million, a decrease of \$871 thousand, or 23%, from the preceding fiscal year total of \$3.7 million. Significant grant revenues were: \$2.3 million for parks and \$533 thousand for transportation and streets.

The expenditures were \$401 thousand, a decrease of \$3.7 million, or 90%, from the preceding fiscal year total of \$4.1 million. Capital projects, by their nature, fluctuate significantly from year to year. A significant portion of the current fiscal year expenditures, totaling \$336 thousand, were for street improvements.

HOME Capital Projects Fund is used to account for revenues and expenditures of 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 as well as providing direct rental assistance to low-income households and individuals.

At the end of the fiscal year, the HOME Capital Projects Fund had a fund balance of \$1.3 million, an increase of \$24 thousand, from the preceding fiscal year. Substantially all of the fund balance was a long-term loan receivable (net of accrued interest) from the Low and Moderate Income Housing Asset Special Revenue Fund. The loan does not require any scheduled annual repayments.

The revenues were \$516 thousand, an increase of \$5 thousand, or 1.0%, from the preceding fiscal year. All of the revenues were HUD entitlement grant funds and related program income. The expenditures were \$504 thousand, a decrease of \$21 thousand, or 4.0%, from the preceding fiscal year. HUD HOME grants were used to fund the construction of a housing project (Belmont Court) which included 11 low-and-moderate income housing units. The City's total funding commitment was \$1.96 million, and the final payment of \$457 thousand of made in this fiscal year.

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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 \$27.8 million, an increase of \$41 thousand from the original allocations of \$27.7 million. Budget amendments included: \$34 thousand increase in fines, forfeitures and penalties and \$7 thousand increase in other revenues.

Appropriations and Transfers Out – The final appropriations and transfers out were \$29 million, an increase of \$1.3 million from the original allocations of \$27.7 million. Budget amendments included: \$186 thousand increase in general government, \$155 thousand increase in public works, \$45 thousand increase in community development, and \$902 thousand increase in transfers out.

Budget to Actual Variance

The actual revenues and transfers in of \$27.9 million were higher than the final budgeted revenues and transfers in of \$27.8 million by \$100 thousand. Significant favorable variances were: \$199 thousand in taxes and \$242 thousand in fines, forfeitures and penalties. Transfers in were lower by \$537 thousand.

The actual expenditures and transfers out of \$27.9 million were lower than the final appropriations and transfers out of \$29.0 million by approximately \$1.1 million. Significant favorable variances were: \$292 thousand in general government, \$367 thousand in public safety, \$212 thousand in public works, and \$127 thousand in parks and recreation.

Capital Asset and Debt Administration

Capital Assets. The City's investment in capital assets for governmental and business-type activities as of June 30, 2014, was \$58.1 million (net of accumulated depreciation). Infrastructure assets have been reported retroactive to July 1, 1980, in compliance with GASB Statement No. 34. Any infrastructure assets acquired or significantly improved prior to July 1, 1980 are not included. For additional information, please refer to the notes to the basic financial statements – Note 6, Capital Assets.

	Capital Assets (in thousands)					
	Governmental Activities		Business-Type Activities		Total	
	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
Land	\$ 9,879	\$ 9,879	\$ 459	\$ 827	\$ 10,338	\$ 10,706
Buildings and improvements	21,861	22,637	207	158	22,068	22,795
Equipment and furniture and fixtures	1,792	1,895	88	16	1,880	1,911
Infrastructure	14,616	13,304	3,584	3,784	18,200	17,088
Construction in progress	1,369	556	-	-	1,369	556
Water rights	181	181	4,000	4,000	4,181	4,181
Acquisition costs	-	-	105	146	105	146
Total Capital Assets	<u>\$ 49,697</u>	<u>\$ 48,452</u>	<u>\$ 8,442</u>	<u>\$ 8,931</u>	<u>\$ 58,140</u>	<u>\$ 57,382</u>

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

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During this fiscal year, the City expended \$2.7 million in capital assets excluding equipment and furniture and fixtures. The following were major projects for the fiscal year:

□ Street Improvements	\$1.3 million
□ Simms Park Roof Replacement	\$317 thousand
□ Bellflower Boulevard Widening Project	\$289 thousand
□ Sidewalks, Curbs, Gutters	\$278 thousand
□ Fire Museum Project	\$119 thousand
□ Virginia Avenue Improvements	\$100 thousand

Long-Term Debt. At June 30, 2014, the City had \$16.1 million in outstanding long-term debt for governmental activities, a decrease of \$885 thousand, or 5%, from the preceding fiscal year. During the fiscal year, \$829 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)				
	2014	2013	Variance Increase/ (Decrease)	% Change
2008 Certificates of Participation (Water System)	\$ 7,660	\$ 7,810	(150)	-2%
2011 Lease Financing Agreement	2,500	2,865	(365)	-13%
HUD Section 108 Loan	4,655	4,969	(314)	-6%
Compensated Absences	1,271	1,327	(56)	-4%
Total Long-Term Debt	\$ 16,086	\$ 16,971	\$ (885)	-5%

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

Under the California Government Code Section 43605, the City's legal bonded debt limit for this fiscal year was \$142 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

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 2014, the UCLA Anderson Forecast anticipates inflation at 2 percent or higher over the next two years primarily due to rising residential rents and increasing health care costs. The sectors expected to fuel the nation's economic growth include housing, nonresidential construction and investment in equipment and software. In the housing sector, prices continue to rise in response to new household formation. Construction permits have been increasing and new home starts are expected to increase by 5 percent in California and nationwide. Job growth for 2016 is forecasted at 3 percent in California, rising more quickly than growth in the nation. The California economy is moving forward in an expansion from the recession; however, the State remains below its potential in output and employment. Los Angeles has undergone a rigorous economic recovery during the past two years, but the long-term employment growth is still falling behind other major metropolitan areas.

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The Legislative Analyst's Office, California's nonpartisan fiscal and policy advisor, reported that the U.S. economy began its recovery from the recession in June 2009. Now well into its sixth year of expansion, the U.S. economy, as well as California's, appears to be on solid footing based on various measures. The U.S. is leading the global growth and strengthening demand is driving the current U.S. expansion. This has positive implications for both state and local budgets. Housing prices have strengthened considerably and stock prices have also increased substantially. The unemployment rate has fallen, even though long-term unemployment (those unemployed for 27 weeks or more) remains elevated. Based on these positive trends overall, LAO projects the State's will end 2015-16 with a \$4.2 billion reserve, which would be a significant progress for the State.

In addition to revenues that are affected by the economy, a substantial portion of the City's revenues are intergovernmental and pass-through grants and restricted revenues from the Federal, State and other governmental agencies. As a result, in the event of significant fiscal distress or for other political reasons, these agencies can cut funding for cities severely affecting essential local services for both residents and businesses.

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. 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).

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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. The Council is highly committed to balancing the budget and exercising fiscal prudence whenever necessary.

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.

In addition, 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 for the General Fund from April 1, 2013 to March 31, 2018. Measure P raised \$283 thousand in fiscal year 2012-13 and \$1.46 million in fiscal year 2013-14.

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

Request for Information

This financial report is designed to provide a general overview of the City's finances for our citizens, taxpayers, investors, creditors, and other interested parties and to demonstrate the City's accountability for the public funds it receives and manages. Questions concerning the information provided in this report or requests for additional financial information should be addressed to the Director of Finance, City of Bellflower, 16600 Civic Center Drive, Bellflower, CA 90706, or by phone at (562) 804-1424. Additional financial information is also available at the City's official website at www.bellflower.org.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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CITY OF BELLFLOWER

STATEMENT OF NET POSITION

June 30, 2014

	Primary Government		
	Governmental Activities	Business-type Activity	Total
ASSETS:			
Cash and investments	\$ 28,858,680	\$ 884,253	\$ 29,742,933
Cash and investments with fiscal agents	543,946	-	543,946
Receivables:			
Accounts receivable, net	3,531,559	260,289	3,791,848
Notes receivable	5,620,779	-	5,620,779
Interest receivable	69,802	-	69,802
Loans receivable	7,078	-	7,078
Inventory	-	19,545	19,545
Prepaid expenses	27,279	-	27,279
Net other post-employment benefit asset	664,788	-	664,788
Internal balances	9,815,124	(9,815,124)	-
Long-term receivable from successor agency trust funds	13,269,493	-	13,269,493
Pre-acquisition costs, net of accumulated amortization	-	129,647	129,647
Capital assets:			
Not being depreciated	11,428,478	4,458,730	15,887,208
Being depreciated (net of accumulated depreciation)	38,268,918	3,983,605	42,252,523
TOTAL ASSETS	112,105,924	(79,055)	112,026,869
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred loss on refunding, net of accumulated amortization	71,000	-	71,000
TOTAL DEFERRED OUTFLOWS OF RESOURCES	71,000	-	71,000
LIABILITIES:			
Accounts payable	1,977,357	161,911	2,139,268
Accrued expenses	398,676	684	399,360
Interest payable	228,952	94,955	323,907
Unearned revenue	143,227	-	143,227
Deposits	18,942	63,465	82,407
Retention payable	30,089	-	30,089
Long-term liabilities:			
Due within one year	1,767,804	-	1,767,804
Due in more than one year	14,317,978	-	14,317,978
TOTAL LIABILITIES	18,883,025	321,015	19,204,040
NET POSITION:			
Net investment in capital assets	42,613,396	8,442,335	51,055,731
Restricted for:			
Construction of capital assets	2,740,368	-	2,740,368
Debt service	7,435,603	-	7,435,603
Streets, highways, bikeways, public transit and other related purposes	8,701,733	-	8,701,733
Housing	5,196,161	-	5,196,161
Community development	4,143,363	-	4,143,363
Public safety	180,076	-	180,076
Unrestricted	22,283,199	(8,842,405)	13,440,794
TOTAL NET POSITION	\$ 93,293,899	\$ (400,070)	\$ 92,893,829

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

CITY OF BELLFLOWER

STATEMENT OF ACTIVITIES

For the fiscal year ended June 30, 2014

Functions/programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 3,614,898	\$ -	\$ -	\$ -
Public safety	10,747,435	2,174,739	160,531	-
Public works	9,584,093	677,128	2,773,782	126,705
Community development	5,355,765	696,091	1,292,969	-
Parks and recreation	1,940,607	427,796	45,724	428,025
Interest on long term debt	759,351	-	-	-
Total governmental activities	32,002,149	3,975,754	4,273,006	554,730
Business-type activity:				
Water enterprise	2,047,347	1,895,954	-	-
Total	\$ 34,049,496	\$ 5,871,708	\$ 4,273,006	\$ 554,730

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
\$ (3,614,898)	\$ -	\$ (3,614,898)
(8,412,165)	-	(8,412,165)
(6,006,478)	-	(6,006,478)
(3,366,705)	-	(3,366,705)
(1,039,062)	-	(1,039,062)
(759,351)	-	(759,351)
<u>(23,198,659)</u>	<u>-</u>	<u>(23,198,659)</u>
<u>-</u>	<u>(151,393)</u>	<u>(151,393)</u>
<u>(23,198,659)</u>	<u>(151,393)</u>	<u>(23,350,052)</u>
8,279,220	-	8,279,220
2,964,356	-	2,964,356
6,534,688	-	6,534,688
1,627,648	-	1,627,648
5,125,710	-	5,125,710
591,447	-	591,447
641,045	-	641,045
122,777	-	122,777
32,885	-	32,885
55,739	-	55,739
350,088	247	350,335
17,968	-	17,968
635,708	46,486	682,194
(11,199)	11,199	-
<u>26,968,080</u>	<u>57,932</u>	<u>27,026,012</u>
3,769,421	(93,461)	3,675,960
<u>89,524,478</u>	<u>(306,609)</u>	<u>89,217,869</u>
<u>\$ 93,293,899</u>	<u>\$ (400,070)</u>	<u>\$ 92,893,829</u>

CITY OF BELLFLOWER

BALANCE SHEET
GOVERNMENTAL FUNDS

June 30, 2014

	General Fund	Low and Moderate Income Housing Asset Special Revenue Fund	Financing Authority Debt Service Fund
ASSETS	<u> </u>	<u> </u>	<u> </u>
Cash and investments	\$ 13,879,716	\$ 234,329	\$ -
Cash and investments with fiscal agents	-	-	543,946
Accounts receivable - net	2,683,055	506	-
Due from other funds	399,231	-	-
Interest receivable	39,613	-	428
Prepaid expense	27,279	-	-
Loans receivable	7,078	-	-
Notes receivable	53,885	3,706,277	-
Long-term receivable from successor agency trust funds	10,615,594	2,653,899	-
Advances to other funds	2,694,943	-	7,120,181
	<u> </u>	<u> </u>	<u> </u>
TOTAL ASSETS	<u>\$ 30,400,394</u>	<u>\$ 6,595,011</u>	<u>\$ 7,664,555</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
LIABILITIES:			
Accounts payable	\$ 1,550,419	\$ 352	\$ -
Accrued expenditures	360,488	432	-
Due to other funds	15,209	-	-
Deposits payable	18,942	-	-
Retention payable	-	-	-
Unearned revenues	142,729	-	-
Advances from other funds	-	1,398,066	-
TOTAL LIABILITIES	<u>2,087,787</u>	<u>1,398,850</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES:			
Unavailable revenues	1,992,028	3,999,174	-
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	<u>4,079,815</u>	<u>5,398,024</u>	<u>-</u>
FUND BALANCES (DEFICIT):			
Nonspendable:			
Long-term interfund balances	11,695,495	-	-
Restricted	-	1,196,987	7,664,555
Assigned	-	-	-
Unassigned	14,625,084	-	-
TOTAL FUND BALANCES (DEFICIT)	<u>26,320,579</u>	<u>1,196,987</u>	<u>7,664,555</u>
	<u> </u>	<u> </u>	<u> </u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 30,400,394</u>	<u>\$ 6,595,011</u>	<u>\$ 7,664,555</u>

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

Grant Projects Capital Projects Fund	HOME Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 28,671	\$ 12,385,073	\$ 26,527,789
-	-	-	543,946
473,441	-	374,557	3,531,559
-	-	15,209	414,440
-	8	24,086	64,135
-	-	-	27,279
-	-	-	7,078
-	1,268,225	592,392	5,620,779
-	-	-	13,269,493
-	1,398,066	-	11,213,190
<u>\$ 473,441</u>	<u>\$ 2,694,970</u>	<u>\$ 13,391,317</u>	<u>\$ 61,219,688</u>

\$ 2,511	\$ 4,020	\$ 416,459	\$ 1,973,761
-	1,013	35,803	397,736
341,560	-	57,671	414,440
-	-	-	18,942
-	-	30,089	30,089
-	-	498	143,227
-	-	-	1,398,066
<u>344,071</u>	<u>5,033</u>	<u>540,520</u>	<u>4,376,261</u>

<u>224,806</u>	<u>1,428,291</u>	<u>592,392</u>	<u>8,236,691</u>
<u>568,877</u>	<u>1,433,324</u>	<u>1,132,912</u>	<u>12,612,952</u>

-	-	-	11,695,495
-	1,261,646	9,658,336	19,781,524
-	-	2,600,069	2,600,069
(95,436)	-	-	14,529,648
<u>(95,436)</u>	<u>1,261,646</u>	<u>12,258,405</u>	<u>48,606,736</u>

<u>\$ 473,441</u>	<u>\$ 2,694,970</u>	<u>\$ 13,391,317</u>	<u>\$ 61,219,688</u>
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CITY OF BELLFLOWER

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

June 30, 2014

Fund balances - total governmental funds \$ 48,606,736

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. This amount does not include \$514,156 of internal service fund net capital assets.

