City of Bellflower, California

CAFR

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2008

CITY OF BELLFLOWER

"GROWING TOGETHER"

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Families. Businesses. Futures.

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COMPREHENSIVE
ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
JUNE 30, 2008

PREPARED BY
FINANCE DEPARTMENT

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COMPREHENSIVE ANNUAL FINANCIAL REPORT

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CITY OF BELLFLOWER

Families. Businesses. Futures.

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January 20, 2009

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

The Comprehensive Annual Financial Report (CAFR) for the City of Bellflower for the fiscal year ended June 30, 2008, is hereby respectfully submitted to you. The CAFR was prepared by the City's Finance Department in conformity with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants (AICPA).

This report conforms to the latest financial reporting model developed by the Governmental Accounting Standards Board (GASB Statement 34). In addition to the fund-by-fund financial information, government-wide financial statements are also presented. The government-wide financial statements include a Statement of Net Assets that provides the total net equity of the City including infrastructure and the Statement of Activities that shows the cost of providing government services. These statements have been prepared using the accrual basis of accounting versus the modified accrual method used in the fund financial statements. A reconciliation report is provided as a key to understanding the changes between the two reporting methods. In addition, this latest reporting model includes an emphasis on the City's major funds as shown in the Governmental Fund Statements. These statements, combined with other information, are further analyzed in a narrative section called Management's Discussion and Analysis (MD&A). The MD&A provides financial highlights and interprets the financial reports by analyzing trends and explaining changes, fluctuations and variances in the financial data. Furthermore, the MD&A is intended to disclose any known significant events or decisions that affect the financial condition of the City.

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

THE CITY AND ITS SERVICES

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

Bellflower is located in Los Angeles County, 18 miles southeast of the City of Los Angeles, 100 miles north of San Diego, and 450 miles south of San Francisco. The City is 6.1 square miles in size and currently houses more than 77,000 residents. Served by numerous freeways including Route 91, 105, 405, 605, and 710, residents of "The Friendly City" have easy access to major attractions all over

Southern California. Bellflower is less than 20 miles from the downtown Los Angeles area, the Long Beach port, and Santa Ana.

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

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

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

Bellflower's Parks and Recreation program boasts several outstanding facilities for residents to enjoy. John S. Simms Park is home to the Simms Senior Club, and T. Mayne Thompson Park houses a community center, indoor and outdoor pools, and a weight room. Ruth R. Caruthers Park features several baseball diamonds, batting cages, and the Carpenter House Museum. Built in 1981, the William Bristol Civic Auditorium seats 378 guests and hosts numerous community events, fine arts productions, and City functions.

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

THE REPORTING ENTITY

This report includes all funds of the City of Bellflower, Bellflower Redevelopment Agency, and Bellflower Public Facilities Corporation. The financial operations of the City, Redevelopment Agency, and Public Facilities Corporation are closely related. The City Council has continuing responsibility over the City and the Redevelopment Agency as the City Council also serves as the Board of Directors of the Redevelopment Agency. Five independent members serve as the Board of Directors of the Public Facilities Corporation, which was organized primarily for the purpose of providing financial assistance to the City to construct a civic center and an auditorium complex in addition to making certain park improvements.

The Bellflower City Council provides vision and direction to lead the City on a path of long term growth and community development. The following are descriptions of the City's departments, major accomplishments and future initiatives.

SUMMARY OF ACCOMPLISHMENTS

Administration

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

Intergovernmental Relations

- Supported City Council Members serving on various boards and commissions, including: the Orangeline Development Authority (Council Member Larsen, Board Chair), and the California Contract Cities Association (Mayor Pro Tem Smith, Director-at-Large, and Mayor Bomgaars, Executive Board Member).

- Worked with a coalition of cities supporting reasonable storm water quality regulations.

Legislative Affairs

- Continued our efforts to build and maintain relationships with State Senator Alan Lowenthal and Assembly Member Hector De La Torre.

- Worked with both elected officials in developing community parks on State and utility owned properties.

- Worked closely with Congresswoman Lucille Roybal-Allard, to secure $5.7 million in federal funding for local water system and transportation projects, and for development and construction of a fire museum.

Surveys

- Conducted the biennial Business Survey to gauge the business community's satisfaction with City services.

- Continued to survey satisfaction of customers requesting various City services.

City Ethics and Internal Controls

- Revised staff policies on Acceptance of Gifts and Gratuities, Municipal Water System Oversight Committee, Timecard Policy, and On-Line Service Requests.

Human Resources and Risk Management

- Conducted employee programs such as flu shots, hearing tests, TB testing, customer service training and lunch time seminars of a variety of topics.

- Conducted 13 part time and 7 full time new hire orientations as well as processed two retirements.

- Conducted 11 recruitments.

Public Affairs

- Generated more than 2 million positive impressions with City coverage in print news outlets as well as local cable and network television stations.

- Updated the City's video production system by the installation of new equipment and software used to record public meetings and produce programming used to promote the City.

- The City's website continued to be an informative and global way of communicating important up-to-the-minute City information to residents, visitors and local businesses. It has been redesigned to be more user-friendly and informative, making the information posted as current as possible. Informative "vidcasts" on the home page now highlight various events and City programs created to enhance community awareness of those programs.

- Provided proactive assistance to City departments and local media in promoting City events and programs, and responding to media inquiries related to breaking news events.

- *The Bellflower Citizen* newsletter continued to be an effective way to communicate City news and information to Bellflower residents and businesses. Over 30,000 copies are printed each month and distributed to every household in Bellflower. The Citizen is now downloaded online each month on the City's website to inform a larger audience around the globe of Bellflower news.

- Public Affairs promoted and planned several events relating to the City's 50th Anniversary celebration in October 2007. The formal "Golden Moments" Gala, the Time Capsule Burial, City Council Cow Milking Contest and the Liberty parade events were part of the overall 50th Anniversary celebration. A complete marketing campaign coincided with the week of exciting activities.

- The Public Affairs Division coordinated and promoted a wide variety of special events related to the dedication of new City facilities. In October 2007, over 600 people attended the grand opening of the popular Pirate Park at Friendship Square in downtown Bellflower. In February 2008, the community stepped back in time with the grand opening of the historic Train Depot in the City's town center. In March 2008, the City partnered with Chevron in dedicating a neighborhood pocket park, Chevron Park, in a previously blighted area of the City.

- Additionally, several large City events and ceremonies were coordinated by Public Affairs.

  - The annual State of the City luncheon took place in February 2008.

  - Also in February the City celebrated its 14th annual BRAVO Awards. This annual event is funded through sponsorships from area businesses and individuals, the BRAVO Awards represents one of the City's most prestigious honors which recognizes outstanding heroic contributions by local citizens as well as public safety, fire, medical and security personnel.

Frankie Avalon, a 60's icon entertainer and singer delivered the Keynote Address to a packed house.

- In March, 2008 the City was very fortunate to host the NASA Coast to Coast Downlink with students from Valley Christian Elementary School. This was the first time students in Bellflower and New York were able to talk live at the same time to an astronaut aboard the International Space Station. International press coverage was achieved for this first time event.

- Our Outgoing Mayor Ceremony highlighted the month of April.

- In June 2008, the City's Bellflower Honors program paid tribute to more than a dozen community champions and outstanding citizens. Each year the City honors individuals, organizations and businesses for great achievements, contributions to the community and for representing the spirit of the City. This year's program featured keynote speaker and community hero, Press-Telegram Columnist Tom Hennessy.

Municipal Water System

- Adopted a 4% water rate increase along with updated rules and regulations for the operation of the water system.

- As part of an aggressive public outreach program, created a Municipal Water System page on the City's website (www.bellflower.org/water) to promote water conservation, provide information about the Statewide drought, and provide general information about water rates and rules, assistance programs, water quality, and other information.

- Completed a Water Master Plan, including completion of a Mitigated Negative Declaration under the California Environmental Act (CEQA).

- Completed the Carfax/Nava interconnection, connecting the System 6 to Bellflower-Somerset Mutual Water Company's system and bypassing Park Water Company. This interconnection will avoid the use of higher priced water and provide for increased redundancy in the event of any system failure.

- Completed the Lakewood/Walnut interconnection, connecting System 1 to Bellflower-Somerset Mutual Water Company's system and ensuring back-up service to System 1 customers where none previously existed.

- Began emergency repairs to Well #17. In March 2008, Well #17 experienced a 65% loss of pressure, resulting in the sustained operation of the pump motor at full capacity to maintain water pressure to System 8 customers. If the pump failed, then the City would be forced to buy water from a third party at a significantly higher price than using our own groundwater (i.e., well water).

- Closed two inactive wells at 13412 Regentview and cleared the site in preparation for its sale. The property is currently on the market.

- Replaced 114 service connections at a cost of $70,000. These replacements have resulted in significantly increased water pressure to the effected customers and some reported improvements to discoloration, odor, taste, or dissolved oxygen problems.

- Replaced 63 water meters at a cost of $13,000. The meters being replaced are old and unreliable and many are located in customers' back yards. The new meters can be read at a distance and without any need to enter the customer's property, thus reducing the time required to read the meters from 80 hours a month to about 24 hours.

Community Development

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

- West Branch Greenway Project – The Greenway project consists of the construction of 2.5 miles of bike and pedestrian paths, including security lighting, landscaping, intersection signalization, and crosswalks. The bike path will be part of the Los Angeles Regional Bikeway network connecting to the San Gabriel River Bikeway Path. Construction is expected to begin by end of 2008.

- Bellflower Village – The City revised the design of the Bellflower Village Project of the Downtown Revitalization Vision Strategy, to include new project components. The Bellflower Village will help revitalize the downtown area on Bellflower Boulevard between Maple Street and Arkansas Street. This project will create new public parking areas, courtyards, alley improvements, and will include a residential component.

- Walnut Street Mixed Use Project – The City has acquired the Bellflower Hotel located on Walnut St. This old hotel has been demolished and will serve as the site for the Walnut Street Project. Design work is underway to create a three-story town home style live-work workforce rental housing units. The first floor of the housing unit will be work/commercial space, the second and third floors will be living space.

- Pacific Electric (P.E.) Depot restoration – The City has completed the construction to restore the historic Red Car Train depot, located on Bellflower Boulevard, south of Flora Vista.

- Pirate Play Park – This unique park opened in October 2007. It is an important component of the expansion to the Friendship Square Plaza along Bellflower Boulevard and Belmont St. The new play park is a 4,000 square-foot playground that includes a child-scale 17th century ship, a treasure chest, skull cave and a Spanish fort with a suspension bridge and play cannons.

- Update of Bellflower Municipal Zoning Code – Comprehensive re-codification of the zoning code was completed.

Public Safety

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

Crime Reduction

- Reduced the Part 1 crime rate by 5%, exceeding the original goal of a 3% reduction. The actual Part 1 crime rate for the fiscal year was 370.0.

- Reduced the grand theft auto total for fiscal year 2007-08 by 24%, which exceeds the original goal of a 3% reduction. The actual number of GTAs for the fiscal year was 671.

- Reduced the robbery total for fiscal year 2007-08 by 8.2%, which exceeds the original goal of a 3% reduction. The actual number of robberies for the fiscal year was 225.

Traffic Enforcement

- The traffic enforcement index for the fiscal year averaged 30.2, exceeding the State of California established goal of 20.0 by 51%.

- Continued to enforce the laws related to DUI. The actual number of DUI arrests made during the fiscal year was 96. This represents a minimum of a 14% increase above each of the last five years.

Probation Management

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

Community Outreach

- Public Safety also continued to increase the department's functional and informational link to the Bellflower community by maintaining a very interactive and dynamic departmental Website, disseminating information to the City's 100 Neighborhood Watch block captains, and scheduling relevant community meetings as necessary.

Customer Service

- In more than 90% of the mail in and telephonic survey results of crime victims, Bellflower's deputies and civilian community service officers achieved overall scores of "good" or "excellent." This score exceeds the longstanding departmental goal of 80%.

Public Works

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

- Began the civil engineering and construction survey components for Riverview Park, Palm Linear Park and Artesia Boulevard improvements.

- Monitored City compliance with current Storm Water Discharge Permit.

- Continued to implement weekly street sweeping.

- Held the 4th annual "Orange Zone" Public Works open house.

- Completed Greening Bellflower landscaping project at the northern terminus of Palo Verde Avenue.

- Initiated Phase I of a sewer condition assessment, involving videoing and evaluating approximately one-third of the City's sanitary sewer system.

- Participated in the implementation of Energov permitting software, ensuring the automation of all right of way permits and automated tracking of association refundable deposits.

- Demolished Earl's Tuxedo Shop and the Bellflower Hotel in preparation for redevelopment and installed temporary ground cover.

- Installed new gymnasium floor and new kitchen fire suppression system at Simms Park

- Installed new pool heater at Thompson Park.

- Upgraded the City Hall public counter and civic center sidewalks for ADA accessibility.

- Let the construction contract and coordinated initial work on the West Branch Greenway project.

- Provided inspection and construction engineering services for the Town Center Plaza Gateway.

- Traffic Signals: Upgraded signal at Woodruff and Beach. Substantially completed design for signal upgrades at Clark and Artesia, Bellflower and Rosecrans, and Bellflower and Alondra.

- Continued to provide support to each of the City's major community events, with special focus on 50th anniversary events.

- Continued to apply for potential funding options to add to available funds for public works improvements.

- Continued to complete all plan checks of subdivision maps within the plan check timeline standards set by the council.

- Continued to complete 100% of received requests for service (11,353 requests for service, 266 right of way permits, two parcel maps, one tract map, three lot line adjustments, and 49 development review board plan reviews).

- 3,434 trees trimmed on biennial schedule.

- Maintained 50 acres of park landscaping and 115,200 square feet of building facilities.

- 11 new streets slurry sealed on seven year schedule.

- Updated Bellflower Municipal Code sections dealing with right of way improvements

- Updated City's sewer reconstruction fee

- Completed Performance Audit of CR&R refuse franchisee

- Completed Refuse Vehicle Impact Study

- Planted new trees in all vacant tree wells

- Coordinated with Verizon on installation of fiber optic cable within reach of all Verizon customers in Bellflower. Work in progress.

- Began preparation of a Sanitary Sewer Management Plan as required by the California Water Resources Board.

Parks and Recreation

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

- Continued partnership with public and private agencies for the development and expansion of recreation opportunities.

- Continued partnership with Chamber of Commerce for downtown special events.

- Implemented and assisted with several high profile community special events including Easter Egg Hunt activites, Bellflower Boulevard Car Show, 8 Summer Streetfests, July 4th celebration, Halloween Carnival activities, holiday decorating contest and reception, Christmas tree lighting ceremony, BRAVO and many other community activities.

- Provided Town Center Plaza programming including weekly summer movie nights, and seasonal noon-time music.

- Coordinated and conducted high profile City of Bellflower 50th anniversary celebration events.

- Provided the design and distribution of full color brochures for marketing and promotion of the Bellflower Summer Streetfests and Town Center Plaza programs.

- Coordination for holiday street decoration placement program.

- Partnered with local service clubs and churches for the expansion of the Holiday Food Basket program.

- Completed six (6) Bellflower Looking Better beautification projects throughout the City.

- Supervised and coordinated 15,300 hours of volunteer service through the Bellflower Volunteer Center.

- Serviced and assisted approximately 1.2 million people through Parks and Recreation programs, special events and park facility use.

City Clerk

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

- Completed agendas and minutes for City Council, Redevelopment Agency, Bellflower Public Facilities Corporation, and Bellflower Financing Authority Meetings.

- Posted the City Council, Redevelopment Agency, Bellflower Public Facilities Corporation, and Bellflower Financing Authority's agenda packets on the City's website and linked the support documents.

- Complied with the 72 hour agenda posting requirement.

- Indexed and processed City Council, Redevelopment Agency, and Bellflower Financing Authority's resolutions, ordinances, agreements, and recorded documents.

- Provided notary services as required.

- Implemented the FastTrack Program to monitor insurance compliance on new and renewed agreements and franchises and track the expiration of agreements and franchises.

- Monitored insurance compliance on new and renewed agreements and franchises.

- Monitored the timely renewal of agreements and franchises.

- Continued to update the City's electronic record keeping of minutes, agendas, agenda packets, resolutions, ordinances, agreements, and recorded documents.

- Converted the City Council agenda packets from 1993 through and including 1999 to electronic format (Laserfiche).

- Satisfied Public Records Act requests within prescribed deadlines.

- Processed Campaign Statements and Statement of Economic Interests filings pursuant to the Political Reform Act

- Coordinated the offsite storage component of the Community Development Department's electronic conversion project (Laserfiche) for building permit files, planning case files, and blueprints

- Updated and recodified the Bellflower Municipal Code

Finance

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

- GFOA Certificate of Achievement Award

  The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Bellflower for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2007. The City has received the award for the past 14 consecutive years.

- Maintained accurate financial records for successful financial audits.

- Continued to make technological updates including the replacement of computers, network hardware and software.

Major Initiatives For The Future

Administration

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

Community Development

Administration

- Continue to process requests for business licenses in timely and efficient manner, which includes evaluation of the proposed business activity per the Bellflower Zoning Code. Continue to process parking citations in an efficient and courteous manner, and schedule and perform the administrative hearings in an efficient manner.

- Continue the monthly in-house staff training/development sessions on relevant topics germane to the daily responsibilities of the Community Department and the City at large.

Planning Division

- Continue to process current development applications (CUP's, Tentative Tract Maps, etc.) in a professional, efficient and timely manner, ensuring that the goals and objectives of the City Council are implemented on a project-by-project basis (quality architecture and development).

- Continue to perform updates and amendments to the Bellflower Zoning Code in the bundle concept, to modernize and eliminate obsolete components of the zoning code.

- Begin the preparation of a new Housing Element pursuant to the provisions of the State of California.

Building Division

- Continue to provide efficient and effective service to customers seeking to obtain building permits. Provide information and respond to questions that Bellflower citizens may have regarding building and zoning codes.

- Continue to perform field inspections in an efficient, timely and professional manner. Continue to process plan checks in a thorough and efficient manner.

Code Enforcement Division

- Continue to improve the multi-family district multi-agency task force.

- Bring into compliance the owners of long neglected commercial centers.

- Proactively address improper building occupancies.

Projects

- West Brach Greenway Project – The Greenway project consists of the construction of 2.5 miles of bike and pedestrian paths, including security lighting, landscaping, intersection signalization, and crosswalks. The bike path will be part of the Los Angles Regional Bikeway network connecting to the San Gabriel River Bikeway Path. This project is ongoing.

- Marketing Campaign – Staff will complete a marketing campaign for the City's booth, at the International Shopping Centers Conference. The purpose of this booth is to reach key business decision- makers in an effort to promote Bellflower as a potential location for new operations.

- Eucalyptus Multi-Family Improvement District (MID) – Host several meetings with property owners of the Eucalyptus Avenue neighborhood, to form an MID. This MID will be the tool to improve this neighborhood. Through the collection of assessments physical public work type improvements can be funded. A cost estimator and an assessment engineer will provide the city with the information that is needed to continue this project.

Downtown Revitalization

- Friendship Square – Open new coffeehouse to replace the Starbucks coffeehouse.

- TownCenter Gateway Plaza – Lease out all the kiosks and continue to promote the Gateway Plaza. Seek development opportunities for the S/E corner of Bellflower & Belmont to redevelop that corner into a pedestrian-friendly commercial project.

- Bellflower Village – Continue to implement this planning vision. Develop the Live/Work project, begin construction on the Café Camellia redevelopment project and begin construction on the Walnut Street improvements and parking lot. Explore other redevelopment opportunities on adjoining properties within Bellflower Village planning area.

- TownCenter Development Project – Continues efforts to redevelop aging commercial properties along the northerly portion of the downtown, adjacent to the PE Depot, including the planning of the Fire Museum, redevelopment of the old Greek Market and the relocation of the Transit Center.

- North Downtown Mixed Use District – Prepare and implement a specific plan for the portion of Bellflower Boulevard and Alondra Avenue, north of the Downtown district to create a viable mixed use/transit oriented development district to complement and expand the downtown district.

Public Safety

Crime Reduction

- Maintain the current number of Residential Burglaries at the 2006 level.

- Maintain the current number of vehicle burglaries at the 2006 level.

- Reduce grand theft auto by 3% from the 2006 level

- Reduce robbery by 5% from the 2006 level.

- Maintain the overall Part 1 crime rate at the 2006 level.

Traffic Enforcement

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

Customer Service

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

Probation Management

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

Community Outreach

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

Departmental Funding

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

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

Public Works

Administration

- Continue to complete 100% of received requests for service.
- Institute year 1 of the City's Pavement Management System.
- Institute year 1 of the City's Sewer Repair/Rehabilitation program.
- Continue to establish new and review existing work standards and modify as applicable.

- Construct the West Branch Greenway Bike Trail Project.
- Complete Sanitary Sewer Management Plan.
- Construct the Riverview Park.
- Construct initial phase of the Palm Street linear Park.
- Continue to monitor compliance with the current, and the next, Storm Water Discharge permit.
- Continue to complete all plan checks of subdivision maps with the plan check timelines set by the Council.
- Continue to apply for all potential funding options to add to available funds for public works improvements.
- Continue to maintain compliance with all Federal, State and County requirements regarding Public Works projects.
- Complete on schedule 100% of all capital projects approved by the City Council.
- Continue to build "Greening Bellflower" projects as they are identified.

Facilities Division

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

Streets Division

- Maintain the City's 7 – year slurry cycle.
- Place asphalt overlay as prescribed by the City's Pavement Management Program.
- Maintain the City's 2 year street tree trimming cycle.
- Initiate a 5 year plan to plant trees at all vacant sites and as funding is provided by the City Council.
- Construct new sidewalks in areas where there are none as budgeted for by the City Council and where grant money has been obtained.
- Install new handicapped ramps as new sidewalks are installed.
- Initiate repairs as determined by the State Repair/Rehabilitation Study.
- Continue to provide support to each of the City's major community events.

Parks and Recreation

- Continue partnership with public and private agencies for the development and expansion of recreation opportunities.
- Continue development and implementation of special events and programs at the Town Center Plaza.
- Continue partnership with public and private agencies for expansion of the holiday food basket program.
- Continue development and implementation of high profile city-wide special events.
- Continue partnership with local art groups to provide quarterly gallery shows at the City Store.
- Continue partnership with the Chamber Commerce for the implementation of downtown boulevard special events.
- Evaluate opportunities to insure that recreation facilities/programs are modern, innovative and inviting.
- Evaluate customer satisfaction of contract class and youth sports programs through citizen surveys.

City Clerk

- Satisfy the 72-hour agenda posting requirement and make the City Council and redevelopment Agency agenda packets available for posting on the City's website.
- Complete the minutes for the City Council, Redevelopment Agency, and Bellflower Public Facilities Corporation (BPFC) in time for approval on the next agenda.
- Political Reform Act: Monitor and review campaign disclosure and conflict of interest filings; conduct the biennial review; and update the Conflict of Interest Codes for the City, Redevelopment Agency, and BPFC as necessary.
- Satisfy Public Records Act requests within prescribed deadlines.
- Maintain and oversee the updating of the City's Municipal Code.
- Maintain the City's log/indexes: Resolution, ordinances, agreements, record document, master and individual Political Reform Act filing; Mayor's appointments; and City Council and Commission service history.
- Continue refining and standardizing the City's document preparation procedures.

