

# Comprehensive Annual Financial Report

City of Bellflower, California  
Fiscal Year Ended June 30, 2015



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

**COMPREHENSIVE  
ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2015**

**PREPARED BY  
FINANCE DEPARTMENT**

Tae G. Rhee  
Director of Finance/City Treasurer

CITY OF BELLFLOWER

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December 15, 2015

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, 2015, 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 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 78,106 residents. Served by numerous freeways including Route 91, 105, 405, 605, and 710, residents of the 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, water service to approximately 1,830 customers, 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. 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 features tranquil walking paths, a large multi-color interactive playground for children, bike racks, picnic tables, and California native plant demonstration gardens. In March 2015, the Flora Vista Dog Park was opened to the public featuring a 16,000 square foot facility with separate fenced-in areas for large and small dogs to run off-leash and access to the bike trail where many residents walk their dogs on a leash.

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 and liquidate the assets 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**

- Awarded LAEDC Most Business Friendly City Finalist.
- Continued to work with the County of Los Angeles Fire Museum Association (CLAFMA) in a joint effort to fund the construction of the City of Bellflower Events Center and Fire Museum. The project will include the construction of a two-story, maximum 24,000-square-foot building with a museum on the first floor and an events center located on the second floor.
- Received preliminary approval for a \$7.31 million Measure R grant from the Gateway Cities Council of Governments to widen Bellflower Boulevard, from Artesia Boulevard to the SR-91 Freeway. The project will significantly improve traffic and safety conditions and promote economic development in the area.
- Property acquisitions:
  - Acquired the property located at Bellflower Boulevard and Mayne Street and demolished the existing building to develop the site as the City's Regional Transit Center.
  - Acquired the property located between Alondra Boulevard and Trabuco Street, at the easterly terminus of Trabuco Street, with an Urban Greening Grant from the State and a seller-financed note to develop the site as the Trabuco Butterfly Garden.
  - Acquired right-of-way on the east side of Bellflower Boulevard, between Artesia Boulevard and SR-91 Freeway, to widen the east side of Bellflower Boulevard improving traffic flow, safety, and capacity.
- Provided financial assistance and conducted a final inspection for the new Golden Corral Restaurant on the northeast corner of Bellflower and Artesia Boulevards.
- Completed construction of a new Dog Park located at 9203 Flora Vista Street in March 2015.
- Completed design for several upcoming projects:
  - Beverly Street Improvements
  - Aquatic Center Lobby ADA Improvements
  - Thompson Park Restroom ADA Improvements
- Widened the 15900 block of Virginia Avenue to improve traffic safety and alleviate drainage issues.
- Completed pavement rehabilitation along Bellflower Boulevard, from Somerset Boulevard to Rosecrans Avenue.
- Removed and replaced the Simms Park Community Center roof.

- Installed a new HVAC system at Bellflower City Hall.
- Renovated the Caruthers Park public restrooms to be ADA compliant.
- Awarded Transit Oriented Development Planning Grant to create a Specific Plan for future train station.
- Constructed a new parking lot at 16906-16912 Bellflower Boulevard to serve adjacent businesses in the downtown area.
- Completed slope stabilization on the south side of Rosecrans Avenue, west of the San Gabriel River.
- Maintained the City's seven-year slurry seal schedule for all local streets.
- Removed and replaced damaged curb, gutter, and sidewalk throughout various locations in the City.
- Continued to remove reported graffiti by the next work day.
- Continued to participate in the development of the joint Bellflower-Paramount Bicycle Master Plan.
- Collaborated with Climatec, LLC, to conduct an energy use audit of City facilities and identify energy savings measures to be implemented in FY 2015-16.
- Completed an update to the Pavement Management System.
- Groundbreaking and construction in progress for new City Ventures residential developments – Boulevard Collection (67 residential units on Alondra Boulevard and Clark Avenue) and Downtown Collection (19 residential units on Oak Street and Adenmoor Avenue).
- Completed a Metro grant application for ATP funding to develop a bicycle and pedestrian Active Transportation Plan.
- Entered into an Implementation Agreement with Gateway Cities Council of Governments to participate in the development of an Artesia Boulevard Complete Street Evaluation and Master Plan.
- Grand opening of AutoZone, located at 10239 Rosecrans Avenue, as City's first self-certified project.
- Secured grant funding from L.A. County to redevelop and open Byrum H. Zinn Park & Community Trail.
- Partnered with non-profit KaBOOM! to develop and open new accessible playground at Simms Park for children ages 2-12.

#### Municipal Water System

- Adopted a new water conservation ordinance to encourage water conservation during this historic Statewide drought.

- Installed a phosphate treatment system at the High Capacity Well to mitigate colored water conditions.
- Connected 12 services along Bellflower Boulevard onto a nearby Bellflower-Somerset Mutual Water Company main, in lieu of rebuilding a deteriorating Municipal Water System main that the services were previously connected to.
- Installed 70 smart meters that transmits meter reads wirelessly and can be accessed by City staff and water system customers via computers and phone apps.
- Completed the second year of a five-year water sales and lease agreement with Bellflower-Somerset Mutual Water Company. Leased 680 acre-feet of surplus water rights and sold 1,300 acre-feet of water to Bellflower-Somerset Mutual Water Company.
- Conducted a valuation of the assets of the Municipal Water System.
- Organized a subcommittee meeting with Bellflower-Somerset Mutual Water Company to examine the valuation study of the Municipal Water System and revisit the five-year operations agreement.
- Relocated Municipal Water System's operations from its Lakewood Boulevard office to Bellflower-Somerset Mutual Water Company's office at 10016 Flower Street, capturing significant operational cost savings through the consolidation.
- Applied for a Proposition 84 IRWM grant to help finance an additional 500 smart meters for the Municipal Water System.
- Maintained compliance with all regulatory requirements.

#### Other Accomplishments

- Crime Reduction
  - 8% reduction in robberies, decreasing from 105 (2013) to 97 (2014).
  - 21% reduction in grand theft autos, decreasing from 487 (2013) to 384 (2014).
  - Lowest overall Part 1 Crime Rate in 2014 at 247.3 in more than 45 years.
  - Continue to conduct relevant enforcement operations, including: theft of recyclable materials, gang sweeps, narcotics surveillances, burglary suppression, increased quad patrols, robbery suppression, parole searches, etc., in order to reduce criminal activity.
- Traffic Enforcement
  - Maintained an enforcement index of 30.0 or more.
  - 17% increase in DUI arrests, increasing from 261 (2013) to 306 (2014)
- 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 effort of District Representatives, informational presentations to community groups, maintaining an informative and interactive departmental website, National Night Out participation, and a maximum three-day response to neighborhood complaints (e.g., traffic, crime).
- Completed Phase 2, Part 2, of the nonconforming action plan by amending the Zoning Code to address nonconforming uses and their abatement periods. This represents over 2,500 properties across five neighborhoods.
- Approved over two dozen "clean up" amendments through Zoning Ordinance Text Amendments.
  - Adopted Electronic Cigarette Business, Tattoo Parlor, Massage Establishment, Lawn Mowing, Temporary Storage of Vehicles, and Vehicle Lift Ordinances.
- Implemented the Commercial Business License Program and issued over 200 new licenses.
- Resolved 369 Commercial Rental Business License cases out of the existing 396 cases and opened 27 new cases.
- Completed plan check review and/or conducted timely field inspections for the following properties:
  - The Bellflower Collection (Alondra Boulevard and Clark Avenue)
  - Downtown Bellflower Collection (Oak Street and Adenmoor Avenue)
  - Popeye's Louisiana Chicken (Woodruff Avenue and Rosecrans Avenue)
  - 7-Eleven (Artesia Boulevard and Clark Avenue)
  - AutoZone (Woodruff Avenue and Rosecrans Avenue)
  - Golden Corral (Bellflower Boulevard and Artesia Boulevard)
  - Dollar Tree (Woodruff Avenue and Rosecrans Boulevard/Lakewood Boulevard and Alondra Boulevard)
  - Kaiser Medical Center (Clark Avenue and Rosecrans Avenue)
- Implemented and assisted with special events including the Bellflower Car Show, Food Trucks & Flicks, Streetfests, Easter Egg Hunt, Chamber of Commerce 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, Outgoing Mayor's Ceremony, Chamber of Commerce Salute Our Heroes, and Party in the Plaza - City Birthday Celebration.
- Partnered with local service clubs, churches, and residents for the School Supplies/Backpack Drive and Holiday Food & Toy Drive and Spring Easter Basket Programs.
- Completed seven Bellflower Looking Better beautification projects throughout the City.
- Supervised and coordinated 16,437 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 102 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.
- Enhanced Citywide marketing capabilities by adding a City News section to the seasonal recreation brochure and by adding digital marketing displays at Simms and Thompson Parks, Bellflower Aquatic Center, and City Hall. Launched Yelp Pilot Social Media Pilot Project and quarterly Economic Development Newsletter.
- Received statewide award of Excellence from California Parks & Recreation Society for marketing.
- Received national designation as Playful City USA by KaBOOM!
- Developed and executed new partnership agreement with YMCA for new youth basketball program.
- Began partnership with Caring Connections and Bellflower Rotary Club to enroll BUSD students in Parks and Recreation classes through the Healthy Lifestyles Program funded by Kaiser Permanente.
- Completed revision of City of Bellflower's website.

### **MAJOR INITIATIVES FOR THE FUTURE**

#### **Capital Projects, Private Development and Other Community Projects**

- Re-release the Request for Qualifications and Request for Proposals to solicit a design/build firm to complete plans and construction for the City of Bellflower Events Center and Fire Museum.
- Install a new traffic signal on the corner of California Avenue and Artesia Boulevard.
- Complete construction Zinn Park and Trail. Incorporate Zinn Park and Trail into the City's maintenance workload, increasing the grounds maintenance responsibility to 12 parks or 101 acres.
- Complete pedestrian safety and ADA improvements for the Bellflower Boulevard Pedestrian Improvements in Downtown Bellflower.
- Install ADA features in the Aquatic Center Lobby and the Thompson Park main building restrooms.
- Rehabilitate Flower Street and install ADA-compliant features, from the west City limit to Woodruff Avenue.
- Complete design and begin widening construction along Bellflower Boulevard, from Artesia Boulevard to the SR-91 Freeway.
- Resurface portions of Eucalyptus Avenue, Cornuta Avenue, Ryon Avenue, and Hegel Street.
- Complete pedestrian safety improvements along Clark Avenue and Eucalyptus Avenue under the Safe Routes to School program.

- Construct an additional 13 parking spaces on Beverly Street, north of Golden Corral Restaurant, and re-design a portion of that street.
- Re-design and replace lighting fixtures in Parking District No. 1 (from Laurel Street to Oak Street), including repaving of the parking lot to accommodate additional parking spaces and be ADA compliant.
- Complete landscaping of the south side of the SR-91 Freeway at Bellflower Boulevard.
- Design and install grant-funded bus shelters throughout the City.
- Design the Local Transit Transfer Station on Oak Street, east of Bellflower Boulevard.
- Install ADA-compliant curb ramps and other improvements along various locations Citywide per the Miscellaneous Concrete project.
- Complete various improvements to the Belmont Theater, including a new HVAC system, roof, and neon signage.
- Maintain the seven-year slurry seal schedule for all local streets.
- Complete the annual cold mill resurfacing project.
- Remove and replace damaged curb, gutter, and sidewalk.
- Maintain tree trimming schedule.
- Complete a revised and restated ADA Transition Plan and commence high priority ADA upgrades identified in the Plan.
- Participate in the grant-funded Los Angeles County Bridge Preventative Maintenance program to repair and retrofit Alondra Boulevard and Rosecrans Avenue bridges.
- Develop a Pedestrian Master Plan to complete the City's Active Transportation Plan.
- 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 joint Bellflower-Paramount Bicycle Master Plan.
- Develop an updated engineering and traffic survey to re-establish Citywide speed limits.
- Conduct corridor studies along Lakewood and Artesia Boulevards in conjunction with the Gateway Cities Council of Governments to identify future Public Works needs and obtain grant funding for projects.
- Apply for Metro's Wayfinding Signage Grant program.
- Execute LACMTA grant agreement for Transit Oriented Development Planning and begin project.

- Implement energy efficiency measures in conjunction with Climatec LLC, in order to improve operations and find long-term savings. Efficiency measures will include new HVACs for all City facilities and an evaluation of SCE-owned street lights for possible purchase by the City.
- Develop the following properties:
  - Gold Property - 17617-17639 Bellflower Boulevard
  - Ford West Site - 8625 Artesia Boulevard
  - Bellko Patio - 16678 Bellflower Boulevard
  - “Greek Market” site - 16411 Bellflower Boulevard
  - Lakewood/Artesia Commercial project anchored by Habitat for Humanity
  - Fitness center at Caruthers Park in partnership with Kaiser and Kiwanis
- Major Construction Projects. Complete plan check review and/or conduct timely field inspections for:
  - Bellflower Event Center and Fire Museum (Bellflower Boulevard and Greenway Trail)
  - 13-unit Single Family Residential at 10317 Hacienda
  - 21-unit Single Family Residential at 10123 Washington
  - 8-unit Single Family Residential at 15733 Ryon
  - 11-unit Single Family Residential at 9261 Ramona
- Complete process to reuse former agency-owned property at 16601 Bellflower Boulevard (Starbucks/Eclipse) and dispose of property in accordance with the approved Long Range Property Management Plan (LRPMP).
- Assist City Ventures in appropriate development of “Kia Storage” site on Artesia Boulevard.
- Complete plan to develop Successor Agency-owned property at Oak Street and Bellflower Boulevard.
- Fill vacancy at Firehouse Chef site.
- Complete General Plan Amendment, Zone Change, Parcel Map, and construction of Butterfly Garden.
- Create a mobile application (for mobile phones and tablets) to complement the City's new website.
- Continue YCAF Programs and Restaurant Promotions.
- Continue Yelp Pilot Social Media Pilot Project.
- Begin the Downtown Smart Park System and Program Implementation.

#### Municipal Water System

- Install 360 smart meters in backyard easements. Launch a new online software that will allow City staff and Municipal Water System customers to access their daily water usage online, via a computer or phone app.
- Install an interconnection with Bellflower-Somerset Mutual Water Company at Felson Street and Carpintero Avenue to serve as a back-up water supply source for System 8.

- Replace a Glandon Street 4” main with 6” main to increase water pressure. In addition, build an interconnection to Bellflower-Somerset Mutual Water Company’s system to provide a back-up water supply source for System 4.
- Explore and apply for grants to secure funding for future capital improvements.
- Continue to enforce the new Water Conservation Ordinance to encourage water conservation during the historic Statewide drought.
- Complete the quit claim of an easement on 10428 Felson Street, former site of Well No. 17, which was decommissioned in FY 2013-14.
- Conduct analysis for the Council Study Sessions concerning the potential sale of the Municipal Water System.

### Other Initiatives

- Crime Suppression
  - Maintain the current number of residential burglaries at the 2014 total of 289.
  - Maintain the current number of stolen cars at the 2014 total of 384.
  - Maintain the current number of robberies at the 2014 total of 97.
  - Achieve 30 graffiti vandalism arrests each year.
  - Maintain the overall Part 1 Crime Rate at the 2014 rate of 247.4.
  - Continue to conduct relevant enforcement operations, including: theft of recyclable materials, 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 250 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 response to neighborhood complaints (e.g., traffic, crime).
  - Expand participation in the current interactive notification and dialog programs: [www.nixle.com](http://www.nixle.com) and [www.nextdoor.com](http://www.nextdoor.com).
- Public Safety Customer Service
  - Maintain routine response times of less than or equal to 35.0 minutes.

- 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.
- Maintain compliance with the NPDES permit.
- Maintain compliance with the solid waste diversion requirements of AB 939 and SB 1016.
- Update the City's Sewer Master Plan.
- Consider preliminary design for a possible stormwater capture and re-use project at Mayfair High School.
- Study and recommend changes within Phase 2, Part 3, of the nonconforming action plan by amending the Zoning Code to address nonconforming uses and their abatement periods and create more neighborhood-based development standards.
- Complete amendment to Building Code to streamline plan review, inspections, and processing of solar permit applications.
- Ensure closure of food carts by December 31, 2016.
- Develop appropriate codes to address noise.
- Resolve remaining 27 Commercial Rental Business License cases.
- Continue partnerships with public and private agencies for the expansion and continuation of the School Supplies/Backpack Drive and Holiday Food Basket and Spring Easter Basket programs.
- Implement/assist with special events including the 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.
- Continue to design and distribute brochures regarding recreation activities to households three times a year.
- Provide seven Bellflower Looking Better beautification projects throughout the 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 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.
- Conduct Senior Citizen parks and recreation outreach survey.
- Continue to streamline the recruitment process for contracted recreation class instructors, increasing recreation and life-long learning opportunities in the community.
- Continue partnership with Caring Connections and Bellflower Rotary Club to enroll BUSD students in Parks and Recreation classes through the Healthy Lifestyles Program funded by Kaiser Permanente.
- 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.
- The City will continue its support of high speed rail projects through the Eco-Rapid Transit/Orangeline Development Authority.

### **ECONOMIC CONDITION**

In fiscal year 2014-15, the City's overall revenues grew for the third year in a row from the recession. For the General Fund, the chief operating fund, the recurring revenues increased in fiscal year 2014-15, but slightly, by 0.5%, or \$140 thousand. In the preceding fiscal year 2013-14, the recurring revenues increased 3.1%, or \$780 thousand. In fiscal year 2012-13, the recurring revenues increased 6.0%, or \$1.4 million. For this analysis, the recurring revenues do not include the temporary Measure P UUT revenues (effective for five years from April 1, 2013 to 2018) and other large one-time items.

In the final year of the recessionary decline for the City (fiscal year 2011-12), the General Fund 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 improving and the City's revenues have, therefore, increased. However, the City's revenues have yet to fully recover to the pre-recession level.

During the fiscal year, the median housing price increased by 2.0% and the unemployment rate decreased to 7.0%. As discussed later in the Management Discussion and Analysis, the economy is expected to continue its growth for the next few years. However, the City maintains its reasonably conservative and cautious outlook for budgeting and fiscal management.

## **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, 2015. 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, 2014. 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-one (21) 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, 2015.

**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, 2014**

Executive Director/CEO

# MISSION STATEMENT

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**The Mission of the City of Bellflower is:**

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

## DIRECTORY OF CITY OFFICIALS

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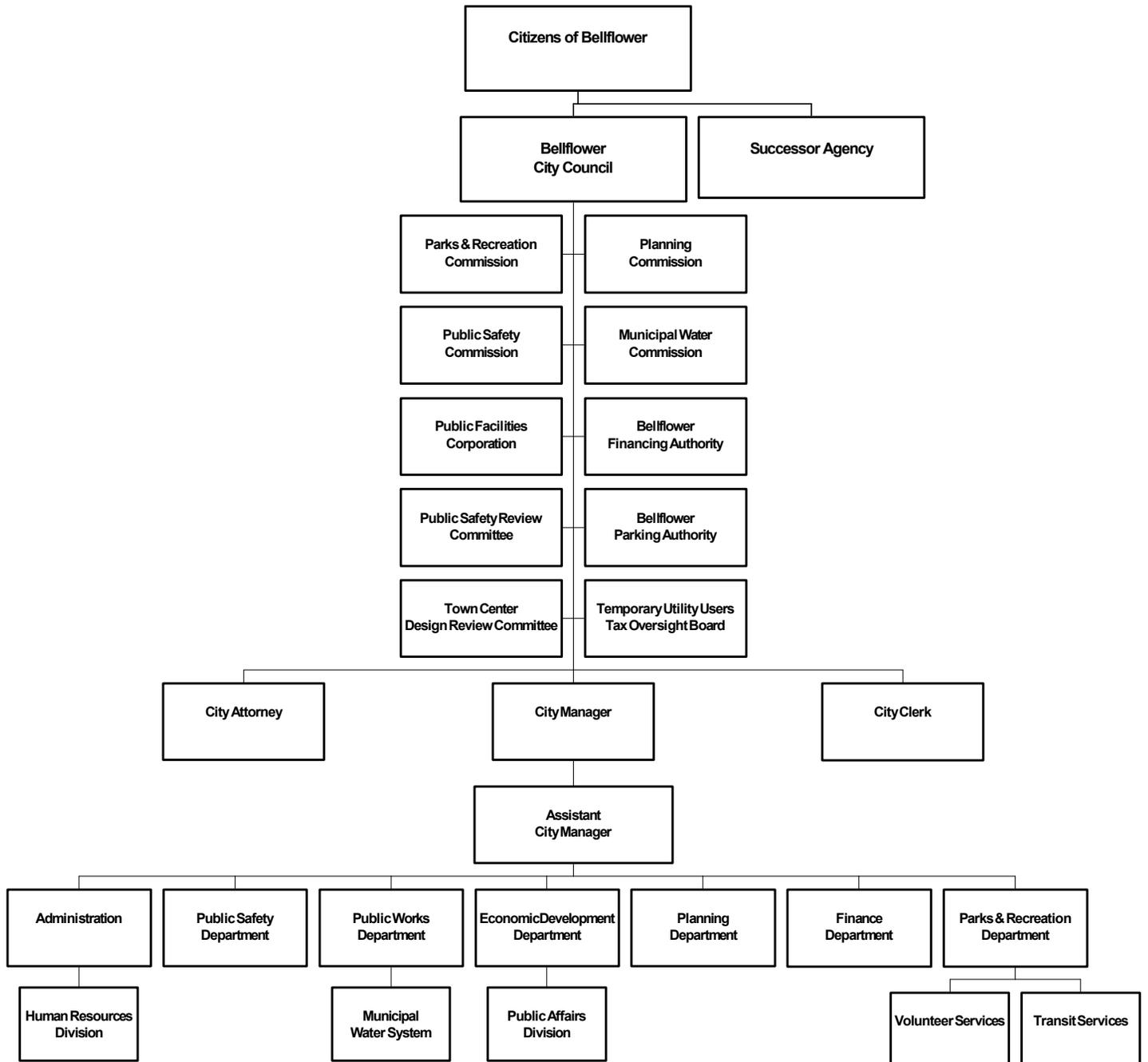
### CITY COUNCIL

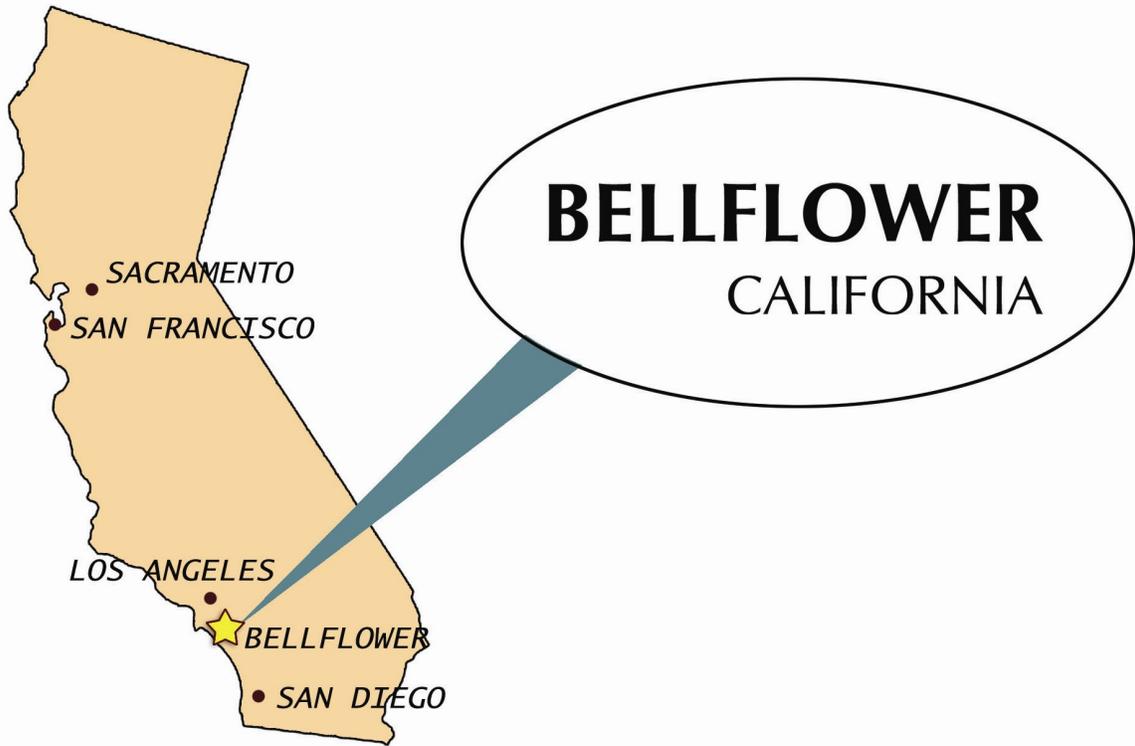
Scott A. Larsen, Mayor  
Dan Koops, Mayor Pro Tem  
Ray Dunton, Council Member  
Sonny R. Santa Ines, Council Member  
Ron Schnablegger, Council Member

### PRINCIPAL ADMINISTRATIVE OFFICERS

Jeffrey L. Stewart, City Manager  
Leo L. Mingle, Assistant City Manager  
Debra D. Bauchop, City Clerk  
Joel D. Hockman, Director of Public Safety  
P.J. Mellana, Director of Parks and Recreation  
Leonard W. Gorecki III, Director of Public Works  
James A. DellaLonga, Director of Economic Development  
Rowena Genilo-Concepcion, Interim Director of Planning  
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, 2015, and the related notes to the 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, 2015, 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.

## **Emphasis of Matter**

As discussed in Notes 1e and 17 to the financial statements, the City adopted Governmental Accounting Standards Board's Statement No. 68, "*Accounting and Financial Reporting for Pensions*" and Statement No. 71, "*Pension Transition for Contributions Made Subsequent to the Measurement Date, an Amendment of GASB Statement No. 68*". The adoption of these standards required retrospective application resulting in a \$9,199,944 reduction of previously reported governmental activities net position. Our opinions are not modified with respect to this matter.

As discussed in Note 17 to the financial statements, the City has reclassified the offset to long-term receivables within grant funds from deferred inflows of resources and unavailable revenues to due to other governments. Accordingly, amounts reported for the governmental activities beginning net position have been restated in fiscal year 2014-2015 financial statements. Our opinions are not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of proportionate share of the net pension liability, the schedule of contributions - defined benefit pension plans, and the schedule of funding progress - retiree health plan, and the General Fund and Low and Moderate Income Housing Asset Special Revenue Fund budgetary comparison schedules, identified as Required Supplementary Information (RSI) in the accompanying table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the RSI 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 RSI because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *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, major fund budgetary comparison schedules, combining and individual non-major fund financial statements and schedules, 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 Financing Authority Debt Service Fund, Grant Projects Capital Projects Fund, and Capital Projects/Economic Development Capital Projects Fund budgetary comparison schedules, and the combining and individual non-major fund financial statements and schedules (supplementary information), as listed in the table of contents, 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 taken 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 15, 2015, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

*White Nelson Dick Evans LLP*

Irvine, California  
December 15, 2015

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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, 2015. 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 the Dissolved 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, 2015, the City's assets and deferred outflows of resources totaled \$121.0 million and total liabilities and deferred inflows of resources were \$32.2 million. The assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$88.8 million (net position). Of this amount, the unrestricted net position was \$1.1 million.
- For the fiscal year ended June 30, 2015, net position increased \$7.0 million (from the restated beginning net position). Total revenues from programs and general revenues were \$41.6 million and an extraordinary gain on the transfer of assets from the Successor Agency was \$2.7 million. The total expenses for all functions and programs were \$37.3 million.

During the year, the beginning net position was restated to conform to the provisions of Governmental Accounting Standard Board (GASB) Statement No. 68 (Accounting and Financial Reporting for Pensions) and GASB Statement No. 71 (Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68). This restatement has caused the beginning unrestricted net position to be reduced by \$9.2 million.

In addition, the City has reclassified the long-term loans receivable funded with Federal grant funds from the restricted net position to a liability item, specifically due to other governments. This restatement has caused the beginning restricted net position to be reduced by \$1.9 million.

- Of total revenues of \$41.6 million, program revenues were \$13.3 million and general revenues were \$28.3 million. Program revenues are divided into three categories: Charges for services, \$5.5 million; Operating grants and contributions, \$6.7 million; and Capital grants and contributions, \$1.1 million.

### Fund Based:

- At June 30, 2015, the General Fund balance was \$24.1 million. 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 \$12.4 million, of which \$8.0 million was a contingency reserve set aside for cash flows and emergencies.
- The actual General Fund revenues and transfers in were \$29.4 million, an increase of \$1.5 million from the prior year actual of \$27.9 million. The final budget was \$30.1 million.
- The actual General Fund expenditures and transfers out were \$31.6 million, an increase of \$3.7 million from the prior year actual of \$27.9 million. The final budget was \$32.5 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 and deferred outflows of resources of the City as well as all liabilities (including long-term debt) and deferred inflows of resources. 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, deferred outflows, liabilities, and deferred inflows 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 has implemented GASB Statement Nos. 68, 69 and 71 during the fiscal year 2015. While GASB Statement Nos. 68 and 71 required retroactive adjustments that negatively affected the City's net position, Statement No. 69 did not cause any financial implications.

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.