Capital assets	\$ 71,421,411	
Accumulated depreciation	<u>(22,238,171)</u>	49,183,240

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.	323,101
--	---------

Net OPEB asset has not been included as financial resources in governmental funds.	664,788
--	---------

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.	2,068,005
---	-----------

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.	5,620,779
--	-----------

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.	224,806
--	---------

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	\$ (14,815,000)	
Compensated absences	<u>(1,270,782)</u>	(16,085,782)
Total long-term liabilities		

Deferred losses on refunding, net of accumulated amortization for long-term debt issuance have not been reported in the governmental funds.	71,000
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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.	(228,952)
--	-----------

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>2,846,178</u>
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Net position of governmental activities	<u><u>\$ 93,293,899</u></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, 2014

	General Fund	Low and Moderate Income Housing Asset Special Revenue Fund	Financing Authority Debt Service Fund
REVENUES:			
Taxes	\$ 22,741,499	\$ -	\$ -
Licenses and permits	86,938	-	-
Fines, forfeitures and penalties	1,953,193	-	-
Investment earnings	109,926	-	384,193
Charges for current services	972,962	-	-
Intergovernmental revenues	242,228	-	-
Developer contributions	-	-	-
Other revenues	615,694	311,410	-
TOTAL REVENUES	<u>26,722,440</u>	<u>311,410</u>	<u>384,193</u>
EXPENDITURES:			
Current:			
General government	3,525,517	-	-
Public safety	10,588,996	-	-
Public works	6,586,092	-	-
Community development	2,184,337	294,347	-
Parks and recreation	1,695,457	-	-
Capital outlay	-	-	-
Debt service:			
Principal payments	-	-	150,000
Interest and fiscal charges	-	-	384,519
TOTAL EXPENDITURES	<u>24,580,399</u>	<u>294,347</u>	<u>534,519</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>2,142,041</u>	<u>17,063</u>	<u>(150,326)</u>
OTHER FINANCING SOURCES (USES):			
Transfers in	1,153,500	-	-
Transfers out	<u>(3,285,926)</u>	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(2,132,426)</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	9,615	17,063	(150,326)
FUND BALANCES (DEFICIT) - BEGINNING OF YEAR, AS RESTATED	<u>26,310,964</u>	<u>1,179,924</u>	<u>7,814,881</u>
FUND BALANCES (DEFICIT) - END OF YEAR	<u>\$ 26,320,579</u>	<u>\$ 1,196,987</u>	<u>\$ 7,664,555</u>

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

Grant Projects Capital Projects Fund	HOME Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 3,333,021	\$ 26,074,520
-	-	467,904	554,842
-	-	-	1,953,193
-	-	90,606	584,725
-	-	194,564	1,167,526
2,853,356	484,345	3,463,417	7,043,346
-	-	23,586	23,586
1,984	32,080	218,246	1,179,414
<u>2,855,340</u>	<u>516,425</u>	<u>7,791,344</u>	<u>38,581,152</u>
-	-	-	3,525,517
-	-	126,259	10,715,255
34,519	-	1,910,670	8,531,281
-	504,295	2,228,524	5,211,503
-	-	-	1,695,457
366,346	-	2,649,873	3,016,219
-	-	679,000	829,000
-	-	372,790	757,309
<u>400,865</u>	<u>504,295</u>	<u>7,967,116</u>	<u>34,281,541</u>
<u>2,454,475</u>	<u>12,130</u>	<u>(175,772)</u>	<u>4,299,611</u>
-	11,519	3,263,208	4,428,227
-	-	(1,153,500)	(4,439,426)
<u>-</u>	<u>11,519</u>	<u>2,109,708</u>	<u>(11,199)</u>
2,454,475	23,649	1,933,936	4,288,412
<u>(2,549,911)</u>	<u>1,237,997</u>	<u>10,324,469</u>	<u>44,318,324</u>
<u>\$ (95,436)</u>	<u>\$ 1,261,646</u>	<u>\$ 12,258,405</u>	<u>\$ 48,606,736</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, 2014

Net change in fund balances - total governmental funds		\$ 4,288,412
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p>		
<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. This does not include internal service fund activity of \$185,127 in additions and \$170,769 in depreciation expense.</p>		
Capital asset purchases	\$ 2,755,916	
Depreciation expense	<u>(1,525,137)</u>	1,230,779
<p>Certain revenue in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds:</p>		
Taxes	(82,409)	
Grants	(2,453,292)	
Other revenues	<u>(53,616)</u>	(2,589,317)
<p>Interest revenue in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds.</p>		
		(247,499)
<p>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.</p>		
		829,000
<p>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.</p>		
		(13,524)
<p>Accrued interest is interest due on long-term debt payable. This is the net change in accrued interest for the current period.</p>		
		11,482
<p>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.</p>		
		365,505
<p>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.</p>		
		56,472
<p>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.</p>		
		<u>(161,889)</u>
Change in net position of governmental activities		<u>\$ 3,769,421</u>

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

CITY OF BELLFLOWER
STATEMENT OF NET POSITION
PROPRIETARY FUNDS

June 30, 2014

	Business-type Activity	Governmental Activity
	Water Enterprise Fund	Equipment Replacement Internal Service Fund
ASSETS:		
CURRENT ASSETS:		
Cash and investments	\$ 884,253	\$ 2,330,891
Accounts receivable	260,289	-
Interest receivable	-	5,667
Inventory	19,545	-
TOTAL CURRENT ASSETS	1,164,087	2,336,558
NONCURRENT ASSETS:		
Pre-acquisition costs, net of accumulated amortization	12,500	-
Original bond issue discount	117,147	-
Capital assets:		
Not being depreciated	4,458,730	-
Being depreciated, net of accumulated depreciation	3,983,605	514,156
TOTAL NONCURRENT ASSETS	8,571,982	514,156
TOTAL ASSETS	9,736,069	2,850,714
LIABILITIES:		
CURRENT LIABILITIES:		
Accounts payable	161,911	3,596
Accrued liabilities	684	940
Accrued interest payable	94,955	-
Refundable deposits	63,465	-
TOTAL CURRENT LIABILITIES	321,015	4,536
LONG-TERM LIABILITIES:		
Advances from other funds	9,815,124	-
TOTAL LONG-TERM LIABILITIES	9,815,124	-
TOTAL LIABILITIES	10,136,139	4,536
NET POSITION:		
Net investment in capital assets	8,442,335	514,156
Unrestricted	(8,842,405)	2,332,022
TOTAL NET POSITION	\$ (400,070)	\$ 2,846,178

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, 2014

	Business-type Activity	Governmental Activity
	Water Enterprise Fund	Equipment Replacement Internal Service Fund
OPERATING REVENUES:		
Charges for services, net of refunds	\$ 1,895,954	\$ -
OPERATING EXPENSES:		
Salaries	186,611	17,302
Benefits	63,785	11,175
Administration	73,629	-
Alarm	225	-
Communications	4,651	-
Distribution lines	6,005	-
Energy	132,204	-
Hydrants, meters, covers and services	8,940	-
Insurance	14,136	-
Licenses	16,124	-
Maintenance	16,991	1,076
Reclaimed water	8,028	-
Office supplies and expense	15,660	-
Professional services	69,910	-
Pumps and wells	71,049	-
Contracted services	132,274	-
Taxes	28,280	-
Telephone	5,028	-
Tools and equipment	10,191	-
Treatment and test	72,780	-
Utilities	3,408	-
Auto	10,030	-
Water purchases	196,176	-
Other expenses	34,600	-
Amortization	9,639	-
Depreciation	250,671	170,769
TOTAL OPERATING EXPENSES	<u>1,441,025</u>	<u>200,322</u>
OPERATING INCOME (LOSS)	<u>454,929</u>	<u>(200,322)</u>
NONOPERATING REVENUES (EXPENSES):		
Investment earnings	247	20,465
Interest expense and trustee fee	(380,454)	-
Gain on sale of capital assets	-	17,968
Developer contributions	9,225	-
Miscellaneous revenue	2,855	-
Water rights lease revenue	34,406	-
Loss on sale of property	(225,868)	-
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>(559,589)</u>	<u>38,433</u>
INCOME (LOSS) BEFORE TRANSFERS	<u>(104,660)</u>	<u>(161,889)</u>
TRANSFERS IN	<u>11,199</u>	<u>-</u>
CHANGE IN NET POSITION	<u>(93,461)</u>	<u>(161,889)</u>
TOTAL NET POSITION - BEGINNING OF YEAR	<u>(306,609)</u>	<u>3,008,067</u>
TOTAL NET POSITION - END OF YEAR	<u>\$ (400,070)</u>	<u>\$ 2,846,178</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, 2014

	Business-type Activity	Governmental Activity
	Water Enterprise Fund	Equipment Replacement Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers and users	\$ 1,903,823	\$ -
Cash paid to employees	(249,712)	(28,403)
Cash paid to suppliers	(1,004,382)	2,023
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	649,729	(26,380)
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES:		
Cash received from other funds	11,199	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Proceeds from sale of capital assets	142,467	17,968
Other income and developer contributions	46,486	-
Principal, interest expense and trustee fee	(526,591)	-
Acquisition of capital assets	(130,495)	(185,127)
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	(468,133)	(167,159)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment earnings	247	23,919
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	193,042	(169,620)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	691,211	2,500,511
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 884,253	\$ 2,330,891

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, 2014

	<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 (USED) BY OPERATING ACTIVITIES:		
Operating income (loss)	\$ 454,929	\$ (200,322)
Adjustments:		
Amortization	9,639	-
Depreciation	250,671	170,769
Bad debt expense	33,404	-
Change in assets and liabilities:		
(Increase) decrease in accounts receivable	2,744	-
(Increase) decrease in inventory	(5,166)	-
Increase (decrease) in accounts payable	(102,301)	3,099
Increase (decrease) in accrued liabilities	684	74
Increase (decrease) in refundable deposits	5,125	-
	<u>5,125</u>	<u>-</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 649,729</u>	<u>\$ (26,380)</u>

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

CITY OF BELLFLOWER
STATEMENT OF NET POSITION
FIDUCIARY FUNDS

June 30, 2014

	Private-Purpose Trust Fund <u>RDA</u> Successor Agency Fund	Agency Fund
ASSETS:		
CURRENT ASSETS:		
Cash and investments	\$ 3,104,869	\$ 725,419
Cash and investments with fiscal agents	603,074	-
Interest receivable	1,764	-
TOTAL CURRENT ASSETS	<u>3,709,707</u>	<u>725,419</u>
NONCURRENT ASSETS:		
Capital assets, net of accumulated depreciation	13,453,047	-
Prepaid insurance costs	209,751	-
TOTAL NONCURRENT ASSETS	<u>13,662,798</u>	<u>-</u>
TOTAL ASSETS	<u>17,372,505</u>	<u>\$ 725,419</u>
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred loss on refunding, net of accumulated amortization	276,769	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>276,769</u>	<u>-</u>
LIABILITIES:		
CURRENT LIABILITIES:		
Accounts payable	4,221	\$ -
Accrued expenditures	8,209	-
Interest payable	190,479	-
Deposit payable	16,623	725,419
Current portion of bonds and notes payable	182,372	-
TOTAL CURRENT LIABILITIES	<u>401,904</u>	<u>725,419</u>
LONG-TERM LIABILITIES:		
Payable to the City of Bellflower	13,269,493	-
Bonds and notes payable	6,686,784	-
TOTAL LONG-TERM LIABILITIES	<u>19,956,277</u>	<u>-</u>
TOTAL LIABILITIES	<u>20,358,181</u>	<u>\$ 725,419</u>
NET POSITION:		
Restricted for debt service	603,074	
Restricted held in trust for other purposes	2,250,107	
Unrestricted	(5,562,088)	
TOTAL NET POSITION	<u>\$ (2,708,907)</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, 2014

	Private-Purpose Trust Fund
	<u>RDA</u>
	Successor Agency Fund
	<u> </u>
ADDITIONS:	
Investment revenue	\$ 11,657
Taxes and assessments	1,340,444
Other revenues	<u>25,933</u>
TOTAL ADDITIONS	<u>1,378,034</u>
DEDUCTIONS:	
Administration	254,599
Community development	675,838
Contributions to other funds for debt service	463,654
Depreciation	<u>197,599</u>
TOTAL DEDUCTIONS	<u>1,591,690</u>
CHANGE IN NET POSITION	(213,656)
NET POSITION - BEGINNING OF YEAR, AS RESTATED	<u>(2,495,251)</u>
NET POSITION - END OF YEAR	<u><u>\$ (2,708,907)</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, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The financial statements of the City of Bellflower (City) have been prepared in accordance 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 Financing Authority) is formed by a joint powers of the City and the former redevelopment agency. Although the Financing Authority is a legal separate entity, the Financing Authority is reported as if it were part of the primary government because its sole purpose is to provide the financing of public capital improvements and other projects for revitalization of the City. The Financing 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, 2014

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 activity incorporates data from the government's enterprise fund. 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, deferred outflows of resources, liabilities, deferred inflows of resources, 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, 2014

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 HOME Capital Projects 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.

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.

See independent auditors' report.

CITY OF BELLFLOWER

NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)

For the year ended June 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

c. Basis of Presentation (Continued):

Fund Financial Statements (Continued):

Additionally, the City reports the following fund types:

Proprietary Fund:

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

Fiduciary Funds:

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 the business-type activity are eliminated so that only the net amount is included in internal balances in the business-type activity 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 the business-type activity are eliminated so that only the net amount is included as transfers in the business-type activity column.

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CITY OF BELLFLOWER

NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)

For the year ended June 30, 2014

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 are the proprietary and private purpose trust fund financial statements. Under the economic resources measurement focus, all assets, deferred outflows of resources, liabilities and deferred inflows of resources (whether current or noncurrent) associated with their activity are included on their balance sheets. Operating statements present increases (revenues) and decreases (expenses) in total net position. 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. Under the current financial resources measurement focus, only current assets, deferred outflows of resources, current liabilities and deferred inflows of resources are generally included on their balance sheets. The reported fund balance is considered to be a measure of “available spendable resources”. Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in fund balance. Accordingly, they are said to present a summary of sources and uses of “available spendable resources” during a period. Noncurrent portions of long-term receivables due to governmental funds are reported on their balance sheets in spite of their spending measurement focus. However, special reporting treatments are used to indicate that they should not be considered “available spendable resources” since they do not represent “available spendable resources”. Recognition of governmental fund type revenue represented by noncurrent receivables is deferred until they become current receivables.

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.

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CITY OF BELLFLOWER

NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)

For the year ended June 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

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

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.

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 an agency fund which has no measurement focus, but utilizes the accrual basis for reporting its assets and liabilities.

e. New Accounting Pronouncements:

Current Year Standards:

GASB 66 - *“Technical Corrections, an amendment of GASB Statement No. 10 and Statement No. 62”*, required to be implemented in the current fiscal year did not impact the City.

GASB 70 - *“Accounting and Financial Reporting for Nonexchange Financial Guarantees”*, required to be implemented in the current fiscal year did not impact the City.

See independent auditors' report.

CITY OF BELLFLOWER

NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)

For the year ended June 30, 2014

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 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 71 - "*Pension Transition for Contributions Made Subsequent to the Measurement Date, an Amendment of GASB Statement No. 68*", effective for periods beginning after June 15, 2014.

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, 2014

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 a cost of \$1,900 or more and 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, 2014.

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CITY OF BELLFLOWER

NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)

For the year ended June 30, 2014

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 and the governmental funds balance sheet 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 future periods 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 life of the refunding debt.

In addition to liabilities, the statement of net position and the governmental funds balance sheet 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 future periods 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.

See independent auditors' report.

CITY OF BELLFLOWER

NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)

For the year ended June 30, 2014

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, 2014

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, 2014

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 fund 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 is 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.

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CITY OF BELLFLOWER

NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)

For the year ended June 30, 2014

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, 2014

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, Debt Service Funds, and Capital Projects 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 \$6,101,640 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, 2014. 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:			
Public safety:			
Crossing guard	\$ 122,200	\$ 122,397	\$ (197)
Public works:			
Street maintenance	2,449,650	2,552,912	(103,262)
Community development:			
Building and safety - L.A. contract	43,000	44,835	(1,835)
Grant Projects Capital Projects Fund:			
Public works	-	34,519	(34,519)
Other Governmental Funds:			
Proposition C Special Revenue Fund:			
Public works	546,214	546,340	(126)
Proposition 1B Special Revenue Fund:			
Public works	287,937	298,891	(10,954)
Parking District No. 1 Special Revenue Fund:			
Public works	16,000	16,894	(894)
Building and Safety Special Revenue Fund:			
Community development	695,509	698,892	(3,383)

See independent auditors' report.

CITY OF BELLFLOWER

NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)

For the year ended June 30, 2014

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 (Continued):			
COG Position Special Revenue Fund:			
Public works	\$ 190,811	\$ 198,398	\$ (7,587)
Economic Development Capital Projects Fund:			
Capital outlay	117,995	118,845	(850)

3. CASH AND INVESTMENTS:

Cash and Investments:

Cash and investments as of June 30, 2014 are classified in the accompanying financial statements as follows:

Statement of Net Position:	
Cash and investments	\$ 29,742,933
Cash and investments with fiscal agents	543,946
Statement of Fiduciary Net Position:	
Cash and investments	3,830,288
Cash and investments with fiscal agents	<u>603,074</u>
Total cash and investments	<u>\$ 34,720,241</u>

Cash and investments held by the City at June 30, 2014 consisted of the following:

Petty cash	\$ 3,667
Deposits with financial institutions	1,938,061
Investments	<u>32,778,513</u>
Total cash and investments	<u>\$ 34,720,241</u>

See independent auditors' report.

CITY OF BELLFLOWER

NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)

For the year ended June 30, 2014

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, 2014

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.

See independent auditors' report.

CITY OF BELLFLOWER

NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)

For the year ended June 30, 2014

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	\$ 32,392	\$ -	\$ -	\$ -	\$ -	\$ 32,392
State Investment Pool	21,858,011	-	-	-	-	21,858,011
Municipal Obligations	1,667,479	2,722,745	2,078,868	1,267,721	-	7,736,813
Federal Home Loan Bank Held by Debt Trustee:	-	-	-	-	2,004,277	2,004,277
Certificates of Deposit	-	-	1,135,000	-	-	1,135,000
Money Market Funds	12,020	-	-	-	-	12,020
	<u>\$ 23,569,902</u>	<u>\$ 2,722,745</u>	<u>\$ 3,213,868</u>	<u>\$ 1,267,721</u>	<u>\$ 2,004,277</u>	<u>\$ 32,778,513</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	Total as of June 30, 2014	Minimum Legal Rating	Ratings as of Fiscal Year End			
			AAA	AA+	Other	Not Rated
Certificates of Deposit (1)	\$ 32,392	N/A	\$ -	\$ -	\$ -	\$ 32,392
State Investment Pool	21,858,011	N/A	-	-	-	21,858,011
Municipal Obligations	7,736,813	N/A	-	-	7,736,813	-
Federal Home Loan Bank Held by Debt Trustee:	2,004,277	N/A	-	2,004,277	-	-
Certificates of Deposit (1)	1,135,000	N/A	-	-	-	1,135,000
Money Market Funds	12,020	A	12,020	-	-	-
Total	<u>\$32,778,513</u>		<u>\$ 12,020</u>	<u>\$ 2,004,277</u>	<u>\$ 7,736,813</u>	<u>\$ 23,025,403</u>

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CITY OF BELLFLOWER

NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)

For the year ended June 30, 2014

3. CASH AND INVESTMENTS (CONTINUED):

Disclosures Relating to Credit Risk (Continued):

The actual ratings for the “Other” category above are as follows:

<u>Investment Type</u>	<u>AA</u>	<u>AA-</u>	<u>A+</u>	<u>A</u>	<u>A-</u>	<u>BB+</u>	<u>Total</u>
Municipal Obligations	<u>\$ 2,480,677</u>	<u>\$ 2,315,330</u>	<u>\$ 1,360,569</u>	<u>\$ 750,097</u>	<u>\$ 514,680</u>	<u>\$ 315,460</u>	<u>\$ 7,736,813</u>

(1) All certificates of deposit are FDIC insured, which is equivalent to an AAA rating.