Records Management

- Conduct assessment of City records for offsite storage or destruction and coordinate the destruction of the obsolete records, pursuant to the City's Records Management Program and Polices.

- Complete the electronic conversion (Laserfiche) of the City Council agenda packets from 1980 through and including 1992

Election

- Conduct Precinct Officers' Training Classes and Central Counting Place Training

- Conduct the March 2009 General Municipal Election (two seats open) and complete the canvass

- Coordinate in March 2009 Oath of Office Ceremony and Outgoing Mayor's Ceremony

- Prepare an analysis of the Precinct Officers' Election Evaluations

- Review election procedures to identify possible areas for improvements

Finance

- Continue publishing outstanding Comprehensive Annual Financial Report to receive the financial reporting excellence award from the Government Finance Officers Association (GFOA).

- Continue maintaining accurate financial records for successful completion of financial and special compliance audits including the City, Redevelopment Agency, Public Facilities Corporations, Proposition A, Proposition C, Transportation Development Act (TDA) Article 3, and Federal grants.

- Continue updating and replacing computers, network servers, and software.

OTHER INFORMATION

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

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

Cash Management. The City Treasurer is responsible for investing available cash in accordance with State Government Code and Investment Policy adopted by the City Council. These investments include the State Treasurer's Local Agency Investment Fund, government securities, and money market funds. The cash management system of the City is designed to monitor revenues and expenditures to ensure the investment of monies to the fullest extent possible. The criteria for selecting investments are, in order of priority: (a) safety, (b) liquidity, and (c) yield.

Risk Management. The objective of the City is the conservation of its resources from accidental loss and minimizing the effects of losses when they do occur. The City has continuously demonstrated its efforts to uncover significant loss exposures, to apply reasonable and effective risk controls, and to ensure that the financial integrity of the City is not impaired after a loss. The City is currently a member of the California Joint Powers Insurance Authority (CJPIA) and participates in its general liability, workers' compensation, fidelity bonds, earthquake and flood, property, boiler and machinery protection programs. The City self-insures up to varying levels and excess coverage is purchased from third-party carriers through CJPIA. Management believes that sufficient funds are being accumulated in the General Fund to meet expenses as they arise.

Independent Audit. State statutes require an annual audit of the City's financial records by independent certified public accountants. As a result, the independent accounting firm of Moss, Levy & Hartzheim was selected to perform the audit for the fiscal year ended June 30, 2008. The auditors' unqualified (clean) opinion on the basic financial statements and accompanying footnotes is included in the Financial Section of this report.

In addition, the City issues audit reports for the following entities and funds: Redevelopment Agency, Public Facilities Corporation, Federal funds (Single Audit Report), Proposition A, Proposition C, and Transportation Development Act Article 3.

Award. GFOA CERTIFICATE OF ACHIEVEMENT AWARD: The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Bellflower for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2007. 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 fourteen (14) 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, 2008.

Acknowledgments. The preparation of the City's comprehensive annual financial report could not have been accomplished without the efficient and dedicated services of the entire Finance Department staff. I would like to express appreciation to all members of the department and to Moss, Levy & Hartzheim, the City's independent auditors, who assisted and contributed to its preparation.

I would also like to thank the Mayor, members of the City Council and the City Manager for their interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner, for the best interest of the citizens of the City of Bellflower.

Respectfully submitted,

Tae G. Rhee
Finance Director/
City Treasurer

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Bellflower California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2007

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

President

Executive Director

MISSION STATEMENT

The Mission of the City of Bellflower is:

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

DIRECTORY OF CITY OFFICIALS

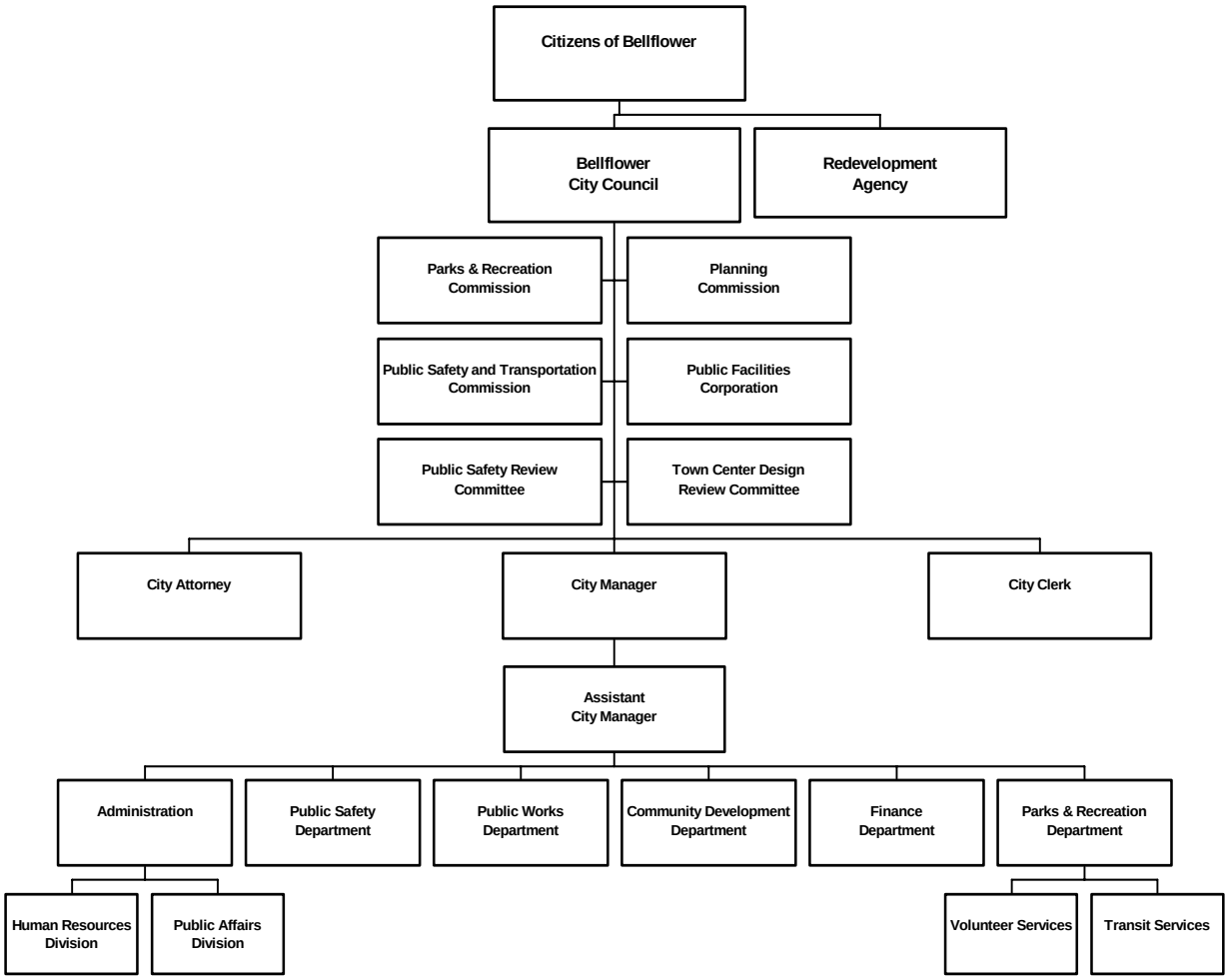
CITY COUNCIL

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

PRINCIPAL ADMINISTRATIVE OFFICERS

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

City of Bellflower Organization Chart



BELLFLOWER
CALIFORNIA

MOSS, LEVY & HARTZHEIM LLP
CERTIFIED PUBLIC ACCOUNTANTS

PARTNERS
RONALD A LEVY, CPA
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www.mlhcpas.com

Independent Auditor's Report

Honorable City Council
Of the City of Bellflower
Bellflower, California

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Bellflower, California (City) as of and for the fiscal year ended June 30, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Bellflower, California, as of June 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in note 1 of the notes to basic financial statements effective July 1, 2007, the City of Bellflower adopted Governmental Accounting Standards Board (GASB) Statement No. 45, Accounting and Financial Reporting by Employees for Postemployment Benefits Other than Pensions, GASB Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfer of Assets and Future Revenues,* and GASB Statement No. 50, *Pension Disclosures – an Amendment of GASB Statements No. 25 and No. 27.*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2008, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 3 through 20 and the Postemployment Retiree Benefits Funding Progress on page 70 are not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The major fund schedules, combining and individual nonmajor fund financial statements and schedules, introductory section and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The major fund schedules and the combining and individual nonmajor fund financial statements and schedules, have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Moss, Levy & Hartzheim

Moss, Levy & Hartzheim LLP
Beverly Hills, California
December 8, 2008

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, 2008. Readers are encouraged to consider the information presented here in conjunction with additional information that is furnished in the letter of transmittal and financial statements.

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

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

Financial Highlights

During the fiscal year ended June 30, 2008, the City continued to maintain its stable financial position, enabling delivery of appropriate services to the community and undertaking necessary economic development and infrastructure projects.

Government-wide:

- At June 30, 2008, the City's total assets were $85.8 million and total liabilities were $23.6 million, resulting in net assets of $62.2 million. Of this amount, $16.5 million in unrestricted net assets may be used to meet the City's ongoing obligations to citizens and creditors.

- For the fiscal year ended June 30, 2008, net assets increased $5.0 million, resulting from a favorable variance of revenues over expenses. Total revenues from programs and general revenues were $39.2 million and total expenses for all functions and programs were $34.2 million.

- Of total revenues of $39.2 million, program revenues were $14.9 million and general revenues were $24.3 million. Program revenues are divided into three categories: Charges for Services, $5.1 million; Operating Contributions and Grants, $7.8 million; and Capital Contributions and Grants, $2.0 million.

Fund Based:

- At June 30, 2008, the General Fund balance was $26.2 million, a decrease of $113 thousand from the prior year restated fund balance of $26.3 million. The unreserved fund balance (net of cash advances to the Redevelopment Agency and Water Fund and prepaid expenditures) was $11.2 million.

- The actual General Fund revenues and transfers in of $26.2 million represented a decrease of $1.6 million from the prior year actual of $27.8 million and a decrease of $414 thousand from the final budget of $26.6 million.

- The actual General Fund expenditures and transfers out of $26.3 million represented an increase of $2.1 million from the prior year actual of $24.2 million and a decrease of $1.4 million from the final budget of $27.7 million.

Overview of the Financial Statements

This discussion and analysis is intended as an introduction to the City's basic financial statements. The basic financial statements are comprised of three components: 1) Government-wide Financial Statements, 2) Fund Financial Statements, and 3) Notes to the Basic Financial Statements. This report also contains other supplementary information in addition to the basic financial statements.

Government-wide Financial Statements

The Government-wide Financial Statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business. These statements include all assets of the City as well as all liabilities (including long-term debt). Additionally, certain eliminations have occurred as prescribed by the statement in regards to inter-fund activity, payables, and receivables.

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

These two statements report the City's net assets and changes in them. Net assets are the difference between assets and liabilities, which is one way to measure the City's financial health, or financial position. Over time, increases or decreases in the City's net assets are an indicator of whether its financial health is improving or deteriorating. Other factors to consider are changes in the City's property tax base and the condition of the City's roads.

Governmental activities report most of the City's basic service activities that include General Government (City Council, City Administration, City Clerk, Finance, Human Resources, Risk Management, etc.), Public Safety, Public Works, Parks and Recreation, and Community Development. Sales tax, property tax, vehicle license fees, franchise fees, business licenses, fines, user fees, state and federal grants, and interest income finance these activities.

Fund Financial Statements

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

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

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

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

Proprietary funds are primarily used to account for City charges for the services it provides, whether to outside customers or to other units of the City. These funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statements of Activities, using an accrual basis of accounting. The City's enterprise fund (a component of proprietary funds) is a business-type activity we report in the government-wide financial statements with greater detail and additional information, such as the statement of cash flows. The City uses an internal service fund (the other component of proprietary funds) to report the activity that provides equipment for the City's programs and activities. Since this activity predominantly benefits governmental, rather than business-type, functions, it is included within the governmental activities in the government-wide financial statements.

Fiduciary Funds involve the City's role as a trustee or fiduciary for certain funds held on behalf of other organizations or districts. These funds are used to account for assets held by the City and are purely custodial in nature, where assets equal liabilities. Therefore, related results of operations are not measured or reported. These activities are excluded from the City's other financial statements because the City cannot use these assets to finance its own operations. In addition, the City is responsible for ensuring that the assets reported in these funds are used for their intended purpose.

Notes to the Basic Financial Statements

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

Other Information

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

Government-wide Financial Analysis

The government-wide statements report information about the City as a whole. The statement of net assets includes all of the City's assets and liabilities. All current year revenues and expenses are reported in the statement of activities regardless of when cash is received or paid.

Condensed Statement of Net Assets

Statement of Net Assets
(in millions)

	Governmental Activities		Business-Type Activities		Government-Wide Totals	
	2008	2007	2008	2007	2008	2007
Current and other assets	$ 34.7	$ 35.9	$ (6.4)	$ (6.2)	$ 28.3	$ 29.7
Capital assets	51.4	45.6	6.1	6.2	57.5	51.8
Total assets	86.1	81.5	(0.3)	-	85.8	81.5
Current and other liabilities	5.5	5.6	0.2	0.3	5.7	5.9
Long-term debt	17.9	18.4	-	-	17.9	18.4
Total liabilities	23.4	24.0	0.2	0.3	23.6	24.3
Net Assets:						
Invested in capital assets, net of related debt	34.5	28.0	6.1	6.2	40.6	34.2
Restricted	5.1	5.8	-	-	5.1	5.8
Unrestricted	23.2	23.7	(6.7)	(6.5)	16.5	17.2
Total net assets	$ 62.8	$ 57.5	$ (0.6)	$ (0.3)	$ 62.2	$ 57.2

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

The City's Government-wide total net assets were $62.2 million, with assets of $85.8 million and liabilities of $23.6 million. The net investment in capital assets of $40.6 million represents 65% of the City's total net assets. Investment in capital assets (e.g., infrastructure, land, buildings, machinery and equipment) for this financial reporting purpose is reduced by any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Furthermore, because the capital assets themselves cannot be used to liquidate any related debt, it should be noted that the resources needed to repay the debt must be provided from other available resources, primarily the unrestricted net assets.

Another portion of the City's net assets, $5.1 million, or 8%, represents resources that are subject to external restrictions in how they may be used. The remaining balance of $16.5 million, or 27%, in unrestricted net assets may be used to meet the City's ongoing obligations to citizens and creditors. Internally imposed designations of resources are not presented as restricted net assets.

Condensed Statement of Changes in Activities

	Governmental Activities		Business-Type Activities		Totals	
	FY 2007-08	FY 2006-07	FY 2007-08	FY 2006-07	FY 2007-08	FY 2006-07
Revenues						
Program revenues:						
Charges for services	$ 3.6	$ 3.8	$ 1.5	$ 0.4	$ 5.1	$ 4.2
Operating contributions and grants	7.8	6.0	-	-	7.8	6.0
Capital contributions and grants	2.0	1.2	-	-	2.0	1.2
Subtotal Program Revenues	13.4	11.0	1.5	0.4	14.9	11.4
General Revenues:						
Sales taxes	4.9	5.5	-	-	4.9	5.5
Property taxes	4.6	4.4	-	-	4.6	4.4
Property taxes in lieu of VLF	6.1	5.6	-	-	6.1	5.6
Franchise taxes	1.5	1.4	-	-	1.5	1.4
Utility users taxes	4.1	4.0	-	-	4.1	4.0
Transient occupancy taxes	0.6	0.6	-	-	0.6	0.6
Business license taxes	0.5	0.6	-	-	0.5	0.6
Property transfer taxes	0.1	0.2	-	-	0.1	0.2
Motor vehicle in lieu	0.3	0.4	-	-	0.3	0.4
Earnings on investments	1.0	0.8	0.1	-	1.1	0.8
Miscellaneous	0.5	1.8	-	-	0.5	1.8
Subtotal General Revenues	24.2	25.3	0.1	-	24.3	25.3
Total Revenues	37.6	36.3	1.6	0.4	39.2	36.7
Expenses:						
Governmental activities:						
General government	4.7	4.7	-	-	4.7	4.7
Public safety	9.8	9.5	-	-	9.8	9.5
Public works	8.6	7.9	-	-	8.6	8.0
Community development	4.7	4.1	-	-	4.7	4.1
Parks and recreation	3.4	2.9	-	-	3.4	2.9
Interest on long-term debt	1.1	1.1	-	-	1.1	1.1
Business-type activities:					-	
Water	-	-	1.9	0.7	1.9	0.7
Total Expenses	32.3	30.2	1.9	0.7	34.2	30.9
Increase in Net Assets	$ 5.3	$ 6.1	$ (0.3)	$ (0.3)	$ 5.0	$ 5.8
Net Assets - Beginning of Fiscal Year	57.5	51.4	(0.3)	-	57.2	51.4
Net Assets - End of Fiscal Year	$ 62.8	$ 57.5	$ (0.6)	$ (0.3)	$ 62.2	$ 57.2

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

Revenues for the City's governmental and business-type activities increased 7%, from $36.7 million last fiscal year to $39.2 million in this fiscal year. Key elements of significant changes for governmental activities were as follows (business-type activities discussed later):

- The largest revenue source was property taxes, general revenue, at $10.7 million, which increased $774 thousand, or 8%, from the preceding fiscal year. For the purpose of this analysis, property taxes also include property taxes in lieu of VLF of $6.1 million.

  The City's regular property taxes, excluding property taxes in lieu of VLF, increased $252 thousand, or 6%, compared to the preceding fiscal year. Like other taxing jurisdictions, the City continued to benefit from the increase in taxable real property values. However, due to the declining real estate values, foreclosures and defaults, the property taxes are expected to decrease as much as 10% over time.

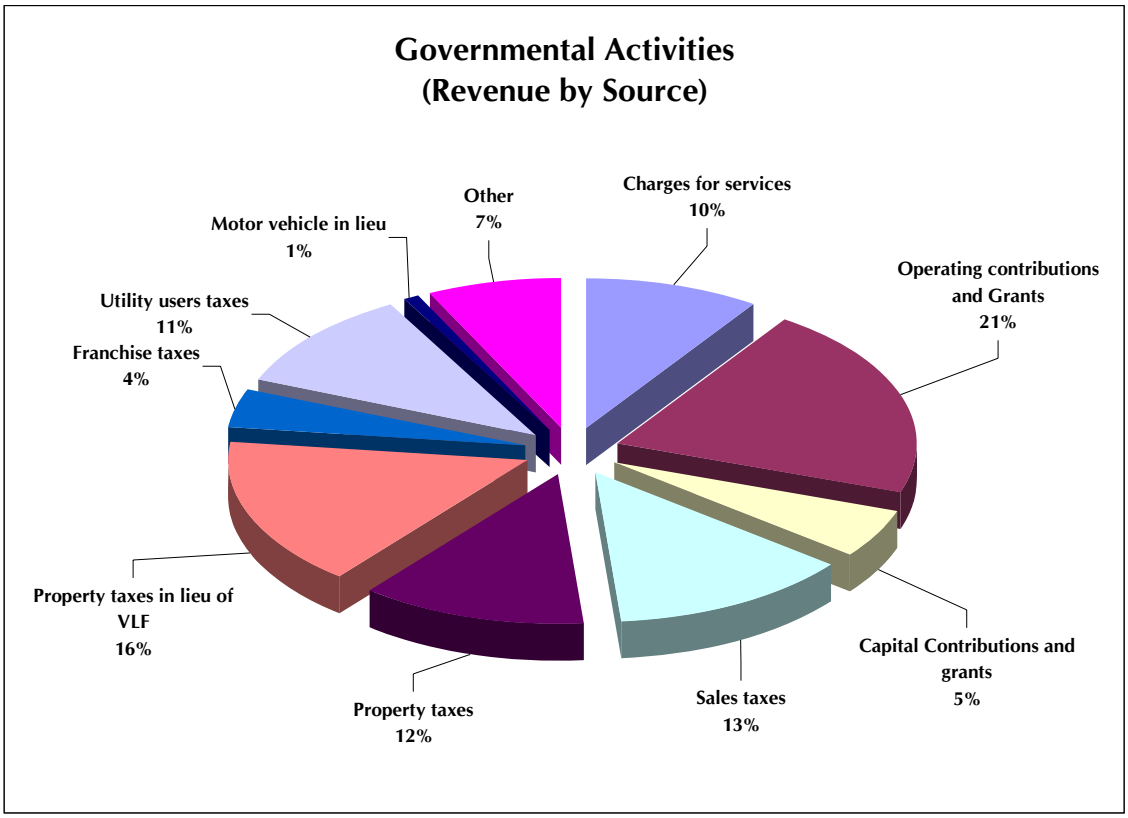
  Property tax in lieu of VLF is a revenue source that the City has been receiving since fiscal year 2004-05. Beginning in 1998, the State took action to incrementally reduce the vehicle license fee (VLF) from 2% to 0.65%, potentially causing severe financial losses to many California cities and counties. To make affected cities and counties financially whole, the State took action to restore the lost VLF revenues with its property taxes. The City's property tax in lieu of VLF for this fiscal year totaled $6.1 million. Although the local governments are made whole, this arrangement has caused cash flow issues, as VLF payments are made on a monthly basis but the property tax payments are generally made during the second half of the fiscal year.

- The second largest revenue source was operating contributions and grants, a program revenue, at $7.8 million, which increased $1.8 million, or 29%, from the preceding fiscal year. A significant portion of this increase was from HOME entitlement grant fund with an increase of $1.5 million. Community Development Grand fund (CDBG) also had an increase of $299 thousand. HOME and CDBG are expenditure-driven Federal grants in which revenues are recognized only when qualified expenditures are made. While the accounting rules for these grants require the reporting of increases in revenues to correspond with the increases in expenditures, the annual Federal funding of these two grants have, in fact, been declining over time for the past several years, especially for CDBG.

- The third largest revenue source was sales taxes, a general revenue, at $4.9 million, which decreased $627 thousand, or 11%, from the preceding fiscal year. In addition to the loss of a new automobile dealership, there has been an overall weakness due to the declining consumer spending. As the recession continues, sales taxes are expected to decline even further.

- The fourth largest revenue source was utility users taxes (UUT), general revenue, at $4.1 million, which increased $27 thousand, 0.7% from the preceding fiscal year.

- The fifth largest revenue source was charges for services, a program revenue, at $3.6 million, which decreased $224 thousand, or 6%, from the preceding fiscal year.



The cost of providing all governmental activities this year was $32.3 million before applying program revenues of $13.4 million. The remaining "public benefit" portion of governmental activities was paid with general revenues. Public Safety, the largest expense category, represented $9.8 million, or 30% of Governmental Activities, of which approximately $2.0 million was funded with program revenues. The remaining balance of $7.8 million was funded with general revenues. Public Works, the second largest expense category, represented $8.6 million, or 27%, with program revenues of $6.1 million. Community Development, the third largest expense category, represented $4.7 million, or 15%, funded by program revenues of $4.2 million. General Government had expenses of $4.7 million, or 14%, funding from program revenues of $165 thousand. Parks and Recreation had expenses of $3.4 million, or 11%, with program revenues of $900 thousand. Interest on long-term debt was $1.1 million, or 3.4%, paid entirely with general revenues.

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

- Public Safety expenses increased $364 thousand compared to the preceding fiscal year. The increase was largely due to increase in personnel and contract services costs.

- Public Works expenses increased $605 thousand compared to the preceding fiscal year.