### 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.

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	
	2015	2014	2015	2014	2015	2014
Current and other assets	\$ 62.7	\$ 62.4	\$ (8.1)	\$ (8.5)	\$ 54.6	\$ 53.9
Capital assets	57.0	49.7	8.3	8.4	65.3	58.1
Total assets	<u>119.7</u>	<u>112.1</u>	<u>0.2</u>	<u>(0.1)</u>	<u>119.9</u>	<u>112.0</u>
Deferred outflows of resources	1.1	0.1	-	-	1.1	0.1
Total Deferred outflows of resources	<u>1.1</u>	<u>0.1</u>	<u>-</u>	<u>-</u>	<u>1.1</u>	<u>0.1</u>
Current and other liabilities	7.4	4.6	0.3	0.3	7.7	4.9
Long-term debt	21.8	14.3	-	-	21.8	14.3
Total liabilities	<u>29.2</u>	<u>18.9</u>	<u>0.3</u>	<u>0.3</u>	<u>29.5</u>	<u>19.2</u>
Deferred inflows of resources	2.7	-	-	-	2.7	-
Total Deferred inflows of resources	<u>2.7</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2.7</u>	<u>-</u>
Net Position:						
Net investment in capital assets	49.6	42.6	8.3	8.4	57.9	51.1
Restricted	29.8	28.4	-	-	29.8	28.4
Unrestricted	9.5	22.3	(8.4)	(8.8)	1.1	13.4
Total net position	<u>\$ 88.9</u>	<u>\$ 93.3</u>	<u>\$ (0.1)</u>	<u>\$ (0.4)</u>	<u>\$ 88.8</u>	<u>\$ 92.9</u>

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

The City's Government-wide total net position were \$88.8 million, with assets of \$119.9 million, deferred outflows of resources of \$1.1 million, liabilities of \$29.5 million, and deferred inflows of resources of \$2.7 million. The net investment in capital assets of \$57.9 million represents 65% 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, \$29.8 million, or 34%, represents resources that are subject to external restrictions in how they may be used.

The remaining balance of \$1.1 million, or 1%, in unrestricted net position may be used to meet the City's ongoing obligations to citizens and creditors. As discussed previously, the drastic reduction in the unrestricted net position occurred during the year because of the restatement made to conform to the provisions of GASB Statement Nos. 68 and 71 related to accounting and reporting of pension liabilities.

Condensed Statement of Changes in Activities

**Changes in Net Position  
(in millions)**

	Governmental Activities		Business-Type Activities		Government-Wide Totals	
	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14
Revenues						
Program Revenues:						
Charges for services	\$ 3.7	\$ 4.0	\$ 1.8	\$ 1.9	\$ 5.5	\$ 5.9
Operating grants and contributions	6.7	4.3	-	-	6.7	4.3
Capital grants and contributions	1.1	0.6	-	-	1.1	0.6
Subtotal Program Revenues	<u>11.5</u>	<u>8.8</u>	<u>1.8</u>	<u>1.9</u>	<u>13.3</u>	<u>10.7</u>
General Revenues:						
Sales taxes	8.7	8.3	-	-	8.7	8.3
Property taxes	2.9	3.0	-	-	2.9	3.0
Property taxes in lieu of VLF	6.8	6.5	-	-	6.8	6.5
Franchise taxes	1.6	1.6	-	-	1.6	1.6
Utility users taxes	5.1	5.1	-	-	5.1	5.1
Transient occupancy taxes	0.7	0.6	-	-	0.7	0.6
Business license taxes	0.6	0.6	-	-	0.6	0.6
Property transfer taxes	0.1	0.1	-	-	0.1	0.1
Intergovernmental	0.2	0.1	-	-	0.2	0.1
Earnings on investments	0.6	0.4	-	-	0.6	0.4
Miscellaneous	0.6	0.7	0.2	0.1	0.8	0.7
Subtotal General Revenues	<u>28.1</u>	<u>27.0</u>	<u>0.2</u>	<u>0.1</u>	<u>28.3</u>	<u>27.0</u>
Total Revenues	<u>39.6</u>	<u>35.8</u>	<u>2.0</u>	<u>2.0</u>	<u>41.6</u>	<u>37.7</u>
Expenses:						
Governmental Activities:						
General government	6.4	3.6	-	-	6.4	3.6
Public safety	11.2	10.7	-	-	11.2	10.7
Public works	10.3	9.6	-	-	10.3	9.6
Community development	4.9	5.4	-	-	4.9	5.4
Parks and recreation	2.1	1.9	-	-	2.1	1.9
Interest on long-term debt	0.6	0.8	-	-	0.6	0.8
Business-Type Activities:						
Water	-	-	1.7	2.0	1.7	2.0
Total Expenses	<u>35.5</u>	<u>32.0</u>	<u>1.7</u>	<u>2.0</u>	<u>37.3</u>	<u>34.0</u>
Change in net position, before extraordinary item	4.0	3.8	0.3	-	4.3	3.7
Extraordinary gain on transfer of assets from Successor Agency	2.7	-	-	-	2.7	-
Change in Net Position	<u>6.7</u>	<u>3.8</u>	<u>0.3</u>	<u>(0.1)</u>	<u>7.0</u>	<u>3.7</u>
Net Assets - Beginning of Fiscal Year	93.3	88.1	(0.4)	(0.3)	92.9	87.8
Implementation of GASB Statement Nos. 68 and 71	(9.2)				(9.2)	-
Prior Period Adjustment	(1.9)	1.5	-	-	(1.9)	1.5
Net Assets - Beginning of Fiscal Year, Restated	<u>82.2</u>	<u>89.5</u>	<u>(0.4)</u>	<u>(0.3)</u>	<u>81.8</u>	<u>89.2</u>
Net Assets - End of Fiscal Year	<u>\$ 88.9</u>	<u>\$ 93.3</u>	<u>\$ (0.1)</u>	<u>\$ (0.4)</u>	<u>\$ 88.8</u>	<u>\$ 92.9</u>

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

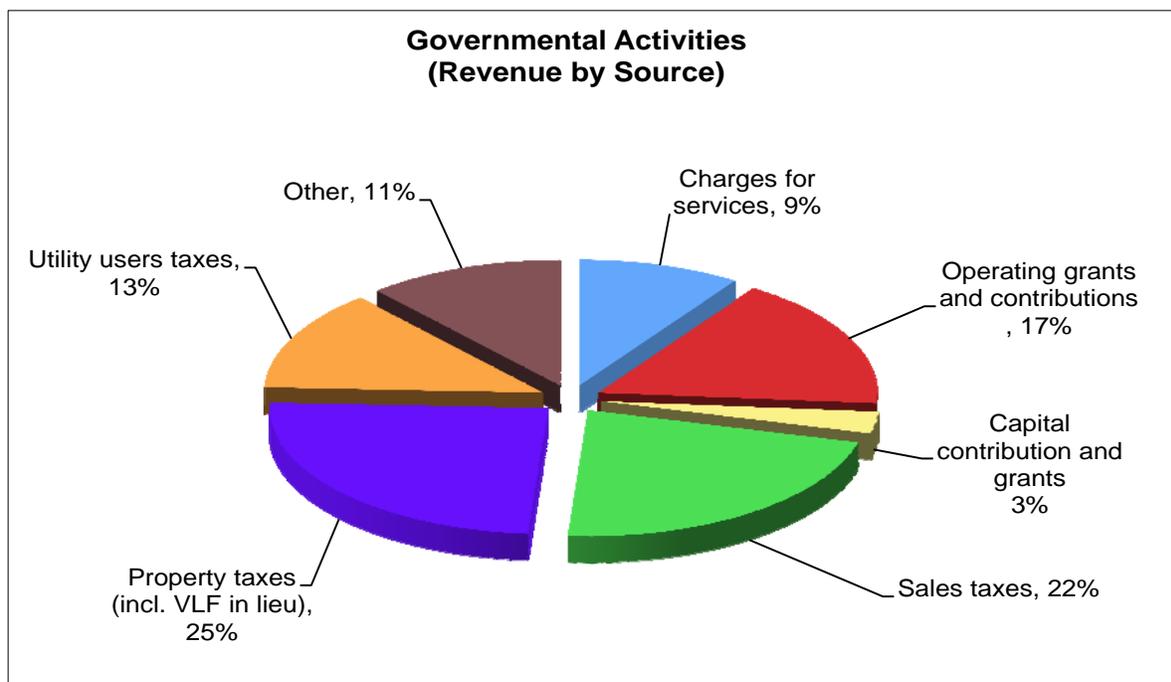
Revenues for the City's governmental and business-type activities were \$41.6 million, an increase of \$3.9 million, or 10%, from \$37.7 million in the preceding fiscal year. Key elements of significant changes for governmental activities were as follows (business-type activities discussed later):

- The largest revenue source was property taxes, a general revenue, at \$9.7 million, which increased \$198 thousand, or 2.1% from preceding fiscal year. Property taxes include property taxes in lieu of VLF (vehicle license fees) of \$6.8 million.
- The second largest revenue source was sales taxes, a general revenue, at \$8.7 million, which increased \$443 thousand, or 5.4% 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 \$140 thousand during the fiscal year (\$55 thousand from Proposition A; \$39 thousand from Measure R; and \$46 thousand from Proposition C). During the fiscal year, sales were strong in the City for automobiles/transportation and restaurants sectors, which grew 24% and 17%, respectively. Sales were weak for the fuel and service stations industry, which declined 16%.
- The third largest revenue source was operating grants and contributions, a program revenue, at \$6.7 million, which increased \$2.4 million, or 56% from the preceding fiscal year. Operating grants and contributions increased for community development by \$2.6 million and decreased for public works by \$193 thousand.
- The fourth largest revenue source was utility users taxes (UUT), a general revenue, at \$5.1 million, which is approximately the same amount collected in the preceding fiscal year. During the fiscal year, UUT on electricity increased 8% while UUT on telecommunication and gas decreased 7% and 5%, respectively.

The City's current UUT rate is 7%. In November 2012, the voters approved Measure P to provide a temporary 2% UUT for five years from April 1, 2013 to March 31, 2018. In the current fiscal year, Measure P UUT revenue was approximately \$1.5 million.

There have been technical UUT collection problems statewide for prepaid wireless plans sold by third-party retailers and resellers. As a result, AB 1717 was signed into law in September 2014 to provide a remedy by requiring the retailers and resellers to begin collecting the UUT on the prepaid wireless plans from January 2016 to December 2019 (a four-year trial period).

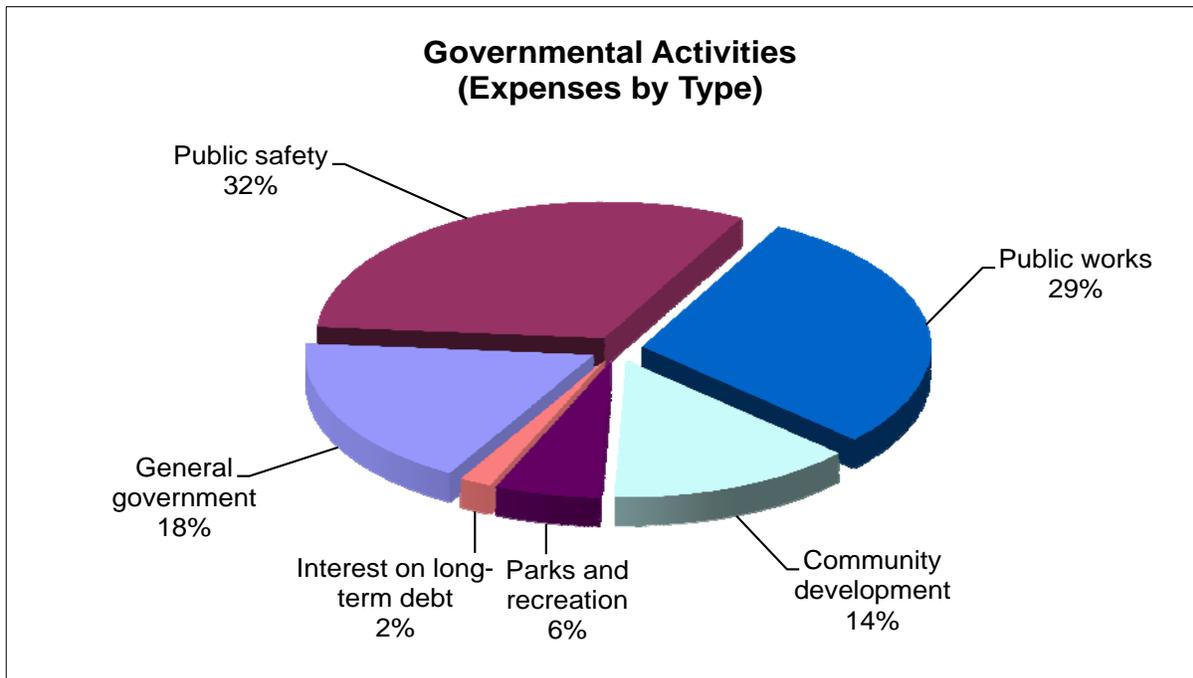
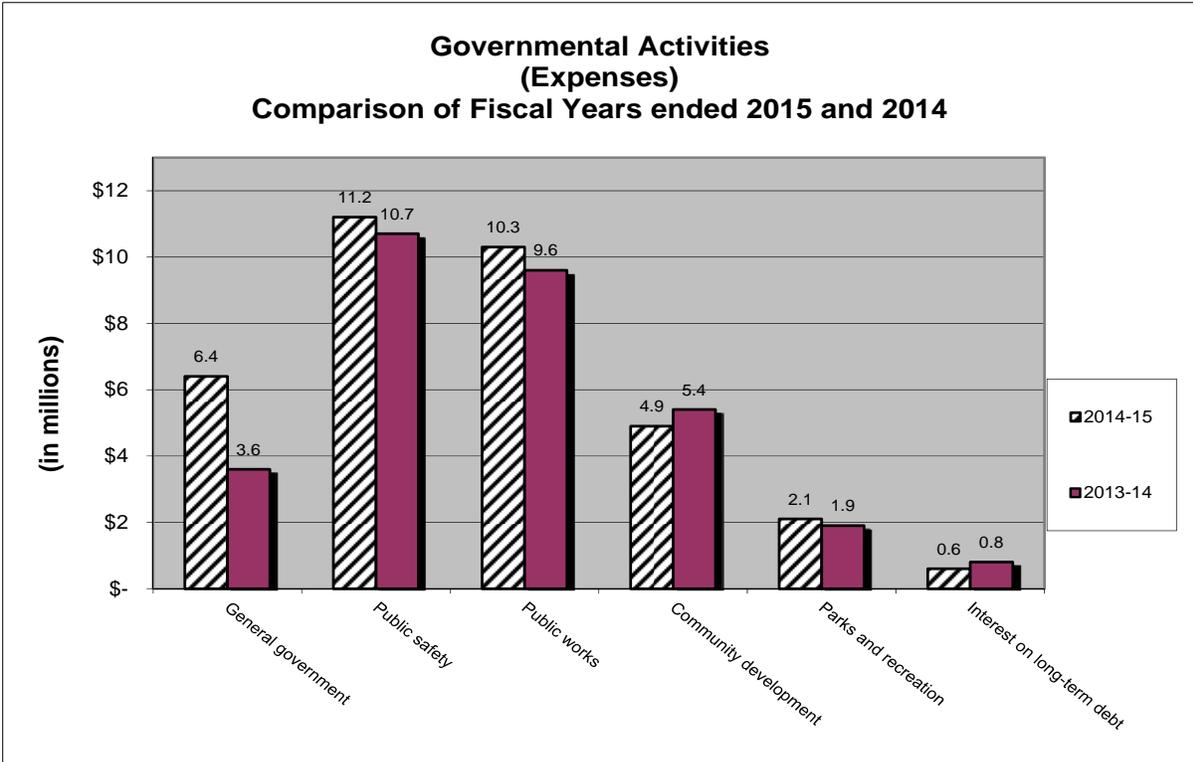
- The fifth largest revenue source was charges for services, a program revenue, at \$3.7 million, which decreased \$248 thousand, or 6.2% from the preceding fiscal year. During the fiscal year, charges for services decreased for public safety, public works and parks and recreation by \$272 thousand, \$87 thousand, and \$16 thousand, respectively. On the other hand, community development charges for services increased by \$128 thousand from the preceding fiscal year.



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

The cost of providing all governmental activities this year was \$35.5 million before applying program revenues of \$11.5 million. The remaining “public benefit” portion of governmental activities was paid with general revenues. Public Safety, the largest expense category, totaled \$11.2 million, or 32% of governmental activities, of which \$2.1 million was funded with program revenues. The remaining balance of \$9.1 million was funded with general revenues. Public Works, the second largest expense category, totaled \$10.3 million, or 29% of governmental activities with program revenues of \$3.5 million. General Government, the third largest expense category, totaled \$6.4 million, or 18% of governmental activities paid entirely with general revenues. Community Development had expenses of \$4.9 million, or 14% of governmental activities with program revenues of \$4.7 million. Parks and Recreation had expenses of \$2.1 million, or 6% of governmental activities with program revenues of \$1.2 million. Interest on long-term debt was \$630 thousand, or 2%, paid entirely with general revenues.

Expenses for governmental activities increased \$3.5 million, or 11% from the preceding fiscal year. Significant changes in the governmental activities expense categories when compared to the prior fiscal year are summarized as follows: \$2.8 million increase in General Government; \$722 thousand increase in Public Works; \$495 thousand increase in Public Safety; and \$141 thousand increase in Parks and Recreation. Community Development and Interest on long-term debt decreased \$454 thousand and \$129 thousand, respectively.

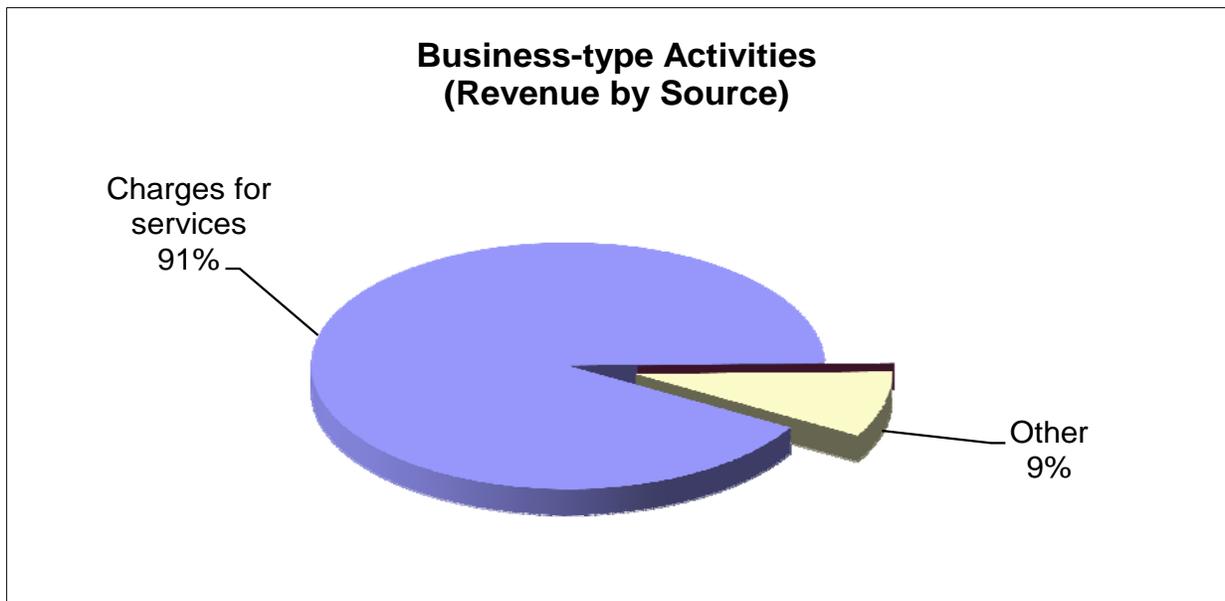


Note: The above chart may not total 100% due to rounding.

### 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 \$73 thousand, and other miscellaneous revenues included \$100 thousand in legal settlement payment from Water Replenishment District of Southern California.
- The expenses totaled \$1.7 million, which is a decrease of \$317 thousand, or 15%, compared to the preceding fiscal year. The operating expenses decreased by \$86 thousand during the current fiscal year, and the preceding fiscal year's expenses included a one-time loss of \$226 thousand from the sale of demolished residential property.
- At June 30, 2015, the deficit in net position decreased from \$400 thousand, to \$134 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.

As of the fiscal year ended June 30, 2015, the City's governmental funds reported combined ending fund balance of \$48.7 million, which is a slight increase from prior fiscal year's total of \$48.6 million.

The fund balances consisted of nonspendable, restricted, assigned and unassigned. Nonspendable fund balance of \$11.9 million is not available for use and is comprised of long-term loans receivable from the Successor Agency and Municipal Water System and prepaid items. Restricted fund balance of \$18.9 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 \$6.9 million can be used for economic development and capital projects through the appropriate budget approval process. Unassigned fund balance of \$11.1 million represents the residual amount.

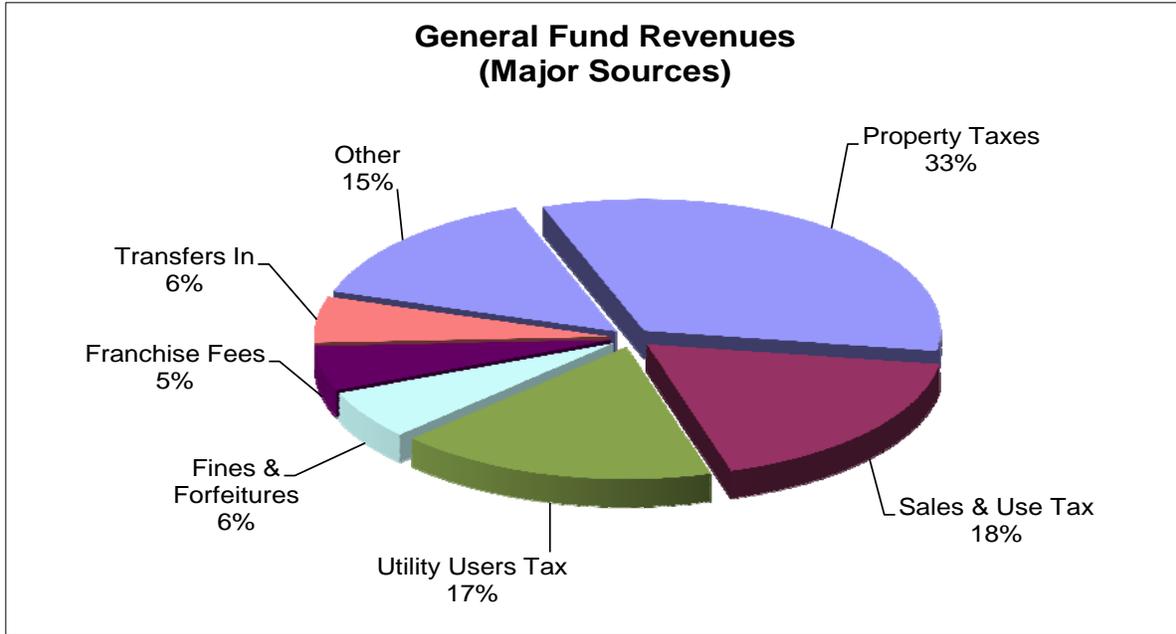
Revenues of governmental funds for the fiscal year ended June 30, 2015 were \$39.3 million, an increase of \$671 thousand, or 2%, from the prior year total of \$38.6 million. Expenditures of governmental funds were \$41.4 million, an increase of \$7.1 million, or 21%, from the prior fiscal year total of \$34.3 million. Excluding other financing sources and uses, governmental fund expenditures exceeded governmental fund revenues by \$2.1 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 Economic Development 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.

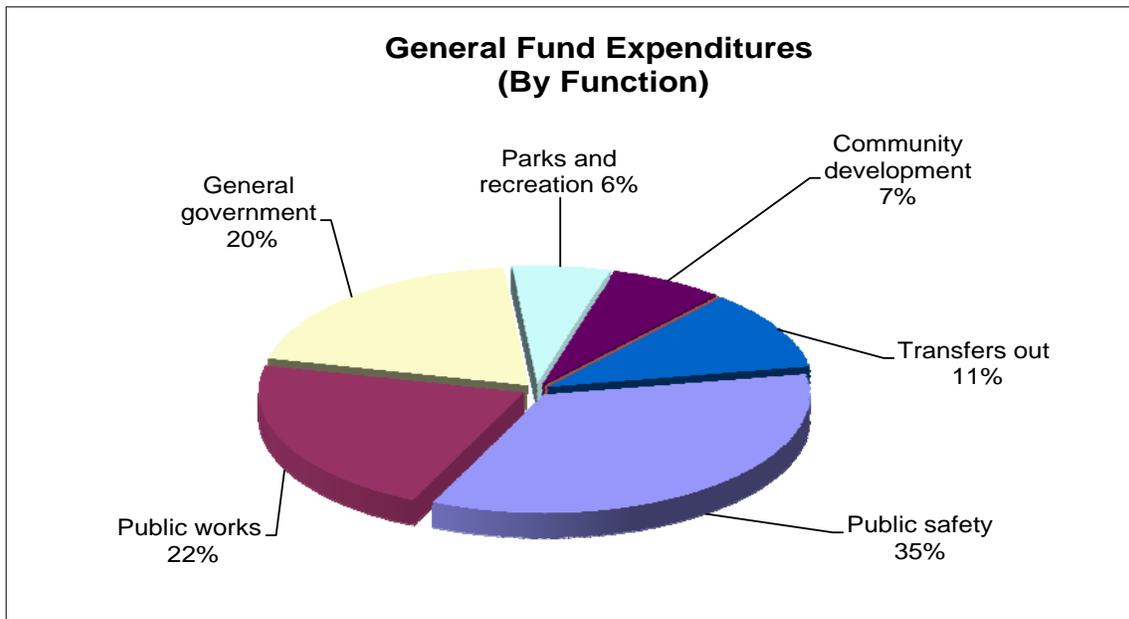
At the end of the fiscal year, the fund balance of the General Fund was \$24.1 million, a decrease of \$2.2 million, or 8.3%, from the prior year total of \$26.3 million. The unassigned fund balance was \$12.4 million, of which \$8 million was a contingency reserve set aside for cash flows and emergencies. The remaining \$11.7 million was a nonspendable fund balance comprised primarily 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 \$4.4 million represented 14% of the total fund expenditures and transfers out of \$31.6 million.

General Fund revenues and transfers in were \$29.4 million, an increase of \$1.5 million, or 5.4%, from the preceding fiscal year total of \$27.9 million. Significant changes in individual revenue sources are as follows: \$763 thousand in loan repayments (investment earnings) from the Successor Agency; \$200 thousand increase in property taxes; \$131 thousand increase in sales tax; \$505 thousand increase in transfers from the Gas Tax Fund; and \$187 thousand decrease in fines and forfeitures.



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

General Fund expenditures and transfers out were \$31.6 million, an increase of \$3.7 million, or 13%, from the preceding fiscal year total of \$27.9 million. Changes by functions were as follows: \$2.8 million increase in general government, \$431 thousand increase in public safety, \$243 thousand increase in public works, \$110 thousand increase in parks and recreation, \$21 thousand increase in community development, and \$166 thousand increase in transfers out to other Funds.



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

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 restrict the use of the LMIHAF funds generally for low income to extremely low income households, as well as adding various other compliance requirements. SB 341 eliminated funding for moderate income housing.

The current primary sources of revenue for LMIHAF are 1) 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 and 2) 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. The total amount of the transfer was \$2.65 million.

At the end of the fiscal year, the fund balance in the Low and Moderate Income Housing Asset Special Revenue Fund was \$1.4 million, an increase of \$239 thousand from the preceding fiscal year's balance.

The revenues were \$534 thousand, an increase of \$223 thousand, or 72%, from the preceding fiscal year total of \$311 thousand. The increase was mainly related to the Successor Agency's loan repayments and related interest income. The expenditures were \$295 thousand, which is approximately the same as the preceding fiscal year's total. During the fiscal year, LMIHAF expended \$200 thousand in homebuyers down payment assistance and \$62 thousand for Little House (extremely low income housing).

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 (e.g., bond proceeds and lease revenues) and the payment of interest and principal on the Authority's long-term obligations. The Authority issued the Water System Certificates of Participation in the amount of \$8.23 million in July 2008 ("2008 Certificates"), and a note payable to MTB Enterprises, LLC in the amount of \$995 thousand in March 2015 to purchase a portion of the land to be developed as the Butterfly Garden. In connection with the purchase, the Authority acquired ground leases for a billboard and an oil booster pumping station. These lease revenues will be used to make debt service payments on the note.

At the end of the current fiscal year, the fund balance of the Financing Authority Debt Service Fund was \$7.5 million, a decrease of \$151 thousand, or 2.0%, from the preceding fiscal year. The entire fund balance was restricted for debt service and comprised of long-term advances receivable of \$7.0 million from the Municipal Water System and a debt service reserve of \$543 thousand held by the trustee of the 2008 Certificates.

The revenues (e.g., lease revenues, lease interest, investment earnings) were \$392 thousand, an increase of \$8 thousand from the preceding fiscal year total. Included in revenues were \$372 thousand in lease interest income (related to the 2008 Certificates), \$15 thousand in ground lease revenues, and \$5 thousand in investment earnings.

The lease interest income 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 \$160 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 \$539 thousand, an increase of \$4 thousand from the preceding fiscal year total. The Financing Authority Debt Service Fund incurred expenditures related solely to the required annual debt service payments on the 2008 Certificates.