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 Federal Home Loan Bank, and external investment pools) that represent 5% or more of total City 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, 2014, all of the City’s deposits with financial institutions were covered by federal depository insurance limits or were held in collateralized accounts.

See independent auditors’ report.

CITY OF BELLFLOWER

NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)

For the year ended June 30, 2014

3. CASH AND INVESTMENTS (CONTINUED):

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.

4. NOTES RECEIVABLE:

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

Major Funds:

General Fund	\$ 53,885
Low and Moderate Income Housing Asset Special Revenue Fund	3,706,277
HOME Capital Projects Fund	1,268,225

Other Governmental Fund:

Community Development Block Grant Capital Projects Fund	<u>592,392</u>
	<u>\$ 5,620,779</u>

5. INTERFUND ACTIVITY:

The following represents the interfund activity of the City for the fiscal year ended June 30, 2014.

Due To/From Other Funds:

<u>Receivable Funds</u>	<u>Payable Funds</u>	<u>Amount</u>
General Fund	Grant Projects Capital Projects Fund	\$ 341,560
	Other Governmental Funds -	
	Special Revenue Funds:	
	Parking District No. 1	1,225
	COG Position	56,446
Other Governmental Funds:		
CDBG Capital Projects Fund	General Fund	<u>15,209</u>
		<u>\$ 414,440</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.

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CITY OF BELLFLOWER

NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)

For the year ended June 30, 2014

5. INTERFUND ACTIVITY (CONTINUED):

Advances Receivable/Payable:

The advances made from the Bellflower Financing Authority (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, 2014, 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	\$ 2,694,943
Financing Authority Debt Service Fund	Water Enterprise Fund	7,120,181
HOME Capital Projects Fund	Low and Moderate Income Housing Asset Special Revenue Fund	<u>1,398,066</u>
		<u>\$ 11,213,190</u>

The advances from the 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 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 HOME Capital Projects Fund to the Low and Moderate Income Housing Asset Special Revenue Fund bear the same interest rates as the State of California Local Agency Investment Fund. 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, 2014

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. The General Fund transfers to the General Projects Capital Projects Fund were to establish a separate fund for the capital projects previously recorded in the General Fund.

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
Major Funds:		
General Fund	Other Governmental Funds:	
	Gas Tax Special Revenue Fund	\$ 1,153,500
HOME Capital Projects Fund	General Fund	11,519
Other Governmental Funds:		
Building and Safety		
Special Revenue Fund	General Fund	230,988
GP/Zoning/GIS Fee		
Special Revenue Fund	General Fund	57,146
Public Facilities Corporation		
Debt Service Fund	General Fund	463,045
Community Development Block		
Grant Capital Projects Fund	General Fund	93,158
Capital Projects/Economic		
Development Capital Projects		
Fund	General Fund	1,145,471
General Projects		
Capital Projects Fund	General Fund	1,273,400
Water Enterprise Fund	General Fund	<u>11,199</u>
		<u>\$ 4,439,426</u>

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CITY OF BELLFLOWER

NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)

For the year ended June 30, 2014

6. CAPITAL ASSETS:

Governmental Activities:

Changes in capital assets for governmental activities for the fiscal year ended June 30, 2014 were as follows:

	Balance at July 1, 2013	Additions	Deletions	Balance at June 30, 2014
Capital assets, not being depreciated:				
Land	\$ 9,878,514	\$ -	\$ -	\$ 9,878,514
Water rights	181,010	-	-	181,010
Construction in progress	<u>556,044</u>	<u>2,651,490</u>	<u>(1,838,580)</u>	<u>1,368,954</u>
Total capital assets, not being depreciated	<u>10,615,568</u>	<u>2,651,490</u>	<u>(1,838,580)</u>	<u>11,428,478</u>
Capital assets, being depreciated:				
Buildings and improvements	32,933,387	-	-	32,933,387
Equipment, furniture and fixtures	8,428,675	334,984	(527,291)	8,236,368
Infrastructure	<u>20,190,596</u>	<u>1,793,149</u>	<u>-</u>	<u>21,983,745</u>
Total capital assets, being depreciated	<u>61,552,658</u>	<u>2,128,133</u>	<u>(527,291)</u>	<u>63,153,500</u>
Less accumulated depreciation for:				
Buildings and improvements	(10,295,940)	(776,579)	-	(11,072,519)
Equipment, furniture and fixtures	(6,533,719)	(437,526)	527,291	(6,443,954)
Infrastructure	<u>(6,886,308)</u>	<u>(481,801)</u>	<u>-</u>	<u>(7,368,109)</u>
Total accumulated depreciation	<u>(23,715,967)</u>	<u>(1,695,906)</u>	<u>527,291</u>	<u>(24,884,582)</u>
Total capital assets, being depreciated, net	<u>37,836,691</u>	<u>432,227</u>	<u>-</u>	<u>38,268,918</u>
Total governmental activities, capital assets, net	<u>\$ 48,452,259</u>	<u>\$ 3,083,717</u>	<u>\$ (1,838,580)</u>	<u>\$ 49,697,396</u>

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

General government	\$ 149,805
Public safety	71,127
Public works	902,470
Community development	238,952
Parks and recreation	<u>333,552</u>
Total	<u>\$ 1,695,906</u>

Depreciation expense for governmental activities (governmental funds) is \$1,525,137.
Depreciation expense for governmental activities (internal service fund) is \$170,769.

See independent auditors' report.

CITY OF BELLFLOWER

NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)

For the year ended June 30, 2014

6. CAPITAL ASSETS (CONTINUED):

Business-type Activities:

Changes in capital assets for business-type activities for the fiscal year ended June 30, 2014 were as follows:

	Balance at <u>July 1, 2013</u>	<u>Additions</u>	<u>Deletions</u>	Balance at <u>June 30, 2014</u>
Capital assets, not being depreciated:				
Land	\$ 827,065	\$ -	\$ (368,335)	\$ 458,730
Water rights	<u>4,000,000</u>	<u>-</u>	<u>-</u>	<u>4,000,000</u>
Total capital assets, not being depreciated	<u>4,827,065</u>	<u>-</u>	<u>(368,335)</u>	<u>4,458,730</u>
Capital assets, being depreciated:				
Buildings and improvements	190,364	55,995	-	246,359
Machinery and equipment	21,004	74,500	-	95,504
Acquisition costs	412,081	-	-	412,081
Infrastructure	<u>4,746,634</u>	<u>-</u>	<u>-</u>	<u>4,746,634</u>
Total capital assets, being depreciated	<u>5,370,083</u>	<u>130,495</u>	<u>-</u>	<u>5,500,578</u>
Less accumulated depreciation for:				
Buildings and improvements	(31,979)	(7,382)	-	(39,361)
Machinery and equipment	(5,612)	(2,376)	-	(7,988)
Acquisition costs	(266,172)	(41,208)	-	(307,380)
Infrastructure	<u>(962,539)</u>	<u>(199,705)</u>	<u>-</u>	<u>(1,162,244)</u>
Total accumulated depreciation	<u>(1,266,302)</u>	<u>(250,671)</u>	<u>-</u>	<u>(1,516,973)</u>
Total capital assets, being depreciated, net	<u>4,103,781</u>	<u>(120,176)</u>	<u>-</u>	<u>3,983,605</u>
Total business-type activities, capital assets, net	<u>\$ 8,930,846</u>	<u>\$ (120,176)</u>	<u>\$ (368,335)</u>	<u>\$ 8,442,335</u>

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

Water \$ 250,671

See independent auditors' report.

CITY OF BELLFLOWER

NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)

For the year ended June 30, 2014

7. DEFERRED INFLOWS OF RESOURCES:

At June 30, 2014, 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	HOME Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Unavailable:						
Sales tax revenue	\$ 323,101	\$ -	\$ -	\$ -	\$ -	\$ 323,101
Investment income	1,615,042	292,897	-	-	160,066	2,068,005
Grant revenue	-	-	224,806	-	-	224,806
Revenue for notes receivable	53,885	3,706,277	-	1,428,291	432,326	5,620,779
	<u>\$ 1,992,028</u>	<u>\$ 3,999,174</u>	<u>\$ 224,806</u>	<u>\$ 1,428,291</u>	<u>\$ 592,392</u>	<u>\$ 8,236,691</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, 2014:

Governmental Activities:	Balance at July 1, 2013	Additions	Deletions	Balance at June 30, 2014	Due Within One Year
2008 Certificates of Participation	\$ 7,810,000	\$ -	\$ (150,000)	\$ 7,660,000	\$ 160,000
2011 Lease Financing Agreement	2,865,000	-	(365,000)	2,500,000	380,000
Section 108 Loan	4,969,000	-	(314,000)	4,655,000	330,000
Compensated absences	1,327,254	841,332	(897,804)	1,270,782	897,804
	<u>\$ 16,971,254</u>	<u>\$ 841,332</u>	<u>\$ (1,726,804)</u>	<u>\$ 16,085,782</u>	<u>\$ 1,767,804</u>

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CITY OF BELLFLOWER

NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)

For the year ended June 30, 2014

8. LONG-TERM DEBT (CONTINUED):

2008 Certificates of Participation:

On July 9, 2008, the Bellflower Financing Authority 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 Financing 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, 2014 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, 2014 was \$7,660,000.

The annual requirements to amortize the 2008 Certificates of Participation outstanding at June 30, 2014 are as follows:

<u>Fiscal Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	185,000	348,650	533,650
2020 - 2024	1,055,000	1,608,286	2,663,286
2025 - 2029	1,335,000	1,321,725	2,656,725
2030 - 2034	1,710,000	937,613	2,647,613
2035 - 2039	2,195,000	433,782	2,628,782
2040	<u>510,000</u>	<u>13,387</u>	<u>523,387</u>
	<u>\$ 7,660,000</u>	<u>\$ 6,129,900</u>	<u>\$ 13,789,900</u>

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CITY OF BELLFLOWER

NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)

For the year ended June 30, 2014

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, 2014 was \$2,500,000.

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CITY OF BELLFLOWER

NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)

For the year ended June 30, 2014

8. LONG-TERM DEBT (CONTINUED):

2011 Lease Financing Agreement (Continued):

The annual requirements to amortize the 2011 Lease Financing Agreement outstanding at June 30, 2014 are as follows:

Fiscal Year Ending	Principal	Interest	Total
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	455,000	8,315	463,315
	<u>\$ 2,500,000</u>	<u>\$ 283,993</u>	<u>\$ 2,783,993</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, 2014 was \$4,655,000.

The annual requirements to amortize the Section 108 Loan outstanding at June 30, 2014 are as follows:

Fiscal Year Ending	Principal	Interest	Total
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	399,000	178,631	577,631
2020 - 2024	2,306,000	513,382	2,819,382
2025	531,000	15,957	546,957
	<u>\$ 4,655,000</u>	<u>\$ 1,628,281</u>	<u>\$ 6,283,281</u>

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CITY OF BELLFLOWER

NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)

For the year ended June 30, 2014

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 \$897,804 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 2014. 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, 2014, totals \$372,978.

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

Plan Descriptions:

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 (CalPERS), cost sharing, multiple-employer, public employee, defined benefit pension plans. CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. CalPERS 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 CalPERS' 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, 2014

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, 2014 the rate was 12.192% for miscellaneous employees of annual covered payroll. Active plan members of Miscellaneous 2% at 62 Risk Pool are required to contribute 6.75% of their annual covered salary. The required employer contribution rate of the fiscal year ended June 30, 2014 for the Miscellaneous 2% at 62 Risk Pool was 6.95%. 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 CalPERS.

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

<u>June 30,</u>	<u>Employer Portion</u>	<u>Employee Portion</u>	<u>Total</u>
2014	\$ 755,889	\$ 223,371	\$ 979,260
2013	700,585	284,583	985,168
2012	640,761	389,101	1,029,862

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.

See independent auditors' report.

CITY OF BELLFLOWER

NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)

For the year ended June 30, 2014

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 2013-14, the City contributed \$1,030,827 to the plan, including \$577,188 of cash contributions made to CERBT and \$453,639 in premium payments for retiree insurance made directly to CalPERS.

Annual OPEB and Net OPEB Asset:

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 asset.

Annual required contribution	\$ 687,020
Interest on net OPEB Asset	(21,698)
Adjustment to annual required contribution	<u>-</u>
Annual OPEB cost (expense)	665,322
Actual contributions made	<u>(1,030,827)</u>
Increase in net OPEB Asset	(365,505)
Net OPEB Asset - beginning of year	<u>(299,283)</u>
Net OPEB Asset - end of year	<u><u>\$ (664,788)</u></u>

See independent auditors’ report.

CITY OF BELLFLOWER

NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)

For the year ended June 30, 2014

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

Annual OPEB and Net OPEB Asset (Continued):

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB asset for 2014 and the two 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 OPEB Asset</u>
06/30/2012	\$ 706,510	99%	\$ (54,116)
06/30/2013	706,510	135%	(299,283)
06/30/2014	665,322	155%	(664,788)

Funded Status and Funding Progress:

As of July 1, 2013, the most recent actuarial valuation date, the plan was 24.24% funded. The actuarial accrued liability for benefits was \$9,124,852 and the actuarial value of assets was \$2,212,196, resulting in an unfunded actuarial accrued liability (UAAL) of \$6,912,656. The covered payroll (annual payroll of active employees covered by the plan) was \$6,226,211, and the ratio of the UAAL to the covered payroll was 111.03%.

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 basic 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, 2014

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 July 1, 2013, actuarial valuation, actuarial cost method (entry age normal) was used. The actuarial assumptions included economic assumptions of a 2.75% inflation rate, a 2.75% projected salary increase, a 7.25% investment rate of return, which is the expected long-term investment returns on plan assets and an annual healthcare cost trend rate of 4%. In addition, the actuarial non economic assumption included a 2% at 55 pension formula of retirement rate. The actuarial value of assets is \$2,212,196. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a fifteen-year period (smoothing formula) with a 20% corridor around market value. The UAAL is being amortized as a flat percentage of covered payroll over thirty years. The remaining amortization period at July 1, 2013 for the initial UAAL was 25 years. The amortization period is closed for initial UAAL and open for residual UAAL for 30 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 119 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 nine-member Executive Committee.

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CITY OF BELLFLOWER

NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)

For the year ended June 30, 2014

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) Costs of covered claims from \$15 million to \$20 million are paid under reinsurance agreements. (7) Costs of covered claims from \$20 million to \$50 million are paid under excess insurance policies.

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

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CITY OF BELLFLOWER

NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)

For the year ended June 30, 2014

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

Self-Insurance Programs of the Authority (Continued):

Liability (Continued)

Costs of covered claims for subsidence losses are paid by reinsurance and excess insurance with a pooled sub-limit of \$30 million per occurrence. This \$30 million subsidence sub-limit is composed of (a) \$5 million retained within the pool's SIR, (b) \$15 million in reinsurance, subject to the same annual aggregate deductibles previously stated, and (c) \$10 million in excess insurance. The excess insurance layer has a \$10 million annual aggregate limit.

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.

See independent auditors' report.

CITY OF BELLFLOWER

NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)

For the year ended June 30, 2014

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

Purchased Insurance (Continued):

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 \$39,753,510. There is a \$5,000 deductible per occurrence except for non-emergency vehicle insurance, which has \$1,000 deductible. Premiums for the coverage are paid annually and are not subject to retroactive adjustments.

Earthquake and Flood Insurance

The City of Bellflower purchases earthquake and flood insurance on a portion of its property. The earthquake insurance is part of the property protection insurance program of the Authority. The City of Bellflower's property currently has earthquake protection in the amount of \$25,190,859. 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 2013-14.

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CITY OF BELLFLOWER

NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)

For the year ended June 30, 2014

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.

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	\$ 49,697,396	\$ 8,810,670
Deferred loss on refunding	71,000	-
Less: total capital related debt	<u>(7,155,000)</u>	<u>-</u>
Net investment in capital assets	<u>42,613,396</u>	<u>8,810,670</u>
Restricted for:		
Construction of capital assets	2,740,368	-
Debt service	7,435,603	-
Streets, highways, bikeways, public transit, and other related purposes	8,701,733	-
Housing	5,196,161	-
Community development	4,143,363	-
Public safety	180,076	-
Total restricted net position	<u>28,397,304</u>	<u>-</u>
Unrestricted	<u>22,283,199</u>	<u>(8,842,405)</u>
Total net position	<u>\$ 93,293,899</u>	<u>\$ (31,735)</u>

See independent auditors' report.

CITY OF BELLFLOWER

NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)

For the year ended June 30, 2014

13. NET POSITION AND FUND BALANCES (CONTINUED):

Fund Balances:

As of June 30, 2014, 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, 2014

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	HOME Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Nonspendable:							
Long-term receivable from successor agency, net of deferred interest	\$ 9,444,008	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,444,008
Advances, net of deferred interest	2,251,487	-	-	-	-	-	2,251,487
Restricted:							
Low and moderate income housing	-	1,196,987	-	-	-	-	1,196,987
Debt service	-	-	7,664,555	-	-	-	7,664,555
Streets and roads	-	-	-	-	-	8,701,733	8,701,733
Community development	-	-	-	-	1,261,646	636,228	1,897,874
Public safety programs	-	-	-	-	-	180,076	180,076
Capital projects	-	-	-	-	-	140,299	140,299
Assigned:							
Economic development	-	-	-	-	-	2,600,069	2,600,069
Unassigned	<u>14,625,084</u>	<u>-</u>	<u>-</u>	<u>(95,436)</u>	<u>-</u>	<u>-</u>	<u>14,529,648</u>
	<u>\$ 26,320,579</u>	<u>\$ 1,196,987</u>	<u>\$ 7,664,555</u>	<u>\$ (95,436)</u>	<u>\$ 1,261,646</u>	<u>\$ 12,258,405</u>	<u>\$ 48,606,736</u>

14. DEFICIT FUND BALANCES AND NET POSITION:

The Grant Projects Capital Projects Fund has a deficit fund balance of \$95,436 at June 30, 2014. 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 \$400,070 at June 30, 2014, which should be alleviated as future revenues are expected to increase and costs are expected to decrease with a new high capacity well.