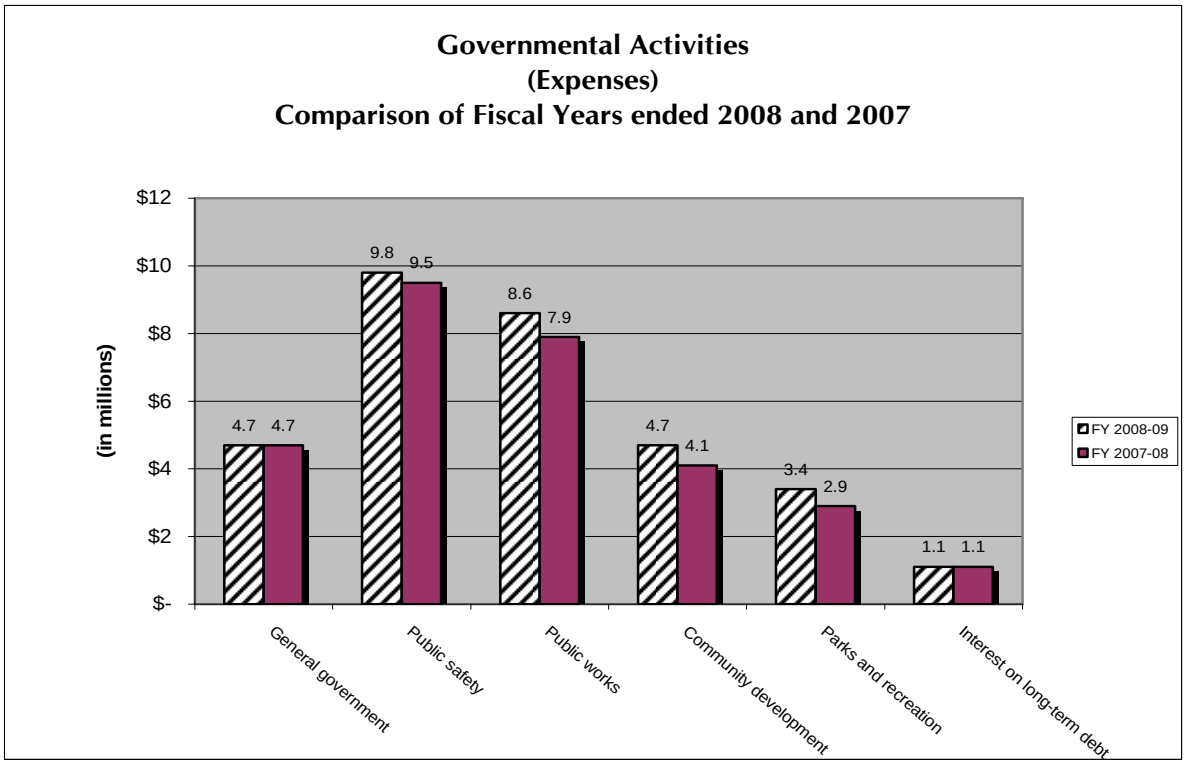
  The increase included changes in the following major categories: administration ($203 thousand increase), street maintenance ($271 thousand increase), stormwater maintenance ($40 thousand decrease), general maintenance ($264 thousand increase), and lighting and landscaping ($42 thousand increase).

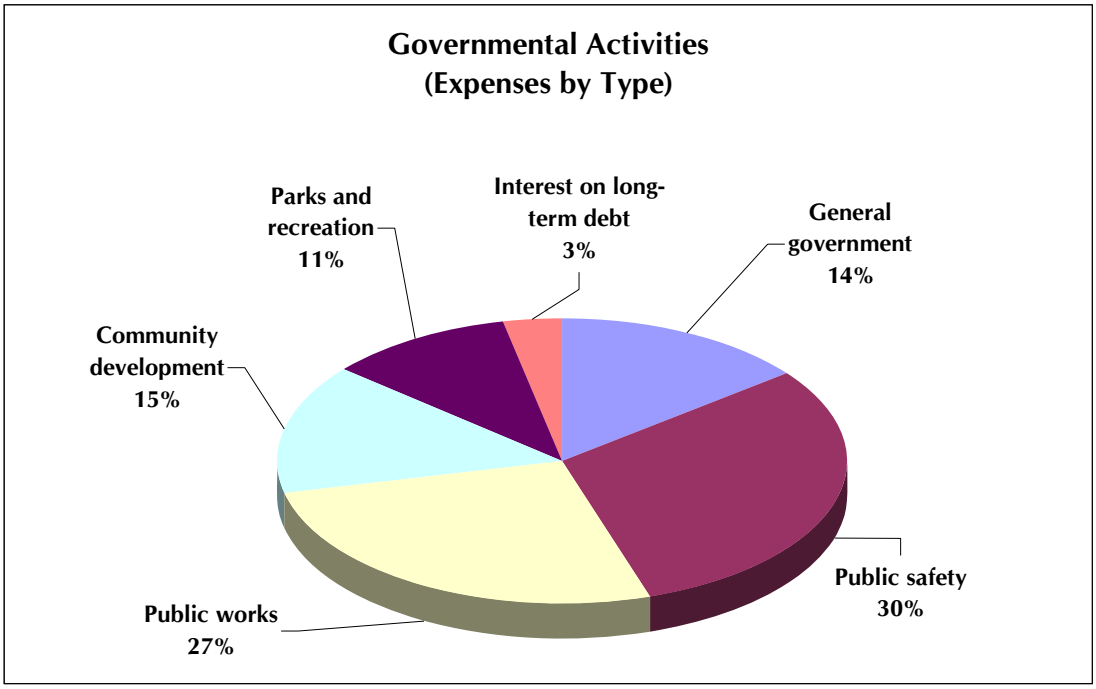
- Community Development expenses increased $583 thousand compared to the preceding fiscal year. The increase included changes in the following major categories: administration ($79 thousand increase), Planning, Building & Safety ($90 thousand increase) and Code Enforcement ($137 thousand increase).

- Parks and Recreation expenses increased $534 thousand compared to the preceding fiscal year. The increase was largely due to increase in personnel and associated costs related to the development and expansion of various special community events and activities.

- General Government expenses decreased nominally by $11 thousand.

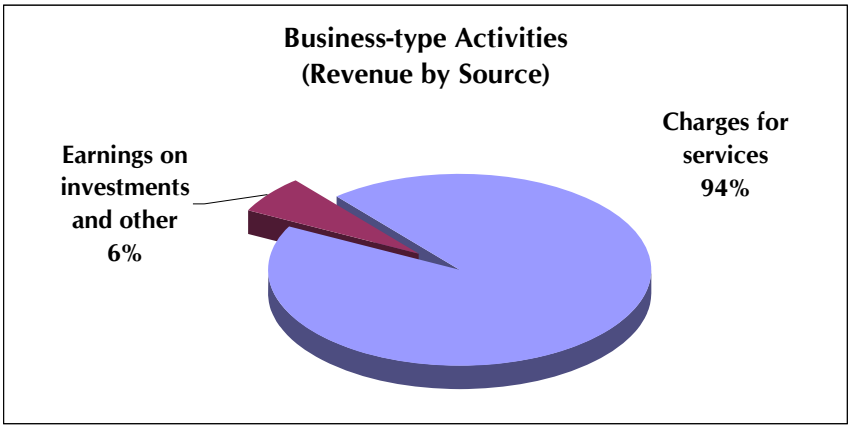
- Interest on Long-Term Debt decreased nominally by $24 thousand.





Business-Type Activities.

The total water revenue was $1.5 million as compared to $423 thousand in the preceding fiscal year. Total operating expenses were $1.9 million as compared to $722 thousand in the preceding fiscal year. The City acquired this business-type activity from a local water company at the cost of $5.8 million on January 12, 2007. As a result, the City recorded 12 months of revenue for the current fiscal year as compared to 5½ months for the preceding fiscal year. The net change in assets for the fiscal year was a deficit of $303 thousand and the year to date net assets as of June 30, 2008 was a deficit of $584 thousand. The deficit is expected to be recovered with future water revenues.



Financial Analysis of the Government's Funds

The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds
The focus of the City's governmental funds is to provide information on current year revenues, expenditures, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the fiscal year ended June 30, 2008, the City's governmental funds reported combined ending fund balances of $18.6 million, a decrease of $2.5 million, or 12%, in comparison with the prior year's total of $21.1 million. Approximately 12%, or $2.2 million, constituted unreserved fund balances which were available for spending at the City's discretion. The remainder of fund balance of $16.4 million, or 88%, was reserved to indicate that it was not available for new spending because it had already been committed 1) as loans to the Redevelopment Agency and Water Fund ($15.0 million), 2) for low and moderate income housing ($767 thousand), 3) to pay debt service ($600 thousand) and 4) as prepaid expenditures ($15 thousand).

Note: The information contained in the above paragraph does not accurately reflect the healthier fiscal condition of the City at the end of the reporting period due to the current financial reporting standards, as the loans from the General Fund to the Redevelopment Agency have the effect of doubling up the fund balance reservation. The City's overall unreserved, available combined ending fund balance was, in reality, higher by $10.2 million.

Revenues of governmental funds for the fiscal year ended June 30, 2008 were $37.4 million, an increase of $1.4 million, or 4%, from the prior year total of $36.0 million. Expenditures of governmental funds were $40.0 million, an increase of $3.2 million, or 9%, from the prior fiscal year total of $36.8 million. Prior to other financing sources and uses, expenditures of governmental funds exceeded revenues by $2.6 million.

The City has three major governmental funds: General Fund, HOME Capital Projects Fund, and the Redevelopment Agency Capital Projects Fund. An analysis of significant balances and transactions of the individual major funds has been provided below. With respect to the nonmajor funds, there were no significant balances and transactions that are reportable.

General Fund is the chief operating fund of the City, which is used to account for all discretionary revenues and expenditures necessary to carryout basic government functions that are not accounted for through other special revenue and grant funds. At the end of the current fiscal year, the unreserved fund balance of the General Fund was $11.2 million, while the total fund balance was $26.2 million. As a measure of General Fund's liquidity, it may be useful to compare both the unreserved fund balance and the total fund balance to the total fund expenditures. The unreserved fund balance represented 44% of the total fund expenditures of $25.3 million, while the total fund balance represented 104% of the expenditure total.

The fund balance of the City's General Fund decreased $113 thousand, or 0.4%, during the fiscal year ended June 30, 2008. The restated fund balance for July 1, 2007, included a prior period adjustment related to the Traffic Relief Fund. Additional explanation is found in the Notes to Financial Statements.

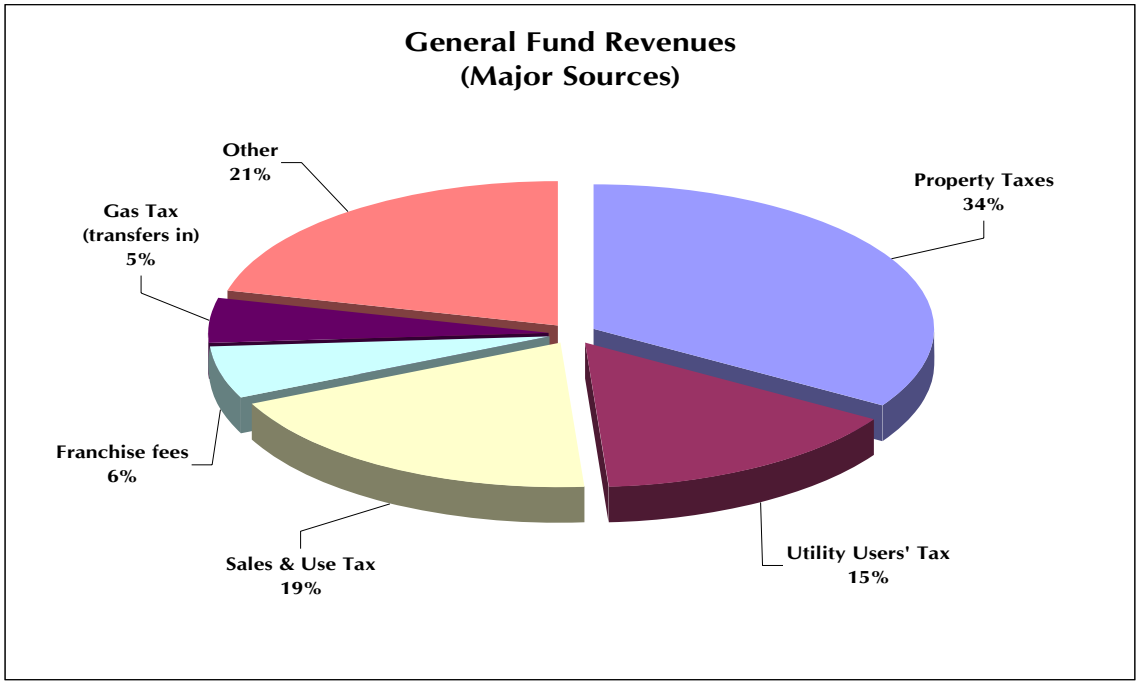
- The largest revenue source was property taxes, including property taxes in lieu of VLF, at $8.8 million, or 34% of General Fund revenues and transfers in, an increase of $649 thousand, or 8%, when compared to the preceding fiscal year's amount of $8.2 million. There continued to be a strong growth in taxable values of real properties within the City. However, due to the declining real estate values, foreclosures and defaults, the property taxes are expected to decrease as much as 10% over time.

- The second largest revenue source was sales taxes at $4.9 million, or 19% of General Fund revenues and transfers in, a decrease of $537 thousand, or 10%, compared to the preceding fiscal year's amount of $5.5 million. In addition to the loss of a new automobile dealership, there has been an overall weakness due to the declining consumer spending. As the recession continues, sales taxes are expected to decline even further.

- The third largest revenue source was utility users' taxes at $4.1 million, or 15% of General Fund revenues and transfers in, an increase of $28 thousand, or 0.7%, compared to the preceding fiscal year's amount.

- The fourth largest revenue source was franchise fees at $1.5 million, or 6% of General Fund revenues and transfers in, an increase of $208 thousand, or 13% compared to the preceding fiscal year's amount. The increase was attributable to the recognition of 6 additional months of cable television franchise fees resulting from the change in the remittance periodicity from calendar year to calendar quarters.

- The fifth largest revenue source was State gas taxes (transfers in) at $1.3 million, or 5% of General Fund revenues and transfers in, a decrease of $39 thousand, or 3%, compared to the preceding fiscal year's amount. The decrease was caused by the high gas price and an overall decrease in consumer demand.



General Fund expenditures and transfers out were $26.3 million, an increase of $2.1 million, or 9%, from the prior year total of $24.2 million. Key elements of the increases and decreases by function are summarized as follows:

- Public safety was the largest General Fund function at $9.5 million, or 36% of General Fund expenditures and transfers out, an increase of $195 thousand, or 2%, from the preceding fiscal year's total of $9.3 million. The increase was largely due to increase in personnel and contract services costs.

- Public works was the second largest General Fund function at $5.8 million, or 22% of General Fund expenditures and transfers out, an increase of $740 thousand, or 15%, from the preceding fiscal year's total of $5.1 million. The increase was due to expansion of services related to street and open space maintenance and administrative costs.

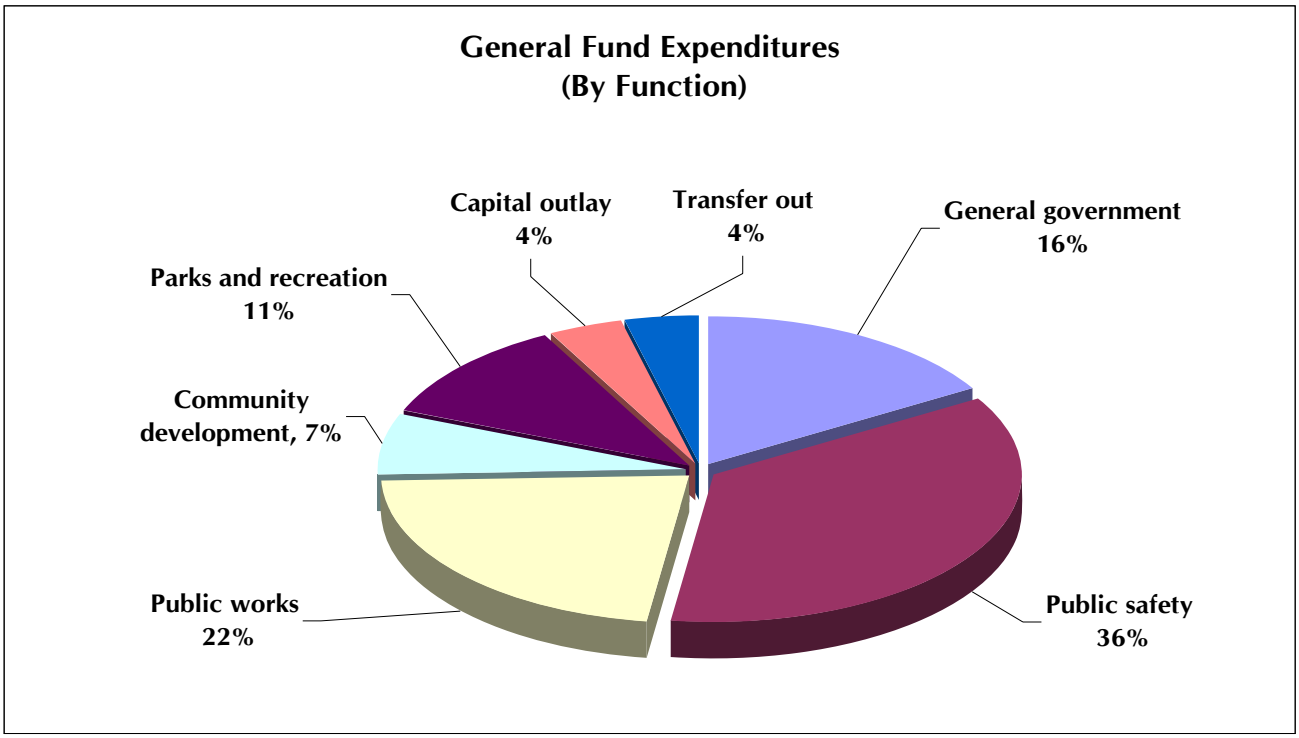
- General government (City Council, City Commissions, City Administration, City Clerk's Office, City Attorney, Finance, Personnel, Public Affairs, Risk Management, and Non-departmental) was the third largest General Fund function at $4.3 million, or 16% of General Fund expenditures and transfers out, an increase of $27 thousand, or 0.6%, from the preceding fiscal year's total.

- Parks and recreation was the fourth largest General Fund function at $2.9 million, or 11% of General Fund expenditures and transfers out, an increase of $254 thousand, or 10%. The increase was largely due to increase in personnel and associated costs related to the development and expansion of various special community events and activities.

- Community development was the fifth largest General Fund function at $1.7 million, or 7% of General Fund expenditures and transfers out, an increase of $326 thousand, or 23%, from the preceding fiscal year's total of $1.4 million. The increase was largely due to costs related to code enforcement, Planning, Building & Safety as well as administration of services.

- Transfers out totaled $1 million, or 4% of General Fund expenditures and transfers out, an increase of $534 thousand, from the preceding fiscal year's total of $502 thousand. Of the total transfers out, $471 thousand was for the payment of interest, principal, and trustee's administrative fees on the City's 1999 Refunding Certificates of Participation, and $416 thousand was used to eliminate the deficit in the Building and Safety Fund.

- Capital outlay totaled $1 million, or 4% of General Fund expenditures and transfers out, an increase of $95 thousand, or 10%, from the preceding fiscal year's total of $915 thousand. Capital outlay, by nature, can fluctuate greatly from year to year.



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

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

HOME program costs are generally drawn down from the HUD-approved line of credit on a reimbursement basis only (as expenditures are made). As a result, the fund balance of the HOME Capital Projects Fund is generally $0 or a nominal amount even though there may be funds available in the line of credit. At the end of the current fiscal year, the City's HOME Capital Projects Fund fund balance was $5 thousand (unexpended program income), while the line of credit had an available balance of $802 thousand. The annual HOME entitlement for the fiscal year was $586 thousand, a decrease of $5 thousand, when compared to the preceding fiscal year's entitlement of $591 thousand.

HOME is a reimbursement grant (an expenditure-driven grant). HOME expenditures were $1.7 million, an increase of $1.6 million, from the preceding fiscal year's total of $122 thousand. This increase was due to an acquisition of property related to the development of a mixed-use project.

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

In general, property tax increment revenue, net of annual debt service payments and 20% set-aside for low and moderate income housing, is transferred from the Redevelopment Agency Debt Service Fund to the Redevelopment Agency Capital Projects Fund to finance authorized projects. As with prior years, Redevelopment projects continue to be largely supported with cash advances from the General Fund.

Redevelopment project expenditures were $2.4 million, a decrease of $2 thousand from the prior fiscal year total.

General Fund Budgetary Highlights

In any fiscal year, the City Council and the City Manager (with limited authority) may revise the budget from time to time to accommodate certain changes to the community's needs and requirements for programs and activities and to take necessary measures to address significant changes to the fiscal condition of the City resulting from emergencies and other unforeseen events.

Revenues and Transfers In – The original and final budgeted revenues and transfers in were $26.6 million.

Appropriations and Transfers Out – The final appropriations and transfers were $27.7 million, an increase of $600 thousand from the original allocations as follows: $492 thousand in capital outlay, and $92 thousand in transfers out, and $16 thousand in general government.

Budget to Actual Variance

The actual total revenues of $24.9 million were lower than the final budgeted revenues of $25.2 million, a decrease of $346 thousand. A major portion of the decrease was attributable to sales and use taxes.

The actual total expenditures of $25.3 million were lower than the final appropriations of $26.8 million by approximately $1.5 million as follows: $258 thousand in general government, $656 thousand in public safety, $469 thousand in public works (higher), $159 thousand in community development, $153 thousand in parks and recreation, and $796 thousand in capital outlay.

Capital Asset and Debt Administration

Capital Assets. The City's investment in capital assets for governmental and business-type activities as of June 30, 2008, was $57.6 million (net of accumulated depreciation). Infrastructure assets have been reported retroactive to July 1, 1980, in compliance with GASB Statement No. 34. Any infrastructure assets acquired or significantly improved prior to July 1, 1980 are not included. For additional information on capital assets, please refer to Note 9 to the basic financial statements.

Capital Assets
(in thousands)

	Governmental Activities		Business-Type Activities		Total	
	FY 2007-08	FY 2006-07	FY 2007-08	FY 2006-07	FY 2007-08	FY 2006-07
Land	$ 18,859	$ 15,939	$ 490	$ 424	$ 19,349	$ 16,363
Buildings and improvements	19,084	14,001	88	93	19,172	14,094
Equipment and furniture and fixtures	1,845	1,630	15	-	1,860	1,630
Infrastructure	9,558	9,765	1,175	1,252	10,733	11,017
Construction in progress	2,026	4,187	3	18	2,029	4,205
Water rights	94	94	4,000	4,000	4,094	4,094
Acquisition costs	-	-	345	385	345	385
Total Capital Assets	$ 51,466	$ 45,616	$ 6,116	$ 6,172	$ 57,582	$ 51,788

During this fiscal year, the City added $5.8 million in capital assets excluding equipment and furniture and fixtures. The following were major activities for the fiscal year:

- Property acquisition (Redevelopment Agency) $2.2 million
- Friendship Square Improvements $748 thousand
- West Branch Greenway Project $363 thousand
- Town Center Gateway Construction $309 thousand
- P.E. Depot Restoration $383 thousand

Long-Term Debt. At June 30, 2008, the City had $19.3 million in outstanding long-term debt for Governmental Activities, a decrease of $452 thousand, or 2%, from the preceding fiscal year. While compensated absences (i.e., accrued vacation, sick leave, and compensatory time off) increased by $166 thousand, other outstanding long-term debt decreased by $618 thousand from the regular debt amortization. For additional information on long-term debt, please refer to Note 10 to the notes to the basic financial statements.