As discussed previously, during the fiscal year, the Authority issued a note payable to MTB Enterprises, LLC in the amount of \$995 thousand to purchase a portion of the land to be developed as the Butterfly Garden.

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 negative fund balance of \$1.2 million, an increase of \$1.1 million in deficit, from the preceding fiscal year's deficit of \$95 thousand. The Fund deficits generally represent expenditures that are grant reimbursable but have not been billed, or have been billed but the grant funds have not been received within the first two months after the fiscal year-end (i.e., grant funds not received by August 31).

The revenues were \$204 thousand, a decrease of \$2.7 million from the preceding fiscal year total of \$2.9 million. The grant revenues received were: \$94 thousand for Disaster Recovery Initiative, \$58 thousand for transportation and streets, and \$50 thousand for parks.

The expenditures were \$1.3 million, an increase of \$884 thousand from the preceding fiscal year total of \$401 thousand. Capital projects, by their nature, fluctuate significantly from year to year. Significant grant expenditures were: \$650 thousand for a grant-funded portion of the Butterfly Garden land acquisition, \$256 thousand for park improvements, and \$250 thousand for street improvements.

Economic Development Capital Projects Fund is used to account for the funds transferred from the General Fund for Council-authorized capital projects and Economic Development projects. The Economic Development Capital Projects Fund is focused on comprehensive development projects that will have a significant and positive impact on the City in the form of increased sales tax base, increased property values, community beautification, and better quality of life in the community.

At the end of the fiscal year, the Economic Development Capital Projects Fund had a fund balance of \$6.4 million, an increase of \$4.4 million, from the preceding fiscal year. The assigned fund balance of \$6.4 million can only be used for the projects specifically authorized by the City Council.

Revenues are generally from one-time sources and totaled \$2.4 million for the fiscal year. In comparison, the preceding fiscal year's revenues totaled \$39 thousand. The increase in revenue was primarily due to developer contributions (\$1.7 million), proceeds from the sale of City property for the construction of residential units at Oak Street and Adenmoor Avenue (\$525 thousand), and a Federal grant (\$222 thousand).

Transfers in were \$3.1 million, an increase of \$2.0 million from the preceding fiscal year total of \$1.1 million. Funds were transferred in from the General Fund (\$1.2 million), Equipment Replacement Fund (\$1.3 million), and Measure P UUT revenue (\$682 thousand). Except for the Measure P UUT revenue, the transfers were made to fund the construction of the Events Center and Fire Museum.

Expenditures were \$1.2 million, a decrease of \$146 thousand, or 11%, from the preceding fiscal year total of \$1.3 million. Economic development project expenditures, by their nature, can fluctuate significantly from year to year. During the fiscal year, major project expenditures included dog park construction, funding for the Golden Corral Restaurant development, and design and professional services related to the Events Center and Fire Museum construction.

### **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 \$30.1 million, an increase of \$1.8 million from the original allocations of \$28.3 million. Budget amendments included: \$763 thousand increase in investment earnings, \$146 thousand increase in intergovernmental revenue, \$75 thousand increase in taxes, \$34 thousand increase in fines, forfeitures and penalties, \$33 thousand decrease in other revenues, and \$805 thousand increase in transfers in.

*Appropriations and Transfers Out* – The final appropriations and transfers out were \$32.5 million, an increase of \$4.4 million from the original allocations of \$28.1 million. Budget amendments included: \$2.7 million increase in general government, \$295 thousand increase in public works, \$100 thousand increase in public safety, \$60 thousand increase in community development, and \$1.2 million increase in transfers out.

### **Budget to Actual Variance**

The actual revenues and transfers in of \$29.4 million were lower than the final budgeted revenues and transfers in of \$30.1 million by \$698 thousand. Significant variances were: \$108 thousand higher in other revenues, \$95 thousand higher in charges for current services, and \$849 thousand lower in transfers in.

The actual expenditures and transfers out of \$31.6 million were lower than the final appropriations and transfers out of \$32.5 million by \$879 thousand. Significant favorable variances were: \$287 thousand in general government, \$233 thousand in public safety, \$293 thousand in public works, \$112 thousand in community development and \$83 thousand in parks and recreation. The transfers out were higher by \$128 thousand.

## Capital Asset and Debt Administration

**Capital Assets.** The City's investment in capital assets for governmental and business-type activities as of June 30, 2015, was \$65.3 million (net of accumulated depreciation). Infrastructure assets have been reported retroactive to July 1, 1980, in compliance with GASB Statement No. 34. Any infrastructure assets acquired or significantly improved prior to July 1, 1980 are not included. For additional information, please refer to the notes to the basic financial statements – Note 6, Capital Assets.

	Capital Assets (in thousands)					
	Governmental Activities		Business-Type Activities		Total	
	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14
Land	\$ 14,933	\$ 9,879	\$ 122	\$ 459	\$ 15,055	\$ 10,338
Buildings and improvements	24,028	21,861	546	207	24,574	22,068
Equipment and furniture and fixtures	1,668	1,792	96	88	1,764	1,880
Infrastructure	14,584	14,616	3,424	3,584	18,008	18,200
Construction in progress	1,636	1,369	-	-	1,636	1,369
Water rights	181	181	4,000	4,000	4,181	4,181
Acquisition costs	-	-	63	105	63	105
Total Capital Assets	<u>\$ 57,031</u>	<u>\$ 49,697</u>	<u>\$ 8,251</u>	<u>\$ 8,442</u>	<u>\$ 65,281</u>	<u>\$ 58,140</u>

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

During the fiscal year, the City expended \$6.6 million in capital assets excluding equipment, furniture and fixtures. The following were major projects for the fiscal year:

- Butterfly Garden Land Acquisition \$1.71 million
- Bellflower Boulevard Widening Project \$1.57 million
- Regional Transit Center Project \$1.45 million
- Pavement Rehabilitation Project \$558 thousand
- Flora Vista Dog Park \$320 thousand
- Zinn Park Trail Improvements \$270 thousand

**Long-Term Debt.** At June 30, 2015, the City had \$16.2 million in outstanding long-term debt for governmental activities, an increase of \$148 thousand, or 0.9%, from the preceding fiscal year. During the fiscal year, \$870 thousand was retired as scheduled principal payments on the outstanding long-term debt, excluding compensated absences. During the fiscal year, Section 108 Loan was refinanced in the amount of \$4.3 million in May 2015. Another significant debt activity was the issuance of a note in the amount of \$995 thousand in connection with the purchase of a portion of the land to be developed as the Butterfly Garden. For additional information, please refer to the notes to the basic financial statements – Note 8, Long-Term Debt.

Long-Term Debt (in thousands)				
	2015	2014	Variance Increase/ (Decrease)	% Change
2008 Certificates of Participation (Water System)	\$ 7,500	\$ 7,660	(160)	-2%
2011 Lease Financing Agreement	2,120	2,500	(380)	-15%
HUD Section 108 Loan (refinanced in 2015)	4,325	4,655	(330)	-7%
Note Payable	995	-	995	100%
Compensated Absences	1,294	1,271	23	2%
Total Long-Term Debt	<u>\$ 16,234</u>	<u>\$ 16,086</u>	<u>\$ 148</u>	1%

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 \$149 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 the laws governing local finances.

In its third quarterly report of 2015, the UCLA Anderson Forecast provided historical perspective regarding the current expansion that is now in its twenty-fifth quarter. It was pointed out that the U.S. is in its fourth-longest expansion since 1948. The expansion seems destined to continue for at least a couple more years or longer due to key factors such as jobs, housing, and cars: the modest gain in the employment to population ratio (3% more growth is expected to return to pre-recessionary levels) and the critical housing and automobile sectors (they are not yet in an overbuilt status). In addition, the forecast anticipates an improving labor market, a declining unemployment rate, and a rising employment to population ratio. In the California Forecast Report, total employment growth is estimated to be 2.7% in 2015, 2.2% in 2016, and 1.4% in 2017. Real personal income growth is estimated to be 4.6% in 2015, 4.5% in 2016, and 4.2% 2017. In 2017, it is expected that California unemployment rate to be approximately 4.8%, which is about the same as the estimated national average. The Forecast cites a continued economic expansion with low probability of a recession in the near-term with the housing market growth. The housing forecast calls for starts of 1.14 million units in 2015, 1.42 million units in 2016, and 1.44 million units in 2017. This level of forecasted activity represents a level far below the mid-2000s boom level of more than two million units a year. Prices and home sales are expected to continue to rise, despite anticipated higher interest rates.

The Legislative Analyst's Office ("LAO"), California's nonpartisan fiscal and policy advisor, reported that California's budget is better prepared for an economic downturn than it has been at any point in decades. LAO's report is based on its main economic scenario, which assumes the economy continues to grow moderately through 2019-20. In 2015-16, it was projected that the State's "Big Three" General Fund revenues, principally the personal income tax, will exceed June 2015 budget assumptions by \$3.6 billion, with most of that gain to be deposited into the Proposition 2 rainy day fund. In 2016-17, it was projected that revenues will exceed spending under current policies, resulting in even further improvement in the State's fiscal situation.

Assuming no new budget commitments are made, the State is expected to have reserves of \$11.5 billion in 2016-2017. Of this total, the Legislature would have control over \$4.3 billion in the Special Fund for Economic Uncertainties, the State's traditional budget reserve, with the rest of the reserves held for future budget emergencies by Proposition 2.

The healthy economic outlook will positively affect the City's locally raised revenues as well as grants and special funding from other agencies since a substantial portion of the City's revenues are intergovernmental grants and pass-through revenues from the Federal, State and other governmental agencies. Likewise, in the event of a significant fiscal distress or for other political reasons, these agencies can cut funding for cities, thereby severely affecting essential local services for the residents and businesses.

Looking back, 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 had repeatedly taken irresponsible actions to solve its budget crisis by raiding local governments' revenues that were already suffering from the recession. It should also be noted the local governments' abilities to raise revenues are 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).

As history cautions, the current economic expansion is not indefinite. Also, factors such as rising pension costs, employee compensation and benefits, retiree health costs, lawsuits, lower investment earnings, and legislative policy changes are some of the many financial elements that should be taken into consideration when looking at the future economic condition.

### **Adopted Budget**

In June 2015, the City Council adopted a balanced biennial operating budget for fiscal years 2015-16 and 2016-17 with the General Fund revenues and transfers in of \$29.9 million and \$30.7 million and total appropriations and transfers out of \$29.8 million and \$30.5 million, respectively. The Council is highly committed to balancing the budget and exercising fiscal prudence whenever necessary.

### **Request for Information**

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

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

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CITY OF BELLFLOWER

STATEMENT OF NET POSITION

June 30, 2015

	Primary Government		
	Governmental Activities	Business-type Activity	Total
<b>ASSETS:</b>			
Cash and investments	\$ 27,975,544	\$ 1,158,857	\$ 29,134,401
Cash and investments with fiscal agents	542,950	-	542,950
Receivables:			
Accounts receivable, net	4,275,274	275,944	4,551,218
Notes receivable	5,705,465	-	5,705,465
Interest receivable	66,861	-	66,861
Loans receivable	12,025	-	12,025
Prepaid expenses	175,188	-	175,188
Net other post-employment benefit asset	878,236	-	878,236
Internal balances	9,660,925	(9,660,925)	-
Due from successor agency trust funds	304,816	-	304,816
Long-term receivable from successor agency trust funds	13,062,746	-	13,062,746
Pre-acquisition costs, net of accumulated amortization	-	7,500	7,500
Original bond issue discount	-	112,507	112,507
Capital assets:			
Not being depreciated	16,750,598	4,121,558	20,872,156
Being depreciated (net of accumulated depreciation)	40,280,161	4,128,867	44,409,028
<b>TOTAL ASSETS</b>	<b>119,690,789</b>	<b>144,308</b>	<b>119,835,097</b>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>			
Deferred amount from pension plans	1,033,899	-	1,033,899
Deferred loss on refunding, net of accumulated amortization	57,476	-	57,476
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>1,091,375</b>	<b>-</b>	<b>1,091,375</b>
<b>LIABILITIES:</b>			
Accounts payable	2,982,397	115,441	3,097,838
Accrued expenses	420,742	1,149	421,891
Due to other governments	1,851,075	-	1,851,075
Interest payable	124,585	93,355	217,940
Unearned revenue	118,774	-	118,774
Deposits	22,127	68,793	90,920
Retention payable	27,251	-	27,251
Long-term liabilities:			
Net pension liability	7,373,331	-	7,373,331
Due within one year	1,823,983	-	1,823,983
Due in more than one year	14,409,998	-	14,409,998
<b>TOTAL LIABILITIES</b>	<b>29,154,263</b>	<b>278,738</b>	<b>29,433,001</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Deferred amount from pension plans	2,696,522	-	2,696,522
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>2,696,522</b>	<b>-</b>	<b>2,696,522</b>
<b>NET POSITION:</b>			
Net investment in capital assets	49,648,235	8,250,425	57,898,660
Restricted for:			
Construction of capital assets	7,075,935	-	7,075,935
Debt service	7,388,792	-	7,388,792
Streets, highways, bikeways, public transit and other related purposes	7,537,327	-	7,537,327
Housing	5,344,467	-	5,344,467
Community development	2,343,663	-	2,343,663
Public safety	134,157	-	134,157
Unrestricted	9,458,803	(8,384,855)	1,073,948
<b>TOTAL NET POSITION</b>	<b>\$ 88,931,379</b>	<b>\$ (134,430)</b>	<b>\$ 88,796,949</b>

See accompanying notes to basic financial statements.

CITY OF BELLFLOWER

STATEMENT OF ACTIVITIES

For the fiscal year ended June 30, 2015

Functions/programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental activities:</b>				
General government	\$ 6,385,109	\$ -	\$ -	\$ -
Public safety	11,242,644	1,902,659	161,616	-
Public works	10,306,157	589,832	2,580,376	363,472
Community development	4,902,251	824,118	3,890,166	-
Parks and recreation	2,081,516	411,589	50,275	744,889
Interest on long term debt	630,382	-	-	-
Total governmental activities	<u>35,548,059</u>	<u>3,728,198</u>	<u>6,682,433</u>	<u>1,108,361</u>
<b>Business-type activity:</b>				
Water enterprise	<u>1,730,631</u>	<u>1,823,090</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 37,278,690</u>	<u>\$ 5,551,288</u>	<u>\$ 6,682,433</u>	<u>\$ 1,108,361</u>

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

Miscellaneous

Transfers

Total general revenues and transfers

Change in net position, before extraordinary item

Extraordinary gain on transfer of assets from the  
Successor Agency

Change in net position

Net Position - Beginning of Year, as Restated

Net Position - End of Year

See accompanying notes to basic financial statements.

Net (Expense) Revenue and  
Changes in Net Position

Governmental Activities	Business-type Activity	Total
\$ (6,385,109)	\$ -	\$ (6,385,109)
(9,178,369)	-	(9,178,369)
(6,772,477)	-	(6,772,477)
(187,967)	-	(187,967)
(874,763)	-	(874,763)
(630,382)	-	(630,382)
(24,029,067)	-	(24,029,067)
-	92,459	92,459
(24,029,067)	92,459	(23,936,608)
8,722,009	-	8,722,009
2,881,363	-	2,881,363
6,815,948	-	6,815,948
1,602,258	-	1,602,258
5,119,902	-	5,119,902
656,560	-	656,560
642,139	-	642,139
139,199	-	139,199
31,859	-	31,859
182,273	-	182,273
636,016	293	636,309
642,459	166,632	809,091
(6,256)	6,256	-
28,065,729	173,181	28,238,910
4,036,662	265,640	4,302,302
2,661,379	-	2,661,379
6,698,041	265,640	6,963,681
82,233,338	(400,070)	81,833,268
\$ 88,931,379	\$ (134,430)	\$ 88,796,949

CITY OF BELLFLOWER

BALANCE SHEET  
GOVERNMENTAL FUNDS

June 30, 2015

	General Fund	Low and Moderate Income Housing Asset Special Revenue Fund
	<u>Fund</u>	<u>Fund</u>
ASSETS		
Cash and investments	\$ 11,115,925	\$ 340,718
Cash and investments with fiscal agents	-	-
Accounts receivable - net	2,473,828	5,372
Due from other funds	1,048,127	-
Due from successor agency trust funds	304,816	-
Interest receivable	31,448	455
Prepaid items	30,585	-
Loans receivable	12,025	-
Notes receivable	54,635	3,799,754
Long-term receivable from successor agency trust funds	10,450,195	2,612,551
Advances to other funds	2,700,744	-
	<u>28,222,328</u>	<u>6,758,850</u>
TOTAL ASSETS	<u>\$ 28,222,328</u>	<u>\$ 6,758,850</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES		
LIABILITIES:		
Accounts payable	\$ 2,194,366	\$ 2,160
Accrued expenditures	386,241	176
Due to other governments	-	-
Due to other funds	18,014	-
Deposits payable	22,127	-
Retention payable	-	-
Unearned revenues	118,346	-
Advances from other funds	-	1,412,047
TOTAL LIABILITIES	<u>2,739,094</u>	<u>1,414,383</u>
DEFERRED INFLOWS OF RESOURCES:		
Unavailable revenues	1,352,460	3,908,710
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	<u>4,091,554</u>	<u>5,323,093</u>
FUND BALANCES (DEFICIT):		
Nonspendable	11,726,080	-
Restricted	-	1,435,757
Assigned	-	-
Unassigned	12,404,694	-
TOTAL FUND BALANCES (DEFICIT)	<u>24,130,774</u>	<u>1,435,757</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 28,222,328</u>	<u>\$ 6,758,850</u>

See accompanying notes to basic financial statements.

Financing Authority Debt Service Fund	Grant Projects Capital Projects Fund	Capital Projects/ Economic Development Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
\$ 492	\$ -	\$ 6,482,206	\$ 9,101,823	\$ 27,041,164
542,950	-	-	-	542,950
9,754	1,323,655	2,950	459,715	4,275,274
-	-	-	18,014	1,066,141
-	-	-	-	304,816
428	-	12,389	19,863	64,583
-	-	-	144,603	175,188
-	-	-	-	12,025
-	-	-	1,851,076	5,705,465
-	-	-	-	13,062,746
6,960,181	-	-	1,412,047	11,072,972
<u>\$ 7,513,805</u>	<u>\$ 1,323,655</u>	<u>\$ 6,497,545</u>	<u>\$ 13,007,141</u>	<u>\$ 63,323,324</u>
\$ -	\$ 424,651	\$ 39,079	\$ 316,560	\$ 2,976,816
-	4,639	-	29,040	420,096
-	-	-	1,851,075	1,851,075
-	792,849	-	255,278	1,066,141
-	-	-	-	22,127
-	8,608	18,023	620	27,251
428	-	-	-	118,774
-	-	-	-	1,412,047
428	1,230,747	57,102	2,452,573	7,894,327
-	1,268,789	-	174,047	6,704,006
428	2,499,536	57,102	2,626,620	14,598,333
-	-	-	144,603	11,870,683
7,513,377	-	-	9,903,783	18,852,917
-	-	6,440,443	460,119	6,900,562
-	(1,175,881)	-	(127,984)	11,100,829
<u>7,513,377</u>	<u>(1,175,881)</u>	<u>6,440,443</u>	<u>10,380,521</u>	<u>48,724,991</u>
<u>\$ 7,513,805</u>	<u>\$ 1,323,655</u>	<u>\$ 6,497,545</u>	<u>\$ 13,007,141</u>	<u>\$ 63,323,324</u>

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CITY OF BELLFLOWER

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

June 30, 2015

Fund balances - total governmental funds \$ 48,724,991

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 \$417,320 of internal service fund net capital assets.

Capital assets	\$ 80,726,068	
Accumulated depreciation	<u>(24,112,629)</u>	56,613,439

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.		412,755
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Net OPEB asset has not been included as financial resources in governmental funds.		878,236
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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.		1,168,073
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Certain notes receivable are not available to pay for current period expenditures and, therefore are offset by deferred inflow of resources in the governmental funds. Also, accrued interest on notes receivable has not been reported in the governmental funds.		3,854,389
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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.		1,268,789
--	--	-----------

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

Long-term debt	(14,940,000)	
Compensated absences	<u>(1,293,981)</u>	(16,233,981)

Deferred losses on refunding, net of accumulated amortization for long-term debt issuance have not been reported in the governmental funds.		57,476
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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.		(124,585)
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Pension related debt applicable to the City governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Deferred outflows of resources and deferred inflows of resources related to pensions are only reported in the Statement of Net Position as the changes in these amounts effects only the government-wide statements for governmental activities.

Deferred outflows of resources	1,033,899	
Deferred inflows of resources	(2,696,522)	
Pension liability	<u>(7,373,331)</u>	(9,035,954)

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>1,347,751</u>
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Net position of governmental activities		<u>\$ 88,931,379</u>
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See accompanying 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, 2015

	General Fund	Low and Moderate Income Housing Asset Special Revenue Fund
	<u>                    </u>	<u>                    </u>
REVENUES:		
Taxes	\$ 23,123,980	\$ -
Licenses and permits	71,808	-
Fines, forfeitures and penalties	1,766,187	-
Investment earnings	864,419	191,856
Charges for current services	998,472	-
Intergovernmental revenues	282,462	-
Developer contributions	-	-
Other revenues	632,551	342,152
TOTAL REVENUES	<u>27,739,879</u>	<u>534,008</u>
EXPENDITURES:		
Current:		
General government	6,276,101	-
Public safety	11,020,198	-
Public works	6,829,531	-
Community development	2,205,441	295,238
Parks and recreation	1,805,097	-
Capital outlay	-	-
Debt service:		
Principal payments	-	-
Interest and fiscal charges	-	-
TOTAL EXPENDITURES	<u>28,136,368</u>	<u>295,238</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(396,489)</u>	<u>238,770</u>
OTHER FINANCING SOURCES (USES):		
Proceeds from note payable issuance	-	-
Payment to refunded note payable escrow agent	-	-
Transfers in	1,658,246	-
Transfers out	<u>(3,451,562)</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,793,316)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(2,189,805)	238,770
FUND BALANCES (DEFICIT) - BEGINNING OF YEAR	<u>26,320,579</u>	<u>1,196,987</u>
FUND BALANCES (DEFICIT) - END OF YEAR	<u>\$ 24,130,774</u>	<u>\$ 1,435,757</u>

See accompanying notes to basic financial statements.

Financing Authority Debt Service Fund	Grant Projects Capital Projects Fund	Capital Projects/ Economic Development Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ -	\$ 3,514,118	\$ 26,638,098
-	-	-	370,183	441,991
-	-	-	-	1,766,187
377,165	-	31,307	66,072	1,530,819
-	-	-	190,361	1,188,833
-	202,223	222,013	3,540,461	4,247,159
-	-	1,660,301	-	1,660,301
15,262	1,984	526,400	260,690	1,779,039
<u>392,427</u>	<u>204,207</u>	<u>2,440,021</u>	<u>7,941,885</u>	<u>39,252,427</u>
-	-	-	-	6,276,101
-	-	-	181,346	11,201,544
-	70,016	-	1,963,317	8,862,864
-	-	705,356	1,474,122	4,680,157
-	-	-	-	1,805,097
-	1,214,636	453,079	5,338,213	7,005,928
160,000	-	-	710,000	870,000
378,589	-	-	342,636	721,225
<u>538,589</u>	<u>1,284,652</u>	<u>1,158,435</u>	<u>10,009,634</u>	<u>41,422,916</u>
<u>(146,162)</u>	<u>(1,080,445)</u>	<u>1,281,586</u>	<u>(2,067,749)</u>	<u>(2,170,489)</u>
995,000	-	-	4,325,000	5,320,000
-	-	-	(4,325,000)	(4,325,000)
-	-	3,139,022	2,606,300	7,403,568
<u>(1,000,016)</u>	<u>-</u>	<u>-</u>	<u>(1,658,246)</u>	<u>(6,109,824)</u>
<u>(5,016)</u>	<u>-</u>	<u>3,139,022</u>	<u>948,054</u>	<u>2,288,744</u>
(151,178)	(1,080,445)	4,420,608	(1,119,695)	118,255
<u>7,664,555</u>	<u>(95,436)</u>	<u>2,019,835</u>	<u>11,500,216</u>	<u>48,606,736</u>
<u>\$ 7,513,377</u>	<u>\$ (1,175,881)</u>	<u>\$ 6,440,443</u>	<u>\$ 10,380,521</u>	<u>\$ 48,724,991</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, 2015

Net change in fund balances - total governmental funds		\$ 118,255
<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 \$79,512 in additions and \$176,348 in depreciation expense.</p>		
Capital asset purchases	\$ 6,745,324	
Depreciation expense	(1,628,243)	
Net transfer of assets from the successor agency	2,661,379	
Disposals	<u>(348,261)</u>	7,430,199
<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	89,654	
Grants	1,043,983	
Other revenues	<u>94,227</u>	1,227,864
<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>		
		(899,932)
<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. The amounts are the net effect of these differences in the treatment of long-term debt:</p>		
Repayment of principal	870,000	
Issuance of note payable	(995,000)	
Section 108 loan proceeds	(4,325,000)	
Payment to refunding escrow agent	<u>4,325,000</u>	(125,000)
<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>		
		104,367
<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>		
		213,448
<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>		
		(23,199)
<p>Pension expense reported in the governmental funds includes the annual required contributions. In the Statement of Activities, pension expense includes the change in the net pension liability, and related change in pension amounts for deferred outflows of resources and deferred inflows of resources</p>		
		163,990
<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>(1,498,427)</u>
Change in net position of governmental activities		<u>\$ 6,698,041</u>

See accompanying notes to basic financial statements.

CITY OF BELLFLOWER

STATEMENT OF NET POSITION  
 PROPRIETARY FUNDS

June 30, 2015

	<u>Business-type Activity</u>	<u>Governmental Activity</u>
	Water Enterprise Fund	Equipment Replacement Internal Service Fund
ASSETS:		
CURRENT ASSETS:		
Cash and investments	\$ 1,158,857	\$ 934,380
Accounts receivable	275,944	-
Interest receivable	-	2,278
TOTAL CURRENT ASSETS	<u>1,434,801</u>	<u>936,658</u>
NONCURRENT ASSETS:		
Pre-acquisition costs, net of accumulated amortization	7,500	-
Original bond issue discount	112,507	-
Capital assets:		
Not being depreciated	4,121,558	-
Being depreciated, net of accumulated depreciation	<u>4,128,867</u>	<u>417,320</u>
TOTAL NONCURRENT ASSETS	<u>8,370,432</u>	<u>417,320</u>
TOTAL ASSETS	<u>9,805,233</u>	<u>1,353,978</u>
LIABILITIES:		
CURRENT LIABILITIES:		
Accounts payable	115,441	5,581
Accrued liabilities	1,149	646
Accrued interest payable	93,355	-
Refundable deposits	68,793	-
TOTAL CURRENT LIABILITIES	<u>278,738</u>	<u>6,227</u>
LONG-TERM LIABILITIES:		
Advances from other funds	<u>9,660,925</u>	-
TOTAL LONG-TERM LIABILITIES	<u>9,660,925</u>	-
TOTAL LIABILITIES	<u>9,939,663</u>	<u>6,227</u>
NET POSITION:		
Net investment in capital assets	8,250,425	417,320
Unrestricted	<u>(8,384,855)</u>	<u>930,431</u>
TOTAL NET POSITION	<u>\$ (134,430)</u>	<u>\$ 1,347,751</u>

See accompanying 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, 2015

	Business-type Activity	Governmental Activity
	Water Enterprise Fund	Equipment Replacement Internal Service Fund
<b>OPERATING REVENUES:</b>		
Charges for services, net of refunds	\$ 1,823,090	\$ -
<b>OPERATING EXPENSES:</b>		
Salaries	131,610	13,546
Benefits	63,944	7,668
Administration	167,573	-
Alarm	305	-
Communications	4,666	-
Energy	135,051	-
Insurance	10,214	-
Licenses	16,962	-
Maintenance	33,685	10,447
Reclaimed water	7,013	-
Office supplies and expense	2,660	-
Professional services	47,704	-
Pumps and wells	69,424	-
Contracted services	111,297	7,062
Taxes	26,978	-
Telephone	6,818	-
Tools and equipment	1,099	-
Treatment and test	54,268	-
Utilities	2,059	-
Auto	7,858	-
Water purchases	186,210	-
Other expenses	3,602	-
Amortization	9,497	-
Depreciation	254,255	176,348
<b>TOTAL OPERATING EXPENSES</b>	<b>1,354,752</b>	<b>215,071</b>
<b>OPERATING INCOME (LOSS)</b>	<b>468,338</b>	<b>(215,071)</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>		
Investment earnings	293	10,618
Interest expense and trustee fee	(375,879)	-
Gain on sale of capital assets	-	6,026
Miscellaneous revenue	130,504	-
Water rights lease revenue	36,128	-
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<b>(208,954)</b>	<b>16,644</b>
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	<b>259,384</b>	<b>(198,427)</b>
<b>TRANSFERS:</b>		
Transfers in	6,256	-
Transfers out	-	(1,300,000)
<b>TOTAL TRANSFERS</b>	<b>6,256</b>	<b>(1,300,000)</b>
<b>CHANGE IN NET POSITION</b>	<b>265,640</b>	<b>(1,498,427)</b>
<b>TOTAL NET POSITION - BEGINNING OF YEAR</b>	<b>(400,070)</b>	<b>2,846,178</b>
<b>TOTAL NET POSITION - END OF YEAR</b>	<b>\$ (134,430)</b>	<b>\$ 1,347,751</b>

See accompanying notes to basic financial statements.