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CITY OF BELLFLOWER

NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)

For the year ended June 30, 2014

15. RELATED PARTY TRANSACTION:

The City has entered into a lease with the Jerry W. Larsen Family Trust beginning February 1, 2014 and ending January 31, 2019 for the rental of a vacant lot to be used for a public parking lot. A City Council Member is a named beneficiary of the Jerry W. Larsen Family Trust. The annual rent paid by the City is \$35,400 for the first year, \$36,000 for the second year, and an increase based on the consumer Price Index for the Los Angeles Area not to exceed 3% of the previous year's annual rent for the remaining years. The City has the right to purchase the leased premises for an agreed upon amount prior to the ending of the lease on January 31, 2019 or the lease will automatically renew each year until the property is purchased by the City or sold by the Jerry W. Larsen Family Trust. Prior to the City considering the lease, the property was appraised and the lease rate was based on the appraisal. Therefore, City management and the City Attorney believe the lease terms are reasonable. Also, before that consideration, the City Attorney reviewed the applicable provisions of the California Government Code and determined none of those provisions would be violated with the Council Member's abstention from participating in or trying to influence that decision. The Council Member did not participate in or try to influence the City's decision to negotiate or accept the lease.

16. CONSTRUCTION COMMITMENTS:

The City has construction contracts in progress as follows:

Vendor	Project	Spec. No.	Project Authorization	Invoiced as of June 30, 2014	Committed
Midwest Roofing, Inc.	Simms Park Roof Replacement	12/14-07	\$ 361,515	\$ 311,189	\$ 50,326
All American Asphalt	Pavement rehabilitation - Bellflower Boulevard	13/14-08	268,348	237,290	31,058
Zim's Integrated Mechanical Services	HVAC Replacement Project - City Hall	12/13-07R	84,757	-	84,757
Jasper Construction	Caruthers Park ADA Restroom Renovation	12/13-05	98,471	-	98,471
Mora's Equipment and Construction	Removal/Replacement of Curb, Gutter, Asphalt, and Sidewalk	13/14-05	167,533	-	167,533
			<u>\$ 980,624</u>	<u>\$ 548,479</u>	<u>\$ 432,145</u>

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CITY OF BELLFLOWER

NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)

For the year ended June 30, 2014

17. RESTATEMENT OF NET POSITION AND FUND BALANCES:

Net position for the government-wide financial statements as of July 1, 2013 was restated as follows:

	<u>Governmental Activities</u>
Net position as previously reported as of June 30, 2013	\$ 88,064,423
Addition to net position for recalculation of the long-term loan receivable from the successor agency trust funds	<u>1,460,055</u>
Net position as restated July 1, 2013	<u>\$ 89,524,478</u>

Fund balances for the governmental fund financial statements as of July 1, 2013 were restated as follows:

	<u>General Fund</u>	<u>Low and Moderate Income Housing Asset Special Revenue Fund</u>
Fund balances as previously reported as of June 30, 2013	\$ 25,142,920	\$ 887,913
Addition to fund balances for recalculation of the long-term loan receivable from the successor agency trust funds	<u>1,168,044</u>	<u>292,011</u>
Fund balances as restated July 1, 2013	<u>\$ 26,310,964</u>	<u>\$ 1,179,924</u>

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CITY OF BELLFLOWER

NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)

For the year ended June 30, 2014

17. RESTATEMENT OF NET POSITION AND FUND BALANCES (CONTINUED):

Net position for the fiduciary fund financial statements as of July 1, 2013 was restated as follows:

	Private-Purpose <u>Trust Fund</u> RDA Successor Agency <u>Fund</u>
Net position as previously reported as of June 30, 2013	\$ (1,328,755)
Reduction to net position for recalculation of the long-term loan receivable from the successor agency trust funds	<u>(1,166,496)</u>
Net position as restated July 1, 2013	<u>\$ (2,495,251)</u>

18. 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.

See independent auditors’ report.

CITY OF BELLFLOWER

NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)

For the year ended June 30, 2014

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

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.

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.

As of the date of dissolution, 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.

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CITY OF BELLFLOWER

NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)

For the year ended June 30, 2014

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

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.

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. In addition, the Successor Agency adopted the Long Range Property Management Program (LRPMP) through resolution OB 13-17 on December 17, 2013. Also, Successor Agency adopted resolution 13-03 concluding that the loan agreements between the former redevelopment agency and the City were for legitimate redevelopment purposes, which was approved by the DOF on July 9, 2013.

The Finding of Completion, adoption of the LRPMP, and finding that the loans were for legitimate redevelopment purposes allowed the placement of loan agreements between the former redevelopment agency and the City on the ROPS in fiscal year 2014-15 and the transfer of property from the Successor Agency to the City. Loan repayments could begin in the 2014-15 fiscal year as governed by the criteria in the health and safety code section. Property transfers were approved by the DOF on August 11, 2014 and were transferred to the City subsequent to year-end.

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 has approved a repayment for the long-term advances to the Successor Agency totaling \$205,021 in the ROPS 14-15A. When the repayments begin in fiscal year 2014-2015, 20% of the repayments of the loan must be allocated to the Low and Moderate Income Housing Asset Special Revenue Fund. At June 30, 2014, the long-term advances to the Successor Agency totaled \$13,269,493 which included principal of \$11,805,010 and interest of \$1,464,483. 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.

See independent auditors' report.

CITY OF BELLFLOWER

NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)

For the year ended June 30, 2014

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

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.

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.

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

Notes Receivable:

Notes receivable of the Successor Agency as of June 30, 2014 consisted of the following:

The former Redevelopment Agency made a loan to a business in the amount of \$10,000, which matured on October 8, 2013. The loan did not bear interest and was paid in full as of June 30, 2014.

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, 2014 was \$48,025, which is offset by an allowance for doubtful accounts as the loan is to be forgiven.

See independent auditors' report.

CITY OF BELLFLOWER

NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)

For the year ended June 30, 2014

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

Capital Assets:

Capital assets of the Successor Agency as of June 30, 2014 consisted of the following:

	Balance at <u>July 1, 2013</u>	<u>Additions</u>	<u>Deletions</u>	Balance at <u>June 30, 2014</u>
Capital assets, not being depreciated:				
Land	\$ 8,023,622	\$ -	\$ -	\$ 8,023,622
Total capital assets, not being depreciated	<u>8,023,622</u>	<u>-</u>	<u>-</u>	<u>8,023,622</u>
Capital assets, being depreciated:				
Buildings and improvements	5,043,918	-	-	5,043,918
Equipment, furniture and fixtures	118,727	-	(89)	118,638
Infrastructure	<u>1,863,602</u>	<u>-</u>	<u>-</u>	<u>1,863,602</u>
Total capital assets, being depreciated	<u>7,026,247</u>	<u>-</u>	<u>(89)</u>	<u>7,026,158</u>
Less: accumulated depreciation for:				
Buildings and improvements	(1,043,383)	(140,843)	-	(1,184,226)
Equipment, furniture and fixtures	(89,376)	(10,916)	89	(100,203)
Infrastructure	<u>(266,464)</u>	<u>(45,840)</u>	<u>-</u>	<u>(312,304)</u>
Total accumulated depreciation	<u>(1,399,223)</u>	<u>(197,599)</u>	<u>89</u>	<u>(1,596,733)</u>
Total capital assets, being depreciated, net	<u>5,627,024</u>	<u>(197,599)</u>	<u>-</u>	<u>5,429,425</u>
Total capital assets, net	<u>\$ 13,650,646</u>	<u>\$ (197,599)</u>	<u>\$ -</u>	<u>\$ 13,453,047</u>

See independent auditors' report.

CITY OF BELLFLOWER

NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)

For the year ended June 30, 2014

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

Long-term Debt:

Long-term debt of the Successor Agency as of June 30, 2014, consisted of the following:

	Balance at			Balance at	Due Within
	<u>July 1, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2014</u>	<u>One Year</u>
2004 Refunding Tax Allocation Bonds	\$ 6,590,000	\$ -	\$ (155,000)	\$ 6,435,000	\$ 165,000
Original Issue Discount	(52,617)	-	2,546	(50,071)	-
Notes payable - Dietz	145,515	-	(9,684)	135,831	10,072
Notes payable - Goslins/Cleveland	355,348	-	(6,952)	348,396	7,300
Advances from the City of Bellflower (as restated)	<u>13,237,364</u>	<u>32,129</u>	<u>-</u>	<u>13,269,493</u>	<u>-</u>
	<u>\$ 20,275,610</u>	<u>\$ 32,129</u>	<u>\$ (169,090)</u>	<u>\$ 20,138,649</u>	<u>\$ 182,372</u>

2004 Refunding Tax Allocation Bonds

The 2004 Tax Allocation Bonds issued by the former Redevelopment Agency and outstanding at June 30, 2014 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, 2014 was \$6,435,000.

The scheduled annual minimum debt service requirements at June 30, 2014 are as follows:

<u>Fiscal Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	210,000	377,159	587,159
2020 - 2024	1,285,000	1,657,074	2,942,074
2025 - 2029	1,770,000	1,172,160	2,942,160
2030 - 2034	<u>2,445,000</u>	<u>504,900</u>	<u>2,949,900</u>
	<u>\$ 6,435,000</u>	<u>\$ 5,343,723</u>	<u>\$ 11,778,723</u>

See independent auditors' report.

CITY OF BELLFLOWER

NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)

For the year ended June 30, 2014

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

Long-term Debt (Continued):

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, 2014 was \$135,831.

The scheduled annual minimum debt service requirements at June 30, 2014 are as follows:

<u>Fiscal Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	11,782	3,723	15,505
2020 - 2024	66,371	11,154	77,525
2025	14,908	597	15,505
	<u>\$ 135,831</u>	<u>\$ 34,724</u>	<u>\$ 170,555</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, 2014 was \$348,396.

The scheduled annual minimum debt service requirements at June 30, 2014 are as follows:

<u>Fiscal Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 7,300	\$ 17,420	\$ 24,720
2016	7,665	17,055	24,720
2017	8,048	16,672	24,720
2018	8,450	16,270	24,720
2019	8,873	15,847	24,720
2020 - 2024	51,479	72,121	123,600
2025 - 2029	65,703	57,897	123,600
2030 - 2034	83,854	39,746	123,600
2035 - 2039	107,024	16,576	123,600
	<u>\$ 348,396</u>	<u>\$ 269,604</u>	<u>\$ 618,000</u>

See independent auditors' report.

CITY OF BELLFLOWER

NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)

For the year ended June 30, 2014

19. 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, 2014, the balance was \$13,269,493.

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, 2014 was \$108,429 with amortization expense for the fiscal year of \$10,665. The balance of prepaid insurance costs, net of accumulated amortization expense at June 30, 2014 was \$209,751.

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, 2014 was \$232,868, 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, 2014 was \$276,769.

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, 2014

19. 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, 2014, the amounts of principal outstanding on the bonds were \$7,495,000 for Series 2002A and \$245,000 for Series 2002B, for a total of \$7,740,000.

20. SUBSEQUENT EVENTS:

Events occurring after June 30, 2014 have been evaluated for possible adjustments to the financial statements or disclosure as of December 1, 2014, which is the date these financial statements were available to be issued.

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CITY OF BELLFLOWER

SCHEDULE OF FUNDING PROGRESS

For the fiscal year ended June 30, 2014

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]
01/01/09	\$ 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%
07/01/13	9,124,852	2,212,196	6,912,656	24.24%	6,226,211	111.03%

See independent auditors' report.

CITY OF BELLFLOWER

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

For the fiscal year ended June 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 22,542,000	\$ 22,542,000	\$ 22,741,499	\$ 199,499
Licenses and permits	64,300	64,300	86,938	22,638
Fines, forfeitures and penalties	1,677,000	1,711,000	1,953,193	242,193
Investment earnings	125,000	125,000	109,926	(15,074)
Charges for current services	891,100	891,100	972,962	81,862
Intergovernmental revenue	199,500	199,500	242,228	42,728
Other revenues	546,380	552,880	615,694	62,814
TOTAL REVENUES	26,045,280	26,085,780	26,722,440	636,660
EXPENDITURES:				
GENERAL GOVERNMENT:				
City council	222,253	222,253	214,018	8,235
Public affairs	75,039	75,039	72,978	2,061
Special events	110,322	140,456	90,734	49,722
City manager	790,033	729,447	612,569	116,878
City clerk	385,721	385,721	383,106	2,615
Parks and recreation commission	103,303	103,303	89,808	13,495
Planning commission	10,700	10,700	7,050	3,650
Finance	898,046	932,046	883,906	48,140
City attorney	167,000	345,422	341,903	3,519
Personnel/Risk management	327,214	327,214	306,976	20,238
Public safety commission	1,300	5,050	2,950	2,100
Stipends	1,400	1,400	-	1,400
Non-departmental	539,100	539,100	519,519	19,581
TOTAL GENERAL GOVERNMENT	3,631,431	3,817,151	3,525,517	291,634
PUBLIC SAFETY:				
Administration	1,563,948	1,563,948	1,504,111	59,837
Crossing guard	122,200	122,200	122,397	(197)
Sheriff	8,449,834	8,449,834	8,309,299	140,535
Support services	814,900	814,900	648,564	166,336
Emergency management	4,850	4,850	4,625	225
TOTAL PUBLIC SAFETY	10,955,732	10,955,732	10,588,996	366,736
PUBLIC WORKS:				
Administration	931,565	931,565	877,155	54,410
Street maintenance	2,384,797	2,449,650	2,552,912	(103,262)
Stormwater maintenance	583,673	583,673	419,252	164,421
Lighting and landscaping	605,000	605,000	592,957	12,043
Facility maintenance	2,138,558	2,228,558	2,143,816	84,742
TOTAL PUBLIC WORKS	6,643,593	6,798,446	6,586,092	212,354

See independent auditors' report.

(Continued)

CITY OF BELLFLOWER

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND
(Continued)

For the fiscal year ended June 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES (CONTINUED):				
COMMUNITY DEVELOPMENT:				
Administration	\$ 559,867	\$ 559,867	\$ 537,280	\$ 22,587
Planning	1,053,515	1,053,515	1,004,779	48,736
Building and safety - LA contract	43,000	43,000	44,835	(1,835)
Farmers' market	1,650	1,650	756	894
Code enforcement	560,638	605,138	596,687	8,451
TOTAL COMMUNITY DEVELOPMENT	<u>2,218,670</u>	<u>2,263,170</u>	<u>2,184,337</u>	<u>78,833</u>
PARKS AND RECREATION:				
Administration	583,950	583,950	556,893	27,057
Simms park	349,233	349,233	318,986	30,247
Thompson park	287,578	287,578	274,001	13,577
Caruthers park	264,126	264,126	247,461	16,665
Aquatic center	189,400	189,400	168,814	20,586
Civic auditorium	75,231	75,231	67,560	7,671
Cultural arts	17,451	17,451	17,451	-
Youth/teen programs	55,754	55,754	44,291	11,463
TOTAL PARKS AND RECREATION	<u>1,822,723</u>	<u>1,822,723</u>	<u>1,695,457</u>	<u>127,266</u>
TOTAL EXPENDITURES	<u>25,272,149</u>	<u>25,657,222</u>	<u>24,580,399</u>	<u>1,076,823</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>773,131</u>	<u>428,558</u>	<u>2,142,041</u>	<u>1,713,483</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	1,690,400	1,690,400	1,153,500	(536,900)
Transfers out	(2,446,427)	(3,348,298)	(3,285,926)	62,372
TOTAL OTHER FINANCING SOURCES (USES)	<u>(756,027)</u>	<u>(1,657,898)</u>	<u>(2,132,426)</u>	<u>(474,528)</u>
NET CHANGE IN FUND BALANCE	17,104	(1,229,340)	9,615	1,238,955
FUND BALANCE - BEGINNING OF YEAR, AS RESTATED	<u>26,310,964</u>	<u>26,310,964</u>	<u>26,310,964</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 26,328,068</u>	<u>\$ 25,081,624</u>	<u>\$ 26,320,579</u>	<u>\$ 1,238,955</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, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment earnings	\$ 10	\$ 10	\$ -	\$ (10)
Other revenues	161,250	161,250	311,410	150,160
TOTAL REVENUES	161,260	161,260	311,410	150,150
EXPENDITURES:				
Current:				
Community development	486,596	486,596	294,347	192,249
TOTAL EXPENDITURES	486,596	486,596	294,347	192,249
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(325,336)	(325,336)	17,063	342,399
FUND BALANCE - BEGINNING OF YEAR, AS RESTATED	1,179,924	1,179,924	1,179,924	-
FUND BALANCE - END OF YEAR	\$ 854,588	\$ 854,588	\$ 1,196,987	\$ 342,399

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, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment earnings	\$ 384,519	\$ 384,519	\$ 384,193	\$ (326)
TOTAL REVENUES	<u>384,519</u>	<u>384,519</u>	<u>384,193</u>	<u>(326)</u>
EXPENDITURES:				
Debt service:				
Principal retirement	150,000	150,000	150,000	-
Interest and other charges	<u>384,519</u>	<u>384,519</u>	<u>384,519</u>	<u>-</u>
TOTAL EXPENDITURES	<u>534,519</u>	<u>534,519</u>	<u>534,519</u>	<u>-</u>
EXCESS OF REVENUES UNDER EXPENDITURES	(150,000)	(150,000)	(150,326)	(326)
FUND BALANCE - BEGINNING OF YEAR	<u>7,814,881</u>	<u>7,814,881</u>	<u>7,814,881</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 7,664,881</u>	<u>\$ 7,664,881</u>	<u>\$ 7,664,555</u>	<u>\$ (326)</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, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental revenue	\$ 3,042,500	\$ 3,960,296	\$ 2,853,356	\$ (1,106,940)
Other revenues	-	-	1,984	1,984
TOTAL REVENUES	<u>3,042,500</u>	<u>3,960,296</u>	<u>2,855,340</u>	<u>(1,104,956)</u>
EXPENDITURES:				
Current:				
Public works	-	-	34,519	(34,519)
Capital outlay	<u>3,042,500</u>	<u>3,996,296</u>	<u>366,346</u>	<u>3,629,950</u>
TOTAL EXPENDITURES	<u>3,042,500</u>	<u>3,996,296</u>	<u>400,865</u>	<u>3,595,431</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	(36,000)	2,454,475	2,490,475
FUND BALANCE (DEFICIT) - BEGINNING OF YEAR	<u>(2,549,911)</u>	<u>(2,549,911)</u>	<u>(2,549,911)</u>	<u>-</u>
FUND BALANCE (DEFICIT) - END OF YEAR	<u><u>\$ (2,549,911)</u></u>	<u><u>\$ (2,585,911)</u></u>	<u><u>\$ (95,436)</u></u>	<u><u>\$ 2,490,475</u></u>

See independent auditors' report.