Long-Term Debt
(in thousands)

	2008	2007	Variance Increase/ (Decrease)	% Change
1999 Refunding Certificates of Participation	$ 4,200	$ 4,460	$ (260)	-6%
2004 Refunding Tax Allocation Bonds	7,255	7,370	(115)	-2%
HUD Section 108 Loan	6,336	6,572	(236)	-4%
Note Payable - Dietz	189	196	(7)	-4%
Compensated Absences	1,326	1,160	166	14%
Total Long-Term Debt	$ 19,306	$ 19,758	$ (452)	-2%

Under the California Government Code Section 43605, the City's legal bonded debt limit for this fiscal year was $136 million based on the assessed value of all real and personal property of the City. The City had no bonded indebtedness during the fiscal year.

Economic Outlook- Fiscal Year 2008-2009

The City's finances and the ability to pay for essential services are heavily dependent on local economy and legislative actions of the Federal and State governments, as a substantial portion of the City's revenues are intergovernmental grants and pass-through revenues. In the event of fiscal distress or for other political reasons, both the Federal and State governments can cut funding for the local governments. In addition, the State has set a track record of unilaterally taking and shifting local governments' revenues to balance its budget or meet other financial obligations.

Economic Report

According to the UCLA Anderson Forecast report of December 2008, its economists predict that the current recession inflicting the national economy will show four quarters of negative growth and rising unemployment rates that last through 2010. The State of California will share the national recession, with negative growth through the middle of next year and high unemployment until 2010 as well. The economy continues to experience difficulties rooted in the problematic real estate and financial sectors, as well as the troublesome rate of consumer debt. The current recession is determined to be the worst since the Great Depression.

Adopted Budget

The current economic downturn poses a major threat to the City's finances. With the substantial and continuing decreases in overall governmental revenues coupled with the general increase in the cost of goods and services, the City is expect to face significant operating deficits in 2008-2009 and subsequent fiscal years. In response to the anticipated recurring operating deficits, the City Council has authorized cuts of approximately $3.9 million out of the operating and capital budget, including but not limited to a 12-day unpaid furlough of its employees from December 19, 2008 to January 5, 2009, elimination of six full-time positions, layoffs of part-time employees. It is the intent of the City Council and management to continue to act quickly and responsibly to ensure the financial stability and solvency of the City.

Request for Information

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF BELLFLOWER
STATEMENT OF NET ASSETS
June 30, 2008

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and investments	$ 17,376,076	$ 141,227	$ 17,517,303
Cash and investments with fiscal agents	600,174		600,174
Receivables:			
Accounts receivable - net	3,461,573	278,011	3,739,584
Notes receivable	5,181,619		5,181,619
Interest receivable	123,425		123,425
Prepaid expenses	15,000	32,077	47,077
Net OPEB asset	33,338		33,338
Internal balances	6,957,015	(6,957,015)	
Deferred charges - net of accumulated amortization	554,663		554,663
Deferred loss on refunding - net of accumulated amortization	414,199		414,199
Pre-acquisition costs, net of accumulated amortization		42,500	42,500
Capital assets not being depreciated	20,978,408	4,492,960	25,471,368
Capital assets - net of accumulated depreciation	30,487,125	1,622,194	32,109,319
Total assets	86,182,615	(348,046)	85,834,569
LIABILITIES			
Accounts payable	2,993,925	169,986	3,163,911
Interest payable	394,967		394,967
Accrued expenses	292,454		292,454
Pre-acquisition costs payable		35,000	35,000
Deferred revenue	300,929		300,929
Deposits	20,547	31,400	51,947
Retention payable	76,641		76,641
Noncurrent liabilities:			
Due within one year	1,405,689		1,405,689
Due in more than one year	17,900,334		17,900,334
Total liabilities	23,385,486	236,386	23,621,872
NET ASSETS			
Invested in capital assets, net of related debt	34,454,767	6,115,154	40,569,921
Restricted for:			
Construction of capital assets	340,200		340,200
Debt service	205,207		205,207
Streets, highways, bikeways, public transit, and other related purposes	2,620,552		2,620,552
Housing	1,800,802		1,800,802
Public safety	67,928		67,928
Arts	110,035		110,035
Unrestricted	23,197,638	(6,699,586)	16,498,052
Total net assets	$ 62,797,129	$ (584,432)	$ 62,212,697

See Notes to the Basic Financial Statements

CITY OF BELLFLOWER
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2008

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Contributions and Grants	Program Revenues: Capital Contributions and Grants
Governmental Activities:				
General government	$ 4,673,647	$ -	$ 164,986	$ -
Public safety	9,830,279	1,696,289	306,503	
Public works	8,561,074	634,813	3,687,596	1,825,130
Community development	4,737,554	561,831	3,627,917	
Parks and recreation	3,422,450	711,744		188,370
Interest on long-term debt	1,082,459			
Total Governmental Activities	32,307,463	3,604,677	7,787,002	2,013,500
Business-type Activities:				
Water	1,886,301	1,489,421		35,548
Total primary governmen	$ 34,193,764	$ 5,094,098	$ 7,787,002	$ 2,049,048

General Revenues:
Taxes:
Sales taxes
Property taxes
Property tax in lieu of VLF
Franchise taxes
Utility users taxes
Transient occupancy taxes
Business license taxes
Property transfer taxes
Intergovernmental - unrestricted:
Motor vehicle in lieu
Earnings on investments
Miscellaneous
Transfers

Total general revenues and transfers

Change in net assets

Net assets - July 1, 2007

Net assets - June 30, 2008

See Notes to the Basic Financial Statements

Net (Expenses) Revenues and Changes in Net Assets		
Governmental Activities	Business-type Activities	Total
$ (4,508,661)	$ -	$ (4,508,661)
(7,827,487)		(7,827,487)
(2,413,535)		(2,413,535)
(547,806)		(547,806)
(2,522,336)		(2,522,336)
(1,082,459)		(1,082,459)
(18,902,284)		(18,902,284)
	(361,332)	(361,332)
(18,902,284)	(361,332)	(19,263,616)
4,864,723		4,864,723
4,630,983		4,630,983
6,089,921		6,089,921
1,536,573		1,536,573
4,057,482		4,057,482
579,635		579,635
515,903		515,903
127,741		127,741
343,552		343,552
1,027,148	63,741	1,090,889
457,785	(8,704)	449,081
(2,944)	2,944	
24,228,502	57,981	24,286,483
5,326,218	(303,351)	5,022,867
57,470,911	(281,081)	57,189,830
$ 62,797,129	$ (584,432)	$ 62,212,697

See Notes to the Basic Financial Statements

CITY OF BELLFLOWER
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2008

	General Fund	HOME Capital Projects Fund	Redevelopment Agency Capital Projects Fund
ASSETS			
Cash and investments	$ 10,787,883	$ 2,651	$ 3,182
Cash and investments with fiscal agents			
Accounts receivable - net	2,049,121	84,462	
Due from other funds	1,212,529		95,495
Interest receivable	73,975		
Prepaid expenditures	15,000		
Notes receivable		3,241,658	55,000
Advances receivable	18,811,935		
Total assets	$ 32,950,443	$ 3,328,771	$ 153,677
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	$ 2,060,309	$ 30,588	$ 261,247
Accrued expenditures	241,359	1,525	6,731
Due to other funds		50,448	
Deposits	18,924		1,623
Retention payable	9,792		8,956
Deferred revenue	4,433,085	3,241,658	55,000
Advances payable			12,131,515
Total liabilities	6,763,469	3,324,219	12,465,072
Fund balances:			
Reserved:			
Debt service			
Low and moderate income housing			
Prepaid expenditures	15,000		
Advances	14,972,982		
Unreserved:			
Designated - special revenue funds			
Undesignated - general fund	11,198,992		
Undesignated - capital projects funds		4,552	(12,311,395)
Total fund balances	26,186,974	4,552	(12,311,395)
Total liabilities and fund balances	$ 32,950,443	$ 3,328,771	$ 153,677

See Notes to the Basic Financial Statements

Other Governmental Funds	Total Governmental Funds
$ 4,430,055	$ 15,223,771
600,174	600,174
1,327,990	3,461,573
	1,308,024
31,549	105,524
	15,000
1,884,961	5,181,619
	18,811,935
$ 8,274,729	$ 44,707,620

$ 627,423	$ 2,979,567
41,778	291,393
980,981	1,031,429
	20,547
57,893	76,641
1,884,961	9,614,704
	12,131,515
3,593,036	26,145,796
600,174	600,174
766,590	766,590
	15,000
	14,972,982
3,254,679	3,254,679
	11,198,992
60,250	(12,246,593)
4,681,693	18,561,824
$ 8,274,729	$ 44,707,620

See Notes to the Basic Financial Statements

CITY OF BELLFLOWER

Families. Businesses. Futures.

"GROWING TOGETHER"

CITY OF BELLFLOWER
GOVERNMENTAL FUNDS
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
June 30, 2008

Fund balances of governmental funds	$	18,561,824
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets net of accumulated depreciation have not been included as financial resources in governmental funds.		51,465,533
Certain taxes and fees will be collected after year end, but are not available soon enough to pay for current period's expenditures, and therefore are reported as deferred revenue in the governmental funds.		293,203
Net OPEB asset has not been included as financial resources in governmental funds.		33,338
Interest accrued on advances are not available to pay for current expenditures and, therefore are offset by deferred revenue in the governmental funds.		3,838,953
Certain notes receivable are not available to pay for current period expenditures and, therefore are offset by deferred revenue in the governmental funds. Also, accrued interest on notes receivable has not been reported in the governmental funds.		5,181,619
Long-term debt and compensated absences have not been included in the governmental funds:		
Long-term debt		(17,979,628)
Compensated absences		(1,326,395)
Deferred charges, net of accumulated amortization for debt issuance costs and discounts on long-term debt have not been reported in the governmental funds		554,663
Deferred losses on refunding, net of accumulated amortization for long-term debt issuance have not been reported in the governmental funds.		414,199
Accrued interest payable from the current portion of interest due on long-term debt has not been reported in the governmental funds.		(394,967)
The internal service fund is used by management to charge the costs of certain equipment replacement to individual funds. The assets and liabilities of the internal service fund must be added to the statement of net assets.		2,154,787
Net assets of governmental activities	$	62,797,129

See Notes to the Basic Financial Statements

CITY OF BELLFLOWER
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2008

	General Fund	HOME Capital Projects Fund	Redevelopment Agency Capital Projects Fund
REVENUES			
Taxes	$ 20,047,810	$ -	$ -
Licenses and permits	551,745		
Fines, forfeitures, and penalties	1,601,565		
Investment earnings	659,501	31,991	47,489
Charges for current services	1,351,183		
Intergovernmental revenue	514,700	1,627,773	
Other revenues	127,636		635,870
Total revenues	24,854,140	1,659,764	683,359
EXPENDITURES			
Current:			
General government	4,298,238		
Public safety	9,469,815		
Public works	5,836,718		
Community development	1,749,946	111,782	856,411
Parks and recreation	2,913,410		
Capital outlay	1,010,147	1,600,000	1,506,220
Debt service:			
Principal retirement			
Interest and other charges			
Pass-through payments			
Total expenditures	25,278,274	1,711,782	2,362,631
Excess of revenues over (under) expenditures	(424,134)	(52,018)	(1,679,272)
OTHER FINANCING SOURCES (USES)			
Transfers in	1,347,361		98,677
Transfers out	(1,035,943)		(465,656)
Total other financing sources (uses)	311,418		(366,979)
Net change in fund balances	(112,716)	(52,018)	(2,046,251)
Fund balances - July 1, 2007	26,052,749	56,570	(10,265,144)
Prior period adjustments	246,941		
Fund balances- July 1, 2007, restated	26,299,690	56,570	(10,265,144)
Fund balances - June 30, 2008	$ 26,186,974	$ 4,552	$ (12,311,395)

See Notes to the Basic Financial Statements

Other Governmental Funds	Total Governmental Funds
$ 1,968,309	$ 22,016,119
436,133	987,878
	1,601,565
383,779	1,122,760
316,429	1,667,612
7,084,557	9,227,030
11,834	775,340
10,201,041	37,398,304
167,080	4,465,318
158,522	9,628,337
2,253,341	8,090,059
1,655,207	4,373,346
	2,913,410
3,268,492	7,384,859
618,654	618,654
2,438,881	2,438,881
50,770	50,770
10,610,947	39,963,634
(409,906)	(2,565,330)
1,609,874	3,055,912
(1,557,257)	(3,058,856)
52,617	(2,944)
(357,289)	(2,568,274)
5,285,923	21,130,098
(246,941)	
5,038,982	21,130,098
$ 4,681,693	$ 18,561,824

See Notes to the Basic Financial Statements

CITY OF BELLFLOWER
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2008

Net change in fund balances - total governmental funds	$	(2,568,274)
Amounts reported for governmental activities in the statement of activities differ because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those capital assets are allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceed depreciation in the current period.		5,849,593
Certain taxes and fees in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.		(78,291)
Certain notes receivable are reported in the governmental funds as expenditures and then offset by a deferred revenue as they are not available to pay current expenditures. Likewise when the note is collected it is reflected in revenue. This is the net change in between notes receivable collected and issued.		(218,285)
Interest in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.		1,862,849
The issuance of long-term debt provides current financial resources to governmental funds, while repayment of the principal and issuance cost of long-term debt consumes the current financial resources of the governmental funds. Issuance of bond principal is an other financing source and repayment of bond principal and issuance cost are an expenditure in governmental funds, but the issuance increases long-term liabilities and the repayment reduces long-term liabilities in the statement of net assets. This is the net change in retirement of long-term debt.		618,654
Debt issuance costs and deferred loss on refunding are expenditures in the governmental funds, but these cost are capitalized and amortized on the statement of net assets. This is net change in debt issuance costs and deferred loss on refunding in the current period.		(46,437)
Accrued interest is interest due on long-term debt payable. This is the net change in accrued interest for the current period.		8,349
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.		33,338
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.		(166,496)
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 (excluding net change of capital assets of $301,282).		31,218
Change in net assets of governmental activities	$	5,326,218

See Notes to the Basic Financial Statements

CITY OF BELLFLOWER
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAI
GENERAL FUND
For the Fiscal Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amount	(Negative)
REVENUES				
Taxes	$ 20,537,000	$ 20,537,000	$ 20,047,810	$ (489,190)
Licenses and permits	573,300	573,300	551,745	(21,555)
Fines, forfeitures, and penalties	1,539,000	1,539,000	1,601,565	62,565
Investment earnings	619,200	619,200	659,501	40,301
Charges for current services	1,038,100	1,038,100	1,351,183	313,083
Intergovernmental revenue	708,436	708,436	514,700	(193,736)
Other revenues	185,300	185,300	127,636	(57,664)
Total revenues	25,200,336	25,200,336	24,854,140	(346,196)
EXPENDITURES				
Current:				
General government:				
City council	229,543	229,543	206,659	22,884
Public affairs	425,837	425,837	374,688	51,149
Special events	564,437	564,437	568,169	(3,732)
City clerk	453,701	464,701	381,083	83,618
Election	250	250	674	(424)
City administration	629,007	629,007	526,567	102,440
Parks and rec. commission	3,150	3,150	2,100	1,050
Planning commission	14,650	14,650	8,816	5,834
Finance	936,154	936,154	919,565	16,589
City attorney	120,000	120,000	296,187	(176,187)
Personnel/Risk management	405,221	410,659	353,499	57,160
Public safety commission	5,450	5,450	3,850	1,600
Non-departmental	751,962	751,962	656,381	95,581
Total general government	4,539,362	4,555,800	4,298,238	257,562
Public safety:				
Administration	1,681,451	1,681,451	1,568,811	112,640
Crossing guard	167,650	167,650	170,165	(2,515)
Sheriff	7,403,865	7,403,865	6,895,071	508,794
Support services	865,851	865,851	829,802	36,049
Emergency management	6,600	6,600	5,966	634
Total public safety	10,125,417	10,125,417	9,469,815	655,602

Continued

See Notes to the Basic Financial Statements

CITY OF BELLFLOWER
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAI
GENERAL FUND
For the Fiscal Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amount	(Negative)
EXPENDITURES - CONTINUED				
Public works:				
Administration	$ 609,169	$ 609,169	$ 635,909	$ (26,740)
Street maintenance	2,384,266	2,384,266	2,768,883	(384,617)
Stormwater maintenance	412,977	412,977	363,165	49,812
Lighting and landscaping	514,685	514,685	528,509	(13,824)
Maintenance	1,446,350	1,446,350	1,540,252	(93,902)
Total public works	5,367,447	5,367,447	5,836,718	(469,271)
Community development:				
Administration	406,869	406,869	426,379	(19,510)
Planning	856,443	856,443	722,156	134,287
Building and safety - L.A. County contract	20,000	20,000	53,151	(33,151)
Farmers' market	20,097	20,097	1,063	19,034
Code enforcement	605,667	605,667	547,197	58,470
Total community development	1,909,076	1,909,076	1,749,946	159,130
Parks and recreation:				
Administration	1,040,338	1,040,338	942,355	97,983
Simms park	480,976	480,976	461,663	19,313
Thompson park	344,489	344,489	335,693	8,796
Caruthers park	299,051	299,051	290,227	8,824
Aquatic center	396,227	396,227	390,605	5,622
Civic center	80,058	80,058	70,856	9,202
City-school recreation	218,730	218,730	224,368	(5,638)
Youth-teen program	96,050	96,050	87,977	8,073
Cultural arts	31,700	31,700	31,700	
Batting cages	12,577	12,577	10,704	1,873
Preschool program	37,638	37,638	40,010	(2,372)
Share tri-cities	28,112	28,112	27,252	860
Total parks and recreation	3,065,946	3,065,946	2,913,410	152,536
Capital outlay	1,313,800	1,806,289	1,010,147	796,142
Total expenditures	26,321,048	26,829,975	25,278,274	1,551,701
Excess of revenues over (under) expenditures	(1,120,712)	(1,629,639)	(424,134)	1,205,505

Continued

See Notes to the Basic Financial Statements

CITY OF BELLFLOWER
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAI
GENERAL FUND
For the Fiscal Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amount	(Negative)
OTHER FINANCING SOURCES (USES):				
Transfers in	$ 1,415,600	$ 1,415,600	$ 1,347,361	$ (68,239)
Transfers out	(780,486)	(872,391)	(1,035,943)	(163,552)
Total other financing sources (uses)	635,114	543,209	311,418	(231,791)
Net change in fund balance	(485,598)	(1,086,430)	(112,716)	973,714
Fund balance - July 1, 2007	26,052,749	26,052,749	26,052,749	
Prior period adjustment			246,941	
Fund balance - July 1, 2007, restated	26,052,749	26,052,749	26,299,690	
Fund balance - June 30, 2008	$ 25,567,151	$ 24,966,319	$ 26,186,974	$ 973,714

See Notes to the Basic Financial Statements

CITY OF BELLFLOWER
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2008

	Business-type Activities Enterprise Fund	Governmental Activities Internal Service Fund
	Water Fund	Equipment Replacement Fund
ASSETS		
Current assets:		
Cash and investments	$ 141,227	$ 2,152,305
Accounts receivable	278,011	
Interest receivable		17,901
Prepaid expense	32,077	
Total current assets	451,315	2,170,206
Noncurrent assets:		
Pre-acquisition costs - net of accumulated amortization	42,500	
Capital assets not being depreciated	4,492,960	
Capital assets - net of accumulated depreciation	1,622,194	961,173
Total noncurrent assets	6,157,654	961,173
Total assets	6,608,969	3,131,379
LIABILITIES		
Current liabilities:		
Accounts payable	169,986	14,358
Accrued liabilities		1,061
Pre-acquisition costs payable	35,000	
Refundable deposits	31,400	
Due to other funds	276,595	
Total current liabilities	512,981	15,419
Noncurrent liabilities:		
Advances from other funds	6,680,420	
Total noncurrent liabilities	6,680,420	
Total liabilities	7,193,401	15,419
NET ASSETS		
Invested in capital assets	6,115,154	961,173
Unrestricted	(6,699,586)	2,154,787
Total net assets	$ (584,432)	$ 3,115,960

See Notes to the Basic Financial Statements

CITY OF BELLFLOWER
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2008

	Business-type Activities Enterprise Fund	Governmental Activities Internal Service Fund
	Water Fund	Equipment Replacement Fund
OPERATING REVENUES		
Charges for services (net of refunds)	$ 1,489,421	$ 553,613
Total operating revenues	1,489,421	553,613
OPERATING EXPENSES		
Salaries	255,501	45,629
Benefits	43,286	769
Administration	33,120	1,063
Alarm	1,920	
Communications	3,512	
Distribution lines	0	
Energy	30,519	
Hydrants	325	
Insurance	27,780	
Licenses	38,867	
Maintenance	27,565	11,449
New services	8,052	
Office supplies and expenses	13,790	
Professional services	62,406	
Pumps and wells	7,054	
Outside services	269,278	
Taxes	16,354	3,491
Telephone	2,724	
Tools and equipment	560	
Chemicals	28,899	
Utilities	7,621	
Auto	15,525	
Water purchases	341,738	
Other expenses	500	
Amortization	5,000	
Depreciation	176,066	267,175
Total operating expenses	1,417,962	329,576
Operating income	71,459	224,037
NON-OPERATING REVENUES (EXPENSES)		
Intergovernmental revenue	35,548	
Investment earnings	1,341	108,041
Water rights lease	62,400	
Interest expenses	(468,339)	
Gain (loss) on sale of capital assets		422
Other non-operating expense	(8,704)	
Total non-operating revenues (expenses)	(377,754)	108,463
Income (loss) before transfers	(306,295)	332,500
Transfers in	2,944	
Net transfers in	2,944	
Changes in net assets	(303,351)	332,500
Total net assets, July 1, 2007	(281,081)	2,783,460
Total net assets, June 30, 2008	$ (584,432)	$ 3,115,960

See Notes to the Basic Financial Statements

CITY OF BELLFLOWER
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2008

	Business-type Activities Enterprise Fund	Governmental Activities Internal Service Fund
	Water Fund	Equipment Replacement Fund
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers and users	$ 1,405,730	$ -
Cash paid to employees	(298,787)	(49,889)
Cash paid to suppliers	(990,713)	(18,758)
Internal activity - receipts from other funds		553,613
Net cash provided (used) by operating activities	116,230	484,966
CASH FLOWS FROM NON-CAPITAL FINANACING ACTIVITIES		
Intergovernmental revenue	$ 35,548	$ -
Cash transfers from other fund	2,944	
Net cash provided (used) by non-capital financing activies	38,492	
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Sales of capital assets		422
Internal activity - receipts from other funds	468,339	
Pre-acquisition cost payable	(15,000)	
Purchases of capital assets	(119,246)	(568,459)
Net cash provided (used) by capital and related financing activities	334,093	(568,037)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest earnings	1,341	115,744
Interest expenses	(477,043)	
Water rights lease	62,400	
Net cash provided (used) by investing activities	(413,302)	115,744
Net increase (decrease) in cash and cash equivalents	75,513	32,673
Cash and cash equivalents, July 1, 2007	65,714	2,119,632
Cash and cash equivalents, June 30, 2008	$ 141,227	$ 2,152,305
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Operating income	$ 71,459	$ 224,037
Adjustments to reconcile operating income to net cash provided (used)		
Amortization	5,000	
Depreciation	176,066	267,175
Changes in assets and liabilities:		
Accounts receivable	(89,256)	
Prepaid expenses	(23,515)	
Accounts payable	(29,089)	(7,120)
Accrued liabilities		874
Refundable deposits	5,565	
Net cash provided (used) by operating activities	$ 116,230	$ 484,966

See Notes to the Basic Financial Statements

CITY OF BELLFLOWER
STATEMENT OF FIDUCIARY FUND NET ASSETS
AGENCY FUND
June 30, 2008

	Agency Fund
ASSETS	
Cash and investments	$ 741,512
LIABILITIES	
Deposits payable	$ 741,512

See Notes to the Basic Financial Statements

NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Bellflower (City) have been prepared in conformity with accounting principles generally accepted in the United States of America (USGAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

A. Reporting Entity

The City of Bellflower, incorporated in 1957, is a general law city covering approximately 6.1 square miles. The City is governed by a city council of five members. As required by accounting principles generally accepted in the United States of America, these basic financial statements present the City of Bellflower (the primary government) and its component units. The component units discussed below are included in the City's reporting entity because of the significance of their operational or financial relationships with the City.