CITY OF BELLFLOWER

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS

For the fiscal year ended June 30, 2015

	<u>Business-type Activity</u>	<u>Governmental Activity</u>
	Water Enterprise Fund	Equipment Replacement Internal Service Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash received from customers and users	\$ 1,977,950	\$ -
Cash paid to employees	(195,089)	(21,508)
Cash paid to suppliers	<u>(920,926)</u>	<u>(15,524)</u>
 NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	 <u>861,935</u>	 <u>(37,032)</u>
 <b>CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Cash paid to other funds	-	(1,300,000)
Cash received from other funds	<u>6,256</u>	<u>-</u>
 NET CASH PROVIDED (USED) BY NONCAPITAL AND RELATED FINANCING ACTIVITIES	 <u>6,256</u>	 <u>(1,300,000)</u>
 <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Proceeds from sale of capital assets	-	6,026
Principal, interest expense and trustee fee	(531,678)	-
Acquisition of capital assets	<u>(62,202)</u>	<u>(79,512)</u>
 NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	 <u>(593,880)</u>	 <u>(73,486)</u>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Investment earnings	<u>293</u>	<u>14,007</u>
 NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	 274,604	 (1,396,511)
 CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	 <u>884,253</u>	 <u>2,330,891</u>
 CASH AND CASH EQUIVALENTS - END OF YEAR	 <u>\$ 1,158,857</u>	 <u>\$ 934,380</u>

See accompanying notes to basic financial statements.

(Continued)

CITY OF BELLFLOWER

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 (CONTINUED)

For the fiscal year ended June 30, 2015

	<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)	\$ 468,338	\$ (215,071)
Miscellaneous revenue	130,504	-
Water rights lease revenue	36,128	-
Adjustments:		
Amortization	9,497	-
Depreciation	254,255	176,348
Bad debt expense	1,445	-
Change in assets and liabilities:		
(Increase) decrease in accounts receivable	(17,100)	-
(Increase) decrease in inventory	19,545	-
Increase (decrease) in accounts payable	(46,470)	1,985
Increase (decrease) in accrued liabilities	465	(294)
Increase (decrease) in refundable deposits	5,328	-
	<u>\$ 861,935</u>	<u>\$ (37,032)</u>

See accompanying notes to basic financial statements.

CITY OF BELLFLOWER

STATEMENT OF NET POSITION  
FIDUCIARY FUNDS

June 30, 2015

	Private-Purpose Trust Fund	
	RDA Successor Agency Fund	Agency Fund
	<u>                    </u>	<u>                    </u>
ASSETS:		
CURRENT ASSETS:		
Cash and investments	\$ 4,294,739	\$ 841,387
Cash and investments with fiscal agents	601,248	-
Interest receivable	2,385	-
TOTAL CURRENT ASSETS	<u>4,898,372</u>	<u>841,387</u>
NONCURRENT ASSETS:		
Prepaid insurance costs	199,086	-
Capital assets:		
Not being depreciated	6,091,562	-
Being depreciated, net of accumulated depreciation	4,158,759	-
TOTAL NONCURRENT ASSETS	<u>10,449,407</u>	<u>-</u>
TOTAL ASSETS	<u>15,347,779</u>	<u>\$ 841,387</u>
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred loss on refunding, net of accumulated amortization	<u>253,864</u>	
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>253,864</u>	
LIABILITIES:		
CURRENT LIABILITIES:		
Accounts payable	231	\$ -
Accrued expenditures	7,895	-
Interest payable	175,530	-
Due to the City of Bellflower	304,816	-
Deposit payable	16,623	841,387
Current portion of bonds and notes payable	185,475	-
TOTAL CURRENT LIABILITIES	<u>690,570</u>	<u>841,387</u>
LONG-TERM LIABILITIES:		
Payable to the City of Bellflower	13,062,746	-
Bonds and notes payable	6,162,759	-
TOTAL LONG-TERM LIABILITIES	<u>19,225,505</u>	<u>-</u>
TOTAL LIABILITIES	<u>19,916,075</u>	<u>\$ 841,387</u>
NET POSITION:		
Restricted for debt service	601,248	
Restricted held in trust for other purposes	2,672,129	
Unrestricted	<u>(7,587,809)</u>	
TOTAL NET POSITION	<u>\$ (4,314,432)</u>	

See accompanying notes to basic financial statements.

CITY OF BELLFLOWER

STATEMENT OF CHANGES IN NET POSITION  
FIDUCIARY FUNDS

For the fiscal year ended June 30, 2015

	Private-Purpose Trust Fund
	<u>RDA</u>
	Successor Agency Fund
	<u>                    </u>
ADDITIONS:	
Investment revenue	\$ 12,456
Taxes and assessments	2,312,761
Other revenues	<u>25,933</u>
TOTAL ADDITIONS	<u>2,351,150</u>
DEDUCTIONS:	
Administration	245,659
Community development	2,773,727
Contributions to other funds for debt service	445,801
Loss on sale of property	340,759
Depreciation	<u>150,729</u>
TOTAL DEDUCTIONS	<u>3,956,675</u>
CHANGE IN NET POSITION	(1,605,525)
NET POSITION - BEGINNING OF YEAR	<u>(2,708,907)</u>
NET POSITION - END OF YEAR	<u><u>\$ (4,314,432)</u></u>

See accompanying 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, 2015

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 (US GAAP) 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.

CITY OF BELLFLOWER

NOTES TO THE BASIC FINANCIAL STATEMENTS  
(CONTINUED)

For the year ended June 30, 2015

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.

CITY OF BELLFLOWER

NOTES TO THE BASIC FINANCIAL STATEMENTS  
(CONTINUED)

For the year ended June 30, 2015

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

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.

CITY OF BELLFLOWER

NOTES TO THE BASIC FINANCIAL STATEMENTS  
(CONTINUED)

For the year ended June 30, 2015

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.

CITY OF BELLFLOWER

NOTES TO THE BASIC FINANCIAL STATEMENTS  
(CONTINUED)

For the year ended June 30, 2015

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 statements of net position. 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. Recognition of governmental fund type revenue represented by noncurrent receivables is deferred until they become current receivables or is offset by due to other governments.

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.

CITY OF BELLFLOWER

NOTES TO THE BASIC FINANCIAL STATEMENTS  
(CONTINUED)

For the year ended June 30, 2015

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:**

In fiscal year 2014-2015, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 68, "*Accounting and Financial Reporting for Pensions, an Amendment of GASB Statement No. 27*" and GASB Statement No. 71, "*Pension Transition for Contributions Made Subsequent to the Measurement Date, an Amendment of GASB Statement No. 68*". These Statements establish standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expenses. For defined benefit pension plans, these Statements identify the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

CITY OF BELLFLOWER

NOTES TO THE BASIC FINANCIAL STATEMENTS  
(CONTINUED)

For the year ended June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

e. New Accounting Pronouncements (Continued):

**Current Year Standards (Continued):**

Accounting changes adopted to conform to the provisions of these statements should be applied retroactively. The result of the implementation of these standards decreased the governmental activities net position at July 1, 2014 by \$9,199,944.

GASB Statement No. 69 - "*Government Combinations and Disposals of Government Operations*" was required to be implemented in the current fiscal year and did not impact the City.

**GASB Pending Accounting Standards:**

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

- GASB 72 - "*Fair Value Measurement and Application*", effective for periods beginning after June 15, 2015.
- GASB 73 - "*Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*", effective for periods beginning after June 15, 2015 - except for those provisions that address employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68, which are effective for periods beginning after June 15, 2016.
- GASB 74 - "*Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*", effective for periods beginning after June 15, 2016.
- GASB 75 - "*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*", effective for periods beginning after June 15, 2017.
- GASB 76 - "*The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*", effective for periods beginning after June 15, 2015.

CITY OF BELLFLOWER

NOTES TO THE BASIC FINANCIAL STATEMENTS  
(CONTINUED)

For the year ended June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

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

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.

CITY OF BELLFLOWER

NOTES TO THE BASIC FINANCIAL STATEMENTS  
(CONTINUED)

For the year ended June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

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 activity 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, 2015.

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.

CITY OF BELLFLOWER

NOTES TO THE BASIC FINANCIAL STATEMENTS  
(CONTINUED)

For the year ended June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

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 that time. The City has three items that qualify for reporting in this category. The first item 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. The second item is the deferred outflow related to pensions. This amount is equal to employer contributions made after the measurement date of the net pension liability. The third item is a deferred outflow related to pensions for the changes in proportion and differences between employer's contributions and the proportionate share of contributions. This amount is amortized over a closed period equal to the average of the expected remaining services lives of all employees that are provided with pensions through the Plans determined as of June 30, 2013 (the beginning of the measurement period ended June 30, 2014), which is 3.8 years.

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 two items that qualify for reporting in this category. The first item is unavailable revenues, which is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from four sources: taxes, investment income, notes receivable, and grants receivable collections. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The second item is a deferred inflow related to pensions resulting from the difference in projected and actual earnings on investments of the pension plan fiduciary net position, which is reported only in the government-wide statement of net position. This amount is amortized over five years.

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.

CITY OF BELLFLOWER

NOTES TO THE BASIC FINANCIAL STATEMENTS  
(CONTINUED)

For the year ended June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

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.

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.

CITY OF BELLFLOWER

NOTES TO THE BASIC FINANCIAL STATEMENTS  
(CONTINUED)

For the year ended June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

m. Property Taxes (Continued):

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.

CITY OF BELLFLOWER

NOTES TO THE BASIC FINANCIAL STATEMENTS  
(CONTINUED)

For the year ended June 30, 2015

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 remaining 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.

CITY OF BELLFLOWER

NOTES TO THE BASIC FINANCIAL STATEMENTS  
(CONTINUED)

For the year ended June 30, 2015

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 (resolution 11-44), only the governing board or director may assign amounts for specific purposes. Unassigned fund balance is all other spendable amounts.

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

q. Pensions:

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City's California Public Employees' Retirement System (CalPERS) plans (Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

r. 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.

CITY OF BELLFLOWER

NOTES TO THE BASIC FINANCIAL STATEMENTS  
(CONTINUED)

For the year ended June 30, 2015

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:

**Excess of Expenditures over Appropriations:**

The following are funds in which certain expenditures exceeded appropriations for the fiscal year ended June 30, 2015. The City manages its budget at the department level.

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Major Funds:			
Grant Projects Capital Projects Fund:			
Public works	\$ -	\$ 70,016	\$ (70,016)
Other Governmental Funds:			
Proposition C Special Revenue Fund:			
Public works	562,168	563,747	(1,579)
Parking District No. 1 Special Revenue Fund:			
Public works	16,300	21,729	(5,429)
Building and Safety Special Revenue Fund:			
Community development	794,561	821,867	(27,306)
CA-COPS Grant Special Revenue Fund:			
Public safety	174,951	181,346	(6,395)
COG Position Special Revenue Fund:			
Public works	191,689	208,388	(16,699)
General Projects Capital Projects Fund:			
Capital outlay	1,205,837	1,698,131	(492,294)

CITY OF BELLFLOWER

NOTES TO THE BASIC FINANCIAL STATEMENTS  
(CONTINUED)

For the year ended June 30, 2015

3. CASH AND INVESTMENTS:

**Cash and Investments:**

Cash and investments as of June 30, 2015 are classified in the accompanying financial statements as follows:

Statement of Net Position:	
Cash and investments	\$ 29,134,401
Cash and investments with fiscal agents	542,950
Statement of Fiduciary Net Position:	
Cash and investments	5,136,126
Cash and investments with fiscal agents	<u>601,248</u>
 Total cash and investments	 <u>\$ 35,414,725</u>

Cash and investments held by the City at June 30, 2015 consisted of the following:

Petty cash	\$ 4,067
Deposits with financial institutions	7,802,791
Investments	<u>27,607,867</u>
 Total cash and investments	 <u>\$ 35,414,725</u>

CITY OF BELLFLOWER

NOTES TO THE BASIC FINANCIAL STATEMENTS  
(CONTINUED)

For the year ended June 30, 2015

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

CITY OF BELLFLOWER

NOTES TO THE BASIC FINANCIAL STATEMENTS  
(CONTINUED)

For the year ended June 30, 2015

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.

CITY OF BELLFLOWER

NOTES TO THE BASIC FINANCIAL STATEMENTS  
(CONTINUED)

For the year ended June 30, 2015

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	\$ 32,408	\$ -	\$ -	\$ -	\$ -	\$ 32,408
State Investment Pool	15,213,846	-	-	-	-	15,213,846
Municipal Obligations	2,251,398	2,731,270	2,768,406	2,464,276	-	10,215,350
Freddie Mac	-	-	-	-	1,002,065	1,002,065
Held by Debt Trustee:						
Certificates of Deposit	-	-	1,135,000	-	-	1,135,000
Money Market Funds	9,198	-	-	-	-	9,198
	<u>\$ 17,506,850</u>	<u>\$ 2,731,270</u>	<u>\$ 3,903,406</u>	<u>\$ 2,464,276</u>	<u>\$ 1,002,065</u>	<u>\$ 27,607,867</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, 2015	Minimum Legal Rating	Ratings as of Fiscal Year End		
			AAA	Other	Not Rated
Certificates of Deposit (1)	\$ 32,408	N/A	\$ -	\$ -	\$ 32,408
State Investment Pool	15,213,846	N/A	-	-	15,213,846
Municipal Obligations	10,215,350	N/A	-	10,215,350	-
Freddie Mac	1,002,065	N/A	1,002,065	-	-
Held by Debt Trustee:					
Certificates of Deposit (1)	1,135,000	N/A	-	-	1,135,000
Money Market Funds	9,198	A	9,198	-	-
Total	<u>\$27,607,867</u>		<u>\$ 1,011,263</u>	<u>\$10,215,350</u>	<u>\$16,381,254</u>

CITY OF BELLFLOWER

NOTES TO THE BASIC FINANCIAL STATEMENTS  
(CONTINUED)

For the year ended June 30, 2015

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>Total</u>
Municipal Obligations	<u>\$ 7,012,603</u>	<u>\$ 2,410,258</u>	<u>\$ 792,489</u>	<u>\$10,215,350</u>

(1) All certificates of deposit are FDIC insured.

**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 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, 2015, all of the City’s deposits with financial institutions were covered by federal depository insurance limits or were held in collateralized accounts.

CITY OF BELLFLOWER

NOTES TO THE BASIC FINANCIAL STATEMENTS  
(CONTINUED)

For the year ended June 30, 2015

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 (first time homebuyer and rehabilitation) and commercial property rehabilitation and construction:

Major Funds:

General Fund	\$ 54,635
Low and Moderate Income Housing Asset Special Revenue Fund	3,799,754

Other Governmental Funds:

Community Development Block Grant Capital Projects Fund	597,943
HOME Capital Projects Fund	<u>1,253,133</u>
	<u>\$ 5,705,465</u>

The HOMES program provides up to \$40,000 in down payment assistance for eligible first time homebuyers of low to moderate income. Assistance is in the form of a forty-five year loan with interest and payments deferred until the property is sold, refinanced, or a change in title occurs. The HOMES loans are secured by a second trust deed in conjunction with a first mortgage offered by a participating lender.

The Housing Rehabilitation Loan Program offers loans of up to \$60,000 for homes to low and moderate income households. The purpose of the program is to assist Bellflower's homeowners with addressing code violations and eliminating blighted, unsafe, unsanitary, and deteriorating living conditions. The loans are interest free with deferred payments until the property is sold, refinanced, or a change in title occurs.

The total of principal and interest outstanding for first time homebuyer and housing rehabilitation loans as of June 30, 2015 was \$2,914,976 with an allowance for the forgivable loans of \$329,265. The remainder are offset by deferred inflows, unavailable revenues, or due to other governments.

CITY OF BELLFLOWER

NOTES TO THE BASIC FINANCIAL STATEMENTS  
(CONTINUED)

For the year ended June 30, 2015

4. NOTES RECEIVABLE (CONTINUED):

On May 29, 2001, the former Redevelopment Agency and 9920 Flora Vista, L.P. (Developer) entered into a Disposition and Development/Affordable Housing Agreement (DDA) to construct 180 low-income rental units for seniors, at an approximate cost of \$17,640,985. Under the terms of the DDA, subsequently amended and restated, the Agency and the City agreed to certain financial commitments including the purchase of vacant land, a developer loan in the amount of \$2,124,776 funded by City's HOME fund in the amount of \$1,238,000 and by Redevelopment Agency in the amount of \$886,779 payable in eight annual installment of \$110,847, and tax-exempt bond financing.

In April 2001, the former Redevelopment 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 former Redevelopment Agency loaned \$221,694 to the developer. During the fiscal year 2005, the former Redevelopment Agency decided to pay off 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. The note bears interest of 7% per year and was transferred to the Low and Moderate Income Housing Asset Special Revenue Fund on February 1, 2012. The total amount outstanding, including accrued interest, at June 30, 2015 was \$3,119,754, which is offset by deferred inflows of resources, unavailable revenues.

On December 7, 2007, the former Redevelopment Agency entered into a disposition and development agreement with VCB Blue Bird and VCB Palm LLC to construct and operate six affordable housing units for occupancy by lower-income households at a cost of \$1,600,000. The noted was transferred to the Low and Moderate Income Housing Asset Special Revenue Fund on February 1, 2012. The required payment of \$80,000 per year is forgiven if VCB Blue Bird and VCB Palm LLC utilize the developed units for qualified low and moderate income renters. The total amount outstanding as of June 30, 2015 was \$1,200,000 with an allowance for the full amount of the forgivable loan of \$1,200,000.

On February 10, 2014, the City entered into a promissory note with Golden Flower to rehabilitate a commercial property for a restaurant at a cost of \$550,000. The note bears interest of 6% per year, which is compounded daily. For each full calendar year the restaurant is fully open to the public for at least eight hours each day, the loan and interest shall be forgiven at a rate of one-fifteenth. The total amount outstanding as of June 30, 2015 was \$550,000 with an allowance for the full amount of the forgivable loan of \$550,000.

CITY OF BELLFLOWER

NOTES TO THE BASIC FINANCIAL STATEMENTS  
(CONTINUED)

For the year ended June 30, 2015

5. INTERFUND ACTIVITY:

The following represents the interfund activity of the City for the fiscal year ended June 30, 2015.

**Due To/From Other Funds:**

<u>Receivable Funds</u>	<u>Payable Funds</u>	<u>Amount</u>
General Fund	Grant Projects Capital Projects Fund	\$ 792,849
	Other Governmental Funds - Special Revenue Funds:	
	TDA Article 3	40,807
	COG Position	48,883
	Capital Projects Fund:	
	CDBG	165,588
Other Governmental Funds:		
CDBG Capital Projects Fund	General Fund	<u>18,014</u>
		<u>\$ 1,066,141</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.

**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, 2015, 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	\$ 2,700,744
Financing Authority		
Debt Service Fund	Water Enterprise Fund	6,960,181
Other Governmental Fund:		
HOME Capital Projects Fund	Low and Moderate Income Housing Asset Special Revenue Fund	<u>1,412,047</u>
		<u>\$ 11,072,972</u>

CITY OF BELLFLOWER

NOTES TO THE BASIC FINANCIAL STATEMENTS  
(CONTINUED)

For the year ended June 30, 2015

5. INTERFUND ACTIVITY (CONTINUED):

**Advances Receivable/Payable (Continued):**

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 Financing Authority Debt Service Fund 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 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.

**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 and Internal Service Fund transfers to the Capital Projects/Economic Development Capital Projects Fund were to fund capital projects fund with general resources. The Finance Authority Debt Service Fund Transfer to General Projects Capital Projects Fund was to move the note payable proceeds to the fund that purchased the property for which the debt was issued.

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
Major Funds:		
General Fund	Other Governmental Funds:	
	Gas Tax Special Revenue Fund	\$ 1,658,246
Capital Projects/Economic Development Capital Projects Fund	General Fund	1,839,022
	Internal Service Fund	1,300,000

CITY OF BELLFLOWER

NOTES TO THE BASIC FINANCIAL STATEMENTS  
(CONTINUED)

For the year ended June 30, 2015

5. INTERFUND ACTIVITY (CONTINUED):

**Transfers In/Out (Continued):**

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
Other Governmental Funds:		
Parking District No. 1	General Fund	\$ 6,519
Building and Safety		
Special Revenue Fund	General Fund	451,684
Public Facilities Corporation		
Debt Service Fund	General Fund	464,430
Community Development Block		
Grant Capital Projects Fund	General Fund	40,439
HOME Capital Projects Fund	General Fund	65,212
General Projects		
Capital Projects Fund	General Fund	578,000
General Projects		
Capital Projects Fund	Finance Authority Debt Service Fund	1,000,016
Water Enterprise Fund	General Fund	<u>6,256</u>
		<u>\$ 7,409,824</u>

CITY OF BELLFLOWER

NOTES TO THE BASIC FINANCIAL STATEMENTS  
(CONTINUED)

For the year ended June 30, 2015

6. CAPITAL ASSETS:

**Governmental Activities:**

Changes in capital assets for governmental activities for the fiscal year ended June 30, 2015 were as follows:

	Balance at <u>July 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers (a)</u>	Balance at <u>June 30, 2015</u>
Capital assets, not being depreciated:					
Land	\$ 9,878,514	\$ 3,579,462	\$ (267,988)	\$ 1,743,461	\$ 14,933,449
Water rights	181,010	-	-	-	181,010
Construction in progress	<u>1,368,954</u>	<u>3,193,352</u>	<u>(2,926,167)</u>	<u>-</u>	<u>1,636,139</u>
Total capital assets, not being depreciated	<u>11,428,478</u>	<u>6,772,814</u>	<u>(3,194,155)</u>	<u>1,743,461</u>	<u>16,750,598</u>
Capital assets, being depreciated:					
Buildings and improvements	32,933,387	2,170,837	(161,641)	1,264,737	36,207,320
Equipment, furniture and fixtures	8,236,368	318,631	(46,044)	-	8,508,955
Infrastructure	<u>21,983,745</u>	<u>488,721</u>	<u>-</u>	<u>-</u>	<u>22,472,466</u>
Total capital assets, being depreciated	<u>63,153,500</u>	<u>2,978,189</u>	<u>(207,685)</u>	<u>1,264,737</u>	<u>67,188,741</u>
Less accumulated depreciation for:					
Buildings and improvements	(11,072,519)	(839,815)	80,012	(346,819)	(12,179,141)
Equipment, furniture and fixtures	(6,443,954)	(444,466)	47,400	-	(6,841,020)
Infrastructure	<u>(7,368,109)</u>	<u>(520,310)</u>	<u>-</u>	<u>-</u>	<u>(7,888,419)</u>
Total accumulated depreciation	<u>(24,884,582)</u>	<u>(1,804,591)</u>	<u>127,412</u>	<u>(346,819)</u>	<u>(26,908,580)</u>
Total capital assets, being depreciated, net	<u>38,268,918</u>	<u>1,173,598</u>	<u>(80,273)</u>	<u>917,918</u>	<u>40,280,161</u>
Total governmental activities capital assets, net	<u>\$ 49,697,396</u>	<u>\$ 7,946,412</u>	<u>\$ (3,274,428)</u>	<u>\$ 2,661,379</u>	<u>\$ 57,030,759</u>

(a) The net transfer of \$2,661,379 relates to the transfer of assets from the Successor Agency to the City. These transfers were approved by the California Department of Finance in a letter dated August 11, 2014 and the Oversight Board in resolution OB-13-17.

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

General government	\$ 156,395
Public safety	72,264
Public works	926,919
Community development	300,471
Parks and recreation	<u>348,542</u>
Total	<u>\$ 1,804,591</u>

Depreciation expense for governmental activities (governmental funds) is \$1,628,243.  
Depreciation expense for governmental activities (internal service fund) is \$176,348.

CITY OF BELLFLOWER

NOTES TO THE BASIC FINANCIAL STATEMENTS  
(CONTINUED)

For the year ended June 30, 2015

6. CAPITAL ASSETS (CONTINUED):

**Business-type Activity:**

Changes in capital assets for business-type activity for the fiscal year ended June 30, 2015 were as follows:

	Balance at <u>July 1, 2014*</u>	<u>Additions</u>	<u>Deletions</u>	Balance at <u>June 30, 2015</u>
Capital assets, not being depreciated:				
Land	\$ 121,558	\$ -	\$ -	\$ 121,558
Water rights	<u>4,000,000</u>	<u>-</u>	<u>-</u>	<u>4,000,000</u>
Total capital assets, not being depreciated	<u>4,121,558</u>	<u>-</u>	<u>-</u>	<u>4,121,558</u>
Capital assets, being depreciated:				
Buildings and improvements	550,022	49,250	-	599,272
Machinery and equipment	95,504	13,095	-	108,599
Acquisition costs	412,081	-	-	412,081
Infrastructure	<u>4,780,143</u>	<u>-</u>	<u>-</u>	<u>4,780,143</u>
Total capital assets, being depreciated	<u>5,837,750</u>	<u>62,345</u>	<u>-</u>	<u>5,900,095</u>
Less accumulated depreciation for:				
Buildings and improvements	(44,960)	(8,640)	-	(53,600)
Machinery and equipment	(7,988)	(4,883)	-	(12,871)
Acquisition costs	(307,380)	(41,208)	-	(348,588)
Infrastructure	<u>(1,156,645)</u>	<u>(199,524)</u>	<u>-</u>	<u>(1,356,169)</u>
Total accumulated depreciation	<u>(1,516,973)</u>	<u>(254,255)</u>	<u>-</u>	<u>(1,771,228)</u>
Total capital assets, being depreciated, net	<u>4,320,777</u>	<u>(191,910)</u>	<u>-</u>	<u>4,128,867</u>
Total business-type activity, capital assets, net	<u>\$ 8,442,335</u>	<u>\$ (191,910)</u>	<u>\$ -</u>	<u>\$ 8,250,425</u>

\* Certain prior year amounts were reclassified to conform to the current year presentation.

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

Water \$ 254,255

CITY OF BELLFLOWER

NOTES TO THE BASIC FINANCIAL STATEMENTS  
(CONTINUED)

For the year ended June 30, 2015

7. DEFERRED INFLOWS OF RESOURCES:

At June 30, 2015, 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	\$ 412,755	\$ -	\$ -	\$ -	\$ -	\$ 412,755
Investment income	885,070	108,956	-	-	174,047	1,168,073
Grant revenue	-	-	1,268,789	-	-	1,268,789
Notes receivable	<u>54,635</u>	<u>3,799,754</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,854,389</u>
	<u>\$ 1,352,460</u>	<u>\$ 3,908,710</u>	<u>\$ 1,268,789</u>	<u>\$ -</u>	<u>\$ 174,047</u>	<u>\$ 6,704,006</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, 2015:

<b>Governmental Activities:</b>	Balance at July 1, 2014	Additions	Deletions	Balance at June 30, 2015	Due Within One Year
2008 Certificates of Participation	\$ 7,660,000	\$ -	\$ (160,000)	\$ 7,500,000	\$ 165,000
2011 Lease Financing Agreement	2,500,000	-	(380,000)	2,120,000	390,000
Section 108 Loan	4,655,000	-	(4,655,000)	-	-
Section 108 Loan (refinanced)	-	4,325,000	-	4,325,000	346,000
Note payable	-	995,000	-	995,000	31,588
Compensated absences	<u>1,270,782</u>	<u>914,594</u>	<u>(891,395)</u>	<u>1,293,981</u>	<u>891,395</u>
	<u>\$ 16,085,782</u>	<u>\$ 6,234,594</u>	<u>\$ (6,086,395)</u>	<u>\$ 16,233,981</u>	<u>\$ 1,823,983</u>

CITY OF BELLFLOWER

NOTES TO THE BASIC FINANCIAL STATEMENTS  
(CONTINUED)

For the year ended June 30, 2015

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 of \$539,819, 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, 2015 bear interest at 4.50% to 5.25% a year and mature serially in increasing amounts on each October 1, through 2039. As of June 30, 2015, the debt service reserve fund was fully funded with a balance of \$542,950. The COPS balance outstanding as of June 30, 2015 was \$7,500,000.

The annual requirements to amortize the 2008 Certificates of Participation outstanding at June 30, 2015 are as follows:

<u>Fiscal Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	195,000	340,453	535,453
2021 - 2025	1,100,000	1,558,081	2,658,081
2026 - 2030	1,405,000	1,253,181	2,658,181
2031 - 2035	1,795,000	847,550	2,642,550
2036 - 2040	<u>2,310,000</u>	<u>315,525</u>	<u>2,625,525</u>
	<u>\$ 7,500,000</u>	<u>\$ 5,753,278</u>	<u>\$ 13,253,278</u>

CITY OF BELLFLOWER

NOTES TO THE BASIC FINANCIAL STATEMENTS  
(CONTINUED)

For the year ended June 30, 2015

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, 2015 was \$2,120,000.

CITY OF BELLFLOWER

NOTES TO THE BASIC FINANCIAL STATEMENTS  
(CONTINUED)

For the year ended June 30, 2015

8. LONG-TERM DEBT (CONTINUED):

**2011 Lease Financing Agreement (Continued):**

The annual requirements to amortize the 2011 Lease Financing Agreement outstanding at June 30, 2015 are as follows:

<u>Fiscal Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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>\$ 2,120,000</u>	<u>\$ 199,563</u>	<u>\$ 2,319,563</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. In May 2015, the City refinanced this loan in order to result in interest payment savings of \$747,118. The economic gain on refinancing was \$673,961 (difference between the present value of the debt service payments on the old and new debt). The refinanced loan bears interest at approximately 2.0% a year with annual principal payment due on each August. The loan balance outstanding as of June 30, 2015 was \$4,325,000.