CITY OF BELLFLOWER

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

HOME CAPITAL PROJECTS FUND - MAJOR FUND

For the fiscal year ended June 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental revenue	\$ 934,364	\$ 934,364	\$ 484,345	\$ (450,019)
Other revenues	10	10	32,080	32,070
TOTAL REVENUES	934,374	934,374	516,425	(417,949)
EXPENDITURES:				
Current:				
Community development	958,752	958,752	504,295	454,457
TOTAL EXPENDITURES	958,752	958,752	504,295	454,457
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(24,378)	(24,378)	12,130	36,508
OTHER FINANCING SOURCES:				
Transfers in	24,378	24,378	11,519	(12,859)
TOTAL OTHER FINANCING SOURCES	24,378	24,378	11,519	(12,859)
NET CHANGE IN FUND BALANCE	-	-	23,649	23,649
FUND BALANCE - BEGINNING OF YEAR	1,237,997	1,237,997	1,237,997	-
FUND BALANCE - END OF YEAR	\$ 1,237,997	\$ 1,237,997	\$ 1,261,646	\$ 23,649

See independent auditors' report.

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

CITY OF BELLFLOWER
OTHER GOVERNMENTAL FUNDS

June 30, 2014

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, 2014

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, 2014

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, 2014

CAPITAL PROJECTS FUNDS (CONTINUED):

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.

General Projects Capital Projects - This fund is used to account for general capital and infrastructure projects with general resources.

CITY OF BELLFLOWER

COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS

June 30, 2014

		Special Revenue Funds		
		Drug	Transportation	Proposition C
		Forfeiture	Fund	Fund
ASSETS		Fund	Fund	Fund
Cash and investments		\$ -	\$ 2,089,286	\$ 1,757,615
Accounts receivable, net		-	5,000	-
Due from other funds		-	-	-
Interest receivable		-	4,877	4,371
Notes receivable		-	-	-
TOTAL ASSETS		\$ -	\$ 2,099,163	\$ 1,761,986
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES:				
Accounts payable		\$ -	\$ 39,801	\$ 30,431
Accrued expenditures		-	6,445	3,305
Due to other funds		-	-	-
Retention payable		-	-	6,500
Unearned revenues		-	-	-
TOTAL LIABILITIES		-	46,246	40,236
DEFERRED INFLOWS OF RESOURCES:				
Unavailable revenues		-	-	-
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES		-	46,246	40,236
FUND BALANCES:				
Restricted		-	2,052,917	1,721,750
Assigned		-	-	-
TOTAL FUND BALANCES		-	2,052,917	1,721,750
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES		\$ -	\$ 2,099,163	\$ 1,761,986

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
\$ 2,583,480	\$ 176,251	\$ 139,961	\$ -	\$ -	\$ -	\$ 7,314
227,743	24,899	-	-	-	2,388	-
-	-	-	-	-	-	-
5,914	376	338	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 2,817,137</u>	<u>\$ 201,526</u>	<u>\$ 140,299</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,388</u>	<u>\$ 7,314</u>
\$ 21,951	\$ -	\$ -	\$ -	\$ -	\$ 1,161	\$ 1,498
3,605	-	-	-	-	2	5,318
-	-	-	-	-	1,225	-
4,875	-	-	-	-	-	-
-	-	-	-	-	-	498
<u>30,431</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,388</u>	<u>7,314</u>
-	-	-	-	-	-	-
<u>30,431</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,388</u>	<u>7,314</u>
2,786,706	201,526	140,299	-	-	-	-
-	-	-	-	-	-	-
<u>2,786,706</u>	<u>201,526</u>	<u>140,299</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 2,817,137</u>	<u>\$ 201,526</u>	<u>\$ 140,299</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,388</u>	<u>\$ 7,314</u>

(Continued)

CITY OF BELLFLOWER

COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS
(CONTINUED)

June 30, 2014

		Special Revenue Funds (Continued)		
		Public	CA-COPS	COG
		Arts	Grant	Position
		Fund	Fund	Fund
ASSETS				
Cash and investments		\$ 38,825	\$ 172,535	\$ -
Accounts receivable, net		-	7,139	63,394
Due from other funds		-	-	-
Interest receivable		102	402	-
Notes receivable		-	-	-
		<u>-</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS		<u>\$ 38,927</u>	<u>\$ 180,076</u>	<u>\$ 63,394</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES:				
Accounts payable		\$ -	\$ -	\$ -
Accrued expenditures		-	-	6,948
Due to other funds		-	-	56,446
Retention payable		-	-	-
Unearned revenues		-	-	-
		<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES		-	-	63,394
DEFERRED INFLOWS OF RESOURCES:				
Unavailable revenues		-	-	-
		<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES		<u>-</u>	<u>-</u>	<u>63,394</u>
FUND BALANCES:				
Restricted		38,927	180,076	-
Assigned		-	-	-
		<u>38,927</u>	<u>180,076</u>	<u>-</u>
TOTAL FUND BALANCES		<u>38,927</u>	<u>180,076</u>	<u>-</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES		<u>\$ 38,927</u>	<u>\$ 180,076</u>	<u>\$ 63,394</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
\$ 255,853	\$ 89,714	\$ 27,032	\$ 203,894	\$ 2,028,810	\$ -
-	-	-	27,690	-	-
-	-	-	-	-	-
-	216	100	-	4,751	-
-	-	-	-	-	-
<u>\$ 255,853</u>	<u>\$ 89,930</u>	<u>\$ 27,132</u>	<u>\$ 231,584</u>	<u>\$ 2,033,561</u>	<u>\$ -</u>
\$ -	\$ -	\$ 7,198	\$ -	\$ 88,530	\$ -
-	-	-	-	3,042	-
-	-	-	-	-	-
-	-	-	-	3,155	-
-	-	-	-	-	-
-	-	7,198	-	94,727	-
-	-	-	-	-	-
-	-	7,198	-	94,727	-
255,853	89,930	19,934	231,584	1,938,834	-
-	-	-	-	-	-
<u>255,853</u>	<u>89,930</u>	<u>19,934</u>	<u>231,584</u>	<u>1,938,834</u>	<u>-</u>
\$ 255,853	\$ 89,930	\$ 27,132	\$ 231,584	\$ 2,033,561	\$ -

(Continued)

CITY OF BELLFLOWER

COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS
(CONTINUED)

June 30, 2014

		<u>Capital Projects Funds</u>	
		<u>CDBG</u>	<u>Capital Projects/ Economic</u>
		<u>Fund</u>	<u>Development Fund</u>
ASSETS			
Cash and investments		\$ -	\$ 2,027,088
Accounts receivable, net		13,354	2,950
Due from other funds		15,209	-
Interest receivable		-	2,639
Notes receivable		592,392	-
		<u>592,392</u>	<u>-</u>
TOTAL ASSETS		<u>\$ 620,955</u>	<u>\$ 2,032,677</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
LIABILITIES:			
Accounts payable		\$ 21,425	\$ 12,842
Accrued expenditures		7,138	-
Due to other funds		-	-
Retention payable		-	-
Unearned revenues		-	-
		<u>28,563</u>	<u>12,842</u>
TOTAL LIABILITIES		28,563	12,842
DEFERRED INFLOWS OF RESOURCES:			
Unavailable revenues		592,392	-
		<u>592,392</u>	<u>-</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES		<u>620,955</u>	<u>12,842</u>
FUND BALANCES:			
Restricted		-	-
Assigned		-	2,019,835
		<u>-</u>	<u>2,019,835</u>
TOTAL FUND BALANCES		-	2,019,835
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES		<u>\$ 620,955</u>	<u>\$ 2,032,677</u>

See independent auditors' report.

Capital Projects Funds (Continued)		Total Other Governmental Funds
General Projects		
\$ 787,415	\$ 12,385,073	
-	374,557	
-	15,209	
-	24,086	
-	592,392	
<u>\$ 787,415</u>	<u>\$ 13,391,317</u>	
\$ 191,622	\$ 416,459	
-	35,803	
-	57,671	
15,559	30,089	
-	498	
<u>207,181</u>	<u>540,520</u>	
-	592,392	
<u>207,181</u>	<u>1,132,912</u>	
-	9,658,336	
<u>580,234</u>	<u>2,600,069</u>	
<u>580,234</u>	<u>12,258,405</u>	
<u>\$ 787,415</u>	<u>\$ 13,391,317</u>	

CITY OF BELLFLOWER

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

For the fiscal year ended June 30, 2014

	Special Revenue Funds		
	Drug Forfeiture Fund	Transportation Fund	Proposition C Fund
REVENUES:			
Taxes	\$ -	\$ 1,311,733	\$ 1,087,171
Licenses and permits	-	-	-
Investment earnings	-	14,913	13,707
Charges for current services	-	-	-
Intergovernmental revenue	-	-	13,924
Developer contributions	-	-	-
Other revenues	-	10,000	-
TOTAL REVENUES	-	1,336,646	1,114,802
EXPENDITURES:			
Current:			
Public safety	-	-	-
Public works	-	668,569	546,340
Community development	-	-	-
Capital outlay	-	-	143,624
Debt service:			
Principal retirement	-	-	-
Interest and other charges	-	-	-
TOTAL EXPENDITURES	-	668,569	689,964
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	668,077	424,838
OTHER FINANCING SOURCES (USES):			
Transfers in	-	-	-
Transfers out	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-
NET CHANGE IN FUND BALANCES	-	668,077	424,838
FUND BALANCES - BEGINNING OF YEAR	-	1,384,840	1,296,912
FUND BALANCES - END OF YEAR	\$ -	\$ 2,052,917	\$ 1,721,750

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
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16,894	\$ -
-	-	-	-	-	-	467,904
18,347	1,494	1,171	-	6,185	-	-
-	-	18,656	-	-	-	-
2,403,117	95,835	-	14,881	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>2,421,464</u>	<u>97,329</u>	<u>19,827</u>	<u>14,881</u>	<u>6,185</u>	<u>16,894</u>	<u>467,904</u>
-	-	-	-	-	-	-
9,575	-	-	-	298,891	16,894	-
-	-	-	-	-	-	698,892
262,650	93,447	-	14,881	829,432	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>272,225</u>	<u>93,447</u>	<u>-</u>	<u>14,881</u>	<u>1,128,323</u>	<u>16,894</u>	<u>698,892</u>
2,149,239	3,882	19,827	-	(1,122,138)	-	(230,988)
-	-	-	-	-	-	230,988
<u>(1,153,500)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(1,153,500)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>230,988</u>
995,739	3,882	19,827	-	(1,122,138)	-	-
1,790,967	197,644	120,472	-	1,122,138	-	-
<u>\$ 2,786,706</u>	<u>\$ 201,526</u>	<u>\$ 140,299</u>	<u>\$ -</u>	<u>\$ -</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, 2014

	Special Revenue Funds (Continued)		
	Public Arts Fund	CA-COPS Grant Fund	COG Position Fund
REVENUES:			
Taxes	\$ -	\$ -	\$ -
Licenses and permits	-	-	-
Investment earnings	447	1,542	-
Charges for current services	22,850	-	-
Intergovernmental revenue	-	128,584	-
Developer contributions	-	-	-
Other revenues	-	-	198,398
TOTAL REVENUES	<u>23,297</u>	<u>130,126</u>	<u>198,398</u>
EXPENDITURES:			
Current:			
Public safety	-	126,259	-
Public works	-	-	198,398
Community development	23,265	-	-
Capital outlay	-	12,911	-
Debt service:			
Principal retirement	-	-	-
Interest and other charges	-	-	-
TOTAL EXPENDITURES	<u>23,265</u>	<u>139,170</u>	<u>198,398</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>32</u>	<u>(9,044)</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	32	(9,044)	-
FUND BALANCES - BEGINNING OF YEAR	<u>38,895</u>	<u>189,120</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u>\$ 38,927</u>	<u>\$ 180,076</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
\$ -	\$ -	\$ -	\$ 105,222	\$ 812,001	\$ -
-	-	-	-	-	-
-	725	382	-	16,391	-
70,992	18,561	63,505	-	-	-
-	-	500	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>70,992</u>	<u>19,286</u>	<u>64,387</u>	<u>105,222</u>	<u>828,392</u>	<u>-</u>
-	-	-	-	-	-
3,000	-	-	-	169,003	-
-	-	-	-	-	-
-	-	47,370	357	433,190	-
-	-	-	-	-	365,000
-	-	-	-	-	98,045
<u>3,000</u>	<u>-</u>	<u>47,370</u>	<u>357</u>	<u>602,193</u>	<u>463,045</u>
<u>67,992</u>	<u>19,286</u>	<u>17,017</u>	<u>104,865</u>	<u>226,199</u>	<u>(463,045)</u>
57,146	-	-	-	-	463,045
-	-	-	-	-	-
<u>57,146</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>463,045</u>
125,138	19,286	17,017	104,865	226,199	-
130,715	70,644	2,917	126,719	1,712,635	-
<u>\$ 255,853</u>	<u>\$ 89,930</u>	<u>\$ 19,934</u>	<u>\$ 231,584</u>	<u>\$ 1,938,834</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, 2014

	Capital Projects Funds	
	CDBG Fund	Capital Projects/ Economic Development Fund
REVENUES:		
Taxes	\$ -	\$ -
Licenses and permits	-	-
Investment earnings	-	15,302
Charges for current services	-	-
Intergovernmental revenue	806,576	-
Developer contributions	-	23,586
Other revenues	9,848	-
TOTAL REVENUES	<u>816,424</u>	<u>38,888</u>
EXPENDITURES:		
Current:		
Public safety	-	-
Public works	-	-
Community development	320,837	1,185,530
Capital outlay	-	118,845
Debt service:		
Principal retirement	314,000	-
Interest and other charges	274,745	-
TOTAL EXPENDITURES	<u>909,582</u>	<u>1,304,375</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(93,158)</u>	<u>(1,265,487)</u>
OTHER FINANCING SOURCES (USES):		
Transfers in	93,158	1,145,471
Transfers out	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>93,158</u>	<u>1,145,471</u>
NET CHANGE IN FUND BALANCES	-	(120,016)
FUND BALANCES - BEGINNING OF YEAR	-	<u>2,139,851</u>
FUND BALANCES - END OF YEAR	<u>\$ -</u>	<u>\$ 2,019,835</u>

See independent auditors' report.