Blended Component Units. The Redevelopment Agency of the City of Bellflower (the "Agency") is governed by the City Council of the City of Bellflower. Although it is legally separate from the City, the Agency is reported as if it were part of the primary government because the City Council is the governing board, and is able to impose its will on the Agency. The Agency is reported as separate funds in the Capital Projects and Debt Service Funds.

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

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

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

B. Government-wide and Fund Financial Statements

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The City reports the following major governmental funds:

General Fund

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

HOME Capital Projects Fund

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

Redevelopment Agency Capital Projects Fund

The Redevelopment Agency Capital Projects Fund is used to account for the expenditures incurred by the Bellflower Redevelopment Agency on redevelopment projects.

The City reports the following major proprietary fund:

The Water Enterprise Fund

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

Additionally, the City reports the following fund types:

Proprietary Fund

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

Fiduciary Fund

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

D. Assets, Liabilities, Net Assets, or Equity

Cash and Investments

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

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

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Cash and Investments (Continued)

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

Receivables and Payables

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

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

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

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

Property Valuations - are established by the Assessor of the County of Los Angeles for the secured and unsecured property tax rolls; the utility property tax rolls are valued by the State Board of Equalization. Under the provisions of Article XIIIA 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Receivables and Payables (Continued)

Tax Collections - are the responsibility of the county tax collector. Taxes and assessments on secured and utility rolls which constitute a lien against the property, may be paid in two installments: the first is due on November 1 of the fiscal year and is delinquent if not paid by December 10; and the second is due on March 1 of the fiscal year and is delinquent if not paid by April 10. Unsecured personal property taxes do not constitute a lien against real property unless the taxes become delinquent. Payment must be made in one installment, which is delinquent if not paid by August 31 of the fiscal year. Significant penalties are imposed by the County for late payments.

Tax Levy Apportionments - Due to the nature of the City-wide maximum levy, it is not possible to identify general purpose tax rates for specific entities. Under state legislation adopted subsequent to the passage of Proposition 13, apportionments to local agencies are made by the county auditor-controller based primarily on the ratio that each agency represented of the total City-wide levy for the three years prior to fiscal year 1979.

Property Tax Administration Fees - The State of California FY 1990-91 Budget Act authorized counties to collect an administrative fee for collection and distribution of property taxes. Property taxes are recorded as net of administrative fees withheld during the fiscal year.

Prepaid Items

Payments to vendors that reflect costs applicable to future accounting periods are recorded as prepaid items in both government-wide and fund financial statements.

Capital Assets

Capital assets which include land, buildings and improvements, furniture and fixtures, machinery and equipment, infrastructure (e.g., roads, bridges, sidewalks, traffic lights and signals, street lights, water system, and similar items), and water rights assets are reported in the applicable governmental activities and business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an estimated useful life in excess of one year. Infrastructure assets are capitalized if the original cost exceeds $20,000. Such capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the capital asset or materially extend capital asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is included as part of the capitalized value of the assets constructed. No interest was capitalized during the fiscal year ended June 30, 2008.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Capital Assets (Continued)

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

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

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

Compensated Absences

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

Long-Term Obligations

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Net Assets and Fund Equity

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

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

E. Estimates

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

F. Reconciliation of Government-wide and Fund Financial Statements

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

The governmental funds balance sheet includes a reconciliation between fund balance – governmental funds and net assets of governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that "long-term debt and compensated absences is not due and payable within the current period and therefore is not reported in the funds". The detail of the $17,979,628 long-term debt difference is as follows:

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Long-term debt	
Refunding certificates of participation payable	$ 4,200,000
Refunding taxable tax allocation bonds payable	7,255,000
Section 108 loan payable	6,336,000
Note payable - Dietz	188,628
Net adjustment to reduce fund balance of total governmental funds to arrive at net assets of governmental activities	$ 17,979,628

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – of total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The details of this $5,849,593 difference are as follows:

Capital outlay	
Capital outlay	$ 7,384,859
Depreciation	(1,535,266)
Net adjustment to increase net changes in fund balances of total governmental funds to arrive at changes in net assets of governmental activities	$ 5,849,593

Another element of that reconciliation states that "the issuance of long-term debt (e.g., bonds, loans) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds". Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The details of this $618,654 difference are as follows:

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Principal repayments:	
Refunding certificates of participation	$ 260,000
Taxable tax allocation bonds	115,000
Section 108 loan	236,000
Note payable - Dietz	7,654
Net adjustment to increase net changes in fund balances of total governmental funds to arrive at changes in net assets of governmental activities	$ 618,654

G. New Accounting Pronouncements

The City has implemented the requirements of Governmental Accounting Standards Board (GASB) Statement No. 45, No. 48, and No. 50 during the fiscal year ended June 30, 2008.

GASB Statement No. 45

For the fiscal year ended June 30, 2008, the City early implemented Governmental Accounting Standards Board (GASB) Statement No. 45, "Accounting and Financial Reporting by Employees for Postemployment Benefits Other than Pensions". This Statement is effective for periods beginning after July 1, 2008 for a Phase 2 government (1999 total revenues less the $100 million and more than $10 million). This Statement establishes standards for accounting and financial reporting for state and local government employees that offer "Other Postemployment Benefits" (OPEB) and requires accrual basis measurement and recognition of OPEB expenses and liabilities that will result in recognition of expenses over periods that approximate employees' years of service. See notes 13 for more details of the City's Plan and the effect on the financial statements.

GASB Statement No. 48

For the fiscal year ended June 30, 2008, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 48, "Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues." The Statement is effective for periods beginning after December 15, 2006. This Statement establishes accounting and financial reporting standards for transactions in which a government receives, or is entitled to, resources in exchange for future cash flows generated by collecting specific receivables or specific future revenues. It also contains provisions that apply to certain situations in which a government does not receive resources but, nevertheless, pledges or commits future cash flows generated by collecting specific future revenues. In addition, this Statement establishes accounting and financial reporting standards

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. New Accounting Pronouncements (Continued)

that apply to all intra-entity transfers of assets and future revenues. Implementation of GASB Statement No. 48 did not have an impact on the City's basic financial statements for the fiscal year ended June 30, 2008.

GASB Statement No. 50

For the fiscal year ended June 30, 2008, the City implemented GASB Statement No. 50, "Pension Disclosures – an Amendment of GASB Statements No. 25 and No. 27." The Statement is effective for periods beginning after June 15, 2007. This Statement establishes and modifies requirements related to financial reporting by pension plans and by employers that provide defined benefit and defined contribution pensions. Implementation of GASB Statement No. 50 did not have an impact on the City's basic financial statements for the fiscal year ended June 30, 2008.

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. General Budget Policies

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

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

Budgetary comparison is provided in the accompanying financial statements for the General Fund, Special Revenue Funds, Capital Projects Funds, and Debt Service Funds with presentation of the final budget. For the General Fund, the originally-adopted budget is also presented. Both the original and final budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Supplementary budgetary appropriations were $15,146,155 for the fiscal year.

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

B. Excess Expenditures over Appropriations

The following are funds in which certain expenditures exceeded appropriations for the fiscal year ended June 30, 2008.

Fund/Function	Final Appropriation	Expenditures	Excess
Major Funds:			
General fund:			
Public work	$ 5,367,447	$ 5,836,718	$ 469,271
Capital project fund:			
Redevelopment agency			
Community development	791,065	856,411	65,346
Non-major Funds:			
Special revenue fund:			
CA – COPS Grant			
Public safety	152,000	158,522	6,522
Debt service fund:			
Redevelopment agency			
Community development	24,560	31,954	7,394
Pass-through payments	48,900	50,770	1,870
Capital projects fund:			
CDBG			
Capital outlay	229,000	308,654	79,654
HUD Section 108 Fund			
Capital outlay	1,038,000	1,083,020	45,020

NOTE 3 - CASH AND INVESTMENTS

Cash and investments as of June 30, 2008 are classified in the accompanying financial statements as follows:

Statement of net assets:	
Cash and investments	$ 17,517,303
Cash and investments with fiscal agents	600,174
Fiduciary funds:	
Cash and investments	741,512
Total cash and investments	$ 18,858,989

Cash and investments as of June 30, 2008 consist of the following:

Petty cash	$ 3,417
Deposits with financial institutions	(4,802)
Investments	18,860,374
Total cash and investments	$ 18,858,989

NOTE 3 - CASH AND INVESTMENTS (Continued)

Investments Authorized by the California Government Code and the City's Investment Policy

The table below identifies the **investment types** that are authorized for the City by the California Government Code (or the City's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the City's investment policy, where more restrictive) that address **interest rate risk**, **credit risk**, and **concentration of credit risk**. This table does not address investments of debt proceeds held by bond trustees that are governed by the provisions of debt agreements of the City, rather than the general provisions of the California Government Code or the City's investment policy.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Bankers Acceptances	180 days	40%	30%
Certificates of Deposit	5 years	Unlimited	None
Negotiable Certificates of Deposit	5 years	30%	None
Commercial Paper, Prime Quality	270 days	25%	None
State of California Local Agency Investment Fund (State Pool)	N/A	$40,000,000	None
Medium Term Notes, Prime Quality	5 years	30%	None
Money Market Funds, Prime Quality	N/A	20%	10%
Mutual Funds, Prime Quality	N/A	20%	10%
Passbook Savings and Money Market Accounts (Insured)	Unlimited	Unlimited	None
U.S. Treasury Obligations	5 years	Unlimited	None
U.S. Government Agency Issues	5 years	Unlimited	None

Investments Authorized by Debt Agreements

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

NOTE 3 - CASH AND INVESTMENTS (Continued)

Investments Authorized by Debt Agreements (Continued)

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Certificates of Deposit with Bank of Savings & Loans	None	None	None
U.S. Treasury Obligations	None	None	None
U.S. Agency Securities	None	None	None
Municipal Obligations	None	None	None
Banker's Acceptances, Prime Quality	360 days	None	None
Commercial Paper, Prime Quality	270 days	None	None
Money Market Mutual Funds	N/A	None	None
Investment Contracts	None	None	None
Local Agency Investment Fund (State Pool)	None	None	None

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the City manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flows and liquidity needed for operations.

Information about the sensitivity of the fair values of the City's investments and those held by bond trustees to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity:

		Remaining Maturity (in Months)					
Investment Type	Totals	12 Months Or Less	13 to 24 Months	25-36 Months	37-48 Months	49-60 Months	More Than 60 Months
Certificates of Deposit	$ 48,004	$ 48,004	$ -	$ -	$ -	$ -	$ -
State Investment Pool	18,105,140	18,105,140					
Money Market Funds	5,205	5,205					
U.S. Treasury Bills	101,851	101,851					
Held by Bond Trustees:							
Money Market Funds	600,174	600,174					
Totals	$ 18,860,374	$ 18,860,374	$ -	$ -	$ -	$ -	$ -

NOTE 3 - CASH AND INVESTMENTS (Continued)

Investments with Fair Values Highly Sensitive to Interest Rate Fluctuations

The City's investments (including investments held by bond trustees) include the following investments that are highly sensitive to interest rate fluctuations (to a greater degree than already indicated in the information provided above). The City does not hold any specific investments that need to be reported here.

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the City's investment policy, or debt agreements, and the actual rating as of fiscal year end for each investment type.

				Rating as of Fiscal Year End			
Investment Type	Amount	Minimum Legal Rating	Exempt From Disclosure	AAA	AA	A	Not Rated
Certificates of Deposit	$ 48,004	N/A	$ -	$ -	$ -	$ -	$ 48,004
State Investment Pool	18,105,140	N/A					18,105,140
Money Market Funds	5,205	N/A					5,205
U.S. Treasury Bills	101,851	N/A	101,851				
Held by Bond Trustees:							
Money Market Funds	600,174	N/A					600,174
Totals	$ 18,860,374		$ 101,851	$ -	$ -	$ -	$ 18,758,523

Concentration of Credit Risk

The investment policy of the City contains limitations on the amount that can be invested in any one issuer. The City did not invest to any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) 5% or more of **Total City investment.**

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

NOTE 3 - CASH AND INVESTMENTS (Continued)

Custodial Credit Risk (Continued)

depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

As of June 30, 2008, $457,019 of the City's deposits with financial institutions in excess of federal depository insurance limits were held in collateralized accounts. As of June 30, 2008, the City investments in the following investment types were held by the same broker-dealer (counterparty) that was used by the City to buy the securities.

Investment in State Investment Pool

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

NOTE 4 - ACCOUNTS RECEIVABLE

The following is a list of accounts receivable at June 30, 2008:

	Receivable	Allowance	Net
Governmental Activities –			
Accounts	$ 1,242,125	$ -	$ 1,242,125
Due from other governments	2,219,448		2,219,448
Total Governmental Activities	$ 3,461,573	$ -	$ 3,461,573
Business-type Activities –			
Accounts	$ 274,614	$ -	$ 274,011
Due from other governments	3,397		3,397
Total Business-type Activities	$ 278,011	$ -	$ 278,011

NOTE 5 - NOTES RECEIVABLE

	Amount
Notes receivable from mortgage loans for housing and commercial property rehabilitation and construction:	
Major Funds	
HOME Fund	$ 3,241,658
Redevelopment Agency Capital Projects Fund	55,000
Nonmajor Funds	
Community Development Block Grant Fund	850,749
Redevelopment Agency Housing Set-Aside Fund	1,034,212
Total Notes Receivable	$ 5,181,619

NOTE 6 - DEFERRED CHARGES

Deferred charges consist of issuance costs and discounts for debt issues. The following is the list of deferred charges at June 30, 2008

	Amortization Period In Months	Deferred Charges	Accumulated Amortization	Amortization for the Fiscal Year
2004 Refunding Tax Allocation Bonds	358	$ 579,637	$ 80,954	$ 19,429
Section 108 Loan	241	33,120	6,596	1,649
1999 Refunding Certificates of Participation	252	51,542	22,086	2,454
		$ 664,299	$ 109,636	$ 23,532

Note 7 - Deferred Losses on Refunding

The City recorded deferred a 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, 2008 was $95,438 with amortization expense for the fiscal year of $22,905.

NOTE 8 - INTERFUND ACTIVITY

The following represents the interfund activity of the City for the fiscal year ended June 30, 2008.

A. Due To/From Other Funds

Current interfund balances arise in the normal course of business and to assist funds with negative cash balance at the fiscal year end. They are expected to be repaid shortly after the end of the fiscal year.

NOTE 8 - INTERFUND ACTIVITY (Continued)

The following represents the interfund activity of the City for the fiscal year ended June 30, 2008 (Continued)

A. Due To/From Other Funds (Continued)

Due to/Due from		Interfund Receivables	Interfund Payables
Major Governmental Funds			
To:	General Fund	$ 1,212,529	$ -
From:	HOME Capital Projects Fund		50,448
Major Proprietary Fund			
From:	Water		276,595
Nonmajor Governmental Funds			
Special Revenue Funds:			
From:	Gas Tax Fund		446,470
From:	COG Position Fund		48,193
Capital Project Funds:			
From:	CDBG		152,680
From:	Capital Projects Fund		238,143
Major Government Fund			
To:	Redevelopment Capital Projects Fund	95,495	
Nonmajor Governmental Fund			
Debt Service Fund:			
From:	Redevelopment Agency Fund		95,495
		$ 1,308,024	$ 1,308,024

B. Advances Receivable/Payable

At June 30, 2008, the funds below have made/received advances that were not expected to be repaid within one year.

	Advances Receivable	Advances Payable
Major Funds:		
General Fund	$ 18,811,935	$ -
Redevelopment Agency Capital Projects Fund		12,131,515
Major Proprietary Fund:		
Water Fund		6,680,420
	$ 18,811,935	$ 18,811,935

NOTE 8 - INTERFUND ACTIVITY (Continued)

B. Advances Receivable/Payable (Continued)

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

The advances from General Fund to Water Fund bear zero percent interest. There is no repayment schedule as repayment will be made when funds are available.

C. Transfers

With council approval, resources may be transferred from one City fund to another. The purpose of the majority of transfers is to reimburse a fund that has made an expenditure on behalf of another fund.

Funds	Transfer In	Transfer Out
Major Funds:		
General Fund	$ 1,347,361	$ 1,035,943
Capital Projects Funds:		
Redevelopment Agency Fund	98,677	465,656
Major Proprietary Fund		
Water Fund:	2,944	
Non Major Funds		
Special Revenue Funds:		
Gas Tax Fund		1,347,361
Parking District No. 1 Fund	35,528	
Building and Safety Fund	416,370	
Debt Service Funds:		
Public Facilities Corporation Fund	471,101	
Redevelopment Agency Fund	576,875	98,677
Capital Projects Fund:		
Capital Project Fund	110,000	
Redevelopment Agency Housing Fund		111,219
	$ 3,058,856	$ 3,058,856

NOTE 9 – CAPITAL ASSETS

Governmental Activities

Changes in capital assets for governmental activities for the year ended June 30, 2008 were as follows:

	Balance July 1, 2007	Additions	Deletion	Balance June 30,2008
Capital Assets, not being depreciated				
Land	$ 15,939,072	$ 2,919,695	$ -	$ 18,858,767
Water rights	94,010			94,010
Construction in progress	4,186,573	140,558	(2,301,500)	2,025,631
Total	20,219,655	3,060,253	(2,301,500)	20,978,408
Capital Assets, being depreciated:				
Building and improvements	20,959,225	5,703,199		26,662,424
Equipment and furniture and fixtures	6,228,496	773,298	(176,376)	6,825,418
Infrastructure	14,516,561	149,609		14,666,170
Total	41,704,282	6,626,106	(176,376)	48,154,012
Less accumulated depreciation for:				
Buildings and improvements	(6,958,442)	(620,460)		(7,578,902)
Equipment and furniture and fixtures	(4,598,241)	(558,377)	176,376	(4,980,242)
Infrastructure	(4,751,314)	(356,429)		(5,107,743)
Total	(16,307,997)	(1,535,266)	176,376	(17,666,887)
Total, net of accumulated depreciation	25,396,285	5,090,840		30,487,125
Total Capital Assets, Net	$ 45,615,940	$ 8,151,093	$ (2,301,500)	$ 51,465,533

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

General government	$ 193,986
Public safety	170,587
Public works	390,695
Community development	314,677
Parks and recreation	465,321
Total	$ 1,535,266

Depreciation expense for governmental activities (governmental funds) is $1,268,091.

Depreciation expense for governmental activities (internal service fund) is $267,175.

NOTE 9 – CAPITAL ASSETS (Continued)

Business-type Activities

Changes in capital assets for business-type activities for the year ended June 30, 2008 were as follows:

	Balance July 1, 2007	Additions	Deletion	Balance June 30,2008
Capital Assets, not being depreciated				
Land	$ 424,335	$ 65,558	$ -	$ 489,893
Water rights	4,000,000			4,000,000
Construction in progress	17,900	3,067	(17,900)	3,067
Total	4,442,235	68,625	(17,900)	4,492,960
Capital Assets, being depreciated:				
Building and improvements	95,000			95,000
Machinery and Equipment		15,544		15,544
Acquisition costs	405,356			405,356
Infrastructure	1,317,006	52,977		1,369,983
Total	1,817,362	68,521		1,885,883
Less accumulated depreciation for:				
Buildings and improvements	(2,375)	(4,750)		(7,125)
Machinery and equipment		(432)		(432)
Acquisition costs	(20,268)	(40,536)		(60,804)
Infrastructure	(64,980)	(130,348)		(195,328)
Total	(87,623)	(176,066)		(263,689)
Total, net of accumulated depreciation	1,729,739	(107,545)		1,622,194
Total Capital Assets, Net	$ 6,171,974	$ (38,920)	$ (17,900)	$ 6,115,154

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

Water	$ 176,066

NOTE 10 – LONG-TERM DEBT

A. The following is a summary of changes in the City's long-term liabilities for the fiscal year ended June 30, 2008:

	Balance July 1, 2007	Additions	Deletions	Balance June 30, 2008	Due Within One Year
Governmental Activities:					
1999 Refunding Certificates of Participation	$ 4,460,000	$ -	$ (260,000)	$ 4,200,000	$ 265,000
2004 Refunding Tax Allocation Bonds	7,370,000		(115,000)	$ 7,255,000	120,000
Section 108 Loan	6,572,000		(236,000)	$ 6,336,000	248,000
Note Payable - Dietz	196,282		(7,654)	$ 188,628	7,960
Compensated Absences	1,159,899	931,225	(764,729)	$ 1,326,395	764,729
	$ 19,758,181	$ 931,225	$ (1,383,383)	$ 19,306,023	$ 1,405,689

B. Refunding Certificates of Participation

The 1999 Refunding Certificates of Participation (COPS) issued by the Bellflower Public Facilities Corporation and outstanding at June 30, 2008 bear interest at 3.60% to 5.00% a year and mature serially in increasing amounts on each October 1, through 2019. The 1989 Refunding COPS, 1983 Refunding COPS, and 1981 Leasehold Mortgage Revenue Serial Bonds were retired on October 1, 1999, December 1, 1992, and September 1, 1992, respectively. The COPS balance outstanding as of June 30, 2008 was $4,200,000.

C. Tax Allocation Bonds

2004 Refunding Tax Allocation Bonds

The 2004 Tax Allocation Bonds issued by the Bellflower Redevelopment Agency (Agency) and outstanding at June 30, 2008 bear interest at 1.55% to 6.60% a year and mature serially in increasing amounts on each February 1, through 2034. The principal amount less original issue discount and reserve funds from the 1996 issue were used to pay costs of issuance, fund redevelopment projects, fund a reserve account, and fund an escrow account for future debt service payment on the 1996 Tax Allocation Bonds.

The Agency refunding of the 1996 Tax Allocation Bonds resulted in an increase of its total debt service payments by $519,611 and an economic gain (difference between the present values of the old and new debt) of $109,705.