The annual requirements to amortize the refinanced Section 108 Loan outstanding at June 30, 2015 are as follows:

<u>Fiscal Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 346,000	\$ 54,406	\$ 400,406
2017	363,000	78,843	441,843
2018	380,000	75,569	455,569
2019	399,000	71,149	470,149
2020	418,000	64,567	482,567
2021 - 2025	2,419,000	167,832	2,586,832
	<u>\$ 4,325,000</u>	<u>\$ 512,366</u>	<u>\$ 4,837,366</u>

CITY OF BELLFLOWER

NOTES TO THE BASIC FINANCIAL STATEMENTS  
(CONTINUED)

For the year ended June 30, 2015

8. LONG-TERM DEBT (CONTINUED):

**Notes Payable:**

On March 31, 2015, the City entered into a promissory note with MTB Enterprises, LLC for \$995,000 to purchase real property for the Butterfly Garden. The note is secured by a deed of trust on the purchased property. Interest accrues at the annual rate of 4.125% with a principal and interest payments due on July 15 and January 15 of each fiscal year. The loan balance outstanding as of June 30, 2015 was \$995,000.

Annual minimum debt service requirements are as follows:

Fiscal Year Ending	Principal	Interest	Total
2016	\$ 31,588	\$ 32,031	\$ 63,619
2017	24,125	39,494	63,619
2018	25,131	38,489	63,620
2019	26,178	37,442	63,620
2020	27,269	36,351	63,620
2021 - 2025	154,368	163,730	318,098
2026 - 2030	189,330	128,768	318,098
2031 - 2035	232,210	85,888	318,098
2036 - 2040	<u>284,801</u>	<u>33,296</u>	<u>318,097</u>
Total	<u>\$ 995,000</u>	<u>\$ 595,489</u>	<u>\$ 1,590,489</u>

**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 \$891,395 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 2015. 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, 2015, totals \$402,586.

CITY OF BELLFLOWER

NOTES TO THE BASIC FINANCIAL STATEMENTS  
(CONTINUED)

For the year ended June 30, 2015

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

a. General Information about the Pension Plans:

**Plan Descriptions:**

All qualified permanent and probationary employees are eligible to participate in the City's Miscellaneous Employee Pension Plans, cost-sharing multiple employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plans are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

**Benefits Provided:**

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age fifty (50) with statutorily reduced benefits. All members are eligible for non-industrial disability benefits after five (5) years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

CITY OF BELLFLOWER

NOTES TO THE BASIC FINANCIAL STATEMENTS  
(CONTINUED)

For the year ended June 30, 2015

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

a. General Information about the Pension Plans (Continued):

**Benefits Provided (Continued):**

The Plans' provisions and benefits in effect at June 30, 2015, are summarized as follows:

	Miscellaneous	
	Prior to January 1, 2013	On or After January 1, 2013
Hire date		
Benefit formula	2%@55	2%@62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 67	52 - 67
Monthly benefits, as a % of eligible compensation	1.426% to 2.418%	1.0% to 2.5%
Required employee contribution rates	7%	6.75%
Required employer contribution rates	12.192%	6.95%

**Contributions:**

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

CITY OF BELLFLOWER

NOTES TO THE BASIC FINANCIAL STATEMENTS  
(CONTINUED)

For the year ended June 30, 2015

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

b. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions:

As of June 30, 2015, the City reported net pension liabilities for its proportionate shares of the net pension liability of each Plan as follows:

	Proportionate Share of Net Pension Liability
Miscellaneous	<u>\$ 7,373,331</u>

The City's net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2014, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2013 rolled forward to June 30, 2014 using standard update procedures. The City's proportionate share of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined.

The City's proportionate share of the net pension liability for each Plan as of June 30, 2013 and 2014 was as follows:

	<u>Miscellaneous</u>
Proportion - June 30, 2013	0.32643%
Proportion - June 30, 2014	0.29834%
Change - Increase (Decrease)	-0.02809%

CITY OF BELLFLOWER

NOTES TO THE BASIC FINANCIAL STATEMENTS  
(CONTINUED)

For the year ended June 30, 2015

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

b. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued):

For the year ended June 30, 2015, the City recognized pension expense of \$755,127. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 919,117	\$ -
Differences between actual and expected experience	-	-
Change in assumptions	-	-
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	114,782	-
Net differences between projected and actual earnings on plan investments	-	(2,696,522)
Total	<u>\$ 1,033,899</u>	<u>\$ (2,696,522)</u>

\$919,117 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ending June 30,	Amount
2016	\$ (633,138)
2017	(633,138)
2018	(641,335)
2019	(674,129)
2020	-
Thereafter	-

CITY OF BELLFLOWER

NOTES TO THE BASIC FINANCIAL STATEMENTS  
(CONTINUED)

For the year ended June 30, 2015

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

b. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued):

**Actuarial Assumptions**

The total pension liabilities in the June 30, 2013 actuarial valuations were determined using the following actuarial assumptions:

	<u>Miscellaneous</u>
Valuation Date	June 30, 2013
Measurement Date	June 30, 2014
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.50%
Inflation	2.75%
Payroll Growth	3.00%
Projected Salary Increase	3.3% - 14.2% (1)
Investment Rate of Return	7.5% (2)
Mortality	(3)

- (1) Depending on age, service and type of employment
- (2) Net of pension plan investment expenses, including inflation
- (3) The probabilities of mortality are derived using CalPERS' membership data for all funds. The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2014 experience study report.

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2013 valuation were based on the results of a January 2014 actuarial experience study for the period 1997 to 2011. Further details of the Experience Study can found on the CalPERS website.

CITY OF BELLFLOWER

NOTES TO THE BASIC FINANCIAL STATEMENTS  
(CONTINUED)

For the year ended June 30, 2015

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

b. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued):

**Discount Rate:**

The discount rate used to measure the total pension liability was 7.50% for each Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.50% discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.50% will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50% investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65%. Using this lower discount rate has resulted in a slightly higher Total Pension Liability and Net Pension Liability. CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management (ALM) review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the 2017-18 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as we have changed our methodology.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

CITY OF BELLFLOWER

NOTES TO THE BASIC FINANCIAL STATEMENTS  
(CONTINUED)

For the year ended June 30, 2015

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

b. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued):

**Discount Rate (Continued):**

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 (a)	Real Return Years 11+ (b)
Global Equity	47.00%	5.25%	5.71%
Global Fixed Income	19.00%	0.99%	2.43%
Inflation Sensitive	6.00%	0.45%	3.36%
Private Equity	12.00%	6.83%	6.95%
Real Estate	11.00%	4.50%	5.13%
Infrastructure and Forestland	3.00%	4.50%	5.09%
Liquidity	2.00%	-0.55%	-1.05%
Total	100.00%		

(a) An expected inflation of 2.5% used for this period

(b) An expected inflation of 3.0% used for this period

CITY OF BELLFLOWER

NOTES TO THE BASIC FINANCIAL STATEMENTS  
(CONTINUED)

For the year ended June 30, 2015

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

b. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued):

**Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate:**

The following presents the City's proportionate share of the net pension liability for all Plans, calculated using the discount rate for each Plan, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	<u>Miscellaneous</u>
1% Decrease	6.50%
Net Pension Liability	\$ 13,608,152
Current Discount Rate	7.50%
Net Pension Liability	\$ 7,373,331
1% Increase	8.50%
Net Pension Liability	\$ 2,199,021

**Pension Plan Fiduciary Net Position:**

Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

c. Payable to the Pension Plan:

At June 30, 2015, the City had no outstanding amount of contributions to the pension plan required for the year ended June 30, 2015.

CITY OF BELLFLOWER

NOTES TO THE BASIC FINANCIAL STATEMENTS  
(CONTINUED)

For the year ended June 30, 2015

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.

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 2014-15, the City contributed \$900,468 to the plan, including \$392,000 of cash contributions made to CERBT and \$508,468 in premium payments for retiree insurance made directly to CalPERS.

CITY OF BELLFLOWER

NOTES TO THE BASIC FINANCIAL STATEMENTS  
(CONTINUED)

For the year ended June 30, 2015

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

**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	(48,197)
Adjustment to annual required contribution	<u>48,197</u>
Annual OPEB cost (expense)	687,020
Actual contributions made	<u>(900,468)</u>
Increase in net OPEB Asset	(213,448)
Net OPEB Asset - beginning of year	<u>(664,788)</u>
Net OPEB Asset - end of year	<u><u>\$ (878,236)</u></u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB asset for 2015 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>
06/30/2013	\$ 706,510	135%	\$ (299,283)
06/30/2014	665,322	155%	(664,788)
06/30/2015	687,020	131%	(878,236)

**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%.

CITY OF BELLFLOWER

NOTES TO THE BASIC FINANCIAL STATEMENTS  
(CONTINUED)

For the year ended June 30, 2015

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

**Funded Status and Funding Progress (Continued):**

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.

**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.

CITY OF BELLFLOWER

NOTES TO THE BASIC FINANCIAL STATEMENTS  
(CONTINUED)

For the year ended June 30, 2015

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 118 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.

**Self-Insurance Programs of the Authority:**

Each member pays an annual contribution to cover estimated losses for the coverage period. A retrospective adjustment is then conducted annually thereafter, for coverage years 2012-13 and prior. Retrospective adjustments are scheduled to continue indefinitely on coverage years 2012-13 and prior, until all claims incurred during those coverage years 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. Coverage years 2013-14 and forward are not subject to routine annual retrospective adjustment.

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 general government 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 from \$750,000 to \$50 million, are distributed based on the outcome of cost allocation within the first and second loss layers.

CITY OF BELLFLOWER

NOTES TO THE BASIC FINANCIAL STATEMENTS  
(CONTINUED)

For the year ended June 30, 2015

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

**Self-Insurance Programs of the Authority (Continued):**

Liability (Continued)

For 2014-15, the Authority's pooled retention is \$2 million per occurrence, with reinsurance to \$20 million, and excess insurance to \$50 million. The Authority's reinsurance contracts are subject to the following additional pooled retentions: (a) 50% of the \$2.5 million annual aggregate deductible in the \$3 million x/s \$2 million layer, (b) 50% quota share of the \$3 million x/s \$2 million layer, and (c) \$3 million annual aggregate deductible in the \$5 million x/s \$10 million layer.

The overall coverage limit for each member, including all layers of coverage, is \$50 million per occurrence. Costs of covered claim for subsidence losses have a sub-limit of \$30 million per occurrence.

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 general government 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 from \$100,000 to statutory limits are distributed based on the outcome of cost allocation within the first and second loss layers.

For 2014-15 the Authority's pooled retention is \$2 million per occurrence, with reinsurance to statutory limits under California Workers' 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.

CITY OF BELLFLOWER

NOTES TO THE BASIC FINANCIAL STATEMENTS  
(CONTINUED)

For the year ended June 30, 2015

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

**Purchased Insurance:**

Pollution Legal Liability Insurance

The City of Bellflower participates in the pollution legal liability insurance program 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, 2014 through July 1, 2017. Each member of the Authority has a \$10 million sub-limit during the 3-year term of the policy.

Property Insurance

The City of Bellflower participates in the all-risk property protection program of the Authority. This insurance protection is underwritten by several insurance companies. The City of Bellflower's property is currently insured according to a schedule of covered property submitted by the City of Bellflower to the Authority. The City of Bellflower's property currently has all-risk property insurance protection in the amount of \$40,804,192. 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 \$25,861,161. 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.

CITY OF BELLFLOWER

NOTES TO THE BASIC FINANCIAL STATEMENTS  
(CONTINUED)

For the year ended June 30, 2015

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

**Purchased Insurance (Continued):**

Special Event Tenant User Liability Insurance

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

**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 2014-15.

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.

CITY OF BELLFLOWER

NOTES TO THE BASIC FINANCIAL STATEMENTS  
(CONTINUED)

For the year ended June 30, 2015

13. NET POSITION AND FUND BALANCES (CONTINUED):

**Net Position (Continued):**

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	\$ 57,030,759	\$ 8,250,425
Deferred loss on refunding	57,476	-
Less: total capital related debt	<u>(7,440,000)</u>	<u>-</u>
Net investment in capital assets	<u>49,648,235</u>	<u>8,250,425</u>
Restricted for:		
Construction of capital assets	7,075,935	-
Debt service	7,388,792	-
Streets, highways, bikeways, public transit, and other related purposes	7,537,327	-
Housing	5,344,467	-
Community development	2,343,663	-
Public safety	<u>134,157</u>	<u>-</u>
Total restricted net position	<u>29,824,341</u>	<u>-</u>
Unrestricted	<u>9,458,803</u>	<u>(8,384,855)</u>
Total Net Position	<u>\$ 88,931,379</u>	<u>\$ (134,430)</u>

**Fund Balances:**

As of June 30, 2015, fund balances of the governmental funds are classified as follows:

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

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

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

CITY OF BELLFLOWER

NOTES TO THE BASIC FINANCIAL STATEMENTS  
(CONTINUED)

For the year ended June 30, 2015

13. NET POSITION AND FUND BALANCES (CONTINUED):

**Fund Balances (Continued):**

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.

	General Fund	Low and Moderate Housing Asset Special Revenue Fund	Financing Authority Authority Debt Service Fund	Grant Projects Projects Capital Projects Fund	Capital Projects/ Economic Development Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Nonspendable:							
Long-term receivable from successor agency, net of deferred interest and July 2015							
Interest payment	\$ 9,444,008	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,444,008
Prepaid items	30,585	-	-	-	-	144,603	175,188
Advances, net of deferred interest	2,251,487	-	-	-	-	-	2,251,487
Restricted:							
Low and moderate income housing	-	1,435,757	-	-	-	-	1,435,757
Debt service	-	-	7,513,377	-	-	-	7,513,377
Streets and roads	-	-	-	-	-	7,483,614	7,483,614
Community development	-	-	-	-	-	2,110,639	2,110,639
Public safety programs	-	-	-	-	-	134,157	134,157
Capital projects	-	-	-	-	-	175,373	175,373
Assigned:							
Economic development	-	-	-	-	6,440,443	460,119	6,900,562
Unassigned	<u>12,404,694</u>	<u>-</u>	<u>-</u>	<u>(1,175,881)</u>	<u>-</u>	<u>(127,984)</u>	<u>11,100,829</u>
	<u>\$ 24,130,774</u>	<u>\$ 1,435,757</u>	<u>\$ 7,513,377</u>	<u>\$ (1,175,881)</u>	<u>\$ 6,440,443</u>	<u>\$ 10,380,521</u>	<u>\$ 48,724,991</u>

CITY OF BELLFLOWER

NOTES TO THE BASIC FINANCIAL STATEMENTS  
(CONTINUED)

For the year ended June 30, 2015

14. DEFICIT FUND BALANCES AND NET POSITION:

The Grant Projects Capital Projects Fund has a deficit fund balance of \$1,175,881 at June 30, 2015. The deficit is expected to be remedied in the near future as revenues are collected in excess of anticipated expenditures.

The TDA Article 3 Other Governmental Special Revenue Fund has a deficit fund balance of \$3,163 at June 30, 2015. 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 \$134,430 at June 30, 2015, which should be alleviated as future revenues are expected to increase and costs are expected to decrease with a new high capacity well.

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.

CITY OF BELLFLOWER

NOTES TO THE BASIC FINANCIAL STATEMENTS  
(CONTINUED)

For the year ended June 30, 2015

16. CONSTRUCTION COMMITMENTS:

The City has construction contracts in progress as follows:

Vendor	Project	Spec. No.	Project Authorization	Invoiced as of June 30, 2015	Committed
Kasa Construction	Flora Vista Dog Park	14/15-06	\$ 269,703	\$ 247,463	\$ 22,240
Kasa Construction	Zinn Park and Trail Improvements	14/15-08R	183,672	123,990	59,682
Simplus Management Corporation	Fire Museum Construction	AFN 647	200,000	56,502	143,498
5M Contracting, Inc.	16337 Bellflower Boulevard	14/15-10	<u>93,250</u>	<u>-</u>	<u>93,250</u>
			<u>\$ 746,625</u>	<u>\$ 427,955</u>	<u>\$ 318,670</u>

17. RESTATEMENT OF PRIOR YEAR FINANCIAL STATEMENTS:

Net position for the government-wide financial statements as of July 1, 2014 was restated as follows:

	Governmental Activities
Net position as previously reported as of June 30, 2014	\$ 93,293,899
Implementation of GASB Statements 68 and 71 to record pension liability at beginning of year	(9,199,944)
Reclassification of grant fund long-term loans receivable from deferred inflows, unavailable revenues, to due to other governments - removal of previously recognized revenue	<u>(1,860,617)</u>
Net position as restated July 1, 2014	<u>\$ 82,233,338</u>

CITY OF BELLFLOWER

NOTES TO THE BASIC FINANCIAL STATEMENTS  
(CONTINUED)

For the year ended June 30, 2015

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.

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.

CITY OF BELLFLOWER

NOTES TO THE BASIC FINANCIAL STATEMENTS  
(CONTINUED)

For the year ended June 30, 2015

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

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

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

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

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

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.

CITY OF BELLFLOWER

NOTES TO THE BASIC FINANCIAL STATEMENTS  
(CONTINUED)

For the year ended June 30, 2015

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

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 began 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 in fiscal year 2014-15.

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 and \$35,352 in the ROPS 14-15A and 14-15B, respectively. As required, 20% of the repayments of the loan were allocated to the Low and Moderate Income Housing Asset Special Revenue Fund. At June 30, 2015, the long-term advances to the Successor Agency totaled \$13,062,746 which included principal of \$11,805,010 and interest of \$1,257,736. In the financial statements, 80% of the advance and related interest are reported in the General Fund and 20% in the Low and Moderate Income Housing Asset Special Revenue Fund.

The State Controller of the State of California has been directed to review the propriety of any transfers of assets between Dissolved RDA and other public bodies that occurred after January 1, 2011 and the date upon which the RDA ceased to operate, or January 31, 2012, whichever was earlier, between the City or county, or City and county that created an RDA, or any other public agency, and the RDA. If the public body that received such transfers is not contractually committed to a third party for the expenditure or encumbrance of those assets, the State Controller is required to order the available assets to be transferred to the public body designated as the successor agency. The State Controller's completed its review on June 27, 2013 and did not identify any unallowable transfers of assets that occurred during the audit between the former RDA, the City and or other public agencies.

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.

CITY OF BELLFLOWER

NOTES TO THE BASIC FINANCIAL STATEMENTS  
(CONTINUED)

For the year ended June 30, 2015

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

**Notes Receivable:**

Notes receivable of the Successor Agency as of June 30, 2015 consisted of the following:

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, 2015 was \$50,150, which is offset by an allowance for doubtful accounts as the loan is to be forgiven.

**Capital Assets:**

Capital assets of the Successor Agency as of June 30, 2015 consisted of the following:

	Balance at <u>July 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers (a)</u>	Balance at <u>June 30, 2015</u>
Capital assets, not being depreciated:					
Land	\$ 8,023,622	\$ -	\$ (188,599)	\$ (1,743,461)	\$ 6,091,562
Total capital assets, not being depreciated	<u>8,023,622</u>	<u>-</u>	<u>(188,599)</u>	<u>(1,743,461)</u>	<u>6,091,562</u>
Capital assets, being depreciated:					
Buildings and improvements	5,043,918	-	(271,183)	(1,264,737)	3,507,998
Equipment, furniture and fixtures	118,638	-	-	-	118,638
Infrastructure	<u>1,863,602</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,863,602</u>
Total capital assets, being depreciated	<u>7,026,158</u>	<u>-</u>	<u>(271,183)</u>	<u>(1,264,737)</u>	<u>5,490,239</u>
Less accumulated depreciation for:					
Buildings and improvements	(1,184,226)	(102,878)	69,164	346,819	(871,121)
Equipment, furniture and fixtures	(100,203)	(2,011)	-	-	(102,214)
Infrastructure	<u>(312,304)</u>	<u>(45,840)</u>	<u>-</u>	<u>-</u>	<u>(358,145)</u>
Total accumulated depreciation	<u>(1,596,733)</u>	<u>(150,729)</u>	<u>69,164</u>	<u>346,819</u>	<u>(1,331,480)</u>
Total capital assets, being depreciated, net	<u>5,429,425</u>	<u>(150,729)</u>	<u>(202,019)</u>	<u>(917,918)</u>	<u>4,158,759</u>
Total capital assets, net	<u>\$ 13,453,047</u>	<u>\$ (150,729)</u>	<u>\$ (390,618)</u>	<u>\$ (2,661,379)</u>	<u>\$ 10,250,321</u>

(a) The net transfers of \$2,661,379 relates to the transfer of assets from the Successor Agency to the City. These transfers were approved by the California Department of Finance in a letter dated August 11, 2014 and the Oversight Board in resolution OB-13-17.

CITY OF BELLFLOWER

NOTES TO THE BASIC FINANCIAL STATEMENTS  
(CONTINUED)

For the year ended June 30, 2015

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, 2015, consisted of the following:

	Balance at July 1, 2014	Additions	Deletions	Balance at June 30, 2015	Due Within One Year
2004 Refunding Tax Allocation Bonds	\$ 6,435,000	\$ -	\$ (165,000)	\$ 6,270,000	\$ 175,000
Original Issue Discount	(50,071)	-	2,546	(47,525)	-
Notes payable - Dietz	135,831	-	(10,072)	125,759	10,475
Notes payable - Goslins/Cleveland	348,396	-	(348,396)	-	-
Advances from the City of Bellflower	<u>13,269,493</u>	<u>33,626</u>	<u>(240,373)</u>	<u>13,062,746</u>	<u>-</u>
	<u>\$ 20,138,649</u>	<u>\$ 33,626</u>	<u>\$ (761,295)</u>	<u>\$ 19,410,980</u>	<u>\$ 185,475</u>

2004 Refunding Tax Allocation Bonds

The 2004 Tax Allocation Bonds issued by the former Redevelopment Agency and outstanding at June 30, 2015 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, 2015 was \$6,270,000.

The scheduled annual minimum debt service requirements at June 30, 2015 are as follows:

Fiscal Year Ending	Principal	Interest	Total
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	225,000	363,257	588,257
2021 - 2025	1,370,000	1,572,007	2,942,007
2026 - 2030	1,890,000	1,055,340	2,945,340
2031 - 2034	<u>2,015,000</u>	<u>343,530</u>	<u>2,358,530</u>
	<u>\$ 6,270,000</u>	<u>\$ 4,918,569</u>	<u>\$ 11,188,569</u>

CITY OF BELLFLOWER

NOTES TO THE BASIC FINANCIAL STATEMENTS  
(CONTINUED)

For the year ended June 30, 2015

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, 2015 was \$125,759.

The scheduled annual minimum debt service requirements at June 30, 2015 are as follows:

<u>Fiscal Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	12,254	3,251	15,505
2021 - 2025	<u>69,025</u>	<u>8,500</u>	<u>77,525</u>
	<u>\$ 125,759</u>	<u>\$ 29,291</u>	<u>\$ 155,050</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 was paid off in full in fiscal year 2014-15.

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, 2015, the balance was \$13,062,746.

CITY OF BELLFLOWER

NOTES TO THE BASIC FINANCIAL STATEMENTS  
(CONTINUED)

For the year ended June 30, 2015

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

**Due to the City of Bellflower**

The City loaned the Successor Agency \$304,816 to pay off the outstanding deed of trust for a property.

**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, 2015 was \$119,094 with amortization expense for the fiscal year of \$10,665. The balance of prepaid insurance costs, net of accumulated amortization expense at June 30, 2015 was \$199,086.

**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, 2015 was \$255,773, 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, 2015 was \$253,864.

**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.

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.

CITY OF BELLFLOWER

NOTES TO THE BASIC FINANCIAL STATEMENTS  
(CONTINUED)

For the year ended June 30, 2015

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

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

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, 2015, the amounts of principal outstanding on the bonds were \$7,330,000 for Series 2002A and \$215,000 for Series 2002B, for a total of \$7,545,000.

20. SUBSEQUENT EVENTS:

On August 1, 2015, the Corporation and the City entered into a termination agreement stating that the 2011 Lease Agreement shall be of no force and effect. A new lease agreement dated as of August 1, 2015 was entered into. On August 14, 2015, the Bellflower Public Facilities Corporation (the Corporation) will issue approximately \$4,493,246 in lease financing for the financing of the acquisition and construction of certain energy conservation measures and capital improvements (the Project) in the amount of \$2,755,847, and to refinance the 2011 lease financing agreement in the amount of \$1,737,399 (see Note 8). 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 August 1, 2015. 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 August 1, 2015.

CITY OF BELLFLOWER

NOTES TO THE BASIC FINANCIAL STATEMENTS  
(CONTINUED)

For the year ended June 30, 2015

20. SUBSEQUENT EVENTS (Continued):

The amount paid by the Bank to the City in exchange for the lease payments to be made by the City is \$4,493,246. \$15,000 was retained by the Bank as its fee, \$1,737,399 was applied to prepay the 2011 lease financing, and \$2,740,847 was released to the City for the Project. Under the refinancing, payments are due on January 14, April 14, July 14 and October 14 and the debt matures on April 14, 2031. The interest rate yield on the debt is 3.18%.

As a result of the advance refunding, the City reduced its total debt service requirements by \$37,360, which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$24,171.

Other events occurring after June 30, 2015 have been evaluated for possible adjustments to the financial statements or disclosure as of December 15, 2015, which is the date these financial statements were available to be issued.

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**REQUIRED SUPPLEMENTARY INFORMATION  
(UNAUDITED)**

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CITY OF BELLFLOWER

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

Last Ten Fiscal Years\*

	<u>2015</u>
Plan's proportion of the net pension liability	0.11850%
Plan's proportionate share of the net pension liability	\$ 7,373,331
Plan's covered - employee payroll	\$ 6,179,322
Plan's proportionate share of the net pension liability as percentage of its covered - employee payroll	119.32%
Plan's proportionate share of the fiduciary net position as a percentage of the proportionate share of the Plan's total pension liability	84.31%
Plan's proportionate share of aggregate employer contributions	\$ 1,428,579

Notes to Schedule:

Benefit Changes:

There were no changes in benefits.

Changes in Assumptions:

There were not changes in assumptions.

\* - Fiscal year 2015 was the 1st year of implementation, therefore only one year is shown.

CITY OF BELLFLOWER

SCHEDULE OF CONTRIBUTIONS - DEFINED BENEFIT PLANS

Last Ten Fiscal Years\*

	<u>2015</u>
Contractually required contribution (actuarially determined)	\$ 919,117
Contributions in relation to the actuarially determined contributions	<u>(919,117)</u>
Contribution deficiency (excess)	<u>\$ -</u>
Covered - employee payroll	\$ 6,401,205
Contributions as a percentage of covered - employee payroll	14.36%

Notes to Schedule:

Valuation Date 6/30/2012

Methods and Assumptions Used to Determine Contribution Rates:

Single and agent employers	Entry age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	20 years (2%@55), 30 years (2%@62)
Asset valuation method	15-year smoothed market
Inflation	2.75%
Salary increases	3.30% to 14.20% depending on age, service, and type of employment; including inflation of 2.75%
Investment rate of return	7.50%, net of pension plan investment expense, including inflation
Retirement age	50 years (2%@55), 52 years (2%@62)
Mortality	Mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board, first used in the June 30, 2009 valuation. For purposes of the post-retirement mortality rates, those revised rates include 5 years of projected on-going mortality improvement using Scale AA published by the Society of Actuaries until June 30, 2010. There is no margin for future mortality improvement beyond the valuation date.

\* - Fiscal year 2015 was the 1st year of implementation, therefore only one year is shown.

CITY OF BELLFLOWER

SCHEDULE OF FUNDING PROGRESS

For the fiscal year ended June 30, 2015

**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%

CITY OF BELLFLOWER

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

For the fiscal year ended June 30, 2015

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive
				(Negative)
<b>REVENUES:</b>				
Taxes	\$ 23,051,000	\$ 23,126,000	\$ 23,123,980	\$ (2,020)
Licenses and permits	64,400	64,400	71,808	7,408
Fines, forfeitures and penalties	1,677,000	1,711,000	1,766,187	55,187
Investment earnings	150,000	912,672	864,419	(48,253)
Charges for current services	903,400	903,400	998,472	95,072
Intergovernmental revenue	200,300	346,322	282,462	(63,860)
Other revenues	557,080	524,226	632,551	108,325
<b>TOTAL REVENUES</b>	<b>26,603,180</b>	<b>27,588,020</b>	<b>27,739,879</b>	<b>151,859</b>
<b>EXPENDITURES:</b>				
<b>GENERAL GOVERNMENT:</b>				
City council	225,097	225,097	211,438	13,659
Public affairs	77,826	77,826	82,589	(4,763)
Special events	111,902	118,433	100,607	17,826
City manager	814,572	687,756	643,930	43,826
City clerk	399,423	399,423	401,681	(2,258)
Parks and recreation commission	107,559	107,559	100,288	7,271
Planning commission	10,700	10,700	8,469	2,231
Finance	918,304	952,304	909,824	42,480
City attorney	167,000	2,917,000	2,890,780	26,220
Personnel/Risk management	388,997	388,997	392,780	(3,783)
Public safety commission	1,300	5,050	3,800	1,250
Stipends	1,400	1,400	1,650	(250)
Elections	141,772	141,772	48,269	93,503
Non-departmental	529,500	529,500	479,996	49,504
<b>TOTAL GENERAL GOVERNMENT</b>	<b>3,895,352</b>	<b>6,562,817</b>	<b>6,276,101</b>	<b>286,716</b>
<b>PUBLIC SAFETY:</b>				
Administration	1,630,481	1,630,481	1,582,306	48,175
Crossing guard	122,200	122,200	120,588	1,612
Sheriff	8,702,871	8,702,871	8,533,245	169,626
Support services	692,400	792,400	778,917	13,483
Emergency management	4,850	4,850	5,142	(292)
<b>TOTAL PUBLIC SAFETY</b>	<b>11,152,802</b>	<b>11,252,802</b>	<b>11,020,198</b>	<b>232,604</b>
<b>PUBLIC WORKS:</b>				
Administration	984,619	984,619	860,579	124,040
Street maintenance	2,448,682	2,584,057	2,687,629	(103,572)
Stormwater maintenance	522,426	592,426	324,522	267,904
Lighting and landscaping	605,000	605,000	619,687	(14,687)
Facility maintenance	2,266,828	2,356,828	2,337,114	19,714
<b>TOTAL PUBLIC WORKS</b>	<b>6,827,555</b>	<b>7,122,930</b>	<b>6,829,531</b>	<b>293,399</b>

See accompanying note to required supplementary information.