Capital Projects Fund (Continued)		Total Other Governmental Funds
General Projects		
\$ -	\$ 3,333,021	
-	467,904	
-	90,606	
-	194,564	
-	3,463,417	
-	23,586	
-	218,246	
-	<u>7,791,344</u>	
-		126,259
-		1,910,670
-		2,228,524
693,166		2,649,873
-		679,000
-		372,790
<u>693,166</u>		<u>7,967,116</u>
<u>(693,166)</u>		<u>(175,772)</u>
1,273,400		3,263,208
-		(1,153,500)
<u>1,273,400</u>		<u>2,109,708</u>
580,234		1,933,936
-		10,324,469
<u>\$ 580,234</u>	<u>\$ 12,258,405</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, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment earnings	\$ 100	\$ 100	\$ -	\$ (100)
Intergovernmental revenue	5,000	5,000	-	(5,000)
TOTAL REVENUES	5,100	5,100	-	(5,100)
FUND BALANCE - BEGINNING OF YEAR	-	-	-	-
FUND BALANCE - END OF YEAR	\$ 5,100	\$ 5,100	\$ -	\$ (5,100)

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, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 1,222,000	\$ 1,222,000	\$ 1,311,733	\$ 89,733
Investment earnings	10,000	10,000	14,913	4,913
Other revenues	-	-	10,000	10,000
TOTAL REVENUES	<u>1,232,000</u>	<u>1,232,000</u>	<u>1,336,646</u>	<u>104,646</u>
EXPENDITURES:				
Current:				
Public works	743,356	743,356	668,569	74,787
Capital outlay	1,340,000	1,340,000	-	1,340,000
TOTAL EXPENDITURES	<u>2,083,356</u>	<u>2,083,356</u>	<u>668,569</u>	<u>1,414,787</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(851,356)	(851,356)	668,077	1,519,433
FUND BALANCE - BEGINNING OF YEAR	<u>1,384,840</u>	<u>1,384,840</u>	<u>1,384,840</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 533,484</u>	<u>\$ 533,484</u>	<u>\$ 2,052,917</u>	<u>\$ 1,519,433</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, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 1,016,000	\$ 1,016,000	\$ 1,087,171	\$ 71,171
Investment earnings	10,000	10,000	13,707	3,707
Intergovernmental revenue	-	-	13,924	13,924
TOTAL REVENUES	<u>1,026,000</u>	<u>1,026,000</u>	<u>1,114,802</u>	<u>88,802</u>
EXPENDITURES:				
Current:				
Public works	546,214	546,214	546,340	(126)
Capital outlay	<u>1,096,700</u>	<u>1,122,700</u>	<u>143,624</u>	<u>979,076</u>
TOTAL EXPENDITURES	<u>1,642,914</u>	<u>1,668,914</u>	<u>689,964</u>	<u>978,950</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(616,914)	(642,914)	424,838	1,067,752
FUND BALANCE - BEGINNING OF YEAR	<u>1,296,912</u>	<u>1,296,912</u>	<u>1,296,912</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 679,998</u>	<u>\$ 653,998</u>	<u>\$ 1,721,750</u>	<u>\$ 1,067,752</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, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment earnings	\$ 10,000	\$ 10,000	\$ 18,347	\$ 8,347
Intergovernmental revenue	2,250,500	2,250,500	2,403,117	152,617
TOTAL REVENUES	2,260,500	2,260,500	2,421,464	160,964
EXPENDITURES:				
Current:				
Public works	280,000	330,000	9,575	320,425
Capital outlay	600,000	1,170,000	262,650	907,350
TOTAL EXPENDITURES	880,000	1,500,000	272,225	1,227,775
EXCESS OF REVENUES OVER EXPENDITURES	1,380,500	760,500	2,149,239	1,388,739
OTHER FINANCING USES:				
Transfers out	(1,690,400)	(1,690,400)	(1,153,500)	536,900
TOTAL OTHER FINANCING USES	(1,690,400)	(1,690,400)	(1,153,500)	536,900
NET CHANGE IN FUND BALANCE	(309,900)	(929,900)	995,739	1,925,639
FUND BALANCE - BEGINNING OF YEAR	1,790,967	1,790,967	1,790,967	-
FUND BALANCE - END OF YEAR	\$ 1,481,067	\$ 861,067	\$ 2,786,706	\$ 1,925,639

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, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment earnings	\$ 1,000	\$ 1,000	\$ 1,494	\$ 494
Intergovernmental revenue	90,000	90,000	95,835	5,835
TOTAL REVENUES	91,000	91,000	97,329	6,329
EXPENDITURES:				
Capital outlay	80,000	93,447	93,447	-
TOTAL EXPENDITURES	80,000	93,447	93,447	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	11,000	(2,447)	3,882	6,329
FUND BALANCE - BEGINNING OF YEAR	197,644	197,644	197,644	-
FUND BALANCE - END OF YEAR	\$ 208,644	\$ 195,197	\$ 201,526	\$ 6,329

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, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment earnings	\$ 1,000	\$ 1,000	\$ 1,171	\$ 171
Charges for current services	5,000	5,000	18,656	13,656
TOTAL REVENUES	6,000	6,000	19,827	13,827
EXPENDITURES:				
Current:				
Public works	25,000	25,000	-	25,000
TOTAL EXPENDITURES	25,000	25,000	-	25,000
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(19,000)	(19,000)	19,827	38,827
FUND BALANCE - BEGINNING OF YEAR	120,472	120,472	120,472	-
FUND BALANCE - END OF YEAR	\$ 101,472	\$ 101,472	\$ 140,299	\$ 38,827

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, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental revenue	\$ 75,000	\$ 157,000	\$ 14,881	\$ (142,119)
TOTAL REVENUES	<u>75,000</u>	<u>157,000</u>	<u>14,881</u>	<u>(142,119)</u>
EXPENDITURES:				
Capital outlay	<u>75,000</u>	<u>157,000</u>	<u>14,881</u>	<u>142,119</u>
TOTAL EXPENDITURES	<u>75,000</u>	<u>157,000</u>	<u>14,881</u>	<u>142,119</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	-	-	-
FUND BALANCE - BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
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, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment earnings	\$ 5,000	\$ 5,000	\$ 6,185	\$ 1,185
TOTAL REVENUES	5,000	5,000	6,185	1,185
EXPENDITURES:				
Current:				
Public works	-	287,937	298,891	(10,954)
Capital outlay	250,000	839,201	829,432	9,769
TOTAL EXPENDITURES	250,000	1,127,138	1,128,323	(1,185)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(245,000)	(1,122,138)	(1,122,138)	-
FUND BALANCE - BEGINNING OF YEAR	1,122,138	1,122,138	1,122,138	-
FUND BALANCE - END OF YEAR	\$ 877,138	\$ -	\$ -	\$ -

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, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 16,000	\$ 16,000	16,894	\$ 894
TOTAL REVENUES	16,000	16,000	16,894	894
EXPENDITURES:				
Current:				
Public works	16,000	16,000	16,894	(894)
TOTAL EXPENDITURES	16,000	16,000	16,894	(894)
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

BUILDING AND SAFETY SPECIAL REVENUE FUND

For the fiscal year ended June 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Licenses and permits	\$ 404,600	\$ 434,600	\$ 467,904	\$ 33,304
TOTAL REVENUES	404,600	434,600	467,904	33,304
EXPENDITURES:				
Current:				
Community development	665,509	695,509	698,892	(3,383)
TOTAL EXPENDITURES	665,509	695,509	698,892	(3,383)
EXCESS OF REVENUES OVER (UUNDER) EXPENDITURES	(260,909)	(260,909)	(230,988)	29,921
OTHER FINANCING SOURCES:				
Transfers in	260,909	260,909	230,988	(29,921)
TOTAL OTHER FINANCING SOURCES	260,909	260,909	230,988	(29,921)
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, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment earnings	\$ 500	\$ 500	\$ 447	\$ (53)
Charges for current services	50,000	50,000	22,850	(27,150)
TOTAL REVENUES	50,500	50,500	23,297	(27,203)
EXPENDITURES:				
Current:				
Community development	-	23,265	23,265	-
TOTAL EXPENDITURES	-	23,265	23,265	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	50,500	27,235	32	(27,203)
FUND BALANCE - BEGINNING OF YEAR	38,895	38,895	38,895	-
FUND BALANCE - END OF YEAR	\$ 89,395	\$ 66,130	\$ 38,927	\$ (27,203)

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, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment earnings	\$ 1,500	\$ 1,500	\$ 1,542	\$ 42
Intergovernmental revenue	119,000	124,000	128,584	4,584
TOTAL REVENUES	120,500	125,500	130,126	4,626
EXPENDITURES:				
Current:				
Public safety	100,000	126,259	126,259	-
Capital outlay	5,000	12,911	12,911	-
TOTAL EXPENDITURES	105,000	139,170	139,170	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	15,500	(13,670)	(9,044)	4,626
FUND BALANCE - BEGINNING OF YEAR	189,120	189,120	189,120	-
FUND BALANCE - END OF YEAR	\$ 204,620	\$ 175,450	\$ 180,076	\$ 4,626

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, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Other revenues	\$ 190,811	\$ 190,811	\$ 198,398	\$ 7,587
TOTAL REVENUES	190,811	190,811	198,398	7,587
EXPENDITURES:				
Current:				
Public works	190,811	190,811	198,398	(7,587)
TOTAL EXPENDITURES	190,811	190,811	198,398	(7,587)
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, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Charges for current services	\$ 47,000	\$ 47,000	\$ 70,992	\$ 23,992
TOTAL REVENUES	47,000	47,000	70,992	23,992
EXPENDITURES:				
Current:				
Public works	15,000	15,000	3,000	12,000
TOTAL EXPENDITURES	15,000	15,000	3,000	12,000
EXCESS OF REVENUES OVER EXPENDITURES	32,000	32,000	67,992	35,992
OTHER FINANCING SOURCES:				
Transfers in	-	-	57,146	57,146
TOTAL OTHER FINANCING SOURCES	-	-	57,146	57,146
NET CHANGE IN FUND BALANCE	32,000	32,000	125,138	93,138
FUND BALANCE - BEGINNING OF YEAR	130,715	130,715	130,715	-
FUND BALANCE - END OF YEAR	\$ 162,715	\$ 162,715	\$ 255,853	\$ 93,138

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, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment earnings	\$ 700	\$ 700	\$ 725	\$ 25
Charges for current services	4,000	4,000	18,561	14,561
TOTAL REVENUES	4,700	4,700	19,286	14,586
FUND BALANCE - BEGINNING OF YEAR	70,644	70,644	70,644	-
FUND BALANCE - END OF YEAR	\$ 75,344	\$ 75,344	\$ 89,930	\$ 14,586

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, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment earnings	\$ 100	\$ 100	\$ 382	\$ 282
Charges for current services	4,000	4,000	63,505	59,505
Intergovernmental revenue	-	-	500	500
TOTAL REVENUES	<u>4,100</u>	<u>4,100</u>	<u>64,387</u>	<u>60,287</u>
EXPENDITURES:				
Capital outlay	-	56,000	47,370	8,630
TOTAL EXPENDITURES	<u>-</u>	<u>56,000</u>	<u>47,370</u>	<u>8,630</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	4,100	(51,900)	17,017	68,917
FUND BALANCE - BEGINNING OF YEAR	<u>2,917</u>	<u>2,917</u>	<u>2,917</u>	<u>-</u>
FUND BALANCE (DEFICIT) - END OF YEAR	<u>\$ 7,017</u>	<u>\$ (48,983)</u>	<u>\$ 19,934</u>	<u>\$ 68,917</u>

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, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 110,000	\$ 110,000	\$ 105,222	\$ (4,778)
TOTAL REVENUES	110,000	110,000	105,222	(4,778)
EXPENDITURES:				
Capital outlay	-	10,000	357	9,643
TOTAL EXPENDITURES	-	10,000	357	9,643
EXCESS OF REVENUES OVER EXPENDITURES	110,000	100,000	104,865	4,865
FUND BALANCE - BEGINNING OF YEAR	126,719	126,719	126,719	-
FUND BALANCE - END OF YEAR	\$ 236,719	\$ 226,719	\$ 231,584	\$ 4,865

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, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 755,000	\$ 755,000	\$ 812,001	\$ 57,001
Investment earnings	12,000	12,000	16,391	4,391
TOTAL REVENUES	<u>767,000</u>	<u>767,000</u>	<u>828,392</u>	<u>61,392</u>
EXPENDITURES:				
Current:				
Public works	182,986	182,986	169,003	13,983
Capital outlay	<u>1,745,000</u>	<u>1,745,000</u>	<u>433,190</u>	<u>1,311,810</u>
TOTAL EXPENDITURES	<u>1,927,986</u>	<u>1,927,986</u>	<u>602,193</u>	<u>1,325,793</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,160,986)	(1,160,986)	226,199	1,387,185
FUND BALANCE - BEGINNING OF YEAR	<u>1,712,635</u>	<u>1,712,635</u>	<u>1,712,635</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 551,649</u>	<u>\$ 551,649</u>	<u>\$ 1,938,834</u>	<u>\$ 1,387,185</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, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES	\$ -	\$ -	\$ -	\$ -
TOTAL REVENUES	-	-	-	-
EXPENDITURES:				
Debt service:				
Principal retirement	365,000	365,000	365,000	-
Interest and other charges	98,045	98,045	98,045	-
TOTAL EXPENDITURES	463,045	463,045	463,045	-
EXCESS OF REVENUES UNDER EXPENDITURES	(463,045)	(463,045)	(463,045)	-
OTHER FINANCING SOURCES:				
Transfers in	463,045	463,045	463,045	-
TOTAL OTHER FINANCING SOURCES	463,045	463,045	463,045	-
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, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental revenue	\$ 793,000	\$ 793,000	\$ 806,576	\$ 13,576
Other revenues	13,100	13,100	9,848	(3,252)
TOTAL REVENUES	<u>806,100</u>	<u>806,100</u>	<u>816,424</u>	<u>10,324</u>
EXPENDITURES:				
Current:				
Community development	378,450	378,450	320,837	57,613
Debt service:				
Principal retirement	314,000	314,000	314,000	-
Interest and other charges	274,745	274,745	274,745	-
TOTAL EXPENDITURES	<u>967,195</u>	<u>967,195</u>	<u>909,582</u>	<u>57,613</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(161,095)</u>	<u>(161,095)</u>	<u>(93,158)</u>	<u>67,937</u>
OTHER FINANCING SOURCES:				
Transfers in	161,095	161,095	93,158	(67,937)
TOTAL OTHER FINANCING SOURCES	<u>161,095</u>	<u>161,095</u>	<u>93,158</u>	<u>(67,937)</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, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment earnings	\$ 10,000	\$ 10,000	\$ 15,302	\$ 5,302
Developer contributions	-	-	23,586	23,586
TOTAL REVENUES	10,000	10,000	38,888	28,888
EXPENDITURES:				
Current:				
Community development	-	1,537,484	1,185,530	351,954
Capital outlay	-	117,995	118,845	(850)
TOTAL EXPENDITURES	-	1,655,479	1,304,375	351,104
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	10,000	(1,645,479)	(1,265,487)	379,992
OTHER FINANCING SOURCES:				
Transfers in	682,000	1,145,471	1,145,471	-
TOTAL OTHER FINANCING SOURCES	682,000	1,145,471	1,145,471	-
NET CHANGE IN FUND BALANCE	692,000	(500,008)	(120,016)	379,992
FUND BALANCE - BEGINNING OF YEAR	2,139,851	2,139,851	2,139,851	-
FUND BALANCE - END OF YEAR	\$ 2,831,851	\$ 1,639,843	\$ 2,019,835	\$ 379,992

See independent auditors' report.

CITY OF BELLFLOWER

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

GENERAL PROJECTS CAPITAL PROJECTS FUND

For the fiscal year ended June 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES	\$ -	\$ -	\$ -	\$ -
TOTAL REVENUES	-	-	-	-
EXPENDITURES:				
Capital outlay	835,000	1,273,400	693,166	580,234
TOTAL EXPENDITURES	835,000	1,273,400	693,166	580,234
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(835,000)	(1,273,400)	(693,166)	580,234
OTHER FINANCING SOURCES:				
Transfers in	835,000	1,273,400	1,273,400	-
TOTAL OTHER FINANCING SOURCES	835,000	1,273,400	1,273,400	-
NET CHANGE IN FUND BALANCE	-	-	580,234	580,234
FUND BALANCE - BEGINNING OF YEAR	-	-	-	-
FUND BALANCE - END OF YEAR	\$ -	\$ -	\$ 580,234	\$ 580,234

See independent auditors' report.

CITY OF BELLFLOWER

COMBINING STATEMENT OF NET POSITION
PRIVATE-PURPOSE TRUST FUNDS

June 30, 2014

	Redevelopment Obligation Retirement Fund	RDA Successor Agency BUSD Trust Fund	Total RDA Successor Agency Funds
ASSETS:			
CURRENT ASSETS:			
Cash and investments	\$ 855,923	\$ 2,248,946	\$ 3,104,869
Cash and investments with fiscal agents	603,074	-	603,074
Interest receivable	603	1,161	1,764
TOTAL CURRENT ASSETS	1,459,600	2,250,107	3,709,707
NONCURRENT ASSETS:			
Capital assets, net of accumulated depreciation	13,453,047	-	13,453,047
Prepaid insurance costs	209,751	-	209,751
TOTAL NONCURRENT ASSETS	13,662,798	-	13,662,798
TOTAL ASSETS	15,122,398	2,250,107	17,372,505
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred loss on refunding, net of accumulated amortization	276,769	-	276,769
TOTAL DEFERRED OUTFLOWS OF RESOURCES	276,769	-	276,769
LIABILITIES:			
CURRENT LIABILITIES:			
Accounts payable	4,221	-	4,221
Accrued expenditures	8,209	-	8,209
Interest payable	190,479	-	190,479
Deposit payable	16,623	-	16,623
Current portion of bonds and notes payable	182,372	-	182,372
TOTAL CURRENT LIABILITIES	401,904	-	401,904
LONG-TERM LIABILITIES:			
Payable to the City of Bellflower	13,269,493	-	13,269,493
Due in more than one year	6,686,784	-	6,686,784
TOTAL LONG-TERM LIABILITIES	19,956,277	-	19,956,277
TOTAL LIABILITIES	20,358,181	-	20,358,181
NET POSITION:			
Restricted for debt service	603,074	-	603,074
Restricted held in trust for other purposes	-	2,250,107	2,250,107
Unrestricted	(5,562,088)	-	(5,562,088)
TOTAL NET POSITION	\$ (4,959,014)	\$ 2,250,107	\$ (2,708,907)

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, 2014

	Redevelopment Obligation Retirement Fund	RDA Successor Agency BUSD Trust Fund	Total RDA Successor Agency Funds
ADDITIONS:			
Investment revenue	\$ 6,930	\$ 4,727	\$ 11,657
Taxes and assessments	1,340,444	-	1,340,444
Other revenues	25,933	-	25,933
TOTAL ADDITIONS	1,373,307	4,727	1,378,034
DEDUCTIONS:			
Administration	254,599	-	254,599
Community development	675,838	-	675,838
Contributions to other funds for debt service	463,654	-	463,654
Depreciation	197,599	-	197,599
TOTAL DEDUCTIONS	1,591,690	-	1,591,690
CHANGE IN NET POSITION, BEFORE TRANSFERS	(218,383)	4,727	(213,656)
TRANSFERS IN	-	412,161	412,161
TRANSFERS OUT	(412,161)	-	(412,161)
CHANGE IN NET POSITION	(630,544)	416,888	(213,656)
NET POSITION - BEGINNING OF YEAR, AS RESTATED	(4,328,470)	1,833,219	(2,495,251)
NET POSITION - END OF YEAR	\$ (4,959,014)	\$ 2,250,107	\$ (2,708,907)

See independent auditors' report.