The outstanding balance as of June 30, 2008 was $7,255,000.

NOTE 10 – LONG-TERM DEBT (Continued)

D. Loan Payable

Section 108 Loan

In June 30, 2004, the City entered into a loan agreement with U.S. Department of Housing and Urban Development. The loan bears interest at 5.0% a year with annual principal payment due on each August. The loan balance outstanding as of June 30, 2008 was $6,336,000.

E. Note Payable – Dietz

On December 2, 2004, the Bellflower Redevelopment Agency bought a property at 9831 Belmont Street in an amount of $280,956. The transaction was financed in cash and a note agreement in an amount of $210,717. The note bears interest at 4.0% a year with annual payment due on each December. The note balance outstanding as of June 30, 2008 was $188,628.

F. Long-Term Debt Amortization

The annual requirements to amortize long-term debt outstanding at June 30, 2008 (other than compensated absences) are as follows:

	1999 Refunding Certificates of Participation		
Fiscal Year Ended June 30,	Principal Amount	Interest Amount	Total
2009	$ 265,000	$ 198,523	$ 463,523
2010	280,000	186,393	466,393
2011	290,000	173,422	463,422
2012	305,000	159,509	464,509
2013	320,000	144,465	464,465
2014-2018	1,860,000	461,583	2,321,583
2019-2020	880,000	44,500	924,500
	$ 4,200,000	$ 1,368,395	$ 5,568,395

NOTE 10 – LONG-TERM DEBT (Continued)

F. Long-Term Debt Amortization (Continued)

Fiscal Year Ended June 30,	2004 Refunding Tax Allocation Bonds Principal Amount	Interest Amount	Total
2009	$ 120,000	$ 469,818	$ 589,818
2010	125,000	464,634	589,634
2011	130,000	457,584	587,584
2012	140,000	450,252	590,252
2013	150,000	442,356	592,356
2014-2018	880,000	2,066,326	2,946,326
2019-2023	1,205,000	1,736,845	2,941,845
2024-2028	1,660,000	1,281,778	2,941,778
2029-2033	2,290,000	656,040	2,946,040
2034	555,000	36,630	591,630
	$ 7,255,000	$ 8,062,263	$15,317,263

Fiscal Year Ended June 30,	Section 108 Loan Principal Amount	Interest Amount	Total
2009	$ 248,000	$ 339,969	$ 587,969
2010	260,000	329,393	589,393
2011	273,000	317,538	590,538
2012	286,000	304,451	590,451
2013	300,000	290,161	590,161
2014-2018	1,733,000	1,195,057	2,928,057
2019-2023	2,199,000	644,996	2,843,996
2024-2025	1,037,000	62,974	1,099,974
	$ 6,336,000	$ 3,484,539	$ 9,820,539

Fiscal Year Ended June 30,	Note Payable - Dietz Principal Amount	Interest Amount	Total
2009	$ 7,960	$ 7,545	$ 15,505
2010	8,278	7,227	15,505
2011	8,609	6,896	15,505
2012	8,954	6,551	15,505
2013	9,312	6,193	15,505
2014-2018	52,453	25,071	77,524
2019-2023	63,818	13,707	77,525
2024-2025	29,244	1,766	31,010
	$ 188,628	$ 74,956	$ 263,584

NOTE 10 – LONG-TERM DEBT (Continued)

F. Long-Term Debt Amortization (Continued)

Fiscal Year Ended June 30,	Total Governmental Activities		
	Principal Amount	Interest Amount	Total
2009	$ 640,960	$ 1,015,855	$ 1,656,815
2010	673,278	987,647	1,660,925
2011	701,609	955,440	1,657,049
2012	739,954	920,763	1,660,717
2013	779,312	883,175	1,662,487
2014-2018	4,525,453	3,748,037	8,273,490
2019-2023	4,347,818	2,440,048	6,787,866
2024-2028	2,726,244	1,346,518	4,072,762
2029-2033	2,290,000	656,040	2,946,040
2034	555,000	36,630	591,630
	$ 17,979,628	$ 12,990,153	$30,969,781

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

Plan Description

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

Funding Policy

Active participants are required to contribute 7% of their annual covered salary. The City is required to contribute at an actuarially determined rate calculated as a percentage of covered payroll. The employer contribution rate for the fiscal year ended June 30, 2008 was 7.770% for miscellaneous employees. Benefit provisions and contribution requirements of participants are established by State statute and city contract with employee bargaining groups, and the employer contribution rate is established and may be amended by PERS. The City's contribution to PERS for the fiscal year ending June 30, 2008, 2007, and 2006 were $500,365, $413,170, and $361,386, respectively, and equal 100% of the required contribution for each fiscal year.

NOTE 12 - DEFERRED COMPENSATION PLAN AND TRUST

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

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

NOTE 13 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

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

Funding Policy. The contribution requirement of plan members and the City are established under a funding policy approved by the City Council, and may be amended by the City from time to time. The City's funding policy is to contribute an amount sufficient to pay the current year's retiree premium and plan expenses, with an additional amount to pre-fund benefits as determined by the City's actuary on a biennial basis. For fiscal year 2007-08, the City contributed $611,037 to the plan, including $326,309 for current premium and plan expenses, and an additional $284,728 to prefund benefits.

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

Annual required contribution	$ 577,699
Annual OPEB cost (expense)	577,699
Contributions made	(611,037)
Increase in net OPEB obligation	(33,338)
Net OPEB obligation - beginning of year	
Net OPEB assets - end of year	$ (33,338)

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

The City 's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2008 and the two preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contribution	Net OPEB Obligation (Asset)
6/30/2006	$ -	0%	$ -
6/30/2007	-	0%	-
6/30/2008	611,037	105%	(33,338)

Funded Status and Funding Progress. As of January 1, 2007, the most recent actuarial valuation date, the plan was zero percent funded. The actuarial accrued liability for benefits was $5,825,888, and the actuarial value of assets was $0, resulting in an unfunded actuarial accrued liability (UAAL) of $5,825,888. The covered payroll (annual payroll of active employees covered by the plan) was $6,420,000, and the ratio of the UAAL to the covered payroll was 91 percent.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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 January, 2007, actuarial valuation, the entry age normal cost method was used. The actuarial assumptions included a 7.75 percent investment rate of return, which is the expected long-term investment returns on plan assets and an annual healthcare cost trend rate of 4 percent. The actuarial value of assets is not applicable (no assets as of the initial valuation date). The UAAL is being amortized as a flat percentage of covered payroll over thirty years. The remaining amortization period at January 1, 2007 was thirty years.

NOTE 14 - CALIFORNIA JOINT POWERS INSURANCE AUTHORITY (CJPIA)

The City of Bellflower is a member of the California Joint Powers Insurance Authority (Authority). The Authority is composed of 114 California public entities and is organized under a joint powers agreement pursuant to California Government Code §6500 et seq. The purpose of the Authority is to arrange and administer programs for the pooling of self-insured losses, to purchase excess insurance or reinsurance, and to arrange for group purchased insurance for property and other coverages. The Authority's pool began covering claims of its members in 1978. Each member government has an elected official as its representative on the Board of Directors which operates through a 9-member Executive Committee.

General Liability

Each member government pays a primary deposit to cover estimated losses for a fiscal year (claims year). Six months after the close of a fiscal year, outstanding claims are valued. A retrospective deposit computation is then made for each open claims year. Claims are pooled separately between police and non-police. Costs are spread to members as follows: the first $30,000 of each occurrence is charged directly to the member's primary deposit; costs from $30,001 to $750,000 and the loss development reserves associated with losses up to $750,000 are pooled based on the member's share of losses under $30,000. Losses from $750,001 to $10,000,000, $18,000,000 to $23,000,000, and $45,000,000 to $50,000,000 and the associated loss development reserves are pooled based on payroll. Costs covered claims from $10,000,000 to $18,000,000 and $23,000,000 to $45,000,000 are currently paid by excess insurance. Costs of covered claims for subsidence losses from $15,000,000 to $25,000,000 are paid by excess insurance. The protection for each member is $50,000,000 per occurrence and $50,000,000 annual aggregate. Administrative expenses are paid from the Authority's investment earnings.

Workers' Compensation Coverage

The City of Bellflower also participates in the workers' compensation pool administered by the Authority. Each member pays a primary deposit to cover estimated losses for a fiscal year (claims year). Six months after the close of a fiscal year, outstanding claims are valued. A retrospective deposit computation is then made for each open claims year. Claims are pooled separately between public safety and non-public safety. Each member has a retention level of $50,000 for each loss and this is charged directly to the member's primary deposit. Loss from $50,001 to $100,000 and the loss development reserve associated with losses up to $100,000 are pooled base on the member's share of losses under $50,000. Losses from $100,001 to $2,000,000 and loss development reserves associated with those losses are pooled based on payroll. Losses from $2,000,001 to $5,000,000 are pooled with California State Association of Counties – Excess Insurance Authority members. Costs from $2,000,000 to $300,000,000 are transferred to reinsurance carriers. Costs in excess of $300,000,000 are pooled among the Members based on payroll. Protection is provided per statutory liability under California Workers' Compensation law. Administrative expenses are paid from Authority's investment earnings.

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

Environmental Insurance

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

Property Insurance

The City of Bellflower participates in the all-risk property protection program of the Authority. This insurance protection is underwritten by several insurance companies. The City of Bellflower property is currently insured according to a schedule of covered property submitted by the City to the Authority. Total all-risk property insurance coverage is $26,380,864. 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 $18,884,561. There is a deductible of 5% of value with a minimum deductible of $100,000. Premiums for the coverage are paid annually and are not subject to retroactive adjustments.

Crime Insurance

The City of Bellflower purchases crime insurance coverage in the amount of $1,000,000 with $2,500 deductible. The fidelity coverage is provided through the Authority. Premiums are paid annually and are not subject to retroactive adjustments.

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

NOTE 15 - NET ASSETS – GOVERNMENTAL ACTIVITIES

The government-wide statement of net assets includes three equity categories entitled net assets invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. The invested in capital assets, net of related debt category presents the City's equity interest in capital assets less outstanding principal of related debt. The restricted net assets category is designed to reflect net assets that are subject to restrictions beyond the City's control (externally imposed or imposed by law). The unrestricted net assets category equals any remaining balance and can be subdivided into designated and undesignated portions. Designations reflect the City's self-imposed limitations on the use of otherwise available current financial resources.

Detail of the three categories is as follows:

	Governmental Activities	Business-type Activities
Net Assets		
Invested in capital assets, net of related debt:		
Total capital assets, net depreciation	$ 51,465,533	$ 6,115,154
Less: total capital related debt	(17,010,766)	
Invested in capital assets, net of related debt	34,454,767	6,115,154
Restricted for:		
Construction of capital assets	340,200	
Debt service	205,207	
Street, highways, bikeways, public transit, and other purposes	2,620,552	
Housing	1,800,802	
Public safety	67,928	
Arts	110,035	
Total Restricted	5,144,724	
Unrestricted	23,197,638	(6,699,586)
Total net assets	$ 62,797,129	$ (584,432)

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

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

The Redevelopment Agency Capital Projects fund has a deficit fund balance of $12,311,395 at June 30, 2008. It is uncertain whether the tax increment revenue received over the life of the Agency would be adequate to eliminate the deficit. Any remaining deficit at the end of the Agency's life will be absolved by the City's General Fund.

The water fund has a deficit net assets of $584,432 at June 30, 2008 which should be alleviated as future revenues expected to increase.

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

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

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

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

Neither the faith, credit nor the taxing power of the City or the Agency is pledged to the repayment of the bonds. Accordingly, no liability has been recorded in the basic financial statements. As of June 30, 2008, the amounts of principal outstanding on the bonds were $8,235,000 for Series 2002A and $370,000 for Series 2002B, for a total of $8,605,000.

NOTE 18 - COMMITMENTS

Other Construction Commitments

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

Vendor	Project	Project Authorization	Expended to June 30, 2008	Committed
Two Horse Construction	Tree Removal & Construction of Adjacent Curb, Gutter &Sidewalk	$ 142,592	$ 32,861	$109,731
PCN3 Inc.	TC Gateway Plaza	552,634	411,062	141,572
CWS Systems Inc	PE Depot	815,069	771,406	43,663
Alliance Streetworks, Inc.	West Branch Greenway Multi-Modal Transportation Corridor	2,009,576	230,625	1,778,951

NOTE 19 - CONTINGENCIES

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

NOTE 20 - SUBSEQUENT EVENTS

On July 9, 2008, the City issued 2008 Certificates of Participation (Water System) in the amount of $8,230,000 to (i) provide funds to reimburse the City's General Fund for costs incurred in acquiring certain assets constituting the City's municipal water system, (ii) provide funds to make certain improvement to the Water System, (iii) fund a debt service reserve fund for the Certificates, and (iv) pay the costs incurred in connection with the sale and issuance of the Certificates.

NOTE 21 – PRIOR PERIOD ADJUSTMENTS

Governmental fund statements

General Fund/ Traffic Relief Fund – As part of an audit of the Traffic Relief Fund by the State Controller's Office, capital and materials expenditures in the amount of $246,941 previously recorded in the General Fund were determined to be qualified expenditures of the Traffic Relief Fund. As a result, the General Fund balance increased and the Traffic Relief Fund balance decreased by the amount of $246,941.

CITY OF BELLFLOWER
REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2008

Postemployment Benefit Plans Other Than Pensions

Trend Information

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS FOR
RETIREE HEALTH PLAN

Actuarial Valuation Date	Actuarial Accrued Liability	Actuarial Value of Assets	Unfunded Liability (Excess Assets)	Funded Ratio	Annual Covered Payroll	UAAL as a % of Payroll
1/1/2007	$ 5,825,888	$ -	$5,825,888	0%	$6,420,000	91%

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, 2008

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES			
Investment earnings	$ 5,000	$ 31,991	$ 26,991
Intergovernmental revenue	2,268,648	1,627,773	(640,875)
Total revenues	2,273,648	1,659,764	(613,884)
EXPENDITURES			
Current:			
Community development	702,946	111,782	591,164
Capital outlay	1,600,000	1,600,000	
Total expenditures	2,302,946	1,711,782	591,164
Net change in fund balance	(29,298)	(52,018)	(22,720)
Fund balance - July 1, 2007	56,570	56,570	
Fund balance - June 30, 2008	$ 27,272	$ 4,552	$ (22,720)

CITY OF BELLFLOWER
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
REDEVELOPMENT AGENCY CAPITAL PROJECTS FUND
For the Fiscal Year Ended June 30, 2008

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES			
Investment earnings	$ 86,000	$ 47,489	$ (38,511)
Other revenue		635,870	635,870
Total revenues	86,000	683,359	597,359
EXPENDITURES			
Current:			
Community development	791,065	856,411	(65,346)
Capital outlay	4,381,000	1,506,220	2,874,780
Total expenditures	5,172,065	2,362,631	2,809,434
Excess of revenues over (under) expenditures	(5,086,065)	(1,679,272)	3,406,793
OTHER FINANCING SOURCES (USES)			
Transfer in	978,000	98,677	(879,323)
Transfer out		(465,656)	(465,656)
Total other financing sources (uses)	978,000	(366,979)	(1,344,979)
Net change in fund balance	(4,108,065)	(2,046,251)	2,061,814
Fund balance - July 1, 2007	(10,265,144)	(10,265,144)	
Fund balance - June 30, 2008	$ (14,373,209)	$ (12,311,395)	$ 2,061,814

CITY OF BELLFLOWER

Families. Businesses. Futures.

"GROWING TOGETHER"

COMBINING AND INDIVIDUAL NONMAJOR GOVERNMENTAL FUND STATEMENTS AND SCHEDULES

CITY OF BELLFLOWER
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2008

Special Revenue Funds:

Drug Forfeiture Fund - Revenues that are disbursed by the county relating to drug offenses are accounted for in this fund. Expenditures of these revenues are restricted to law enforcement.

Transportation Fund - Monies received from the half-cent tax authorized under Proposition A are receipted and expended from this fund. The use of the fund is restricted to providing transportation services.

Proposition C Fund - This fund shall receipt the City's allocation of California voter-approved Proposition C Sales Tax Funds which is administered through the LACTC (Los Angeles County Transportation Commission).

Gas Tax Fund - The City's share of the state gas tax allocations is recorded in this fund. These funds are expended for street maintenance expenditures.

AQMD Fund (AB 2766) - This allotment of fees is distributed by the AQMD to the City on a population basis. The funds originate from motor vehicle registration fees, collected by the California Department of Motor Vehicles (DMV). AB 2766 funds are used for the reduction of air pollution from motor vehicles.

Sewer Reconstruction Fund - The City charges developers fees to increase the existing capacity of the sewer system as required. All revenues and expenditures related to this end are accounted for in this fund.

Proposition 1B Fund - This fund accounts for the receipt and use of Prop 1B bond funds allocated to the City for street and road improvements, congestion relief and traffic safety.

TDA Article 3 Fund - Monies received from the State's apportionment of state gas tax revenues for the construction of bikeways and pedestrian walkways are accounted for in this fund.

Parking District No. 1 Fund - Property tax levied and collected by Los Angeles County assessor, on property along the west side of Bellflower Boulevard between Mayne and Flower Streets, for maintenance of Parking District No. 1.

Building and Safety Fund - This fund is used to account for the City's buildings and safety operations with a private company. The types of fees charged by the City include various permit fees (building, electrical, plumbing, mechanical and miscellaneous) and plan check fees.

Public Arts Fund - Accounts for the fees collected from certain capital improvement and development projects. The intent of the Public Arts Fund is to promote the visual arts in the City of Bellflower by creating a collection of permanent outdoor art work by recognized artists throughout the City, to be of public benefit, and to present the community with a variety of art work styles and themes, all of the highest possible quality.

Special Revenue Funds (Continued):

CA-COPS Grant Fund - Under Assembly Bill 3229 (Brulte), the City receives Citizens Option for Public Safety funds from the State General Fund to supplement front line municipal law enforcement services.

COG Position Fund - City costs reimbursed by the Gateway Cities Council of Governments for the position of Special Assistant to the City Manager who provides special transportation related services.

Traffic Congestion Relief Fund - This fund accounts for projects funded with revenue received under AB 2928 beginning in fiscal year 2000-01. In part, the bill provides funding directly to cities for preservation, maintenance and rehabilitation of the local street and road system.

Public Facilities Fund - Accounts for the fees collected from certain capital improvement and development projects to pay for the cost of increased services and the facilities expansion needs arising from these projects.

Park Facilities Fund - Fees collected from certain capital improvement and development projects to pay for the cost of increased parkland needs from these projects.

Debt Service Funds:

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

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

Capital Projects Funds:

Community Development Block Grant Fund - This fund accounts for the City's entitlements of the Federal Community Development Block Grant (CDBG) funds and related expenditures.

Capital Projects Fund - This fund accounts for the expenditures associated with the City's major capital projects funded with grants and restricted monies.

Redevelopment Agency Housing Fund - This fund accounts for the activities for the 20% housing set-aside for low and moderate income housing.

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

CITY OF BELLFLOWER
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2008

	Special Revenue Funds			
	Drug Forfeiture Fund	Transportation Fund	Proposition C Fund	Gas Tax Fund
ASSETS				
Cash and investments	$ 29,534	$ 266,011	$ 1,106,646	$ -
Cash and investments with fiscal agents				
Accounts receivable - net	11,768			446,470
Interest receivable	218	2,574	8,041	
Notes receivable				
Total assets	$ 41,520	$ 268,585	$ 1,114,687	$ 446,470
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	$ 2,883	$ 79,196	$ 86,028	$ -
Accrued expenditures		18,817	7,059	
Retention payble			8,500	
Due to other funds				446,470
Deferred revenue				
Total Liabilities	2,883	98,013	101,587	446,470
Fund Balances:				
Reserved:				
Debt service				
Low and moderate income housing				
Unreserved:				
Designated for special revenue purposes	38,637	170,572	1,013,100	
Undesignated				
Total fund balances	38,637	170,572	1,013,100	
Total liabilities and fund balances	$ 41,520	$ 268,585	$ 1,114,687	$ 446,470

Special Revenue Funds				
AQMD Fund	Sewer Reconstruction Fund	Proposition 1B Fund	Parking District No. 1 Fund	Building and Safety Fund
$ 202,429	$ 277,915	$ 1,200,177	$ 833	$ 26,171
24,091			677	
1,341	2,035	7,338		
$ 227,861	$ 279,950	$ 1,207,515	$ 1,510	$ 26,171
$ -	$ -	$ -	$ 871	$ 20,366
			639	5,805
			1,510	26,171
227,861	279,950	1,207,515		
227,861	279,950	1,207,515		
$ 227,861	$ 279,950	$ 1,207,515	$ 1,510	$ 26,171

Continued

CITY OF BELLFLOWER
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2008
(Continued)

	Special Revenue Funds			
	Public Arts Fund	CA-COPS Grant Fund	COG Position Fund	Traffic Relief Fund
ASSETS				
Cash and investments	$ 109,243	$ 28,790	$ -	$ 136,623
Cash and investments with fiscal agents				
Accounts receivable - net			51,379	
Interest receivable	792	501		1,469
Notes receivable				
Total assets	$ 110,035	$ 29,291	$ 51,379	$ 138,092
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	$ -	$ -	$ -	$ 103,783
Accrued expenditures			3,186	
Retention payble				32,805
Due to other funds			48,193	
Deferred revenue				
Total Liabilities			51,379	136,588
Fund Balances:				
Reserved:				
Debt service				
Low and moderate income housing				
Unreserved:				
Designated for special revenue purposes	110,035	29,291		1,504
Undesignated				
Total fund balances	110,035	29,291		1,504
Total liabilities and fund balances	$ 110,035	$ 29,291	$ 51,379	$ 138,092

Special Revenue Funds		Debt Service Funds		Capital Projects Funds	
Public Facilities Fund	Park Facilities Fund	Public Facilities Corporation Fund	Redevelopment Agency Fund	CDBG Fund	Capital Projects Fund
$ 32,122	$ 142,816	$ -	$ -	$ -	$ 113,990
		17	600,157		
			98,270	277,779	392,989
229	1,047		448		
				850,749	
$ 32,351	$ 143,863	$ 17	$ 698,875	$ 1,128,528	$ 506,979
$ -	$ -	$ -	$ 3,223	$ 119,438	$ 191,998
				5,661	
					16,588
			95,495	152,680	238,143
				850,749	
			98,718	1,128,528	446,729
		17	600,157		
32,351	143,863				
					60,250
32,351	143,863	17	600,157		60,250
$ 32,351	$ 143,863	$ 17	$ 698,875	$ 1,128,528	$ 506,979

Continued

CITY OF BELLFLOWER
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2008
(Continued)

	Capital Projects Fund		
	Redevelopment Agency Housing Fund	Hud Section 108 Fund	Totals
ASSETS			
Cash and investments	$ 756,755	$ -	$ 4,430,055
Cash and investments with fiscal agents			600,174
Accounts receivable - net	24,567		1,327,990
Interest receivable	5,516		31,549
Notes receivable	1,034,212		1,884,961
Total assets	$ 1,821,050	$ -	$ 8,274,729
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	$ 19,637	$ -	$ 627,423
Accrued expenditures	611		41,778
Retention payble			57,893
Due to other funds			980,981
Deferred revenue	1,034,212		1,884,961
Total Liabilities	1,054,460		3,593,036
Fund Balances:			
Reserved:			
Debt service			600,174
Low and moderate income housing	766,590		766,590
Unreserved:			
Designated for special revenue purposes			3,254,679
Undesignated			60,250
Total fund balances	766,590		4,681,693
Total liabilities and fund balances	$ 1,821,050	$ -	$ 8,274,729

CITY OF BELLFLOWER

Families. Businesses. Futures.