(Continued)

CITY OF BELLFLOWER

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND  
(Continued)

For the fiscal year ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES (CONTINUED):				
COMMUNITY DEVELOPMENT:				
Administration	\$ 575,063	\$ 575,063	\$ 583,081	\$ (8,018)
Planning	1,061,375	1,061,375	1,058,207	3,168
Building and safety - LA contract	47,000	47,000	35,173	11,827
Farmers' market	1,650	1,650	1,081	569
Code enforcement	572,159	632,159	527,899	104,260
TOTAL COMMUNITY DEVELOPMENT	<u>2,257,247</u>	<u>2,317,247</u>	<u>2,205,441</u>	<u>111,806</u>
PARKS AND RECREATION:				
Administration	608,043	608,043	589,956	18,087
Simms park	361,267	361,267	344,437	16,830
Thompson park	296,842	296,842	293,930	2,912
Caruthers park	274,045	274,045	258,010	16,035
Aquatic center	194,078	194,078	182,875	11,203
Civic auditorium	77,272	77,272	66,674	10,598
Cultural arts	20,601	20,601	20,601	-
Youth/teen programs	55,553	55,553	48,614	6,939
TOTAL PARKS AND RECREATION	<u>1,887,701</u>	<u>1,887,701</u>	<u>1,805,097</u>	<u>82,604</u>
TOTAL EXPENDITURES	<u>26,020,657</u>	<u>29,143,497</u>	<u>28,136,368</u>	<u>1,007,129</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>582,523</u>	<u>(1,555,477)</u>	<u>(396,489)</u>	<u>1,158,988</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	1,702,700	2,507,700	1,658,246	(849,454)
Transfers out	<u>(2,125,416)</u>	<u>(3,323,630)</u>	<u>(3,451,562)</u>	<u>(127,932)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(422,716)</u>	<u>(815,930)</u>	<u>(1,793,316)</u>	<u>(977,386)</u>
NET CHANGE IN FUND BALANCE	159,807	(2,371,407)	(2,189,805)	181,602
FUND BALANCE - BEGINNING OF YEAR	<u>26,320,579</u>	<u>26,320,579</u>	<u>26,320,579</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 26,480,386</u>	<u>\$ 23,949,172</u>	<u>\$ 24,130,774</u>	<u>\$ 181,602</u>

See accompanying note to required supplementary information.

CITY OF BELLFLOWER

BUDGETARY COMPARISON SCHEDULE

LOW AND MODERATE INCOME HOUSING ASSET SPECIAL REVENUE FUND

For the fiscal year ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment earnings	\$ 10	\$ 190,677	\$ 191,856	\$ 1,179
Other revenues	161,250	161,250	342,152	180,902
TOTAL REVENUES	161,260	351,927	534,008	182,081
EXPENDITURES:				
Current:				
Community development	33,933	373,836	295,238	78,598
TOTAL EXPENDITURES	33,933	373,836	295,238	78,598
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	127,327	(21,909)	238,770	260,679
FUND BALANCE - BEGINNING OF YEAR	1,196,987	1,196,987	1,196,987	-
FUND BALANCE - END OF YEAR	\$ 1,324,314	\$ 1,175,078	\$ 1,435,757	\$ 260,679

See accompanying note to required supplementary information.

CITY OF BELLFLOWER

NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION

For the year ended June 30, 2015

1. BUDGET AND BUDGETARY ACCOUNTING:

**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 on the modified accrual basis of accounting. The City Council may amend the budget by motion at any time during the fiscal year. The City maintains budgetary controls that ensure compliance with the budget adopted by the City Council. In compliance with the budget amendment policies adopted by the City Council, under certain circumstances with fiscal thresholds, the city manager is authorized to increase appropriations and make interfund and inter-departmental budget transfers.

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

Budgetary comparison is provided in the accompanying financial statements for the General Fund, Special Revenue Funds, 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 \$21,136,405 for the fiscal year.

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**SUPPLEMENTARY INFORMATION**

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, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment earnings	\$ 378,319	\$ 378,319	\$ 377,165	\$ (1,154)
Other revenues	-	15,229	15,262	33
TOTAL REVENUES	<u>378,319</u>	<u>393,548</u>	<u>392,427</u>	<u>(1,121)</u>
EXPENDITURES:				
Capital outlay	-	1,000,016	-	1,000,016
Debt service:				
Principal retirement	160,000	160,000	160,000	-
Interest and other charges	<u>378,319</u>	<u>378,589</u>	<u>378,589</u>	<u>-</u>
TOTAL EXPENDITURES	<u>538,319</u>	<u>1,538,605</u>	<u>538,589</u>	<u>1,000,016</u>
EXCESS OF REVENUES UNDER EXPENDITURES	<u>(160,000)</u>	<u>(1,145,057)</u>	<u>(146,162)</u>	<u>998,895</u>
OTHER FINANCING SOURCES (USES):				
Proceeds from note payable issuance	-	995,000	995,000	-
Transfers out	<u>-</u>	<u>-</u>	<u>(1,000,016)</u>	<u>(1,000,016)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>995,000</u>	<u>(5,016)</u>	<u>(1,000,016)</u>
NET CHANGE IN FUND BALANCE	(160,000)	(150,057)	(151,178)	(1,121)
FUND BALANCE - BEGINNING OF YEAR	<u>7,664,555</u>	<u>7,664,555</u>	<u>7,664,555</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 7,504,555</u>	<u>\$ 7,514,498</u>	<u>\$ 7,513,377</u>	<u>\$ (1,121)</u>

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, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental revenue	\$ 300,000	\$ 6,037,973	\$ 202,223	\$ (5,835,750)
Other revenues	-	-	1,984	1,984
TOTAL REVENUES	<u>300,000</u>	<u>6,037,973</u>	<u>204,207</u>	<u>(5,833,766)</u>
EXPENDITURES:				
Current:				
Public works	-	-	70,016	(70,016)
Capital outlay	<u>300,000</u>	<u>6,035,489</u>	<u>1,214,636</u>	<u>4,820,853</u>
TOTAL EXPENDITURES	<u>300,000</u>	<u>6,035,489</u>	<u>1,284,652</u>	<u>4,750,837</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	2,484	(1,080,445)	(1,082,929)
FUND BALANCE (DEFICIT) - BEGINNING OF YEAR	<u>(95,436)</u>	<u>(95,436)</u>	<u>(95,436)</u>	<u>-</u>
FUND BALANCE (DEFICIT) - END OF YEAR	<u>\$ (95,436)</u>	<u>\$ (92,952)</u>	<u>\$ (1,175,881)</u>	<u>\$ (1,082,929)</u>

CITY OF BELLFLOWER

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

CAPITAL PROJECTS/ECONOMIC DEVELOPMENT CAPITAL PROJECTS FUND - MAJOR FUND

For the fiscal year ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment earnings	\$ 10,000	\$ 10,000	\$ 31,307	\$ 21,307
Intergovernmental revenue	-	222,013	222,013	-
Developer contributions	-	1,660,301	1,660,301	-
Other revenues	-	525,000	526,400	1,400
TOTAL REVENUES	10,000	2,417,314	2,440,021	22,707
EXPENDITURES:				
Current:				
Community development	-	720,958	705,356	15,602
Capital outlay	-	456,546	453,079	3,467
TOTAL EXPENDITURES	-	1,177,504	1,158,435	19,069
EXCESS OF REVENUES OVER EXPENDITURES	10,000	1,239,810	1,281,586	41,776
OTHER FINANCING SOURCES:				
Transfers in	682,000	3,139,022	3,139,022	-
TOTAL OTHER FINANCING SOURCES	682,000	3,139,022	3,139,022	-
NET CHANGE IN FUND BALANCE	692,000	4,378,832	4,420,608	41,776
FUND BALANCE - BEGINNING OF YEAR	2,019,835	2,019,835	2,019,835	-
FUND BALANCE - END OF YEAR	\$ 2,711,835	\$ 6,398,667	\$ 6,440,443	\$ 41,776

CITY OF BELLFLOWER  
OTHER GOVERNMENTAL FUNDS

June 30, 2015

**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, 2015

**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, 2015

**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.

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

**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, 2015

	Special Revenue Funds		
	Drug	Transportation	Proposition C
	Forfeiture Fund	Fund	Fund
ASSETS			
Cash and investments	\$ -	\$ 1,475,399	\$ 693,526
Accounts receivable, net	-	-	-
Due from other funds	-	-	-
Interest receivable	-	3,343	1,573
Prepaid items	-	-	19,782
Notes receivable	-	-	-
Advances to other funds	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ -</b>	<b>\$ 1,478,742</b>	<b>\$ 714,881</b>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
LIABILITIES:			
Accounts payable	\$ -	\$ 76,334	\$ 64,194
Accrued expenditures	-	6,859	4,348
Due to other governments	-	-	-
Due to other funds	-	-	-
Retention payable	-	-	-
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>83,193</b>	<b>68,542</b>
DEFERRED INFLOWS OF RESOURCES:			
Unavailable revenues	-	-	-
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>	<b>-</b>	<b>83,193</b>	<b>68,542</b>
FUND BALANCES (DEFICIT):			
Nonspendable	-	-	19,782
Restricted	-	1,395,549	626,557
Assigned	-	-	-
Unassigned	-	-	-
<b>TOTAL FUND BALANCES (DEFICIT)</b>	<b>-</b>	<b>1,395,549</b>	<b>646,339</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ -</b>	<b>\$ 1,478,742</b>	<b>\$ 714,881</b>

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
\$ 2,888,718	\$ 273,793	\$ 174,948	\$ -	\$ -	\$ 706	\$ 5,043
201,890	25,310	-	37,644	-	439	-
-	-	-	-	-	-	-
7,931	635	425	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 3,098,539</u>	<u>\$ 299,738</u>	<u>\$ 175,373</u>	<u>\$ 37,644</u>	<u>\$ -</u>	<u>\$ 1,145</u>	<u>\$ 5,043</u>
\$ 44,951	\$ -	\$ -	\$ -	\$ -	\$ 916	\$ 5,043
2	-	-	-	-	229	-
-	-	-	-	-	-	-
-	-	-	40,807	-	-	-
-	-	-	-	-	-	-
44,953	-	-	40,807	-	1,145	5,043
-	-	-	-	-	-	-
44,953	-	-	40,807	-	1,145	5,043
-	-	-	-	-	-	-
3,053,586	299,738	175,373	-	-	-	-
-	-	-	-	-	-	-
-	-	-	(3,163)	-	-	-
3,053,586	299,738	175,373	(3,163)	-	-	-
<u>\$ 3,098,539</u>	<u>\$ 299,738</u>	<u>\$ 175,373</u>	<u>\$ 37,644</u>	<u>\$ -</u>	<u>\$ 1,145</u>	<u>\$ 5,043</u>

(Continued)

CITY OF BELLFLOWER

COMBINING BALANCE SHEET  
OTHER GOVERNMENTAL FUNDS  
(CONTINUED)

June 30, 2015

		Special Revenue Funds (Continued)		
		Public	CA-COPS	COG
		Arts	Grant	Position
		Fund	Fund	Fund
ASSETS				
Cash and investments		\$ 61,850	\$ 143,506	\$ -
Accounts receivable, net		-	-	56,772
Due from other funds		-	-	-
Interest receivable		163	439	-
Prepaid items		-	-	-
Notes receivable		-	-	-
Advances to other funds		-	-	-
		<u>-</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS		<u>\$ 62,013</u>	<u>\$ 143,945</u>	<u>\$ 56,772</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES:				
Accounts payable		\$ -	\$ 9,788	\$ -
Accrued expenditures		-	-	7,889
Due to other governments		-	-	-
Due to other funds		-	-	48,883
Retention payable		-	-	-
		<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES		-	9,788	56,772
DEFERRED INFLOWS OF RESOURCES:				
Unavailable revenues		-	-	-
		<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES		<u>-</u>	<u>9,788</u>	<u>56,772</u>
FUND BALANCES (DEFICIT):				
Nonspendable		-	-	-
Restricted		62,013	134,157	-
Assigned		-	-	-
Unassigned		-	-	-
		<u>-</u>	<u>-</u>	<u>-</u>
TOTAL FUND BALANCES (DEFICIT)		<u>62,013</u>	<u>134,157</u>	<u>-</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES		<u>\$ 62,013</u>	<u>\$ 143,945</u>	<u>\$ 56,772</u>

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
\$ 295,893	\$ 101,433	\$ 48,449	\$ 311,350	\$ 2,138,985	\$ -
-	-	-	27,959	-	-
-	-	-	-	-	-
-	246	133	-	4,975	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 295,893</u>	<u>\$ 101,679</u>	<u>\$ 48,582</u>	<u>\$ 339,309</u>	<u>\$ 2,143,960</u>	<u>\$ -</u>
\$ -	\$ -	\$ 16,221	\$ -	\$ 32,289	\$ -
-	-	-	-	3,487	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	620	-	-	-
-	-	16,841	-	35,776	-
-	-	-	-	-	-
-	-	16,841	-	35,776	-
-	-	-	-	-	-
295,893	101,679	31,741	339,309	2,108,184	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>295,893</u>	<u>101,679</u>	<u>31,741</u>	<u>339,309</u>	<u>2,108,184</u>	<u>-</u>
<u>\$ 295,893</u>	<u>\$ 101,679</u>	<u>\$ 48,582</u>	<u>\$ 339,309</u>	<u>\$ 2,143,960</u>	<u>\$ -</u>

(Continued)

CITY OF BELLFLOWER

COMBINING BALANCE SHEET  
OTHER GOVERNMENTAL FUNDS  
(CONTINUED)

June 30, 2015

		<u>Capital Projects Funds</u>	
		<u>CDBG</u>	<u>HOME</u>
		Fund	Fund
ASSETS			
Cash and investments		\$ -	\$ -
Accounts receivable, net		80,243	29,458
Due from other funds		-	18,014
Interest receivable		-	-
Prepaid items		124,821	-
Notes receivable		597,943	1,253,133
Advances to other funds		-	1,412,047
		<u>-</u>	<u>1,412,047</u>
TOTAL ASSETS		<u>\$ 803,007</u>	<u>\$ 2,712,652</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
LIABILITIES:			
Accounts payable		\$ 33,527	\$ 5,192
Accrued expenditures		5,949	277
Due to other governments		597,943	1,253,132
Due to other funds		165,588	-
Retention payable		-	-
		<u>-</u>	<u>-</u>
TOTAL LIABILITIES		803,007	1,258,601
DEFERRED INFLOWS OF RESOURCES:			
Unavailable revenues		-	174,047
		<u>-</u>	<u>174,047</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES		<u>803,007</u>	<u>1,432,648</u>
FUND BALANCES (DEFICIT):			
Nonspendable		124,821	-
Restricted		-	1,280,004
Assigned		-	-
Unassigned		(124,821)	-
		<u>(124,821)</u>	<u>-</u>
TOTAL FUND BALANCES (DEFICIT)		<u>-</u>	<u>1,280,004</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES		<u>\$ 803,007</u>	<u>\$ 2,712,652</u>

Capital Projects Funds (Continued)		Total Other Governmental Funds
General Projects		
\$ 488,224	\$ 9,101,823	
-	459,715	
-	18,014	
-	19,863	
-	144,603	
-	1,851,076	
-	1,412,047	
<u>\$ 488,224</u>	<u>\$ 13,007,141</u>	
\$ 28,105	\$ 316,560	
-	29,040	
-	1,851,075	
-	255,278	
-	620	
<u>28,105</u>	<u>2,452,573</u>	
-	174,047	
<u>28,105</u>	<u>2,626,620</u>	
-	144,603	
-	9,903,783	
460,119	460,119	
-	(127,984)	
<u>460,119</u>	<u>10,380,521</u>	
<u>\$ 488,224</u>	<u>\$ 13,007,141</u>	

CITY OF BELLFLOWER

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

For the fiscal year ended June 30, 2015

	Special Revenue Funds		
	Drug Forfeiture Fund	Transportation Fund	Proposition C Fund
REVENUES:			
Taxes	\$ -	\$ 1,407,288	\$ 1,133,121
Licenses and permits	-	-	-
Investment earnings	-	13,747	6,063
Charges for current services	-	-	-
Intergovernmental revenue	-	48,069	-
Other revenues	-	-	-
TOTAL REVENUES	<u>-</u>	<u>1,469,104</u>	<u>1,139,184</u>
EXPENDITURES:			
Current:			
Public safety	-	-	-
Public works	-	673,381	563,747
Community development	-	-	-
Capital outlay	-	1,453,091	1,650,848
Debt service:			
Principal retirement	-	-	-
Interest and other charges	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>2,126,472</u>	<u>2,214,595</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>(657,368)</u>	<u>(1,075,411)</u>
OTHER FINANCING SOURCES (USES):			
Proceeds from note payable issuance	-	-	-
Payment to refunded note payable escrow agent	-	-	-
Transfers in	-	-	-
Transfers out	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	-	(657,368)	(1,075,411)
FUND BALANCES - BEGINNING OF YEAR	<u>-</u>	<u>2,052,917</u>	<u>1,721,750</u>
FUND BALANCES (DEFICIT) - END OF YEAR	<u>\$ -</u>	<u>\$ 1,395,549</u>	<u>\$ 646,339</u>

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
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,210	\$ -
-	-	-	-	-	-	370,183
24,395	1,758	1,354	-	-	-	-
-	-	33,720	-	-	-	-
2,142,466	96,454	-	37,644	-	-	-
-	-	-	-	-	-	-
<u>2,166,861</u>	<u>98,212</u>	<u>35,074</u>	<u>37,644</u>	<u>-</u>	<u>15,210</u>	<u>370,183</u>
-	-	-	-	-	-	-
25,164	-	-	-	-	21,729	-
-	-	-	-	-	-	821,867
216,571	-	-	40,807	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>241,735</u>	<u>-</u>	<u>-</u>	<u>40,807</u>	<u>-</u>	<u>21,729</u>	<u>821,867</u>
1,925,126	98,212	35,074	(3,163)	-	(6,519)	(451,684)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	6,519	451,684
<u>(1,658,246)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(1,658,246)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,519</u>	<u>451,684</u>
266,880	98,212	35,074	(3,163)	-	-	-
2,786,706	201,526	140,299	-	-	-	-
<u>\$ 3,053,586</u>	<u>\$ 299,738</u>	<u>\$ 175,373</u>	<u>\$ (3,163)</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, 2015

	Special Revenue Funds (Continued)		
	Public	CA-COPS	COG
	Arts Fund	Grant Fund	Position Fund
REVENUES:			
Taxes	\$ -	\$ -	\$ -
Licenses and permits	-	-	-
Investment earnings	522	1,270	-
Charges for current services	41,759	-	-
Intergovernmental revenue	-	134,157	-
Other revenues	-	-	208,388
TOTAL REVENUES	<u>42,281</u>	<u>135,427</u>	<u>208,388</u>
EXPENDITURES:			
Current:			
Public safety	-	181,346	-
Public works	-	-	208,388
Community development	19,195	-	-
Capital outlay	-	-	-
Debt service:			
Principal retirement	-	-	-
Interest and other charges	-	-	-
TOTAL EXPENDITURES	<u>19,195</u>	<u>181,346</u>	<u>208,388</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>23,086</u>	<u>(45,919)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES):			
Proceeds from note payable issuance	-	-	-
Payment to refunded note payable escrow agent	-	-	-
Transfers in	-	-	-
Transfers out	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	23,086	(45,919)	-
FUND BALANCES - BEGINNING OF YEAR	<u>38,927</u>	<u>180,076</u>	<u>-</u>
FUND BALANCES (DEFICIT) - END OF YEAR	<u>\$ 62,013</u>	<u>\$ 134,157</u>	<u>\$ -</u>

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
\$ -	\$ -	\$ -	\$ 107,964	\$ 850,535	\$ -
-	-	-	-	-	-
-	771	345	-	15,847	-
53,620	10,978	50,284	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>53,620</u>	<u>11,749</u>	<u>50,629</u>	<u>107,964</u>	<u>866,382</u>	<u>-</u>
-	-	-	-	-	-
13,580	-	-	-	457,328	-
-	-	-	-	-	-
-	-	38,822	239	239,704	-
-	-	-	-	-	380,000
-	-	-	-	-	84,430
<u>13,580</u>	<u>-</u>	<u>38,822</u>	<u>239</u>	<u>697,032</u>	<u>464,430</u>
<u>40,040</u>	<u>11,749</u>	<u>11,807</u>	<u>107,725</u>	<u>169,350</u>	<u>(464,430)</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	464,430
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>464,430</u>
40,040	11,749	11,807	107,725	169,350	-
255,853	89,930	19,934	231,584	1,938,834	-
<u>\$ 295,893</u>	<u>\$ 101,679</u>	<u>\$ 31,741</u>	<u>\$ 339,309</u>	<u>\$ 2,108,184</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, 2015

	Capital Projects Funds	
	CDBG Fund	HOME Fund
REVENUES:		
Taxes	\$ -	\$ -
Licenses and permits	-	-
Investment earnings	-	-
Charges for current services	-	-
Intergovernmental revenue	878,116	203,555
Other revenues	10,508	41,794
TOTAL REVENUES	<u>888,624</u>	<u>245,349</u>
EXPENDITURES:		
Current:		
Public safety	-	-
Public works	-	-
Community development	340,857	292,203
Capital outlay	-	-
Debt service:		
Principal retirement	330,000	-
Interest and other charges	258,206	-
TOTAL EXPENDITURES	<u>929,063</u>	<u>292,203</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(40,439)</u>	<u>(46,854)</u>
OTHER FINANCING SOURCES (USES):		
Proceeds from note payable issuance	4,325,000	-
Payment to refunded note payable escrow agent	(4,325,000)	-
Transfers in	40,439	65,212
Transfers out	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>40,439</u>	<u>65,212</u>
NET CHANGE IN FUND BALANCES	-	18,358
FUND BALANCES - BEGINNING OF YEAR	<u>-</u>	<u>1,261,646</u>
FUND BALANCES (DEFICIT) - END OF YEAR	<u>\$ -</u>	<u>\$ 1,280,004</u>

Capital Projects	
Fund	Total
(Continued)	Other
General	Governmental
Projects	Funds
\$ -	\$ 3,514,118
-	370,183
-	66,072
-	190,361
-	3,540,461
-	260,690
<u>-</u>	<u>7,941,885</u>
-	181,346
-	1,963,317
-	1,474,122
1,698,131	5,338,213
-	710,000
-	342,636
<u>1,698,131</u>	<u>10,009,634</u>
<u>(1,698,131)</u>	<u>(2,067,749)</u>
-	4,325,000
-	(4,325,000)
1,578,016	2,606,300
-	(1,658,246)
<u>1,578,016</u>	<u>948,054</u>
(120,115)	(1,119,695)
<u>580,234</u>	<u>11,500,216</u>
<u>\$ 460,119</u>	<u>\$ 10,380,521</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, 2015

	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)

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, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 1,259,000	\$ 1,299,410	\$ 1,407,288	\$ 107,878
Investment earnings	10,000	10,000	13,747	3,747
Intergovernmental revenue	-	-	48,069	48,069
TOTAL REVENUES	<u>1,269,000</u>	<u>1,309,410</u>	<u>1,469,104</u>	<u>159,694</u>
EXPENDITURES:				
Current:				
Public works	776,149	801,957	673,381	128,576
Capital outlay	150,000	2,140,000	1,453,091	686,909
TOTAL EXPENDITURES	<u>926,149</u>	<u>2,941,957</u>	<u>2,126,472</u>	<u>815,485</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	342,851	(1,632,547)	(657,368)	975,179
FUND BALANCE - BEGINNING OF YEAR	<u>2,052,917</u>	<u>2,052,917</u>	<u>2,052,917</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 2,395,768</u>	<u>\$ 420,370</u>	<u>\$ 1,395,549</u>	<u>\$ 975,179</u>

CITY OF BELLFLOWER

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

PROPOSITION C SPECIAL REVENUE FUND

For the fiscal year ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 1,046,000	\$ 1,046,000	\$ 1,133,121	\$ 87,121
Investment earnings	10,000	10,000	6,063	(3,937)
TOTAL REVENUES	<u>1,056,000</u>	<u>1,056,000</u>	<u>1,139,184</u>	<u>83,184</u>
EXPENDITURES:				
Current:				
Public works	561,418	562,168	563,747	(1,579)
Capital outlay	<u>380,000</u>	<u>1,986,750</u>	<u>1,650,848</u>	<u>335,902</u>
TOTAL EXPENDITURES	<u>941,418</u>	<u>2,548,918</u>	<u>2,214,595</u>	<u>334,323</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	114,582	(1,492,918)	(1,075,411)	417,507
FUND BALANCE - BEGINNING OF YEAR	<u>1,721,750</u>	<u>1,721,750</u>	<u>1,721,750</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 1,836,332</u>	<u>\$ 228,832</u>	<u>\$ 646,339</u>	<u>\$ 417,507</u>

CITY OF BELLFLOWER

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

GAS TAX SPECIAL REVENUE FUND

For the fiscal year ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment earnings	\$ 5,000	\$ 5,000	\$ 24,395	\$ 19,395
Intergovernmental revenue	2,295,500	2,295,500	2,142,466	(153,034)
TOTAL REVENUES	2,300,500	2,300,500	2,166,861	(133,639)
EXPENDITURES:				
Current:				
Public works	280,000	280,000	25,164	254,836
Capital outlay	600,000	923,367	216,571	706,796
TOTAL EXPENDITURES	880,000	1,203,367	241,735	961,632
EXCESS OF REVENUES OVER EXPENDITURES	1,420,500	1,097,133	1,925,126	827,993
OTHER FINANCING USES:				
Transfers out	(1,702,700)	(2,507,700)	(1,658,246)	849,454
TOTAL OTHER FINANCING USES	(1,702,700)	(2,507,700)	(1,658,246)	849,454
NET CHANGE IN FUND BALANCE	(282,200)	(1,410,567)	266,880	1,677,447
FUND BALANCE - BEGINNING OF YEAR	2,786,706	2,786,706	2,786,706	-
FUND BALANCE - END OF YEAR	\$ 2,504,506	\$ 1,376,139	\$ 3,053,586	\$ 1,677,447

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, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment earnings	\$ 1,000	\$ 1,000	\$ 1,758	\$ 758
Intergovernmental revenue	92,000	92,000	96,454	4,454
TOTAL REVENUES	93,000	93,000	98,212	5,212
EXPENDITURES:				
Capital outlay	145,000	145,000	-	145,000
TOTAL EXPENDITURES	145,000	145,000	-	145,000
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(52,000)	(52,000)	98,212	150,212
FUND BALANCE - BEGINNING OF YEAR	201,526	201,526	201,526	-
FUND BALANCE - END OF YEAR	\$ 149,526	\$ 149,526	\$ 299,738	\$ 150,212

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, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment earnings	\$ 1,000	\$ 1,000	\$ 1,354	\$ 354
Charges for current services	5,000	5,000	33,720	28,720
TOTAL REVENUES	6,000	6,000	35,074	29,074
EXPENDITURES:				
Current:				
Public works	25,000	50,000	-	50,000
TOTAL EXPENDITURES	25,000	50,000	-	50,000
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(19,000)	(44,000)	35,074	79,074
FUND BALANCE - BEGINNING OF YEAR	140,299	140,299	140,299	-
FUND BALANCE - END OF YEAR	\$ 121,299	\$ 96,299	\$ 175,373	\$ 79,074

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, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental revenue	\$ 75,000	\$ 217,120	\$ 37,644	\$ (179,476)
TOTAL REVENUES	<u>75,000</u>	<u>217,120</u>	<u>37,644</u>	<u>(179,476)</u>
EXPENDITURES:				
Capital outlay	<u>75,000</u>	<u>217,120</u>	<u>40,807</u>	<u>176,313</u>
TOTAL EXPENDITURES	<u>75,000</u>	<u>217,120</u>	<u>40,807</u>	<u>176,313</u>
EXCESS OF REVENUES UNDER EXPENDITURES	-	-	(3,163)	(3,163)
FUND BALANCE - BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE (DEFICIT) - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (3,163)</u>	<u>\$ (3,163)</u>