CITY OF BELLFLOWER

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 AGENCY FUND

For the fiscal year ended June 30, 2014

	<u>Balance</u> <u>July 1, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2014</u>
ASSETS:				
Cash and investments	<u>\$ 1,619,872</u>	<u>\$ 956,687</u>	<u>\$ 1,851,140</u>	<u>\$ 725,419</u>
LIABILITIES:				
Deposits payable	<u>\$ 1,619,872</u>	<u>\$ 956,687</u>	<u>\$ 1,851,140</u>	<u>\$ 725,419</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.	146 - 155
<i>Revenue Capacity</i> – These schedules contain information to help the reader assess the City’s most significant local revenue source, the property tax.	156 - 159
<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.	160 - 165
<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.	166 - 167
<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.	169 - 172

CITY OF BELLFLOWER

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

	<u>2013-14</u>	<u>2012-13</u>	<u>2011-12</u>	<u>2010-11</u>
Governmental activities:				
Net investment in capital assets	\$ 42,613,396	\$ 40,702,783	\$ 35,922,038	\$ 38,999,300
Restricted	28,397,304	28,820,865	23,873,928	16,507,823
Unrestricted	<u>22,283,199</u>	<u>18,540,775</u>	<u>21,747,682</u>	<u>15,408,558</u>
Total governmental activities net position	<u>93,293,899</u>	<u>88,064,423</u>	<u>81,543,648</u>	<u>70,915,681</u>
Business-type activities:				
Invested in capital assets, net of related debt	8,442,335	8,930,846	9,077,825	7,503,198
Restricted	-	-	-	-
Unrestricted	<u>(8,842,405)</u>	<u>(9,237,455)</u>	<u>(9,212,715)</u>	<u>(7,885,342)</u>
Total business-type activities net position	<u>(400,070)</u>	<u>(306,609)</u>	<u>(134,890)</u>	<u>(382,144)</u>
Primary government:				
Net investment in capital assets	51,055,731	49,633,629	44,999,863	46,502,498
Restricted	28,397,304	28,820,865	23,873,928	16,507,823
Unrestricted	<u>13,440,794</u>	<u>9,303,320</u>	<u>12,534,967</u>	<u>7,523,216</u>
Total primary government net position	<u>\$ 92,893,829</u>	<u>\$ 87,757,814</u>	<u>\$ 81,408,758</u>	<u>\$ 70,533,537</u>

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

Source: City Finance Department

<u>2009-10</u>	<u>2008-09</u>	<u>2007-08</u>	<u>2006-07</u>	<u>2005-06</u>	<u>2004-05</u>
\$ 36,578,312	\$ 33,770,883	\$ 34,454,767	\$ 28,032,957	\$ 22,594,651	\$ 14,706,513
13,405,884	13,727,607	5,144,724	5,797,645	7,890,144	10,033,611
15,789,002	14,313,070	23,197,638	23,640,310	20,901,096	21,643,482
<u>65,773,198</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>
6,986,494	6,305,692	6,115,154	6,171,974	-	-
991,719	-	-	-	-	-
(8,548,992)	(7,020,762)	(6,699,586)	(6,453,055)	-	-
<u>(570,779)</u>	<u>(715,070)</u>	<u>(584,432)</u>	<u>(281,081)</u>	<u>-</u>	<u>-</u>
43,564,806	40,076,575	40,569,921	34,204,931	22,594,651	14,706,513
14,397,603	13,727,607	5,144,724	5,797,645	7,890,144	10,033,611
7,240,010	7,292,308	16,498,052	17,187,255	20,901,096	21,643,482
<u>\$ 65,202,419</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>

CITY OF BELLFLOWER

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

	2013-14	2012-13	2011-12	2010-11
Expenses:				
Governmental activities:				
General government	\$ 3,614,898	\$ 3,506,947	\$ 3,375,762	\$ 3,719,558
Public safety	10,747,435	10,281,393	9,783,923	10,325,791
Public works	9,584,093	9,058,651	8,279,059	8,151,419
Community development	5,355,765	3,877,492	4,699,176	4,876,131
Parks and recreation	1,940,607	1,903,971	2,040,498	1,938,080
Interest on long-term debt	759,351	807,729	2,260,133	3,644,737
Total governmental activities expenses	32,002,149	29,436,183	30,438,551	32,655,716
Business-type activities:				
Water	2,047,347	1,783,206	1,319,742	1,290,882
Interest on long-term debt	-	-	-	-
Total business-type activities expenses	2,047,347	1,783,206	1,319,742	1,290,882
Total primary government expenses	34,049,496	31,219,389	31,758,293	33,946,598
Program revenues:				
Governmental activities:				
Charges for services:				
Public safety	2,174,739	1,998,982	1,886,900	1,813,859
Public works	677,128	643,627	478,545	154,069
Community development	696,091	642,191	358,811	915,134
Parks and recreation	427,796	296,323	271,989	294,005
Operating contributions and grants	4,273,006	3,689,557	6,979,234	6,719,028
Capital contributions and grants	554,730	4,335,557	1,425,827	1,995,701
Total governmental activities program revenues	8,803,490	11,606,237	11,401,306	11,891,796
Business-type activities:				
Charges for services:				
Water	1,895,954	1,900,476	1,472,233	1,463,718
Capital contributions and grants	-	-	427,952	376,485
Total business-type activities program revenues	1,895,954	1,900,476	1,900,185	1,840,203
Total primary government program revenues	10,699,444	13,506,713	13,301,491	13,731,999
Net revenues (expenses):				
Governmental activities	(23,198,659)	(17,829,946)	(19,037,245)	(20,763,920)
Business-type activities	(151,393)	117,270	580,443	549,321
Total Primary government net expenses	(23,350,052)	(17,712,676)	(18,456,802)	(20,214,599)

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

Source: City Finance Department

	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05
\$	3,651,270	\$ 4,016,741	\$ 4,673,647	\$ 4,684,334	\$ 4,190,022	\$ 4,251,643
	10,303,163	10,465,437	9,830,279	9,466,438	8,931,846	8,505,491
	8,720,389	8,534,387	8,561,074	7,955,725	8,134,862	7,655,727
	3,761,972	7,795,755	4,737,554	4,154,709	4,666,591	3,763,743
	2,187,622	2,880,923	3,422,450	2,888,491	2,690,337	2,644,966
	3,617,692	1,370,074	1,082,459	1,106,344	1,130,336	1,149,420
	<u>32,242,108</u>	<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>
	1,317,455	1,423,016	1,886,301	722,246	-	-
	412,027	-	-	-	-	-
	<u>1,729,482</u>	<u>1,423,016</u>	<u>1,886,301</u>	<u>722,246</u>	<u>-</u>	<u>-</u>
	<u>33,971,590</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>
	2,082,459	1,792,240	1,696,289	1,748,090	1,734,648	1,506,526
	119,975	378,031	634,813	575,015	176,980	286,347
	665,881	533,292	561,831	888,645	936,430	741,302
	305,658	578,768	711,744	617,406	504,394	497,670
	6,116,197	5,124,970	7,787,002	6,026,064	7,242,195	5,647,748
	2,276,280	1,866,525	2,013,500	1,211,344	1,269,027	969,623
	<u>11,566,450</u>	<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>
	1,441,351	1,471,959	1,489,421	422,677	-	-
	392,093	2,222	35,548	-	-	-
	<u>1,833,444</u>	<u>1,474,181</u>	<u>1,524,969</u>	<u>422,677</u>	<u>-</u>	<u>-</u>
	<u>13,399,894</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>
	(20,675,658)	(24,789,491)	(18,902,284)	(19,189,477)	(17,880,320)	(18,321,774)
	103,962	51,165	(361,332)	(299,569)	-	-
	<u>(20,571,696)</u>	<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>

CITY OF BELLFLOWER

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

	2013-14	2012-13	2011-12	2010-11
General revenues and other changes in net assets:				
Governmental activities:				
Taxes:				
Sales taxes	\$ 8,279,220	\$ 7,995,393	\$ 7,574,381	\$ 4,323,155
Property taxes	2,964,356	3,339,134	3,429,221	4,647,638
Property taxes in lieu of VLF	6,534,688	6,377,335	6,256,394	6,130,178
Franchise taxes	1,627,648	1,550,638	1,557,146	1,447,478
Utility users taxes	5,125,710	4,009,201	3,701,170	3,856,436
Transient occupancy taxes	591,447	526,149	486,846	443,966
Business license taxes	641,045	592,823	590,885	588,495
Property transfer taxes	122,777	120,693	103,908	112,740
Intergovernmental - unrestricted:				
Motor vehicle in lieu	32,885	39,735	38,347	354,854
State Mandated Cost	55,739	42,811	117	42,374
Earnings on investments	350,088	674,358	3,005,570	2,907,072
Miscellaneous	635,708	640,142	749,291	669,986
Gain on sale of property	17,968	22,306	8,325	-
Transfers	(11,199)	(11,612)	353,525	382,031
Total governmental activities	26,968,080	25,919,106	27,855,126	25,906,403
Business-type activities:				
Earnings on investments	247	232	806	1,490
Miscellaneous	46,486	20,105	19,530	19,855
Transfers	11,199	11,612	(353,525)	(382,031)
Total business-type activities	57,932	31,949	(333,189)	(360,686)
Total primary government	27,026,012	25,951,055	27,521,937	25,545,717
Changes in net position before extraordinary item:				
Governmental activities	3,769,421	8,089,160	8,817,881	5,142,483
Business-type activities	(93,461)	149,219	247,254	188,635
Total primary government	3,675,960	8,238,379	9,065,135	5,331,118
Extraordinary item:				
Governmental activities:				
Extraordinary gain on transfer of assets and liabilities to RDA successor trust funds	-	-	1,929,035	-
Net position - July 1	87,757,814	81,408,758	70,533,537	65,202,419
Implementation of GASB Statement No. 65		(401,308)		
Prior period adjustments	1,460,055	(1,488,015)	(118,949)	-
Net assets - July 1, Restated	89,217,869	79,519,435	70,414,588	65,202,419
Net positions - June 30	\$ 92,893,829	\$ 87,757,814	\$ 81,408,758	\$ 70,533,537

Source: City Finance Department

	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05
\$	4,491,686	\$ 4,074,112	\$ 4,864,723	\$ 5,492,016	\$ 5,623,126	\$ 5,126,776
	3,784,401	4,259,838	4,630,983	4,378,690	4,092,921	3,408,915
	6,099,840	6,408,704	6,089,921	5,568,084	4,551,129	3,786,400
	1,410,399	1,517,568	1,536,573	1,355,987	1,403,431	1,318,757
	4,037,569	4,118,981	4,057,482	4,029,961	3,935,990	3,748,243
	450,715	514,825	579,635	603,016	584,975	520,290
	659,970	601,787	515,903	591,004	518,358	501,369
	114,075	101,339	127,741	223,963	239,878	252,189
	227,345	263,401	343,552	418,679	534,255	2,264,037
	-	-	-	-	-	-
	2,943,647	1,151,930	1,027,148	830,394	556,572	352,426
	425,759	506,782	457,785	1,752,791	841,970	588,643
	1,229	-	-	-	-	-
	(9,339)	284,655	(2,944)	-	-	-
	24,637,296	23,803,922	24,228,502	25,244,585	22,882,605	21,868,045
	11,500	102,852	63,741	18,486	-	-
	19,490	-	(8,704)	2	-	-
	9,339	(284,655)	2,944	-	-	-
	40,329	(181,803)	57,981	18,488	-	-
	24,677,625	23,622,119	24,286,483	25,263,073	22,882,605	21,868,045
	3,961,638	(985,569)	5,326,218	6,055,108	5,002,285	3,546,271
	144,291	(130,638)	(303,351)	(281,081)	-	-
	4,105,929	(1,116,207)	5,022,867	5,774,027	5,002,285	3,546,271
	-	-	-	-	-	-
	61,096,490	62,212,697	57,189,830	51,385,891	46,383,606	42,837,335
	-	-	-	29,912	-	-
	61,096,490	62,212,697	57,189,830	51,415,803	46,383,606	42,837,335
\$	65,202,419	\$ 61,096,490	\$ 62,212,697	\$ 57,189,830	\$ 51,385,891	\$ 46,383,606

CITY OF BELLFLOWER

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

	<u>2013-14</u>	<u>2012-13</u>	<u>2011-12</u>	<u>2010-11</u>
General fund:				
Reserved	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	-	-
Nonspendable	11,695,495	10,527,450	12,658,015	12,362,490
Unassigned	<u>14,625,084</u>	<u>14,615,470</u>	<u>14,376,492</u>	<u>15,735,669</u>
Total general fund	<u>26,320,579</u>	<u>25,142,920</u>	<u>27,034,507</u>	<u>28,098,159</u>
All other governmental funds:				
Reserved	-	-	-	-
Unreserved, reported in:				
Special revenue funds	-	-	-	-
Capital projects funds	-	-	-	-
Nonspendable	-	10,571,900	8,653,181	7,555,181
Restricted	19,781,524	8,734,587	7,413,549	4,895,041
Assigned	2,600,069	2,139,851	948,454	938,000
Unassigned	<u>(95,436)</u>	<u>(3,730,989)</u>	<u>(1,368,666)</u>	<u>(19,976,488)</u>
Total all other governmental funds	<u>22,286,157</u>	<u>17,715,349</u>	<u>15,646,518</u>	<u>(6,588,266)</u>
Total general and other governmental funds	<u>\$ 48,606,736</u>	<u>\$ 42,858,269</u>	<u>\$ 42,681,025</u>	<u>\$ 21,509,893</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>2009-10</u>	<u>2008-09</u>	<u>2007-08</u>	<u>2006-07</u>	<u>2005-06</u>	<u>2004-05</u>
\$ 12,383,616	\$ 10,468,690	\$ 14,987,982	\$ 14,514,961	\$ 10,284,180	\$ 5,808,367
15,085,456	15,232,621	11,198,992	11,537,788	12,106,940	14,728,727
-	-	-	-	-	-
-	-	-	-	-	-
<u>27,469,072</u>	<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>
8,875,952	8,855,703	1,366,764	1,721,800	1,498,046	1,379,715
2,888,638	3,327,694	3,254,679	2,446,988	1,892,825	1,672,152
(17,837,466)	(14,885,202)	(12,246,593)	(9,091,439)	(3,765,274)	2,481,605
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>(6,072,876)</u>	<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>\$ 21,396,196</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>

CITY OF BELLFLOWER

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

	2013-14	2012-13	2011-12	2010-11
Revenues:				
Taxes	\$ 26,074,520	\$ 24,599,964	\$ 23,742,794	\$ 22,390,173
Licenses and permits	554,842	538,438	423,710	572,062
Fines, forfeitures and penalties	1,953,193	1,805,305	1,638,990	1,686,089
Investment income	584,725	673,554	222,635	590,299
Charges for current services	1,167,526	1,007,724	933,545	927,555
Intergovernmental	7,043,346	7,363,932	8,443,525	9,100,956
Other	1,203,000	1,084,267	1,140,903	760,494
Total revenues	38,581,152	37,073,184	36,546,102	36,027,628
Expenditures				
Current:				
General government	3,525,517	3,434,358	3,353,254	3,479,042
Public safety	10,715,255	10,250,247	9,713,983	10,236,155
Public works	8,531,281	8,294,017	7,565,377	7,592,448
Community development	5,211,503	3,705,173	4,195,280	4,937,757
Parks and recreation	1,695,457	1,626,832	1,708,271	1,633,907
Capital outlay	3,016,219	5,725,081	4,949,612	3,078,443
Debt service:				
Principal retirement	829,000	795,000	855,116	1,059,778
Interest and fiscal charges	757,309	791,692	2,481,551	3,620,112
Debt issuance costs	-	-	-	58,326
Pass-through payments	-	-	225,433	636,591
Total expenditures	34,281,541	34,622,400	35,047,877	36,332,559
Excess (deficiency) of revenues over (under) expenditures	4,299,611	2,450,784	1,498,225	(304,931)
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	-	-	-	-
Original issuance discount	-	-	-	-
Transfers in	4,428,227	3,180,558	4,148,816	4,739,433
Transfers out	(4,439,426)	(3,192,170)	(3,795,291)	(4,357,402)
Total other financing sources (uses)	(11,199)	(11,612)	353,525	418,628
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	\$ 4,288,412	\$ 2,439,172	\$ 21,290,081	\$ 113,697
Debt service as a percentage of noncapital expenditures	5.1%	5.5%	11.2%	14.1%