"GROWING TOGETHER"

CITY OF BELLFLOWER
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2008

	Special Revenue Funds			
	Drug Forfeiture Fund	Transportation Fund	Proposition C Fund	Gas Tax Fund
REVENUES				
Taxes	$ -	$ -	$ -	$ -
Licenses and permits				
Investment earnings	1,418	14,997	42,094	
Charges for current services				
Intergovernmental revenue	12,027	1,230,549	1,025,569	1,347,361
Other revenues				
Total revenues	13,445	1,245,546	1,067,663	1,347,361
EXPENDITURES				
Current:				
General government				
Public safety				
Public works		1,370,748	837,539	
Community development				
Capital outlay	17,444	19,888	133,909	
Debt service:				
Principal retirement				
Interest and other charges				
Pass-through payments				
Total expenditures	17,444	1,390,636	971,448	
Excess of revenues over (under) expenditures	(3,999)	(145,090)	96,215	1,347,361
OTHER FINANCING SOURCES (USES)				
Transfers in				
Transfers out				(1,347,361)
Total other financing sources (uses)				(1,347,361)
Net change in fund balances	(3,999)	(145,090)	96,215	
Fund balances - July 1, 2007	42,636	315,662	916,885	
Prior period adjustment				
Fund balances - July 1, 2007, restated	42,636	315,662	916,885	
Fund balances - June 30, 2008	$ 38,637	$ 170,572	$ 1,013,100	$ -

Special Revenue Funds				
AQMD Fund	Sewer Reconstruction Fund	Proposition 1B Fund	Parking District No. 1 Fund	Building and Safety Fund
$ -	$ -	$ -	$ -	$ -
				436,133
6,141	11,647	7,515		
			8,440	
92,192		1,200,000		
	331			
98,333	11,978	1,207,515	8,440	436,133
	1,086		43,968	
				866,570
	5,900			
	6,986		43,968	866,570
98,333	4,992	1,207,515	(35,528)	(430,437)
			35,528	416,370
			35,528	416,370
98,333	4,992	1,207,515		(14,067)
129,528	274,958			14,067
129,528	274,958			14,067
$ 227,861	$ 279,950	$ 1,207,515	$ -	$ -

Continued

CITY OF BELLFLOWER
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2008
(Continued)

	Special Revenue Funds			
	Public Arts Fund	CA-COPS Grant Fund	COG Position Fund	Traffic Relief Fund
REVENUES				
Taxes	$ -	$ -	$ -	$ -
Licenses and permits				
Investment earnings	4,039	4,162		12,962
Charges for current services	35,744		164,986	
Intergovernmental revenue		148,427		
Other revenues				
Total revenues	39,783	152,589	164,986	12,962
EXPENDITURES				
Current:				
General government			167,080	
Public safety		158,522		
Public works				
Community development				
Capital outlay				346,527
Debt service:				
Principal retirement				
Interest and other charges				
Pass-through payment				
Total expenditures		158,522	167,080	346,527
Excess of revenues over (under) expenditures	39,783	(5,933)	(2,094)	(333,565)
OTHER FINANCING SOURCES (USES)				
Transfers in				
Transfers out				
Total other financing sources (uses)				
Net change in fund balances	39,783	(5,933)	(2,094)	(333,565)
Fund balances - July 1, 2007	70,252	35,224	2,094	582,010
Prior period adjustment				(246,941)
Fund balances - July 1, 2007, restated	70,252	35,224	2,094	335,069
Fund balances - June 30, 2008	$ 110,035	$ 29,291	$ -	$ 1,504

Special Revenue Funds		Debt Service Funds		Capital Projects Funds	
Public Facilities Fund	Park Facilities Fund	Public Facilities Corporation Fund	Redevelopment Agency Fund	CDBG Fund	Capital Projects Fund
$ -	$ -	$ -	$ 1,574,647	$ -	$ -
1,028	4,255	257	24,153	166,260	
22,470	84,789				
				1,375,443	652,989
23,498	89,044	257	1,598,800	1,541,703	652,989
			31,954	647,849	
				308,654	766,577
		260,000	122,654	236,000	
		211,443	1,878,238	349,200	
			50,770		
		471,443	2,083,616	1,541,703	766,577
23,498	89,044	(471,186)	(484,816)		(113,588)
		471,101	576,875		110,000
			(98,677)		
		471,101	478,198		110,000
23,498	89,044	(85)	(6,618)		(3,588)
8,853	54,819	102	606,775		63,838
8,853	54,819	102	606,775		63,838
$ 32,351	$ 143,863	$ 17	$ 600,157	$ -	$ 60,250

Continued

CITY OF BELLFLOWER
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2008
(Continued)

	Capital Projects Funds		
	Redevelopment Agency Housing Fund	Hud Section 108 Fund	Totals
REVENUES			
Taxes	$ 393,662	$ -	$ 1,968,309
Licenses and permits			436,133
Investment earnings	53,128	29,723	383,779
Charges for current services			316,429
Intergovernmental revenue			7,084,557
Other revenues	11,503		11,834
Total revenues	458,293	29,723	10,201,041
EXPENDITURES			
Current:			
General government			167,080
Public safety			158,522
Public works			2,253,341
Community development	108,834		1,655,207
Capital outlay	586,573	1,083,020	3,268,492
Debt service:			
Principal retirement			618,654
Interest and other charges			2,438,881
Pass-through payment			50,770
Total expenditures	695,407	1,083,020	10,610,947
Excess of revenues over (under) expenditures	(237,114)	(1,053,297)	(409,906)
OTHER FINANCING SOURCES (USES)			
Transfers in			1,609,874
Transfers out	(111,219)		(1,557,257)
Total other financing sources (uses)	(111,219)		52,617
Net change in fund balances	(348,333)	(1,053,297)	(357,289)
Fund balances - July 1, 2007	1,114,923	1,053,297	5,285,923
Prior period adjustment			(246,941)
Fund balances - July 1, 2007, restated	1,114,923	1,053,297	5,038,982
Fund balances - June 30, 2008	$ 766,590	$ -	$ 4,681,693

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, 2008

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES			
Investment earnings	$ 2,000	$ 1,418	$ (582)
Intergovernmental revenue	5,000	12,027	7,027
Total revenues	7,000	13,445	6,445
EXPENDITURES			
Current:			
Public safety	5,000		5,000
Capital outlay	23,000	17,444	5,556
Total expenditures	28,000	17,444	10,556
Net change in fund balance	(21,000)	(3,999)	17,001
Fund balance - July 1, 2007	42,636	42,636	
Fund balance - June 30, 2008	$ 21,636	$ 38,637	$ 17,001

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, 2008

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES			
Investment earnings	$ 11,000	$ 14,997	$ 3,997
Intergovernmental revenue	1,392,614	1,230,549	(162,065)
Total revenues	1,403,614	1,245,546	(158,068)
EXPENDITURES			
Current:			
Public works	1,476,237	1,370,748	105,489
Capital outlay	168,768	19,888	148,880
Total expenditures	1,645,005	1,390,636	254,369
Net change in fund balance	(241,391)	(145,090)	96,301
Fund balance - July 1, 2007	315,662	315,662	
Fund balance - June 30, 2008	$ 74,271	$ 170,572	$ 96,301

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, 2008

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES			
Investment earnings	$ 20,000	$ 42,094	$ 22,094
Intergovernmental revenue	1,074,000	1,025,569	(48,431)
Total revenues	1,094,000	1,067,663	(26,337)
EXPENDITURES			
Current:			
Public works	905,220	837,539	67,681
Capital outlay	921,500	133,909	787,591
Total expenditures	1,826,720	971,448	855,272
Net change in fund balance	(732,720)	96,215	828,935
Fund balance - July 1, 2007	916,885	916,885	
Fund balance - June 30, 2008	$ 184,165	$ 1,013,100	$ 828,935

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, 2008

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES			
Intergovernmental revenue	$ 1,415,600	$ 1,347,361	$ (68,239)
Total revenues	1,415,600	1,347,361	(68,239)
OTHER FINANCING SOURCES (USES)			
Transfers out	(1,415,600)	(1,347,361)	68,239
Total other financing sources (uses)	(1,415,600)	(1,347,361)	68,239
Net change in fund balance			
Fund balance - July 1, 2007			
Fund balance - June 30, 2008	$ -	$ -	$ -

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, 2008

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES			
Investment earnings	$ 8,500	$ 6,141	$ (2,359)
Intergovernmental revenue	96,000	92,192	(3,808)
Total revenues	104,500	98,333	(6,167)
EXPENDITURES			
Current:			
Public works	13,933		13,933
Capital outlay	40,000		40,000
Total expenditures	53,933		53,933
Net change in fund balance	50,567	98,333	47,766
Fund balance - July 1, 2007	129,528	129,528	
Fund balance - June 30, 2008	$ 180,095	$ 227,861	$ 47,766

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, 2008

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES			
Investment earnings	$ 12,000	$ 11,647	$ (353)
Other revenues	1,000	331	(669)
Total revenues	13,000	11,978	(1,022)
EXPENDITURES			
Current:			
Public works	88,100	1,086	87,014
Capital outlay	107,000	5,900	101,100
Total expenditures	195,100	6,986	188,114
Net change in fund balance	(182,100)	4,992	187,092
Fund balance - July 1, 2007	274,958	274,958	
Fund balance - June 30, 2008	$ 92,858	$ 279,950	$ 187,092

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, 2008

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES			
Investment earnings	$ 9,000	$ 7,515	$ (1,485)
Intergovernmental revenue	1,241,532	1,200,000	(41,532)
Total revenues	1,250,532	1,207,515	(43,017)
EXPENDITURES			
Capital outlay	110,000		110,000
Total expenditures	110,000		110,000
Net change in fund balance	1,140,532	1,207,515	66,983
Fund balance - July 1, 2007			
Fund balance - June 30, 2008	$ 1,140,532	$ 1,207,515	$ 66,983

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, 2008

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES			
Charges for current services	$ 8,300	$ 8,440	$ 140
Total revenues	8,300	8,440	140
EXPENDITURES			
Current:			
Public works	58,389	43,968	14,421
Total expenditures	58,389	43,968	14,421
Excess of revenues over (under) expenditures	(50,089)	(35,528)	14,561
OTHER FINANCING SOURCES (USES)			
Transfers in	50,089	35,528	(14,561)
Total other financing sources (uses)	50,089	35,528	(14,561)
Net change in fund balance			
Fund balance - July 1, 2007			
Fund balance - June 30, 2008	$ -	$ -	$ -

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, 2008

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES			
Licenses and permits	$ 806,700	$ 436,133	$ (370,567)
Total revenues	806,700	436,133	(370,567)
EXPENDITURES			
Current:			
Community development	896,126	866,570	29,556
Capital outlay	175,000		175,000
Total expenditures	1,071,126	866,570	204,556
Excess of revenues over (under) expenditures	(264,426)	(430,437)	(166,011)
OTHER FINANCING SOURCES (USES)			
Transfers in	250,359	416,370	166,011
Total other financing sources (uses)	250,359	416,370	166,011
Net change in fund balance	(14,067)	(14,067)	
Fund balance - July 1, 2007	14,067	14,067	
Fund balance - June 30, 2008	$ -	$ -	$ -

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, 2008

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES			
Investment earnings	$ 2,000	$ 4,039	$ 2,039
Charges for current services	40,000	35,744	(4,256)
Total revenues	42,000	39,783	(2,217)
Net change in fund balance	42,000	39,783	(2,217)
Fund balance - July 1, 2007	70,252	70,252	
Fund balance - June 30, 2008	$ 112,252	$ 110,035	$ (2,217)

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, 2008

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES			
Investment earnings	$ 2,000	$ 4,162	$ 2,162
Intergovernmental revenue	150,000	148,427	(1,573)
Total revenues	152,000	152,589	589
EXPENDITURES			
Current:			
Public safety	152,000	158,522	(6,522)
Total expenditures	152,000	158,522	(6,522)
Net change in fund balance		(5,933)	(5,933)
Fund balance - July 1, 2007	35,224	35,224	
Fund balance - June 30, 2008	$ 35,224	$ 29,291	$ (5,933)

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, 2008

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES			
Charges for current services	$ 172,308	$ 164,986	$ (7,322)
Total revenues	172,308	164,986	(7,322)
EXPENDITURES			
Current:			
General government	172,308	167,080	5,228
Total expenditures	172,308	167,080	5,228
Net change in fund balance		(2,094)	(2,094)
Fund balance - July 1, 2007	2,094	2,094	
Fund balance - June 30, 2008	$ 2,094	$ -	$ (2,094)

CITY OF BELLFLOWER
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
TRAFFIC RELIEF SPECIAL REVENUE FUND
For the Fiscal Year Ended June 30, 2008

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES			
Investment earnings	$ 20,000	$ 12,962	$ (7,038)
Total revenues	20,000	12,962	(7,038)
EXPENDITURES			
Capital outlay	607,000	346,527	260,473
Total expenditures	607,000	346,527	260,473
Net change in fund balance	(587,000)	(333,565)	253,435
Fund balance - July 1, 2007	582,010	582,010	
Prior period adjustment		(246,941)	(246,941)
Fund balance - July 1, 2007, restated	582,010	335,069	
Fund balance - June 30, 2008	$ (4,990)	$ 1,504	$ 6,494

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, 2008

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES			
Investment earnings	$ 300	$ 1,028	$ 728
Charges for current services	5,000	22,470	17,470
Total revenues	5,300	23,498	18,198
Net change in fund balance	5,300	23,498	18,198
Fund balance - July 1, 2007	8,853	8,853	
Fund balance - June 30, 2008	$ 14,153	$ 32,351	$ 18,198

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, 2008

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES			
Investment earnings	$ 3,000	$ 4,255	$ 1,255
Charges for current services	400,000	84,789	(315,211)
Total revenues	403,000	89,044	(313,956)
Net change in fund balance	403,000	89,044	(313,956)
Fund balance - July 1, 2007	54,819	54,819	
Fund balance - June 30, 2008	$ 457,819	$ 143,863	$ (313,956)

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, 2008

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES			
Investment earnings	$ 300	$ 257	$ (43)
Total revenues	300	257	(43)
EXPENDITURES			
Debt service:			
Principal retirement	260,000	260,000	
Interest and other charges	211,943	211,443	500
Total expenditures	471,943	471,443	500
Excess of revenues over (under) expenditures	(471,643)	(471,186)	457
OTHER FINANCING SOURCES (USES)			
Transfers in	471,943	471,101	(842)
Total other financing sources (uses)	471,943	471,101	(842)
Net change in fund balance	300	(85)	(385)
Fund balance - July 1, 2007	102	102	
Fund balance - June 30, 2008	$ 402	$ 17	$ (385)

CITY OF BELLFLOWER
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
REDEVELOPMENT AGENCY DEBT SERVICE FUND
For the Fiscal Year Ended June 30, 2008

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES			
Taxes	$ 1,512,000	$ 1,574,647	$ 62,647
Investment earnings	30,000	24,153	(5,847)
Total revenues	1,542,000	1,598,800	56,800
EXPENDITURES			
Current:			
Community development	24,560	31,954	(7,394)
Debt service:			
Principal retirement	122,654	122,654	
Interest and other charges	1,987,028	1,878,238	108,790
Pass-through payments	48,900	50,770	(1,870)
Total expenditures	2,183,142	2,083,616	99,526
Excess of revenues over (under) expenditures	(641,142)	(484,816)	156,326
OTHER FINANCING SOURCES (USES)			
Transfers in	118,835	576,875	458,040
Transfers out	(978,000)	(98,677)	879,323
Total other financing sources (uses)	(859,165)	478,198	1,337,363
Net change in fund balance	(1,500,307)	(6,618)	1,493,689
Fund balance - July 1, 2007	606,775	606,775	
Fund balance - June 30, 2008	$ (893,532)	$ 600,157	$ 1,493,689

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, 2008

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES			
Investment earnings	$ 3,500	$ 166,260	$ 162,760
Intergovernmental revenue	1,474,585	1,375,443	(99,142)
Total revenues	1,478,085	1,541,703	63,618
EXPENDITURES			
Current:			
Community development	663,885	647,849	16,036
Capital outlay	229,000	308,654	(79,654)
Debt service:			
Principal retirement	236,000	236,000	
Interest and other charges	349,200	349,200	
Total expenditures	1,478,085	1,541,703	(63,618)
Net change in fund balance			
Fund balance - July 1, 2007			
Fund balance - June 30, 2008	$ -	$ -	$ -

CITY OF BELLFLOWER
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
CAPITAL PROJECTS FUND
For the Fiscal Year Ended June 30, 2008

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES			
Intergovernmental revenue	$ 6,627,997	$ 652,989	$ (5,975,008)
Total revenues	6,627,997	652,989	(5,975,008)
EXPENDITURES			
Capital outlay	6,774,280	766,577	6,007,703
Total expenditures	6,774,280	766,577	6,007,703
Excess of revenues over (under) expenditures	(146,283)	(113,588)	32,695
OTHER FINANCING SOURCES (USES)			
Operating transfers in		110,000	110,000
Total other financing sources (uses)		110,000	110,000
Net change in fund balance	(146,283)	(3,588)	142,695
Fund balance - July 1, 2007	63,838	63,838	
Fund balance - June 30, 2008	$ (82,445)	$ 60,250	$ 142,695

CITY OF BELLFLOWER
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
REDEVELOPMENT AGENCY HOUSING CAPITAL PROJECTS FUND
For the Fiscal Year Ended June 30, 2008

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES			
Taxes	$ 378,000	$ 393,662	$ 15,662
Investment earnings	35,000	53,128	18,128
Other revenues	11,250	11,503	253
Total revenues	424,250	458,293	34,043
EXPENDITURES			
Current:			
Community development	409,283	108,834	300,449
Capital outlay	700,000	586,573	113,427
Total expenditures	1,109,283	695,407	413,876
Excess of revenues over (under) expenditures	(685,033)	(237,114)	447,919
OTHER FINANCING SOURCES (USES)			
Transfers out	(118,835)	(111,219)	7,616
Total other financing sources (uses)	(118,835)	(111,219)	7,616
Net change in fund balance	(803,868)	(348,333)	455,535
Fund balance - July 1, 2007	1,114,923	1,114,923	
Fund balance - June 30, 2008	$ 311,055	$ 766,590	$ 455,535

CITY OF BELLFLOWER
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
HUD SECTION 108 CAPTIAL PROJECTS FUND
For the Fiscal Year Ended June 30, 2008

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES			
Investment earnings	$ 10,000	$ 29,723	$ 19,723
Total revenues	10,000	29,723	19,723
EXPENDITURES			
Capital outlay	1,038,000	1,083,020	(45,020)
Total expenditures	1,038,000	1,083,020	(45,020)
Net change in fund balance	(1,028,000)	(1,053,297)	(25,297)
Fund balance - July 1, 2007	1,053,297	1,053,297	
Fund balance - June 30, 2008	$ 25,297	$ -	$ (25,297)

Agency funds are generally used to account for assets held by the City for other funds, governments or individuals.

Agency Fund

Bellflower property owners who need to access utilities, and in doing so have to damage sidewalks or other pavements, are required to deposit a form of bond to ensure that they will fix the pavement. These monies are recorded in this fund.

CITY OF BELLFLOWER
AGENCY FUND
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
For the Fiscal Year ended June 30, 2008

	Balance July 1, 2007	Additions	Deductions	Balance June 30, 2008
Agency Fund				
Assets:				
Cash and investments	$ 986,722	$ -	$ 245,210	$ 741,512
Liabilities:				
Accounts payable	$ -	$ -	$ -	$ -
Deposits payable	986,722		245,210	741,512
Total liabilities	$ 986,722	$ -	$ 245,210	$ 741,512

CITY OF BELLFLOWER

Families. Businesses. Futures.

"GROWING TOGETHER"

STATISTICAL SECTION
(UNAUDITED)

STATISTICAL SECTION

	Pages
Financial Trends – These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	115 - 119
Revenue Capacity – These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	120 - 123
Debt Capacity – These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	124 - 129
Demographic and Economic Information – These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	130 - 132
Operating Information – These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	133 - 134

CITY OF BELLFLOWER

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

	Fiscal Year					
	2008	2007	2006	2005	2004	2003
Governmental activities:						
Invested in capital assets, net of related debt	$34,454,767	$28,032,957	$22,594,651	$14,706,513	$10,751,912	$18,597,924
Restricted	5,144,724	5,797,645	7,890,144	10,033,611	14,510,268	4,758,956
Unrestricted	23,197,638	23,640,310	20,901,096	21,643,482	17,575,155	17,225,057
Total governmental activities net assets	62,797,129	57,470,912	51,385,891	46,383,606	42,837,335	40,581,937
Business-type activites:						
Invested in capital assets, net of related debt	6,115,154	6,171,974	-	-	-	-
Restricted	-	-	-	-	-	-
Unrestricted	(6,699,586)	(6,453,055)	-	-	-	-
Total business-type activites net assets	(584,432)	(281,081)	-	-	-	-
Primary government:						
Invested in capital assets, net of related debt	$40,569,921	$34,204,931	$22,594,651	$14,706,513	$10,751,912	$18,597,924
Restricted	5,144,724	5,797,645	7,890,144	10,033,611	14,510,268	4,758,956
Unrestricted	16,498,052	17,187,255	20,901,096	21,643,482	17,575,155	17,225,057
Total primary government net assets	$62,212,697	$57,189,831	$51,385,891	$46,383,606	$42,837,335	$40,581,937

City of Bellflower implemented GASB 34 for the fiscal year ended June 30, 2003.
Information prior to the implementation of GASB 34 is not available.

Source: City Finance Department

CITY OF BELLFLOWER

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

	Fiscal Year					
	2008	2007	2006	2005	2004	2003
Expenses:						
Governmental activities:						
General government	$ 4,673,647	$ 4,684,334	$ 4,190,022	$ 4,251,643	$ 3,314,466	$ 3,842,068
Public safety	9,830,279	9,466,438	8,931,846	8,505,491	8,329,356	8,392,745
Public works	8,561,074	7,955,725	8,134,862	7,655,727	6,967,996	6,017,861
Community development	4,737,554	4,154,709	4,666,591	3,763,743	4,307,424	3,879,185
Parks and recreation	3,422,450	2,888,491	2,690,337	2,644,966	2,599,166	2,629,115
Interest on long-term debt	614,120	1,106,344	1,130,336	1,149,420	460,854	460,005
Total governmental activities expenses	31,839,124	30,256,041	29,743,994	27,970,990	25,979,262	25,220,979
Business-type activities:						
Water	1,886,301	722,246	-	-	-	-
Total business-type activities expenses	1,886,301	722,246	-	-	-	-
Total primary government expenses	$ 33,725,425	$ 30,978,287	$ 29,743,994	$ 27,970,990	$ 25,979,262	$ 25,220,979
Program revenues:						
Governmental activities:						
Charges for services:						
Public safety	1,696,289	1,748,090	1,734,648	1,506,526	1,588,548	1,014,482
Public works	634,813	575,015	176,980	286,347	111,191	80,880
Community development	561,831	888,645	936,430	741,302	559,775	481,466
Parks and recreation	711,744	617,406	504,394	497,670	445,630	455,731
Operating contributions and grants	7,787,002	6,026,064	7,242,195	5,647,748	6,326,966	5,025,451
Capital contributions and grants	2,013,500	1,211,344	1,269,027	969,623	705,282	1,705,501
Total governmental activities program revenues	13,405,179	11,066,564	11,863,674	9,649,216	9,737,392	8,763,511
Business-type activities:						
Charges for services:						
Water	1,489,421	422,677	-	-	-	-
Operating contributions and grants	-	-	-	-	-	-
Capital contributions and grants	35,548	-	-	-	-	-
Total business-type activities program revenues	1,524,969	422,677	-	-	-	-
Total primary government program revenues	$ 14,930,148	$ 11,489,241	$ 11,863,674	$ 9,649,216	$ 9,737,392	$ 8,763,511
Net revenues (expenses):						
Governmental activities	$ (18,433,945)	$ (19,189,477)	$ (17,880,320)	$ (18,321,774)	$ (16,241,870)	$ (16,457,468)
Business-type activities	(361,332)	(299,569)	-	-	-	-
Total Primary government net expenses	$ (18,795,277)	$ (19,489,046)	$ (17,880,320)	$ (18,321,774)	$ (16,241,870)	$ (16,457,468)

Continued

City of Bellflower implemented GASB 34 for the fiscal year ended June 30, 2003.
Information prior to the implementation of GASB 34 not available.