CITY OF BELLFLOWER

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

PROPOSITION 1B SPECIAL REVENUE FUND

For the fiscal year ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment earnings	\$ 1,000	\$ -	\$ -	\$ -
TOTAL REVENUES	<u>1,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES:				
Capital outlay	<u>900,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL EXPENDITURES	<u>900,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(899,000)	-	-	-
FUND BALANCE - BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u><u>\$ (899,000)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

CITY OF BELLFLOWER

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

PARKING DISTRICT NO. 1 SPECIAL REVENUE FUND

For the fiscal year ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 16,300	\$ 16,300	15,210	\$ (1,090)
TOTAL REVENUES	<u>16,300</u>	<u>16,300</u>	<u>15,210</u>	<u>(1,090)</u>
EXPENDITURES:				
Current:				
Public works	<u>16,300</u>	<u>16,300</u>	<u>21,729</u>	<u>(5,429)</u>
TOTAL EXPENDITURES	<u>16,300</u>	<u>16,300</u>	<u>21,729</u>	<u>(5,429)</u>
EXCESS OF REVENUES UNDER EXPENDITURES	<u>-</u>	<u>-</u>	<u>(6,519)</u>	<u>(6,519)</u>
OTHER FINANCING SOURCES:				
Transfers in	<u>-</u>	<u>-</u>	<u>6,519</u>	<u>6,519</u>
TOTAL OTHER FINANCING SOURCES	<u>-</u>	<u>-</u>	<u>6,519</u>	<u>6,519</u>
NET CHANGE IN FUND BALANCE	-	-	-	-
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>

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, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Licenses and permits	\$ 424,700	\$ 485,700	\$ 370,183	\$ (115,517)
TOTAL REVENUES	424,700	485,700	370,183	(115,517)
EXPENDITURES:				
Current:				
Community development	662,561	794,561	821,867	(27,306)
TOTAL EXPENDITURES	662,561	794,561	821,867	(27,306)
EXCESS OF REVENUES UNDER EXPENDITURES	(237,861)	(308,861)	(451,684)	(142,823)
OTHER FINANCING SOURCES:				
Transfers in	237,861	308,861	451,684	142,823
TOTAL OTHER FINANCING SOURCES	237,861	308,861	451,684	142,823
NET CHANGE IN FUND BALANCE	-	-	-	-
FUND BALANCE - BEGINNING OF YEAR	-	-	-	-
FUND BALANCE - END OF YEAR	\$ -	\$ -	\$ -	\$ -

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, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment earnings	\$ 1,000	\$ 1,000	\$ 522	\$ (478)
Charges for current services	50,000	50,000	41,759	(8,241)
TOTAL REVENUES	51,000	51,000	42,281	(8,719)
EXPENDITURES:				
Current:				
Community development	-	27,000	19,195	7,805
TOTAL EXPENDITURES	-	27,000	19,195	7,805
EXCESS OF REVENUES OVER EXPENDITURES	51,000	24,000	23,086	(914)
FUND BALANCE - BEGINNING OF YEAR	38,927	38,927	38,927	-
FUND BALANCE - END OF YEAR	\$ 89,927	\$ 62,927	\$ 62,013	\$ (914)

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, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment earnings	\$ 1,500	\$ 1,500	\$ 1,270	\$ (230)
Intergovernmental revenue	124,000	124,000	134,157	10,157
TOTAL REVENUES	125,500	125,500	135,427	9,927
EXPENDITURES:				
Current:				
Public safety	100,000	174,951	181,346	(6,395)
Capital outlay	25,000	-	-	-
TOTAL EXPENDITURES	125,000	174,951	181,346	(6,395)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	500	(49,451)	(45,919)	3,532
FUND BALANCE - BEGINNING OF YEAR	180,076	180,076	180,076	-
FUND BALANCE - END OF YEAR	\$ 180,576	\$ 130,625	\$ 134,157	\$ 3,532

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, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Other revenues	\$ 191,689	\$ 191,689	\$ 208,388	\$ 16,699
TOTAL REVENUES	191,689	191,689	208,388	16,699
EXPENDITURES:				
Current:				
Public works	191,689	191,689	208,388	(16,699)
TOTAL EXPENDITURES	191,689	191,689	208,388	(16,699)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	-	-	-
FUND BALANCE - BEGINNING OF YEAR	-	-	-	-
FUND BALANCE - END OF YEAR	\$ -	\$ -	\$ -	\$ -

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, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Charges for current services	\$ 48,000	\$ 48,000	\$ 53,620	\$ 5,620
TOTAL REVENUES	48,000	48,000	53,620	5,620
EXPENDITURES:				
Current:				
Public works	15,000	18,000	13,580	4,420
TOTAL EXPENDITURES	15,000	18,000	13,580	4,420
EXCESS OF REVENUES OVER EXPENDITURES	33,000	30,000	40,040	10,040
FUND BALANCE - BEGINNING OF YEAR	255,853	255,853	255,853	-
FUND BALANCE - END OF YEAR	\$ 288,853	\$ 285,853	\$ 295,893	\$ 10,040

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, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment earnings	\$ 700	\$ 700	\$ 771	\$ 71
Charges for current services	4,000	4,000	10,978	6,978
TOTAL REVENUES	4,700	4,700	11,749	7,049
FUND BALANCE - BEGINNING OF YEAR	89,930	89,930	89,930	-
FUND BALANCE - END OF YEAR	\$ 94,630	\$ 94,630	\$ 101,679	\$ 7,049

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, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment earnings	\$ 100	\$ 100	\$ 345	\$ 245
Charges for current services	4,000	4,000	50,284	46,284
TOTAL REVENUES	4,100	4,100	50,629	46,529
EXPENDITURES:				
Capital outlay	-	40,102	38,822	1,280
TOTAL EXPENDITURES	-	40,102	38,822	1,280
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	4,100	(36,002)	11,807	47,809
FUND BALANCE - BEGINNING OF YEAR	19,934	19,934	19,934	-
FUND BALANCE - END OF YEAR	\$ 24,034	\$ (16,068)	\$ 31,741	\$ 47,809

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, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 112,000	\$ 112,000	\$ 107,964	\$ (4,036)
TOTAL REVENUES	112,000	112,000	107,964	(4,036)
EXPENDITURES:				
Capital outlay	-	3,000	239	2,761
TOTAL EXPENDITURES	-	3,000	239	2,761
EXCESS OF REVENUES OVER EXPENDITURES	112,000	109,000	107,725	(1,275)
FUND BALANCE - BEGINNING OF YEAR	231,584	231,584	231,584	-
FUND BALANCE - END OF YEAR	\$ 343,584	\$ 340,584	\$ 339,309	\$ (1,275)

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, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 778,000	\$ 778,000	\$ 850,535	\$ 72,535
Investment earnings	12,000	12,000	15,847	3,847
TOTAL REVENUES	<u>790,000</u>	<u>790,000</u>	<u>866,382</u>	<u>76,382</u>
EXPENDITURES:				
Current:				
Public works	198,286	528,286	457,328	70,958
Capital outlay	<u>700,000</u>	<u>2,137,726</u>	<u>239,704</u>	<u>1,898,022</u>
TOTAL EXPENDITURES	<u>898,286</u>	<u>2,666,012</u>	<u>697,032</u>	<u>1,968,980</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(108,286)	(1,876,012)	169,350	2,045,362
FUND BALANCE - BEGINNING OF YEAR	<u>1,938,834</u>	<u>1,938,834</u>	<u>1,938,834</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 1,830,548</u>	<u>\$ 62,822</u>	<u>\$ 2,108,184</u>	<u>\$ 2,045,362</u>

CITY OF BELLFLOWER

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

PUBLIC FACILITIES CORPORATION DEBT SERVICE FUND

For the fiscal year ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES	\$ -	\$ -	\$ -	\$ -
TOTAL REVENUES	-	-	-	-
EXPENDITURES:				
Debt service:				
Principal retirement	380,000	380,000	380,000	-
Interest and other charges	84,430	84,430	84,430	-
TOTAL EXPENDITURES	464,430	464,430	464,430	-
EXCESS OF REVENUES UNDER EXPENDITURES	(464,430)	(464,430)	(464,430)	-
OTHER FINANCING SOURCES:				
Transfers in	464,430	464,430	464,430	-
TOTAL OTHER FINANCING SOURCES	464,430	464,430	464,430	-
NET CHANGE IN FUND BALANCE	-	-	-	-
FUND BALANCE - BEGINNING OF YEAR	-	-	-	-
FUND BALANCE - END OF YEAR	\$ -	\$ -	\$ -	\$ -

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, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental revenue	\$ 793,000	\$ 986,607	\$ 878,116	\$ (108,491)
Other revenues	13,100	13,100	10,508	(2,592)
<b>TOTAL REVENUES</b>	<b>806,100</b>	<b>999,707</b>	<b>888,624</b>	<b>(111,083)</b>
EXPENDITURES:				
Current:				
Community development	384,807	401,396	340,857	60,539
Debt service:				
Principal retirement	330,000	330,000	330,000	-
Interest and other charges	258,206	258,206	258,206	-
<b>TOTAL EXPENDITURES</b>	<b>973,013</b>	<b>989,602</b>	<b>929,063</b>	<b>60,539</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(166,913)</b>	<b>10,105</b>	<b>(40,439)</b>	<b>(50,544)</b>
OTHER FINANCING SOURCES (USES):				
Proceeds from note payable issuance	-	4,325,000	4,325,000	-
Payment to refunded note payable escrow agent	-	(4,325,000)	(4,325,000)	-
Transfers in	166,913	89,895	40,439	(49,456)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>166,913</b>	<b>89,895</b>	<b>40,439</b>	<b>(49,456)</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>-</b>	<b>100,000</b>	<b>-</b>	<b>(100,000)</b>
FUND BALANCE - BEGINNING OF YEAR	-	-	-	-
<b>FUND BALANCE - END OF YEAR</b>	<b>\$ -</b>	<b>\$ 100,000</b>	<b>\$ -</b>	<b>\$ (100,000)</b>

CITY OF BELLFLOWER

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

HOME CAPITAL PROJECTS FUND

For the fiscal year ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental revenue	\$ 294,836	\$ 723,795	\$ 203,555	\$ (520,240)
Other revenues	10	10	41,794	41,784
TOTAL REVENUES	<u>294,846</u>	<u>723,805</u>	<u>245,349</u>	<u>(478,456)</u>
EXPENDITURES:				
Current:				
Community development	<u>321,057</u>	<u>747,226</u>	<u>292,203</u>	<u>455,023</u>
TOTAL EXPENDITURES	<u>321,057</u>	<u>747,226</u>	<u>292,203</u>	<u>455,023</u>
EXCESS OF REVENUES UNDER EXPENDITURES	<u>(26,211)</u>	<u>(23,421)</u>	<u>(46,854)</u>	<u>(23,433)</u>
OTHER FINANCING SOURCES:				
Transfers in	<u>26,211</u>	<u>23,421</u>	<u>65,212</u>	<u>41,791</u>
TOTAL OTHER FINANCING SOURCES	<u>26,211</u>	<u>23,421</u>	<u>65,212</u>	<u>41,791</u>
NET CHANGE IN FUND BALANCE	-	-	18,358	18,358
FUND BALANCE - BEGINNING OF YEAR	<u>1,261,646</u>	<u>1,261,646</u>	<u>1,261,646</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 1,261,646</u>	<u>\$ 1,261,646</u>	<u>\$ 1,280,004</u>	<u>\$ 18,358</u>

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, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES	\$ -	\$ -	\$ -	\$ -
TOTAL REVENUES	-	-	-	-
EXPENDITURES:				
Capital outlay	528,000	1,205,837	1,698,131	(492,294)
TOTAL EXPENDITURES	528,000	1,205,837	1,698,131	(492,294)
EXCESS OF REVENUES UNDER EXPENDITURES	(528,000)	(1,205,837)	(1,698,131)	(492,294)
OTHER FINANCING SOURCES:				
Transfers in	528,000	578,000	1,578,016	1,000,016
TOTAL OTHER FINANCING SOURCES	528,000	578,000	1,578,016	1,000,016
NET CHANGE IN FUND BALANCE	-	(627,837)	(120,115)	507,722
FUND BALANCE - BEGINNING OF YEAR	580,234	580,234	580,234	-
FUND BALANCE - END OF YEAR	\$ 580,234	\$ (47,603)	\$ 460,119	\$ 507,722

CITY OF BELLFLOWER

COMBINING STATEMENT OF NET POSITION  
PRIVATE-PURPOSE TRUST FUNDS

June 30, 2015

	Redevelopment Obligation Retirement Fund	RDA Successor Agency BUSD Trust Fund	Total RDA Successor Agency Funds
<b>ASSETS:</b>			
<b>CURRENT ASSETS:</b>			
Cash and investments	\$ 1,624,392	\$ 2,670,347	\$ 4,294,739
Cash and investments with fiscal agents	601,248	-	601,248
Interest receivable	603	1,782	2,385
<b>TOTAL CURRENT ASSETS</b>	<b><u>2,226,243</u></b>	<b><u>2,672,129</u></b>	<b><u>4,898,372</u></b>
<b>NONCURRENT ASSETS:</b>			
Prepaid insurance costs	199,086	-	199,086
Capital assets:			
Not being depreciated	6,091,562	-	6,091,562
Being depreciated, net of accumulated depreciation	4,158,759	-	4,158,759
<b>TOTAL NONCURRENT ASSETS</b>	<b><u>10,449,407</u></b>	<b><u>-</u></b>	<b><u>10,449,407</u></b>
<b>TOTAL ASSETS</b>	<b><u>12,675,650</u></b>	<b><u>2,672,129</u></b>	<b><u>15,347,779</u></b>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>			
Deferred loss on refunding, net of accumulated amortization	253,864	-	253,864
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b><u>253,864</u></b>	<b><u>-</u></b>	<b><u>253,864</u></b>
<b>LIABILITIES:</b>			
<b>CURRENT LIABILITIES:</b>			
Accounts payable	231	-	231
Accrued expenditures	7,895	-	7,895
Interest payable	175,530	-	175,530
Due to the City of Bellflower	304,816	-	304,816
Deposit payable	16,623	-	16,623
Current portion of bonds and notes payable	185,475	-	185,475
<b>TOTAL CURRENT LIABILITIES</b>	<b><u>690,570</u></b>	<b><u>-</u></b>	<b><u>690,570</u></b>
<b>LONG-TERM LIABILITIES:</b>			
Payable to the City of Bellflower	13,062,746	-	13,062,746
Due in more than one year	6,162,759	-	6,162,759
<b>TOTAL LONG-TERM LIABILITIES</b>	<b><u>19,225,505</u></b>	<b><u>-</u></b>	<b><u>19,225,505</u></b>
<b>TOTAL LIABILITIES</b>	<b><u>19,916,075</u></b>	<b><u>-</u></b>	<b><u>19,916,075</u></b>
<b>NET POSITION:</b>			
Restricted for debt service	601,248	-	601,248
Restricted held in trust for other purposes	-	2,672,129	2,672,129
Unrestricted	(7,587,809)	-	(7,587,809)
<b>TOTAL NET POSITION</b>	<b><u>\$ (6,986,561)</u></b>	<b><u>\$ 2,672,129</u></b>	<b><u>\$ (4,314,432)</u></b>

CITY OF BELLFLOWER

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

For the fiscal year ended June 30, 2015

	Redevelopment Obligation Retirement Fund	RDA Successor Agency BUSD Trust Fund	Total RDA Successor Agency Funds
ADDITIONS:			
Investment revenue	\$ 6,247	\$ 6,209	\$ 12,456
Taxes and assessments	2,312,761	-	2,312,761
Other revenues	25,933	-	25,933
 TOTAL ADDITIONS	 <u>2,344,941</u>	 <u>6,209</u>	 <u>2,351,150</u>
DEDUCTIONS:			
Administration	245,659	-	245,659
Community development	2,773,727	-	2,773,727
Contributions to other funds for debt service	445,801	-	445,801
Loss on sale of property	340,759	-	340,759
Depreciation	150,729	-	150,729
 TOTAL DEDUCTIONS	 <u>3,956,675</u>	 <u>-</u>	 <u>3,956,675</u>
 CHANGE IN NET POSITION, BEFORE TRANSFERS	 (1,611,734)	 6,209	 (1,605,525)
TRANSFERS IN	-	415,813	415,813
TRANSFERS OUT	(415,813)	-	(415,813)
 CHANGE IN NET POSITION	 (2,027,547)	 422,022	 (1,605,525)
 NET POSITION - BEGINNING OF YEAR	 <u>(4,959,014)</u>	 <u>2,250,107</u>	 <u>(2,708,907)</u>
 NET POSITION - END OF YEAR	 <u>\$ (6,986,561)</u>	 <u>\$ 2,672,129</u>	 <u>\$ (4,314,432)</u>

CITY OF BELLFLOWER

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 AGENCY FUND

For the fiscal year ended June 30, 2015

	<u>Balance July 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2015</u>
ASSETS:				
Cash and investments	<u>\$ 725,419</u>	<u>\$ 411,957</u>	<u>\$ 295,989</u>	<u>\$ 841,387</u>
LIABILITIES:				
Deposits payable	<u>\$ 725,419</u>	<u>\$ 411,957</u>	<u>\$ 295,989</u>	<u>\$ 841,387</u>

**STATISTICAL SECTION  
(UNAUDITED)**



## STATISTICAL SECTION

	<u>Pages</u>
<i>Financial Trends</i> – These schedules contain trend information to help the reader understand how the City’s financial performance and well-being have changed over time.	160 - 169
<i>Revenue Capacity</i> – These schedules contain information to help the reader assess the City’s most significant local revenue source, the property tax.	170 - 173
<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.	174 - 179
<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.	180 - 181
<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.	183 - 186

# CITY OF BELLFLOWER

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

	<u>2014-15</u>	<u>2013-14</u>	<u>2012-13</u>	<u>2011-12</u>
Governmental activities:				
Invested in capital assets, net of related debt	\$ 49,648,235	\$ 42,613,396	\$ 40,702,783	\$ 35,922,038
Restricted	29,824,341	28,397,304	28,820,865	23,873,928
Unrestricted	<u>9,458,803</u>	<u>22,283,199</u>	<u>18,540,775</u>	<u>21,747,682</u>
Total governmental activities net position	<u>88,931,379</u>	<u>93,293,899</u>	<u>88,064,423</u>	<u>81,543,648</u>
Business-type activities:				
Invested in capital assets, net of related debt	8,250,425	8,442,335	8,930,846	9,077,825
Restricted	-	-	-	-
Unrestricted	<u>(8,384,855)</u>	<u>(8,842,405)</u>	<u>(9,237,455)</u>	<u>(9,212,715)</u>
Total business-type activities net position	<u>(134,430)</u>	<u>(400,070)</u>	<u>(306,609)</u>	<u>(134,890)</u>
Primary government:				
Net investment in capital assets	57,898,660	51,055,731	49,633,629	44,999,863
Restricted	29,824,341	28,397,304	28,820,865	23,873,928
Unrestricted	<u>1,073,948</u>	<u>13,440,794</u>	<u>9,303,320</u>	<u>12,534,967</u>
Total primary government net position	<u>\$ 88,796,949</u>	<u>\$ 92,893,829</u>	<u>\$ 87,757,814</u>	<u>\$ 81,408,758</u>

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

Source: City Finance Department

<u>2010-11</u>	<u>2009-10</u>	<u>2008-09</u>	<u>2007-08</u>	<u>2006-07</u>	<u>2005-06</u>
\$ 38,999,300	\$ 36,578,312	\$ 33,770,883	\$ 34,454,767	\$ 28,032,957	\$ 22,594,651
16,507,823	13,405,884	13,727,607	5,144,724	5,797,645	7,890,144
<u>15,408,558</u>	<u>15,789,002</u>	<u>14,313,070</u>	<u>23,197,638</u>	<u>23,640,310</u>	<u>20,901,096</u>
<u>70,915,681</u>	<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>
7,503,198	6,986,494	6,305,692	6,115,154	6,171,974	-
-	991,719	-	-	-	-
<u>(7,885,342)</u>	<u>(8,548,992)</u>	<u>(7,020,762)</u>	<u>(6,699,586)</u>	<u>(6,453,055)</u>	<u>-</u>
<u>(382,144)</u>	<u>(570,779)</u>	<u>(715,070)</u>	<u>(584,432)</u>	<u>(281,081)</u>	<u>-</u>
46,502,498	43,564,806	40,076,575	40,569,921	34,204,931	22,594,651
16,507,823	14,397,603	13,727,607	5,144,724	5,797,645	7,890,144
<u>7,523,216</u>	<u>7,240,010</u>	<u>7,292,308</u>	<u>16,498,052</u>	<u>17,187,255</u>	<u>20,901,096</u>
<u>\$ 70,533,537</u>	<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>

# CITY OF BELLFLOWER

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

	2014-15	2013-14	2012-13	2011-12
<b>Expenses:</b>				
<b>Governmental activities:</b>				
General government	\$ 6,385,109	\$ 3,614,898	\$ 3,506,947	\$ 3,375,762
Public safety	11,242,644	10,747,435	10,281,393	9,783,923
Public works	10,306,157	9,584,093	9,058,651	8,279,059
Community development	4,902,251	5,355,765	3,877,492	4,699,176
Parks and recreation	2,081,516	1,940,607	1,903,971	2,040,498
Interest on long-term debt	630,382	759,351	807,729	2,260,133
Total governmental activities expenses	35,548,059	32,002,149	29,436,183	30,438,551
<b>Business-type activities:</b>				
Water	1,730,631	2,047,347	1,783,206	1,319,742
Interest on long-term debt	-	-	-	-
Total business-type activities expenses	1,730,631	2,047,347	1,783,206	1,319,742
Total primary government expenses	37,278,690	34,049,496	31,219,389	31,758,293
<b>Program revenues:</b>				
<b>Governmental activities:</b>				
<b>Charges for services:</b>				
Public safety	1,902,659	2,174,739	1,998,982	1,886,900
Public works	589,832	677,128	643,627	478,545
Community development	824,118	696,091	642,191	358,811
Parks and recreation	411,589	427,796	296,323	271,989
Operating contributions and grants	6,682,433	4,273,006	3,689,557	6,979,234
Capital contributions and grants	1,108,361	554,730	4,335,557	1,425,827
Total governmental activities program revenues	11,518,992	8,803,490	11,606,237	11,401,306
<b>Business-type activities:</b>				
<b>Charges for services:</b>				
Water	1,823,090	1,895,954	1,900,476	1,472,233
Capital contributions and grants	-	-	-	427,952
Total business-type activities program revenues	1,823,090	1,895,954	1,900,476	1,900,185
Total primary government program revenues	13,342,082	10,699,444	13,506,713	13,301,491
<b>Net revenues (expenses):</b>				
Governmental activities	(24,029,067)	(23,198,659)	(17,829,946)	(19,037,245)
Business-type activities	92,459	(151,393)	117,270	580,443
Total Primary government net expenses	(23,936,608)	(23,350,052)	(17,712,676)	(18,456,802)

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

Source: City Finance Department

2010-11	2009-10	2008-09	2007-08	2006-07	2005-06
\$ 3,719,558	\$ 3,651,270	\$ 4,016,741	\$ 4,673,647	\$ 4,684,334	\$ 4,190,022
10,325,791	10,303,163	10,465,437	9,830,279	9,466,438	8,931,846
8,151,419	8,720,389	8,534,387	8,561,074	7,955,725	8,134,862
4,876,131	3,761,972	7,795,755	4,737,554	4,154,709	4,666,591
1,938,080	2,187,622	2,880,923	3,422,450	2,888,491	2,690,337
3,644,737	3,617,692	1,370,074	1,082,459	1,106,344	1,130,336
32,655,716	32,242,108	35,063,317	32,307,463	30,256,041	29,743,994
1,290,882	1,317,455	1,423,016	1,886,301	722,246	-
-	412,027	-	-	-	-
1,290,882	1,729,482	1,423,016	1,886,301	722,246	-
33,946,598	33,971,590	36,486,333	34,193,764	30,978,287	29,743,994
1,813,859	2,082,459	1,792,240	1,696,289	1,748,090	1,734,648
154,069	119,975	378,031	634,813	575,015	176,980
915,134	665,881	533,292	561,831	888,645	936,430
294,005	305,658	578,768	711,744	617,406	504,394
6,719,028	6,116,197	5,124,970	7,787,002	6,026,064	7,242,195
1,995,701	2,276,280	1,866,525	2,013,500	1,211,344	1,269,027
11,891,796	11,566,450	10,273,826	13,405,179	11,066,564	11,863,674
1,463,718	1,441,351	1,471,959	1,489,421	422,677	-
376,485	392,093	2,222	35,548	-	-
1,840,203	1,833,444	1,474,181	1,524,969	422,677	-
13,731,999	13,399,894	11,748,007	14,930,148	11,489,241	11,863,674
(20,763,920)	(20,675,658)	(24,789,491)	(18,902,284)	(19,189,477)	(17,880,320)
549,321	103,962	51,165	(361,332)	(299,569)	-
(20,214,599)	(20,571,696)	(24,738,326)	(19,263,616)	(19,489,046)	(17,880,320)

# CITY OF BELLFLOWER

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

	2014-15	2013-14	2012-13	2011-12
General revenues and other changes in net assets:				
Governmental activities:				
Taxes:				
Sales taxes	\$ 8,722,009	\$ 8,279,220	\$ 7,995,393	\$ 7,574,381
Property taxes	2,881,363	2,964,356	3,339,134	3,429,221
Property taxes in lieu of VLF	6,815,948	6,534,688	6,377,335	6,256,394
Franchise taxes	1,602,258	1,627,648	1,550,638	1,557,146
Utility users taxes	5,119,902	5,125,710	4,009,201	3,701,170
Transient occupancy taxes	656,560	591,447	526,149	486,846
Business license taxes	642,139	641,045	592,823	590,885
Property transfer taxes	139,199	122,777	120,693	103,908
Intergovernmental - unrestricted:				
Motor vehicle in lieu	31,859	32,885	39,735	38,347
State Mandated Cost	182,273	55,739	42,811	117
Earnings on investments	636,016	350,088	674,358	3,005,570
Miscellaneous	642,459	635,708	640,142	749,291
Gain on sale of property	-	17,968	22,306	8,325
Transfers	(6,256)	(11,199)	(11,612)	353,525
Total governmental activities	28,065,729	26,968,080	25,919,106	27,855,126
Business-type activities:				
Earnings on investments	293	247	232	806
Miscellaneous	166,632	46,486	20,105	19,530
Transfers	6,256	11,199	11,612	(353,525)
Total business-type activities	173,181	57,932	31,949	(333,189)
Total primary government	28,238,910	27,026,012	25,951,055	27,521,937
Changes in net position before extraordinary item:				
Governmental activities	4,036,662	3,769,421	8,089,160	8,817,881
Business-type activities	265,640	(93,461)	149,219	247,254
Total primary government	4,302,302	3,675,960	8,238,379	9,065,135
Extraordinary item:				
Governmental activities:				
Extraordinary gain on transfer of assets from the Successor Agency	2,661,379	-	-	-
Extraordinary gain on transfer of assets and liabilities to RDA successor trust funds	-	-	-	1,929,035
Net position - July 1	92,893,829	87,757,814	81,408,758	70,533,537
Implementation of GASB Statement No. 65	-	-	(401,308)	-
Implementation of GASB Statement Nos. 68 and 71	(9,199,944)	-	-	-
Prior period adjustments	(1,860,617)	1,460,055	(1,488,015)	(118,949)
Net assets - July 1, Restated	81,833,268	89,217,869	79,519,435	70,414,588
Net positions - June 30	\$ 88,796,949	\$ 92,893,829	\$ 87,757,814	\$ 81,408,758

Source: City Finance Department

	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06
\$	4,323,155	\$ 4,491,686	\$ 4,074,112	\$ 4,864,723	\$ 5,492,016	\$ 5,623,126
	4,647,638	3,784,401	4,259,838	4,630,983	4,378,690	4,092,921
	6,130,178	6,099,840	6,408,704	6,089,921	5,568,084	4,551,129
	1,447,478	1,410,399	1,517,568	1,536,573	1,355,987	1,403,431
	3,856,436	4,037,569	4,118,981	4,057,482	4,029,961	3,935,990
	443,966	450,715	514,825	579,635	603,016	584,975
	588,495	659,970	601,787	515,903	591,004	518,358
	112,740	114,075	101,339	127,741	223,963	239,878
	354,854	227,345	263,401	343,552	418,679	534,255
	42,374	-	-	-	-	-
	2,907,072	2,943,647	1,151,930	1,027,148	830,394	556,572
	669,986	425,759	506,782	457,785	1,752,791	841,970
	-	1,229	-	-	-	-
	382,031	(9,339)	284,655	(2,944)	-	-
	25,906,403	24,637,296	23,803,922	24,228,502	25,244,585	22,882,605
	1,490	11,500	102,852	63,741	18,486	-
	19,855	19,490	-	(8,704)	2	-
	(382,031)	9,339	(284,655)	2,944	-	-
	(360,686)	40,329	(181,803)	57,981	18,488	-
	25,545,717	24,677,625	23,622,119	24,286,483	25,263,073	22,882,605
	5,142,483	3,961,638	(985,569)	5,326,218	6,055,108	5,002,285
	188,635	144,291	(130,638)	(303,351)	(281,081)	-
	5,331,118	4,105,929	(1,116,207)	5,022,867	5,774,027	5,002,285
	-	-	-	-	-	-
	-	-	-	-	-	-
	65,202,419	61,096,490	62,212,697	57,189,830	51,385,891	46,383,606
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	29,912	-
	65,202,419	61,096,490	62,212,697	57,189,830	51,415,803	46,383,606
\$	70,533,537	\$ 65,202,419	\$ 61,096,490	\$ 62,212,697	\$ 57,189,830	\$ 51,385,891