Source: City Finance Department

2009-10	2008-09	2007-08	2006-07	2005-06	2004-05
\$ 22,136,199	\$ 22,101,270	\$ 22,016,119	\$ 21,686,876	\$ 20,932,778	\$ 18,695,357
452,082	464,381	987,878	1,374,588	717,457	666,283
1,911,150	1,666,020	1,601,565	1,652,801	1,627,310	1,450,200
906,481	930,809	1,122,760	1,442,451	1,237,932	1,963,553
818,787	1,012,328	1,667,612	1,517,594	994,934	896,682
8,608,657	7,334,737	9,227,030	7,060,444	8,424,480	8,341,439
531,220	675,210	775,340	1,227,621	1,927,505	373,128
<u>35,364,576</u>	<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>
3,375,676	4,011,397	4,465,318	4,417,204	4,000,618	3,776,426
10,209,735	10,449,205	9,628,337	9,391,867	8,890,397	8,505,120
8,100,735	8,151,096	8,090,059	7,252,435	6,988,181	6,744,422
4,324,935	6,518,256	4,373,346	3,724,641	4,320,677	4,101,851
1,804,542	2,576,285	2,913,410	2,659,799	2,455,222	2,497,559
3,562,332	3,513,599	7,384,859	6,553,988	10,801,152	5,642,889
881,520	673,361	618,654	607,013	598,519	487,315
3,448,658	2,944,340	2,438,881	2,194,586	1,820,663	1,766,409
-	-	-	-	-	2,478
1,257,353	450,973	50,770	47,461	40,816	32,418
<u>36,965,486</u>	<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>(1,600,910)</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>
-	9,255,000	-	-	-	210,717
-	-	-	-	-	-
6,939	1,784	-	-	-	-
-	-	-	-	-	-
4,018,221	4,221,886	3,055,912	2,190,297	2,087,090	3,047,142
<u>(4,027,560)</u>	<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>(2,400)</u>	<u>9,541,439</u>	<u>(2,944)</u>	<u>-</u>	<u>-</u>	<u>210,717</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ (1,603,310)</u>	<u>\$ 4,437,682</u>	<u>\$ (2,568,274)</u>	<u>\$ (886,619)</u>	<u>\$ (4,053,849)</u>	<u>\$ (959,528)</u>
13.0%	10.1%	9.4%	9.2%	7.7%	7.9%

CITY OF BELLFLOWER

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

Last Ten Fiscal Years
(in thousands of dollars)

Fiscal Year Ended June 30	Assessed Value and Estimated Actual Value ¹							Average Annual Growth	Total Direct Tax Rate
	Residential	Commercial	Industrial	Institutional	Unsecured	Other	Total		
2014	\$ 3,501,535	\$ 524,576	\$ 74,980	\$ 120,087	\$ 79,843	\$ 66,705	\$ 4,367,726	2.47%	0.06595%
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%

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

	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05
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
LA Co. Flood Control Storm Dr. DS #4	-	-	-	-	-	-	-	0.00005	0.00002	0.00021
Flood Control Ref. Bonds 1993 DS	-	-	-	-	-	-	-	-	0.00003	0.00003
Bellflower Unified School Dist 2012 Ser A	0.03356	-	-	-	-	-	-	-	-	-
Cerritos CC DS 2004 Series 2004A	0.00019	0.00154	0.00128	0.00093	0.00221	0.00172	0.00407	0.00251	0.01279	0.01908
Cerritos CC DS 2005 Refunding Bonds	0.00644	0.00620	0.00594	0.00607	0.00533	0.00510	0.00412	0.00429	0.01144	-
Cerritos CCD DS 2004 Series 2006	0.00385	0.00408	0.00402	0.00426	0.00433	0.00312	0.00253	0.01713	-	-
Cerritos CC DS 2004 Series 2009C	0.00828	0.00754	0.00658	0.01551	0.00667	-	-	-	-	-
Cerritos CC DS 2004 Series 2012D	0.00626	0.00659	-	-	-	-	-	-	-	-
Central Basin MWD 1114	0.00350	0.00350	0.00370	0.00370	0.00430	0.00430	0.00450	0.00470	0.00520	0.00580
Total Overlapping ² Tax Rates	0.06208	0.02944	0.02152	0.03047	0.02284	0.01424	0.01522	0.02934	0.03028	0.02604
Total Direct & Overlapping Tax Rates	1.06208	1.02944	1.02152	1.03047	1.02284	1.01424	1.01522	1.02934	1.03028	1.02604
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
Total Direct Rate ⁵	0.06595	0.14357	0.14215	0.13940	0.12631	0.12209	0.11940	0.11797	0.11514	0.11479

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 Total Direct Rate is the weighted average of all individual direct rates applied to by the government preparing the statistical section information and excludes revenues derived from aircraft. Beginning in 2013/14 the Total Direct Rate no longer includes revenue generated from the former redevelopment tax rate areas. For the purposes of this report, residual revenue is assumed to be distributed to the City in the same proportions as general fund revenue.

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	2013-14		2004-05	
	Taxable Assessed Value	Percent of Total Taxable Assessed Value	Taxable Assessed Value	Percent of Total Taxable Assessed Value
Kaiser Foundation Hospitals	\$ 73,033,337	1.67%	\$ -	-
Advanced Group	32,703,460	0.75%	14,840,065	0.48%
Lakewood Plaza SC LP	21,432,240	0.49%	-	-
Time Warner Cable Pacific West LLC	17,030,836	0.39%	-	-
Kmart Plaza Bellflower	16,576,587	0.38%	14,357,103	0.47%
Bellflower Park LP	14,676,541	0.34%	-	-
Belmont Place Bellflower Associates	12,134,753	0.28%	10,511,090	0.34%
Iron Mountain	10,985,052	0.25%	9,514,264	0.31%
Ford West Properties LLC	10,737,687	0.25%	9,307,740	-
James A. and Sharon Carter Et Al	9,932,342	0.23%	8,606,605	0.28%
Comcast of Los Angeles Inc	-	-	18,984,951	0.62%
Haagen GDH Partnership	-	-	13,233,337	0.43%
Kenneth W. and Phyllis L. Duke	-	-	11,582,771	0.38%
Bellflower Somerset Mutual Water Co	-	-	8,536,586	0.28%
	<u>\$ 219,242,835</u>	<u>5.02%</u>	<u>\$ 119,474,512</u>	<u>3.89%</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
2014	\$ 2,630,337	\$ 2,619,050	99.6%	\$ 11,287	\$ 2,630,337	100.0%
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%

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	
2014	\$ -	\$ -	\$ -	\$ 2,500,000	\$ -	\$ 7,660,000	\$ 4,655,000	\$ 14,815,000	n/a	191
2013	-	-	-	2,865,000	-	7,810,000	4,969,000	15,644,000	1.04%	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

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 2014.

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	
2014 ⁴	\$ -	\$ -	-	\$ -
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

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 since 2012.

Source: City Finance Department

CITY OF BELLFLOWER

LEGAL DEBT MARGIN INFORMATION

Last Ten Fiscal Years

(in thousands of dollars)

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Assessed valuation ¹	\$ 3,784,524	\$ 3,681,845	\$ 3,616,441	\$ 3,550,753
Conversion percentage	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>
Adjusted assessed valuation	946,131	920,461	904,110	887,688
Debt limit percentage	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>
Debt limit	141,920	138,069	135,616.54	133,153
Total net debt applicable to limit:				
General obligation bonds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Legal debt margin	<u>\$ 141,920</u>	<u>\$ 138,069</u>	<u>\$ 135,617</u>	<u>\$ 133,153</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 Successor 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

2010	2009	2008	2007	2006	2005
\$ 3,589,218	\$ 3,806,597	\$ 3,617,655	\$ 3,293,826	\$ 2,979,724	\$ 2,688,502
<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>
897,305	951,649	904,414	823,457	744,931	672,126
<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>
134,596	142,747	135,662	123,518	111,740	100,819
-	-	-	-	-	-
<u>\$ 134,596</u>	<u>\$ 142,747</u>	<u>\$ 135,662</u>	<u>\$ 123,518</u>	<u>\$ 111,740</u>	<u>\$ 100,819</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, 2014

	<u>Gross Debt Balance</u>	<u>Percent Applicable to City</u>	<u>Net Bonded Debt</u>
<u>DIRECT DEBT</u>			
CITY OF BELLFLOWER OBLIGATIONS:			
WATER SYSTEM CERTIFICATES OF PARTICIPATION	\$ 7,660,000	100.000 %	\$ 7,660,000
LEASE FINANCING AGREEMENT	2,500,000	100.000	2,500,000
HUD SECTION 108 LOAN	4,655,000	100.000	4,655,000
TOTAL DIRECT DEBT			<u>14,815,000</u>
<u>OVERLAPPING DEBT</u>			
*315.05 METROPOLITAN WATER DISTRICT	64,271,492	0.434	278,919
790.50 CERRITOS CC DS 2004 SERIES 2004A	1,890,000	10.643	201,153
790.51 CERRITOS CC DS 2005 REFUNDING BONDS	20,769,770	10.643	2,210,526
790.52 CERRITOS CC DS 2004 SERIES 2006	30,645,000	10.643	3,261,546
790.53 CERRITOS CC DS 2004 SERIES 2009C	50,985,000	10.643	5,426,332
790.54 CERRITOS CC DS 2004 SERIES 2012D	82,825,515	10.643	8,815,117
793.50 COMPTON CCD DS 2002 SERIES A	910,000	2.250	20,471
793.51 COMPTON CCD DS 2002 SERIES 2008A	13,435,000	2.250	302,228
793.52 COMPTON CCD DS 2002 SERIES 2012C	31,556,094	2.250	709,872
793.53 COMPTON CCD DS 2012 REF BONDS	31,245,000	2.250	702,874
819.51 ABC UNIFIED 2003 REFUND BOND SERIES A	12,930,000	0.032	4,176
819.52 ABC UNIFIED DS 1997 SERIES B	29,626,700	0.032	9,583
819.53 ABC UNIFIED DS 2010 REFUND BONDS	6,025,000	0.032	1,946
822.50 BELLFLOWER UNIFIED SCHOOL DISTRICT 2012 SERIES A	37,000,000	69.104	25,568,397
853.53 DOWNEY USD DS REFUNDING 1999 SERIES A	5,655,256	3.626	205,075
853.58 DOWNEY USD DS 2002 SERIES C	2,900,000	3.626	105,162
853.59 DOWNEY USD DS 2006 REFUNDING BONDS	8,320,000	3.626	301,705
853.60 DOWNEY USD DS 2007 REF BDS	19,685,000	3.626	713,830
853.61 DOWNEY USD DS 2011 REFUNDING BONDS	10,900,000	3.626	395,263
853.62 DOWNEY USD DS 2012 REF BONDS	17,620,000	3.626	638,948
903.51 NORWALK-LA MIRADA USD DS 2002 S-05A	42,339,270	0.021	9,055
903.52 NORWALK-LA MIRADA USD DS 2005 REFUNDING BONDS	8,885,000	0.021	1,900
903.53 NORWALK-LA MIRADA USD DS 2002 SER 2007A	22,745,602	0.021	4,864
903.54 NORWALK-LA MIRADA USD DS 2002 SERIES 2009 D	9,410,103	0.022	2,056
903.55 NORWALK-LA MIRADA USD DS 2002 SERIES 2009 E	21,392,349	0.022	4,674
903.56 NORWALK-LA MIRADA UDS DS 2009 REF BONDS	8,570,000	0.021	1,833
903.57 NORWALK-LA MIRADA USD DS 2013 REFUNDING SERIES A	26,405,000	0.021	5,647
907.50 PARAMOUNT USD DS 2005 REFUNDING BOND	15,615,000	7.789	1,216,328
907.51 PARAMOUNT USD DS 1998 SERIES B	2,739,256	7.937	217,427
907.52 PARAMOUNT USD DS 2006 SERIES 2007	31,870,720	7.789	2,482,564
907.53 PARAMOUNT USD DS 2006, SERIES 2011 BONDS	33,854,316	7.789	2,637,076
907.54 PARAMOUNT USD DS 2006 2013 SERIES C	33,953,515	7.789	2,644,803
TOTAL OVERLAPPING DEBT			<u>59,101,349</u>
TOTAL DIRECT AND OVERLAPPING DEBT			<u>\$ 73,916,349</u>

2013/14 Assessed Valuation After Deducting \$358,272,365 Incremental Value:		<u>\$ 4,009,453,280</u>
Debt To Assessed Valuation Ratios:	Direct Debt	0.37%
	Overlapping Debt	1.47%
	Total Debt	1.84%

*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 and Other Admin Fees	Negotiated Pass Through Payments to Other Taxing Agencies ²	SERAF/ ERAF ³	Net Property Tax Increment	Debt Service			Coverage
						Principal	Interest	Total	
2014	\$ 2,874,028	\$ 69,900	\$ 92,019	\$ -	\$ 2,712,109	\$ 155,000	\$ 433,896	\$ 588,896	4.61
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

¹ Net of statutory pass through payments. 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>
2013	77,741	1,506,932	19,384	7.7%
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%

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	2013-14		2004-05	
	Number of Employees ¹	Percent of Total Employment ²	Number of Employees ¹	Percent of Total Employment ²
Kaiser Permanente Medical Group	294	0.872%	1,078	3.201%
City of Bellflower	199	0.590%	241	0.716%
Tulaphorn Inc (2 locations)	146	0.433%	-	-
K-Mart Corporation	134	0.397%	103	0.306%
Tsibel Dental Group Inc.	122	0.362%	-	-
Bel Tooren Villa Convalescent	96	0.285%	-	-
George Chevrolet	91	0.270%	-	-
Stater Brothers Market	90	0.267%	112	0.333%
Hollywood Sports Park	86	0.255%	129	0.383%
Superior Grocers	81	0.240%	-	-
Bellflower Medical Center	-	-	494	1.467%
Time Warner Cable (Comcast of L.A.)	-	-	229	0.680%
Ford West	-	-	165	0.490%
Peter Wylan DDS	-	-	135	0.401%
Estrella, Inc.	-	-	118	0.350%
	<u>1,339</u>	<u>3.969%</u>	<u>2,804</u>	<u>8.327%</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
2013-14	33,733	2013	33,400
2012-13	32,975	2012	32,600
2011-12	32,242	2011	32,300
2010-11	31,883	2010	32,100
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	34,200
2005-06	34,150	2005	33,700
2004-05	33,675	2004	33,200

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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									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
General Government										
Full-time	17	17	17	17	17	18	21	21	21	20
Part-time	1	1	2	3	4	6	9	10	7	7
Total	18	18	19	20	21	24	30	31	28	27
Public Safety										
Full-time	8	8	9	10	10	12	11	11	10	11
Part-time	8	8	7	7	6	7	8	8	11	11
Total	16	16	16	17	16	19	19	19	21	22
Public Works										
Full-time	37	35	35	34	34	35	31	31	31	31
Part-time	5	4	2	3	2	14	16	14	11	13
Total	42	39	37	37	36	49	47	45	42	44
Community Development										
Full-time	21	22	18	18	18	19	24	24	24	21
Part-time	0	0	0	1	1	2	3	5	4	3
Total	21	22	18	19	19	21	27	29	28	24
Parks and Recreation										
Full-time	7	7	7	7	7	8	10	10	10	10
Part-time	95	74	73	63	59	72	134	146	118	114
Total	102	81	80	70	66	80	144	156	128	124
Total										
Full-time total	90	89	86	86	86	92	97	97	96	93
Part-time total	109	87	84	77	72	101	170	183	151	148
Total	199	176	170	163	158	193	267	280	247	241

Notes:

- Excludes frozen positions.
- Community Development includes Planning and Economic Development.

Source: City Finance Department

CITY OF BELLFLOWER

OPERATING INDICATORS BY FUNCTION

Last Ten Fiscal Years

	2013-14	2012-13	2011-12	2010-11
Police:				
Arrests ¹	2,362	2,085	2,328	2,590
Parking citations issued	26,394	27,440	24,774	25,139
Public Works:				
Street resurfacing (miles)	2.35	2.23	2.24	2.55
Parks and Recreation:				
Number of recreation classes	180	198	192	171
Number of facility rentals	270	245	255	272
Programs and facilities attendance	1,095,665	1,083,360	1,085,520	1,060,863
Water Services:				
Customer accounts - retail	1,823	1,824	1,824	1,824
Annual production (acre feet)	749	669	672	663
Annual sale (acre feet)	702	669	635	624
Average daily production (thousands of gallons)	668	597	600	592
Customer account - wholesale	1	1	1	
Annual sale to other water purveyor (acre feet)	1,511	2,806	104	-

¹ Reported on a fiscal year basis for 2013-14 and calendar year basis for all other years.

Notes:

- The City acquired the water system from a local water company on January 12, 2007.
 - (A) Data not available.
 - (B) Calendar year 2005 data provided by prior water purveyor.
 - (C) Calendar year 2004 data provided by prior water purveyor.
- Fire and sewer services are provided by special districts of Los Angeles County.

Source: City of Bellflower. Police arrest data provided by Los Angeles County Sheriff's Department.

2009-10	2008-09	2007-08	2006-07	2005-06	2004-05
2,660	2,563	2,258	2,413	2,214	2,133
29,410	30,017	25,290	24,941	28,318	29,870
2.30	-	-	-	2.65	0.77
188	158	131	156	159	164
257	268	299	264	282	286
1,275,595	1,159,691	1,207,835	1,163,802	1,189,803	1,256,536
1,823	1,823	1,818	1,815	1,803 (B)	1,803 (C)
683	717	782	- (A)	721 (B)	763 (C)
622	681	728	- (A)	- (A)	- (A)
610	640	698	- (A)	644 (B)	681 (C)
-	-	-	-	-	-

CITY OF BELLFLOWER

CAPITAL ASSET STATISTICS BY FUNCTION Last Nine Fiscal Years

	<u>2013-14</u>	<u>2012-13</u>	<u>2011-12</u>	<u>2010-11</u>	<u>2009-10</u>	<u>2008-09</u>	<u>2007-08</u>	<u>2006-07</u>	<u>2005-06</u>
Police:									
Substation	1	1	1	1	1	1	1	1	1
Public Works:									
Streets (miles)	96.41	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	147
Streetlights (Bike Trail)	138	138	138	138	-	-	-	-	-
Traffic signals	64	64	64	64	49	49	49	49	49
Parks and Recreation:									
Parks	8	8	5	5	5	5	5	5	5
Community centers	2	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	98.65
Storm drains (miles)	6.25	6.25	6.25	6.25	6.25	6.25	6.25	6.25	6.25

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

Source: City of Bellflower

CITY OF BELLFLOWER



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