# CITY OF BELLFLOWER

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

	<u>2014-15</u>	<u>2013-14</u>	<u>2012-13</u>	<u>2011-12</u>
General fund:				
Reserved	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	-	-
Nonspendable	11,726,080	11,695,495	10,527,450	12,658,015
Unassigned	<u>12,404,694</u>	<u>14,625,084</u>	<u>14,615,470</u>	<u>14,376,492</u>
Total general fund	<u>24,130,774</u>	<u>26,320,579</u>	<u>25,142,920</u>	<u>27,034,507</u>
All other governmental funds:				
Reserved	-	-	-	-
Unreserved, reported in:				
Special revenue funds	-	-	-	-
Capital projects funds	-	-	-	-
Nonspendable	144,603	-	10,571,900	8,653,181
Restricted	18,852,917	19,781,524	8,734,587	7,413,549
Assigned	6,900,562	2,600,069	2,139,851	948,454
Unassigned	<u>(1,303,865)</u>	<u>(95,436)</u>	<u>(3,730,989)</u>	<u>(1,368,666)</u>
Total all other governmental funds	<u>24,594,217</u>	<u>22,286,157</u>	<u>17,715,349</u>	<u>15,646,518</u>
Total general and other governmental funds	<u>\$ 48,724,991</u>	<u>\$ 48,606,736</u>	<u>\$ 42,858,269</u>	<u>\$ 42,681,025</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>2010-11</u>	<u>2009-10</u>	<u>2008-09</u>	<u>2007-08</u>	<u>2006-07</u>	<u>2005-06</u>
\$ -	\$ 12,383,616	\$ 10,468,690	\$ 14,987,982	\$ 14,514,961	\$ 10,284,180
-	15,085,456	15,232,621	11,198,992	11,537,788	12,106,940
12,362,490	-	-	-	-	-
15,735,669	-	-	-	-	-
<u>28,098,159</u>	<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>
-	8,875,952	8,855,703	1,366,764	1,721,800	1,498,046
-	2,888,638	3,327,694	3,254,679	2,446,988	1,892,825
-	(17,837,466)	(14,885,202)	(12,246,593)	(9,091,439)	(3,765,274)
7,555,181	-	-	-	-	-
4,895,041	-	-	-	-	-
938,000	-	-	-	-	-
(19,976,488)	-	-	-	-	-
<u>(6,588,266)</u>	<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>\$ 21,509,893</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>

# CITY OF BELLFLOWER

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

	2014-15	2013-14	2012-13	2011-12
<b>Revenues:</b>				
Taxes	\$ 26,638,098	\$ 26,074,520	\$ 24,599,964	\$ 23,742,794
Licenses and permits	441,991	554,842	538,438	423,710
Fines, forfeitures and penalties	1,766,187	1,953,193	1,805,305	1,638,990
Investment income	1,530,819	584,725	673,554	222,635
Charges for current services	2,849,134	1,167,526	1,007,724	933,545
Intergovernmental	4,247,159	7,043,346	7,363,932	8,443,525
Other	1,779,039	1,203,000	1,084,267	1,140,903
Total revenues	<u>39,252,427</u>	<u>38,581,152</u>	<u>37,073,184</u>	<u>36,546,102</u>
<b>Expenditures</b>				
<b>Current:</b>				
General government	6,276,101	3,525,517	3,434,358	3,353,254
Public safety	11,201,544	10,715,255	10,250,247	9,713,983
Public works	8,862,864	8,531,281	8,294,017	7,565,377
Community development	4,680,157	5,211,503	3,705,173	4,195,280
Parks and recreation	1,805,097	1,695,457	1,626,832	1,708,271
Capital outlay	7,005,928	3,016,219	5,725,081	4,949,612
<b>Debt service:</b>				
Principal retirement	870,000	829,000	795,000	855,116
Interest and fiscal charges	721,225	757,309	791,692	2,481,551
Debt issuance costs	-	-	-	-
Pass-through payments	-	-	-	225,433
Total expenditures	<u>41,422,916</u>	<u>34,281,541</u>	<u>34,622,400</u>	<u>35,047,877</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,170,489)</u>	<u>4,299,611</u>	<u>2,450,784</u>	<u>1,498,225</u>
<b>Other financing sources (uses):</b>				
Proceeds from issuance of long term debt	5,320,000	-	-	-
Payment to refunded debt escrow	(4,325,000)	-	-	-
Proceeds on sale of property	-	-	-	-
Original issuance discount	-	-	-	-
Transfers in	7,403,568	4,428,227	3,180,558	4,148,816
Transfers out	(6,109,824)	(4,439,426)	(3,192,170)	(3,795,291)
Total other financing sources (uses)	<u>2,288,744</u>	<u>(11,199)</u>	<u>(11,612)</u>	<u>353,525</u>
<b>Special item:</b>				
Forgiveness of matured interest	-	-	-	10,064,425
<b>Extraordinary items:</b>				
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	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,373,906</u>
Net change in fund balances	<u>\$ 118,255</u>	<u>\$ 4,288,412</u>	<u>\$ 2,439,172</u>	<u>\$ 21,290,081</u>
Debt service as a percentage of noncapital expenditures	4.6%	5.1%	5.5%	11.2%

Source: City Finance Department

2010-11	2009-10	2008-09	2007-08	2006-07	2005-06
\$ 22,390,173	\$ 22,136,199	\$ 22,101,270	\$ 22,016,119	\$ 21,686,876	\$ 20,932,778
572,062	452,082	464,381	987,878	1,374,588	717,457
1,686,089	1,911,150	1,666,020	1,601,565	1,652,801	1,627,310
590,299	906,481	930,809	1,122,760	1,442,451	1,237,932
927,555	818,787	1,012,328	1,667,612	1,517,594	994,934
9,100,956	8,608,657	7,334,737	9,227,030	7,060,444	8,424,480
760,494	531,220	675,210	775,340	1,227,621	1,927,505
<u>36,027,628</u>	<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>
3,479,042	3,375,676	4,011,397	4,465,318	4,417,204	4,000,618
10,236,155	10,209,735	10,449,205	9,628,337	9,391,867	8,890,397
7,592,448	8,100,735	8,151,096	8,090,059	7,252,435	6,988,181
4,937,757	4,324,935	6,518,256	4,373,346	3,724,641	4,320,677
1,633,907	1,804,542	2,576,285	2,913,410	2,659,799	2,455,222
3,078,443	3,562,332	3,513,599	7,384,859	6,553,988	10,801,152
1,059,778	881,520	673,361	618,654	607,013	598,519
3,620,112	3,448,658	2,944,340	2,438,881	2,194,586	1,820,663
58,326	-	-	-	-	-
636,591	1,257,353	450,973	50,770	47,461	40,816
<u>36,332,559</u>	<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>(304,931)</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>
3,495,000	-	9,255,000	-	-	-
(3,458,403)	-	-	-	-	-
-	6,939	1,784	-	-	-
-	-	-	-	-	-
4,739,433	4,018,221	4,221,886	3,055,912	2,190,297	2,087,090
(4,357,402)	(4,027,560)	(3,937,231)	(3,058,856)	(2,190,297)	(2,087,090)
<u>418,628</u>	<u>(2,400)</u>	<u>9,541,439</u>	<u>(2,944)</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 113,697</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>
14.1%	13.0%	10.1%	9.4%	9.2%	7.7%

# 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 <sup>1</sup>							Average Annual Growth	Total Direct Tax Rate <sup>2</sup>
	Residential	Commercial	Industrial	Institutional	Unsecured	Other	Total		
2015	\$ 3,686,527	\$ 526,845	\$ 78,848	\$ 111,546	\$ 84,716	\$ 67,236	\$ 4,555,718	4.30%	0.06598%
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%

Notes:

<sup>1</sup> Net of homeowners' exemption.

<sup>2</sup> 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.

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

	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06
City Direct Tax Rate:										
Basic Levy <sup>1</sup>	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000
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
LA Co. Flood Control Storm Dr. DS #4	-	-	-	-	-	-	-	-	0.00005	0.00002
Flood Control Ref. Bonds 1993 DS	-	-	-	-	-	-	-	-	-	0.00003
Bellflower Unified School Dist 2012 Ser A	0.04637	0.03356	-	-	-	-	-	-	-	-
Cerritos CC DS 2004 Series 2004A	0.00034	0.00019	0.00154	0.00128	0.00093	0.00221	0.00172	0.00407	0.00251	0.01279
Cerritos CC DS 2005 Refunding Bonds	0.00634	0.00644	0.00620	0.00594	0.00607	0.00533	0.00510	0.00412	0.00429	0.01144
Cerritos CCD DS 2004 Series 2006	0.00368	0.00385	0.00408	0.00402	0.00426	0.00433	0.00312	0.00253	0.01713	-
Cerritos CC DS 2004 Series 2009C	0.00779	0.00828	0.00754	0.00658	0.01551	0.00667	-	-	-	-
Cerritos CC DS 2004 Series 2012D	0.00653	0.00626	0.00659	-	-	-	-	-	-	-
Cerritos CC DS 2012 Series 2014A	0.02342	-	-	-	-	-	-	-	-	-
Central Basin MWD 1114	0.00350	0.00350	0.00350	0.00370	0.00370	0.00430	0.00430	0.00450	0.00470	0.00520
Total Overlapping <sup>2</sup> Tax Rates	0.09797	0.06208	0.02944	0.02152	0.03047	0.02284	0.01424	0.01522	0.02934	0.03028
Total Direct & Overlapping Tax Rates	1.09797	1.06208	1.02944	1.02152	1.03047	1.02284	1.01424	1.01522	1.02934	1.03028
City's Share of 1% Levy per Prop 13 <sup>3</sup>	0.06662	0.06662	0.06662	0.06662	0.06662	0.06662	0.06662	0.06662	0.06662	0.06662
Redevelopment Rate <sup>4</sup>	-	-	-	1.00370	1.00370	1.00430	1.00430	1.00450	1.00541	1.00604
Total Direct Rate <sup>5</sup>	0.06598	0.06595	0.14357	0.14215	0.13940	0.12631	0.12209	0.11940	0.11797	0.11514

### Notes:

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

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

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

<sup>4</sup> RDA rate is based on the largest RDA tax rate area (TRA) and includes only rate(s) from indebtedness adopted prior to 1989 per California State statute. RDA direct and overlapping rates are applied only to the incremental property values. AB X1 26 eliminated RDA from the State of California for the fiscal year 2012/13 and thereafter.

<sup>5</sup> 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	2014-15		2005-06	
	Taxable Assessed Value	Percent of Total Taxable Assessed Value	Taxable Assessed Value	Percent of Total Taxable Assessed Value
Kaiser Foundation Hospitals	\$ 67,546,317	1.48%	\$ -	-
Advanced Group	30,706,837	0.67%	15,136,212	0.45%
Lakewood Plaza SC LP	21,529,542	0.47%	-	-
Time Warner Cable Pacific West LLC	19,161,529	0.42%	-	-
Kmart Plaza Bellflower	16,651,843	0.37%	14,644,244	0.43%
Bellflower Park LP	14,743,172	0.32%	-	-
Belmont Place Bellflower Associates	12,189,806	0.27%	10,721,147	0.32%
Iron Mountain	11,034,924	0.24%	9,704,548	0.29%
Ford West Properties LLC	10,786,433	0.24%	9,490,650	0.28%
Melcar Investments LP	10,446,649	0.23%	-	-
Comcast of Los Angeles Inc	-	-	18,290,902	0.54%
Haagen GDH Partnership	-	-	13,498,003	0.40%
Kenneth W. and Phyllis L. Duke Trust	-	-	12,047,706	0.36%
James A. and Sharon Carter Et Al	-	-	8,778,119	0.26%
Bellflower Somerset Mutual Water Co	-	-	8,670,855	0.26%
	<u>\$ 214,797,052</u>	<u>4.71%</u>	<u>\$ 120,982,386</u>	<u>3.58%</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 <sup>1</sup>	Collected within the Fiscal Year of Levy		Collections in Subsequent Years <sup>2</sup>	Total Collections to Date	
		Amount <sup>2</sup>	Percent of Levy		Amount <sup>2</sup>	Percent of Levy
2015	\$ 2,749,676	\$ 2,741,956	99.7%	\$ 7,720	\$ 2,749,676	100.0%
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%

### 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: <sup>1</sup> HdL Coren & Cone and Los Angeles County Assessor's Office

<sup>2</sup> City Finance Department

# CITY OF BELLFLOWER

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

Fiscal Year Ended June 30	Governmental Activities									Debt Per Capita <sup>5</sup>
	Refunding Tax Allocation Bonds <sup>1</sup>	California Energy Commission Loan	Notes Payable <sup>2</sup>	2011 BOA Lease Financing Agreement <sup>3</sup>	1999 Refunding Certificates of Participation	2008 Water System Certificates of Participation	HUD Section 108 Loan (Original 2004; Refunded 2015)	Total Governmental Activities	Percentage of Personal Income <sup>4</sup>	
2015	\$ -	\$ -	\$ 995,000	\$ 2,120,000	\$ -	\$ 7,500,000	\$ 4,325,000	\$ 14,940,000	n/a	191
2014	-	-	-	2,500,000	-	7,660,000	4,655,000	14,815,000	0.95%	191
2013	-	-	-	2,865,000	-	7,810,000	4,969,000	15,644,000	1.00%	202
2012	-	-	-	3,215,000	-	7,955,000	5,269,000	16,439,000	1.09%	213
2011	6,880,000	-	724,969	3,495,000	-	8,095,000	5,555,000	24,749,969	1.58%	322
2010	7,010,000	-	956,747	-	3,655,000	8,230,000	5,828,000	25,679,747	1.66%	332
2009	7,135,000	-	1,173,267	-	3,935,000	8,230,000	6,088,000	26,561,267	1.84%	345
2008	7,255,000	-	188,628	-	4,200,000	-	6,336,000	17,979,628	1.27%	235
2007	7,370,000	-	196,281	-	4,460,000	-	6,572,000	18,598,281	1.29%	243
2006	7,480,000	19,654	203,641	-	4,705,000	-	6,797,000	19,205,295	1.34%	250

<sup>1</sup> 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 are now accounted for in a Private-Purpose Trust Fund.

<sup>2</sup> The notes for fiscal years 2011 and prior are the dissolved Bellflower Redevelopment Agency's note that were transferred to the Successor Agency and are now accounted for in a Private-Purpose Trust Fund. In addition, in March 2015, a note was issued by Bellflower Financing Authority in connection with the purchase of land to be developed as the Butterfly Garden.

<sup>3</sup> 2011 Lease Financing Agreement refunded the 1999 Refunding Certificates of Participation.

<sup>4</sup> Per Capita Personal Income data is provided on a calendar year basis and is not yet available for 2015.

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

**Notes:**

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

Source: City Finance Department

# CITY OF BELLFLOWER

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

Fiscal Year Ended June 30	Outstanding General Bonded Debt			Per Capita <sup>3</sup>
	2004 Refunding Tax Allocation Bonds <sup>1</sup>	Total	Percent of Assessed Value <sup>2</sup>	
2015 <sup>4</sup>	\$ -	\$ -	-	\$ -
2014 <sup>4</sup>	-	-	-	-
2013 <sup>4</sup>	-	-	-	-
2012 <sup>4</sup>	-	-	-	-
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

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

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

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

<sup>4</sup> 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)

	2015	2014	2013	2012
Assessed valuation <sup>1</sup>	\$ 3,963,678	\$ 3,784,524	\$ 3,681,845	\$ 3,616,441
Conversion percentage	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>
Adjusted assessed valuation	990,920	946,131	920,461	904,110
Debt limit percentage	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>
Debt limit	148,637.94	141,920	138,069	135,616.54
Total net debt applicable to limit:				
General obligation bonds	-	-	-	-
Legal debt margin	<u>\$ 148,638</u>	<u>\$ 141,920</u>	<u>\$ 138,069</u>	<u>\$ 135,617</u>
Total debt applicable to the limit as a percentage of debt limit	0.0%	0.0%	0.0%	0.0%

<sup>1</sup> Assessed valuation for the City, does not include the 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

2011	2010	2009	2008	2007	2006
\$ 3,550,753	\$ 3,589,218	\$ 3,806,597	\$ 3,617,655	\$ 3,293,826	\$ 2,979,724
<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>
887,688	897,305	951,649	904,414	823,457	744,931
<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>
133,153	134,596	142,747	135,662	123,518	111,740
-	-	-	-	-	-
<u>\$ 133,153</u>	<u>\$ 134,596</u>	<u>\$ 142,747</u>	<u>\$ 135,662</u>	<u>\$ 123,518</u>	<u>\$ 111,740</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, 2015

	<u>Gross Debt Balance</u>	<u>Percent Applicable to City</u>	<u>Net Bonded Debt</u>
<b><u>DIRECT DEBT</u></b>			
CITY OF BELLFLOWER OBLIGATIONS:			
WATER SYSTEM CERTIFICATES OF PARTICIPATION	\$ 7,500,000	100.000 %	\$ 7,500,000
LEASE FINANCING AGREEMENT	2,120,000	100.000	2,120,000
HUD SECTION 108 LOAN	4,325,000	100.000	4,325,000
NOTE PAYABLE	995,000	100.000	995,000
<b>TOTAL DIRECT DEBT</b>			<u>14,940,000</u>
<b><u>OVERLAPPING DEBT</u></b>			
*315.05 METROPOLITAN WATER DISTRICT	53,296,395	0.431	229,559
790.50 CERRITOS CC DS 2004 SERIES 2004A	50,000	10.616	5,308
790.51 CERRITOS CC DS 2005 REFUNDING BONDS	488,591	10.616	51,866
790.53 CERRITOS CC DS 2004 SERIES 2009C	5,115,000	10.616	542,984
790.54 CERRITOS CC DS 2004 SERIES 2012D	82,591,432	10.616	8,767,509
790.55 CERRITOS CC DS 2012 SERIES 2014A	198,370,000	10.616	21,058,004
793.51 COMPTON CCD DS 2002 SERIES 2008A	13,270,000	2.269	301,148
793.52 COMPTON CCD DS 2002 SERIES 2012C	14,855,063	2.269	337,119
793.53 COMPTON CCD DS 2012 REF BONDS	14,200,000	2.269	322,253
793.54 COMPTON CCD DS 2002 SERIES 2013D	16,554,972	2.269	375,696
793.55 COMPTON CCD DS 2014 REF	16,745,000	2.269	380,009
819.51 ABC UNIFIED 2003 REFUND BOND SERIES A	29,626,700	0.035	10,504
819.53 ABC UNIFIED DS 2010 REFUND BONDS	16,055,000	0.035	5,692
822.50 BELLFLOWER UNIFIED SCHOOL DISTRICT 2012 SERIES A	36,100,000	68.791	24,833,654
853.53 DOWNEY USD DS REFUNDING 1999 SERIES A	8,165,256	3.679	300,428
853.59 DOWNEY USD DS 2006 REFUNDING BONDS	7,945,000	3.679	292,324
853.60 DOWNEY USD DS 2007 REF BDS	19,000,000	3.679	699,076
853.61 DOWNEY USD DS 2011 REFUNDING BONDS	10,000,000	3.679	367,934
853.62 DOWNEY USD DS 2012 REF BONDS	17,110,000	3.679	629,536
903.51 NORWALK-LA MIRADA USD DS 2002 S-05A	46,444,270	0.022	10,403
903.53 NORWALK-LA MIRADA USD DS 2002 SER 2007A	22,540,602	0.022	5,049
903.56 NORWALK-LA MIRADA UDS DS 2009 REF BONDS	39,372,452	0.022	8,819
903.57 NORWALK-LA MIRADA USD DS 2013 REFUNDING SERIES A	11,260,000	0.022	2,522
903.58 NORWALK-LA MIRADA USD DS 2014 REF BONDS	14,825,000	0.022	3,321
907.50 PARAMOUNT USD DS 2005 REFUNDING BOND	9,954,976	7.892	785,635
907.52 PARAMOUNT USD DS 2006 SERIES 2007	1,355,000	7.892	106,935
907.53 PARAMOUNT USD DS 2006, SERIES 2011 BONDS	33,854,316	7.892	2,671,742
907.54 PARAMOUNT USD DS 2006 2013 SERIES C	71,173,515	7.892	5,616,929
<b>TOTAL OVERLAPPING DEBT</b>			<u>68,721,955</u>
<b>TOTAL DIRECT AND OVERLAPPING DEBT</b>			<u>\$ 83,661,955</u>

2014/15 Assessed Valuation After Deducting \$367,110,539 Incremental Value:

\$ 4,188,607,335

Debt To Assessed Valuation Ratios:

Direct Debt	0.36%
Overlapping Debt	1.64%
Total Debt	2.00%

\*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 <sup>1</sup>	Los Angeles County and Other Admin Fees	Negotiated Pass Through Payments to Other Taxing Agencies <sup>2</sup>	SERAF/ ERAF <sup>3</sup>	Net Property Tax Increment	Debt Service			Coverage
						Principal	Interest	Total	
2015	\$ 2,982,212	\$ 64,141	\$ 95,923	\$ -	\$ 2,822,148	\$ 165,000	\$ 425,154	\$ 590,154	4.78
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

<sup>1</sup> 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.

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

<sup>3</sup> 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, serving as Successor Agency to the Dissolved 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

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<u>Calendar Year</u>	<u>Population</u>	<u>Personal Income (In Thousands)</u>	<u>Per Capita Personal Income</u>	<u>Unemployment Rate</u>
2014	78,106	\$ 1,565,832	\$ 20,048	7.8%
2013	77,741	1,570,331	20,200	9.3%
2012	77,289	1,506,976	19,498	10.4%
2011	76,907	1,569,949	20,414	11.7%
2010	76,747	1,545,062	20,132	11.9%
2009	76,531	1,446,739	18,904	11.7%
2008	76,220	1,416,807	18,588	7.6%
2007	75,911	1,438,591	18,951	5.1%
2006	75,787	1,427,956	18,842	4.9%
2005	75,991	1,394,461	18,350	5.4%

### Notes and Data Sources:

Population: Data for 2010 and earlier years restated based on State Department of Finance's latest "Table 2: E-4 Population Estimates for Cities, Counties and State, 2001-2010". Data for 2011 and subsequent years based on State Department of Finance's annual reports released in May.

Personal Income: Data found from factfinder.census.gov, Table B19313, Aggregate Income in the Past 12 Months (inflation-adjusted dollars) for ZCTA5 90706.

Per Capita Personal Income: Per capita personal income data derived by dividing the personal income by the population.

Unemployment Data: California Employment Development Department. Restated to reflect latest data.

# CITY OF BELLFLOWER

## PRINCIPAL EMPLOYERS

Current Year and Nine Years Ago

Employer	2014-15		2005-06	
	Number of Employees <sup>1</sup>	Percent of Total Employment <sup>2</sup>	Number of Employees <sup>1</sup>	Percent of Total Employment <sup>2</sup>
Kaiser Permanente Medical Group	261	0.773%	1,069	3.130%
City of Bellflower	209	0.619%	247	0.723%
Golden Corral	150	0.444%	-	-
K-Mart Corporation	137	0.406%	122	0.357%
Tulaphorn Inc (2 locations)	136	0.403%	-	-
Hollywood Sports Park	128	0.379%	-	-
Tsibel Dental Group Inc.	122	0.361%	-	-
George Chevrolet	99	0.293%	-	-
Bel Tooren Villa Convalescent	96	0.284%	-	-
Stater Brothers Market	92	0.272%	108	0.316%
Bellflower Medical Center	-	-	494	1.447%
Time Warner Cable (Comcast of L.A.)	-	-	181	0.530%
Peter Wylan DDS	-	-	137	0.401%
Ford West	-	-	132	0.387%
Pacific Cost Washing Inc.	-	-	123	0.360%
Estrella, Inc.	-	-	106	0.310%
<b>Total</b>	<b>1,430</b>	<b>4.234%</b>	<b>2,719</b>	<b>7.962%</b>

### Sources / Notes:

<sup>1</sup> City Finance Department.

<sup>2</sup> Percentages are based on total employment for the applicable fiscal/calendar year.

<sup>3</sup> California Employment Development Department Labor Market Information.  
Calendar year data restated for four years from 2010 to 2013.

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

Fiscal Year	Total Employment <sup>3</sup> (12-Month Avg.)	Calendar Year	Total Employment <sup>3</sup>
2014-15	33,775	2014	33,400
2013-14	33,733	2013	32,600
2012-13	32,975	2012	31,700
2011-12	32,242	2011	31,400
2010-11	31,883	2010	31,200
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

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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									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
General Government										
Full-time	16	17	17	17	17	17	18	21	21	21
Part-time	2	1	1	2	3	4	6	9	10	7
Total	18	18	18	19	20	21	24	30	31	28
Public Safety										
Full-time	8	8	8	9	10	10	12	11	11	10
Part-time	8	8	8	7	7	6	7	8	8	11
Total	16	16	16	16	17	16	19	19	19	21
Public Works										
Full-time	37	37	35	35	34	34	35	31	31	31
Part-time	7	5	4	2	3	2	14	16	14	11
Total	44	42	39	37	37	36	49	47	45	42
Community Development										
Full-time	21	21	22	18	18	18	19	24	24	24
Part-time	0	0	0	0	1	1	2	3	5	4
Total	21	21	22	18	19	19	21	27	29	28
Parks and Recreation										
Full-time	7	7	7	7	7	7	8	10	10	10
Part-time	103	95	74	73	63	59	72	134	146	118
Total	110	102	81	80	70	66	80	144	156	128
Total										
Full-time total	89	90	89	86	86	86	92	97	97	96
Part-time total	120	109	87	84	77	72	101	170	183	151
Total	209	199	176	170	163	158	193	267	280	247

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

	2014-15	2013-14	2012-13	2011-12
Police:				
Arrests <sup>1</sup>	2,274	2,362	2,085	2,328
Parking citations issued	26,553	26,394	27,440	24,774
Public Works:				
Street resurfacing (miles)	1.70	2.35	2.23	2.24
Parks and Recreation:				
Number of recreation classes	235	180	198	192
Number of facility rentals	280	270	245	255
Programs and facilities attendance	1,329,501	1,095,665	1,083,360	1,085,520
Water Services:				
Customer accounts - retail	1,827	1,823	1,824	1,824
Annual production (acre feet)	699	749	669	672
Annual sale (acre feet)	644	702	669	635
Average daily production (thousands of gallons)	624	668	597	600
Customer account - wholesale	1	1	1	1
Annual sale to other water purveyor (acre feet)	1,299	1,511	2,806	104

<sup>1</sup> Reported on a fiscal year basis for 2013-14 and 2014-15 and on a calendar year basis for 2012-13 and prior 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.
- 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.

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2010-11	2009-10	2008-09	2007-08	2006-07	2005-06
2,590	2,660	2,563	2,258	2,413	2,214
25,139	29,410	30,017	25,290	24,941	28,318
2.55	2.30	-	-	-	2.65
171	188	158	131	156	159
272	257	268	299	264	282
1,060,863	1,275,595	1,159,691	1,207,835	1,163,802	1,189,803
1,824	1,823	1,823	1,818	1,815	1,803 (B)
663	683	717	782	- (A)	721 (B)
624	622	681	728	- (A)	- (A)
592	610	640	698	- (A)	644 (B)
-	-	-	-	-	-

# CITY OF BELLFLOWER

## CAPITAL ASSET STATISTICS BY FUNCTION Last Ten Fiscal Years

	<u>2014-15</u>	<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	1
Public Works:										
Streets (miles)	96.41	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	147
Streetlights (Bike Trail)	138	138	138	138	138	-	-	-	-	-
Traffic signals	65	64	64	64	64	49	49	49	49	49
Parks and Recreation:										
Parks	8	8	8	5	5	5	5	5	5	5
Community centers	2	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	98.65
Storm drains (miles)	6.25	6.25	6.25	6.25	6.25	6.25	6.25	6.25	6.25	6.25

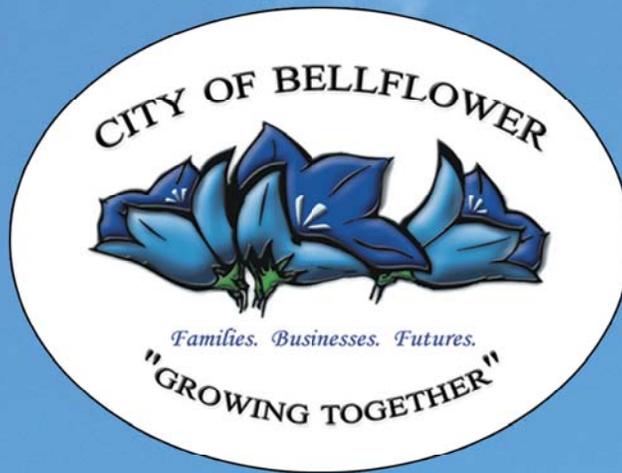
Source: City of Bellflower

CITY OF BELLFLOWER



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