Source: City Finance Department

CITY OF BELLFLOWER

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

	Fiscal Year					
	2008	2007	2006	2005	2004	2003
General revenues and other changes in net assets:						
Governmental activities:						
Taxes:						
Sales taxes	$ 4,864,723	$ 5,492,016	$ 5,623,126	$ 5,126,776	$ 5,366,684	$ 5,367,504
Property taxes	4,630,983	4,378,690	4,092,921	3,408,915	2,918,170	2,586,027
Property taxes in lieu of VLF	6,089,921	5,568,084	4,551,129	3,786,400	-	-
Franchise taxes	1,536,573	1,355,987	1,403,431	1,318,757	1,298,670	1,254,579
Utility users taxes	4,057,482	4,029,961	3,935,990	3,748,243	3,358,180	3,239,040
Transient occupancy taxes	579,635	603,016	584,975	520,290	518,838	499,837
Business license taxes	515,903	591,004	518,358	501,369	503,318	481,278
Property transfer taxes	127,741	223,963	239,878	252,189	213,839	153,101
Intergovernmental - unrestricted:						
Motor vehicle in lieu	343,552	418,679	534,255	2,264,037	3,476,915	4,516,754
Earnings on investments	558,809	830,394	556,572	352,426	219,649	317,933
Miscellaneous	457,785	1,752,792	841,970	588,643	623,005	484,302
Transfers	(2,944)	-	-	-	-	-
Total governmental activities	23,760,163	25,244,586	22,882,605	21,868,045	18,497,268	18,900,355
Business-type activities						
Earnings on investments	63,741	18,486	-	-	-	-
Miscellaneous	(8,704)	2	-	-	-	-
Transfers	2,944	-	-	-	-	-
Total business-type activities	57,981	18,488	-	-	-	-
Total primary government	$ 23,818,144	$ 25,263,074	$ 22,882,605	$ 21,868,045	$ 18,497,268	$ 18,900,355
Changes in net assets						
Governmental activities	$ 5,326,218	$ 6,055,109	$ 5,002,285	$ 3,546,271	$ 2,255,398	$ 2,442,887
Business-type activities	(303,351)	(281,081)	-	-	-	-
Total primary government	5,022,867	5,774,028	5,002,285	3,546,271	2,255,398	2,442,887
Net assets- July 1	57,189,831	51,385,891	46,383,606	42,837,335	40,581,937	38,139,050
Prior period adjustments	-	29,912	-	-	-	-
	57,189,831	51,415,803	46,383,606	42,837,335	40,581,937	38,139,050
Net assets- June 30	$ 62,212,698	$ 57,189,831	$ 51,385,891	$ 46,383,606	$ 42,837,335	$ 40,581,937

City of Bellflower implemented GASB 34 for the fiscal year ended June 30, 2003.
Information prior to the implementation of GASB 34 not available.

Source: City Finance Department

CITY OF BELLFLOWER

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

	2008	2007	2006	2005	2004	2003
General fund:						
Reserved	$ 14,987,982	$ 14,514,961	$ 10,284,180	$ 5,808,367	$ 2,970,580	$ 1,897,237
Unreserved	11,198,992	11,537,788	12,106,940	14,728,727	13,816,303	13,662,445
Total general fund	$ 26,186,974	$ 26,052,749	$ 22,391,120	$ 20,537,094	$ 16,786,883	$ 15,559,682
All other governmental funds:						
Reserved	$ 1,366,764	$ 1,721,800	$ 1,498,046	$ 1,379,715	$ 1,781,629	$ 216,111
Unreserved, reported in:						
Special revenue funds	3,254,679	2,446,988	1,892,825	1,672,152	1,649,405	2,242,222
Capital projects fund	(12,246,593)	(9,091,439)	(3,765,274)	2,481,605	6,812,177	(1,841,764)
Total all other governmental funds	(7,625,150)	(4,922,651)	(374,403)	5,533,472	10,243,211	616,569
Total general and other governmental funds	$ 18,561,824	$ 21,130,098	$ 22,016,717	$ 26,070,566	$ 27,030,094	$ 16,176,251

City of Bellflower has elected to show only six years of data for this schedule to match the preceding net assets schedule.

Source: City Finance Department

CITY OF BELLFLOWER

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

	Fiscal Year					
	2008	2007	2006	2005	2004	2003
Revenues:						
Taxes	$ 22,016,119	$ 21,686,876	$ 20,932,778	$ 18,695,357	$ 14,386,007	$ 13,434,204
Licenses and permits	987,878	1,374,588	717,457	666,283	525,931	454,720
Fines, forfeitures and penalties	1,601,565	1,652,801	1,627,310	1,450,200	1,526,371	953,120
Investment income	1,122,760	1,442,451	1,237,932	1,963,553	1,060,975	1,160,279
Intergovernmental	9,227,030	7,060,444	8,424,480	8,341,439	10,376,260	10,704,674
Charges for current services	1,667,612	1,517,594	994,934	896,682	637,601	610,335
Other	775,340	1,227,621	1,927,505	373,128	600,214	727,449
Total revenues	37,398,304	35,962,375	35,862,396	32,386,642	29,113,359	28,044,781
Expenditures						
Current:						
General government	4,465,318	4,417,204	4,000,618	3,776,426	2,844,794	2,994,450
Public safety	9,628,337	9,391,867	8,890,397	8,505,120	8,298,283	8,361,304
Public works	8,090,059	7,252,435	6,988,181	6,744,422	6,304,721	5,598,487
Community development	4,373,346	3,724,641	4,320,677	4,101,851	4,391,298	3,784,808
Parks and recreation	2,913,410	2,659,799	2,455,222	2,497,559	2,409,121	2,446,395
Capital outlay	7,384,859	6,553,988	10,801,152	5,642,889	5,078,293	4,048,727
Debt service:						
Principal retirement	618,654	607,013	598,519	487,315	278,090	275,000
Interest and fiscal charges	2,438,881	2,194,586	1,820,663	1,766,409	448,609	452,960
Debt issuance costs	-	-	-	2,478	536,803	-
Pass-through payments	50,770	47,461	40,816	32,418	28,548	23,802
Total expenditures	39,963,634	36,848,994	39,916,245	33,556,887	30,618,560	27,985,933
Excess (dificiency) of revenues over (under) expenditures	(2,565,330)	(886,619)	(4,053,849)	(1,170,245)	(1,505,201)	58,848
Other financing sources (uses):						
Proceeds from issuance of long term debt	-	-	-	210,717	14,815,000	128,502
Payment to refunded debt escrow	-	-	-	-	(2,380,002)	-
Original issuance discount	-	-	-	-	(75,954)	-
Transfers in	3,055,912	2,190,297	2,087,090	3,047,142	7,129,525	2,564,493
Transfers out	(3,058,856)	(2,190,297)	(2,087,090)	(3,047,142)	(7,129,525)	(2,564,493)
Total other financing sources (uses)	(2,944.00)	-	-	210,717	12,359,044	128,502
Net change in fund balances	$ (2,568,274)	$ (886,619)	$ (4,053,849)	$ (959,528)	$ 10,853,843	$ 187,350
Debt service as a percentage of noncapital expenditures	9.39%	9.18%	7.67%	7.87%	4.85%	2.94%

City of Bellflower has elected to show only six years of data for this schedule to match the preceding net assets schedule.

Source: City Finance Department

CITY OF BELLFLOWER

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
Last Ten Fiscal Years
(in thousands of dollars)

Fiscal Year Ended June 30	City				Redevelopment Agency				Total Direct Tax Rate
	Secured	Unsecured	Less: Exemptions	Taxable Assessed Value	Secured	Unsecured	Less: Exemptions	Taxable Assessed Value	
2008	$ 3,643,542	$ 32,468	$ (58,355)	$3,617,655	$515,140	$ 58,000	$(120,349)	$452,791	0.06662%
2007	3,326,750	28,653	(61,577)	3,293,826	478,641	58,848	(109,660)	427,829	0.06662%
2006	3,006,912	30,005	(57,193)	2,979,724	441,229	56,079	(98,508)	398,799	0.06662%
2005	2,707,953	30,703	(50,155)	2,688,502	420,607	50,211	(89,074)	381,745	0.06662%
2004	2,495,033	33,315	(36,014)	2,492,334	388,580	58,757	(82,702)	364,635	0.06662%
2003	2,305,258	35,649	(40,153)	2,300,754	398,123	58,146	(108,183)	348,086	0.06662%
2002	2,159,284	35,065	(35,120)	2,159,229	383,976	54,428	(106,222)	332,183	0.06662%
2001	2,032,525	34,698	(33,515)	2,033,708	372,432	54,286	(102,485)	324,233	0.06662%
2000	1,932,110	33,282	(41,531)	1,923,861	362,873	46,254	(104,813)	304,314	0.06662%
1999	1,882,410	39,325	(38,746)	1,882,989	352,009	28,236	(102,494)	277,751	0.06662%

Note:
In 1978 the voters of the State of California passed Proposition 13 which limited property taxes to a total maximum rate of 1% based upon the assessed value of the property being taxed. Each year, the assessed value of property may be increased by an "inflation factor" (limited to a maximum increase of 2%). With few exceptions, property is only reassessed at the time that it is sold to a new owner. At that point, the new assessed value is reassessed at the purchase price of the property sold. The assessed valuation data shown above represents the only data currently available with respect to the actual market value of taxable property and is subject to the limitations described above.

Source: County of Los Angeles Department of Auditor-Controller

CITY OF BELLFLOWER

DIRECT AND OVERLAPPING PROPERTY TAX RATES
(Rate per $100 of assessed value)
Last Ten Fiscal Years

	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
City Direct Rates:										
City basic rate	0.06662	$0.06662	$0.06662	$0.06662	$0.06662	$0.06662	$0.06662	$0.06662	$0.06662	$0.06662
Redevelopment agency	1.00450	1.00541	1.00604	1.00697	1.00755	1.00861	1.00990	1.01167	1.01209	1.01230
Total Direct Rate	0.11948	0.11796	0.11506	0.11473	0.11274	0.11055	0.10434	0.10737	0.10240	0.09191
Overlapping Rates[1]:										
Detention Facilities 1987 Debt S	-	0.00066	0.00080	0.00092	0.00099	0.00103	0.00113	0.00131	0.00142	0.00145
La. Co. Fl. Con. Storm Dr. D. S. #4	-	0.00005	0.00002	0.00021	0.00043	0.00062	0.00066	0.00092	0.00097	0.00050
Flood Con. Ref. Bonds 1993 Ds	-	-	0.00003	0.00003	0.00004	0.00026	0.00041	0.00064	0.00079	0.00145
Vehicle Parking District #1	0.15000	0.15000	0.15000	0.15000	0.15000	0.15000	0.15000	0.15000	0.15000	0.15000
Central Basin Mwd 1114	0.00450	0.01341	0.01341	0.01341	0.01341	0.01341	0.01341	0.01341	0.01341	0.01341
Cerritos Cc Ds 2004 Ser 2004A	0.00407	0.00251	0.01279	0.01908	-	-	-	-	-	-
Cerritos Cc Ds 2005 Ref Bonds	0.00412	0.00429	0.01144	-	-	-	-	-	-	-
Cerritos Ccd Ds 2004 Series 2006	0.00253	0.01713	-	-	-	-	-	-	-	-
Compton Ccd Ds 2002 Ser A	0.01763	0.01975	0.02051	0.00396	0.02714	-	-	-	-	-
Abc Usd Ds 2003 Refdg Bd S-A	0.01015	0.01028	0.01248	0.01087	0.00998	0.01223	0.01137	0.01059	0.02578	0.02639
Abc Unified Sd Ds 1997 Ser B	0.01420	0.01399	0.01497	0.01570	0.01493	0.01556	0.01359	0.01508	-	-
Downey Unified Ds 1996 Ser A	-	-	-	-	-	-	-	-	-	0.00395
Downey Unified Ds 1996 Ser B	-	-	-	-	-	-	-	-	-	0.00943
Downey Unified Ds 1996 Ser C	0.00339	0.00354	0.00394	0.00442	0.00497	0.00524	0.00549	0.00605	0.00608	0.00766
Downey Unif Sd Ref Bd Ds 99 S-A	0.00690	0.00799	0.00809	0.00929	0.01026	0.01168	0.01103	0.01291	0.01318	-
Downey Unif Sd Ds 1996 Series D	-	0.00225	0.00252	0.00287	0.00319	0.00330	0.00351	0.00384	0.00450	-
Downey Unif Sd Ds 1996 Series E	0.00217	0.00694	0.00761	0.00861	0.00951	0.01081	0.01230	-	-	-
Downey Usd Ds 2002 Ser A	0.01238	0.01374	0.01529	0.01849	0.02337	-	-	-	-	-
Downey Usd Ds 2002 Ser B	0.00687	0.01620	0.01902	0.02198	-	-	-	-	-	-
Downey Unified Ds 2002 Ser C	0.02405	0.01082	0.02073	-	-	-	-	-	-	-
Downey Usd Ds 2006 Ref Bonds	0.00665	-	-	-	-	-	-	-	-	-
Downey Usd Ds 2007 Rf Bds	0.01329	-	-	-	-	-	-	-	-	-
Nor-La Mirada Usd Ds 2002 S-03A	-	-	-	0.04841	0.05560	-	-	-	-	-
Nor-La Mirada Usd Ds 2002 S-05A	0.00101	0.00085	0.00071	0.00475	-	-	-	-	-	-
Norwalk-La MiradaUsd Ds 2005 Ref Bds	0.04817	0.04951	0.05297	-	-	-	-	-	-	-
Norwalk-La MiradaUsd Ds 2002 Ser 2007A	0.00309	-	-	-	-	-	-	-	-	-
Paramount Unif Ds 1998 Ser A	0.04394	0.04750	0.05038	0.05399	0.05587	0.05566	0.05441	0.05688	0.06371	0.06497
Paramount Unif Ds 1998 Ser B	-	-	-	-	-	-	0.00123	-	-	-
Paramount Unif Ds 2006 Ser 2007	0.05534	-	-	-	-	-	-	-	-	-
Total Direct & Overlapping Tax Rates	$1.43441	$1.38269	$1.40950	$1.37937	$1.37237	$1.27309	$1.27284	$1.26700	$1.27534	$1.27471

[1]Taxpayer Rates for Largest General Fund Tax Rate Area 02336.

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

NOTE:

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

Source: HdL Coren & Cone

CITY OF BELLFLOWER

PRINCIPAL PROPERTY TAX PAYERS
Current Year and Nine Years Ago

Taxpayer	2007/2008 Taxable Assessed Value	2007/2008 Percent of Total City Taxable Assessed Value	1998/1999 Taxable Assessed Value	1998/1999 Percent of Total City Taxable Assessed Value
Advanced Group 06 89	$ 27,880,515	0.825%	$ -	0.000%
Haagen GDH Partnership	14,043,320	0.416%	11,783,153	0.545%
Bellflower Park Limited Partnership	13,489,500	0.399%	-	0.000%
Belmont Place Bellflower	11,153,949	0.330%	7,955,500	0.368%
Ford West Properties LLC	9,869,233	0.292%	-	0.000%
Christina Enterprises LLC	9,486,000	0.281%	-	0.000%
Taro Patch Holdings LLC	7,562,507	0.224%	-	0.000%
William J. Wade Business Trust	7,365,871	0.218%	-	0.000%
STPC Partnership	5,593,936	0.166%	-	0.000%
Asbury Properties, Inc.	5,593,624	0.166%	-	0.000%
Bellflower Town Center LLC	5,566,140	0.165%	-	0.000%
KUVE Limited	4,988,350	0.148%	2,661,159	0.123%
Hollywood Sports Park LLC	4,873,076	0.144%	-	0.000%
Bellflower Investment Properties Ltd	4,772,507	0.141%	-	0.000%
AT&T Broadband LLC Comcast Corp.	4,716,492	0.140%	-	0.000%
Dalsukh K. Nayanaben D. Patel	4,331,000	0.128%	-	0.000%
Dan Top USA Inc.	4,032,079	0.119%	3,018,225	0.140%
George O Lyons	3,959,573	0.117%	-	0.000%
Ronald D. Slate Company	3,870,920	0.115%	3,247,946	0.150%
Shadrall Associates	3,868,613	0.115%	3,543,903	0.164%
Bellflower & Alondra LLC	3,745,440	0.111%	-	0.000%
Stephen & Mary Sandburg Trust	3,691,197	0.109%	3,097,133	0.143%
Fitzpatrick Development Partnership	3,558,536	0.105%	-	0.000%
BCH Investors Partnership	3,233,709	0.096%	-	0.000%
Bruce H. & Mia M. Kang	3,098,700	0.092%	2,496,960	0.116%
Mediaone of LA Inc.	-	0.000%	13,972,182	0.647%
Advanced Group 98-71	-	0.000%	13,432,700	0.622%
Kmart Plaza Bellflower	-	0.000%	10,854,859	0.502%
Bellflower Capital LLC	-	0.000%	7,074,719	0.327%
Cleveland Development Inc.	-	0.000%	5,892,474	0.273%
Acrem I Business Trust	-	0.000%	5,740,725	0.266%
Virginia C. Boggs Trust	-	0.000%	4,468,955	0.207%
BPP Golden State Acquisition	-	0.000%	4,372,706	0.202%
HPW Properties Inc.	-	0.000%	3,753,348	0.174%
Richard S. Wong	-	0.000%	3,441,800	0.159%
Baraka Enterprises	-	0.000%	2,679,540	0.124%
Pep Boys Manny Moe and Jack	-	0.000%	2,480,987	0.115%
Tommy H. Chow Company Trust	-	0.000%	2,341,818	0.108%
Micha Mottale	-	0.000%	2,314,279	0.107%
Media One of Los Angeles Inc.	-	0.000%	2,201,160	0.102%
Lloyds Bank California	-	0.000%	2,194,552	0.102%
Universal Care Inc.	-	0.000%	2,192,304	0.101%
	$ 174,344,787	5.160%	$ 127,213,087	5.887%

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

Source: HdL Coren & Cone

CITY OF BELLFLOWER

PROPERTY TAX LEVIES AND COLLECTIONS
Last Ten Fiscal Years

Fiscal Year Ended June 30	Original Taxes Levied for the Fiscal Year[1]	Collected within the Fiscal Year of Levy		Other Collections[2]	Total Collections to Date	
		Amount[2]	Percent of Levy		Amount[2]	Percent of Levy
2008	$ 4,872,639	$ 4,513,325	92.63%	$ 658,826	$ 5,172,151	106.15%
2007	4,444,448	4,217,240	94.89%	661,847	4,879,088	109.78%
2006	3,890,631	3,769,339	96.88%	889,598	4,658,938	119.75%
2005	3,525,978	3,458,438	98.08%	476,531	3,934,969	111.60%
2004	3,222,790	3,130,513	97.14%	235,337	3,365,849	104.44%
2003	2,929,220	2,848,336	97.24%	110,424	2,958,760	101.01%
2002	2,676,122	2,589,750	96.77%	212,997	2,802,748	104.73%
2001	2,518,620	2,411,311	95.74%	(6,805)	2,404,506	95.47%
2000	2,241,214	2,162,348	96.48%	108,075	2,270,423	101.30%
1999	1,945,548	1,856,032	95.40%	315,023	2,171,055	111.59%

Notes:
- The unsecured portion of the amount collected is estimated for fiscal years 1999-2002.
- Other Collections may include items such as supplemental assessments, prior year delinquencies, penalties, taxpayer refunds, homeowner's exemptions (paid by the state), highway rental fee, horserace tax, or adminstrative fees.
- Total collections include ERAF and Section 33676 payments that are not recognized as revenue by the City.

Sources: [1]HdL Coren & Cone and Los Angeles County Auditor-Controller
[2]City Finance Department

CITY OF BELLFLOWER

RATIOS OF OUTSTANDING DEBT BY TYPE
Last Ten Fiscal Years

	Governmental Activities							
Fiscal Year Ended June 30	Tax Allocation Bonds[1]	California Energy Commission Loan	Note Payable - Dietz	Certificates of Participation[2]	Section 108 Loan	Total Governmental Activities	Percentage of Personal Income[3]	Debt Per Capita[4]
2008	$ 7,255,000	$ -	$ 188,628	$ 4,200,000	$ 6,336,000	$ 17,979,628	n/a	$ 233
2007	7,370,000	-	196,281	4,460,000	6,572,000	18,598,281	n/a	$ 241
2006	7,480,000	19,654	203,641	4,705,000	6,797,000	19,205,295	n/a	249
2005	7,590,000	58,097	210,717	4,945,000	7,000,000	19,803,814	0.75%	257
2004	7,815,000	95,412	-	5,170,000	7,000,000	20,080,412	0.80%	261
2003	2,000,000	128,502	-	5,390,000	-	7,518,502	0.32%	98
2002	2,025,000	-	-	5,640,000	-	7,665,000	0.34%	102
2001	2,045,000	-	-	5,880,000	-	7,925,000	0.36%	107
2000	2,065,000	-	-	6,110,000	-	8,175,000	0.39%	113
1999	2,085,000	-	-	5,195,000	-	7,280,000	0.37%	103

[1]Tax Allocation Bonds were refunded in April 2004.
[2]Certificates of Participation were refunded October 1999.
[3]Per Capita Personal Income was unavailable for calendar year 2006 and 2007.
[4]These ratios are calculated using the official demographic estimate as of January 1st of each calendar year except 2007, which is a preliminary estimate that is subject to change (see page 130).

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

Source: City Finance Department

CITY OF BELLFLOWER

RATIO OF GENERAL BONDED DEBT OUTSTANDING
Last Ten Fiscal Years

Fiscal Year Ended June 30	Outstanding General Bonded Debt			
	Tax Allocation Bonds[1]	Total	Percent of Assessed Value[2]	Per Capita[3]
2008	$ 7,255,000	$ 7,255,000	0.178%	$ 94
2007	7,370,000	7,370,000	0.198%	95
2006	7,480,000	7,480,000	0.221%	97
2005	7,590,000	7,590,000	0.247%	99
2004	7,815,000	7,815,000	0.274%	102
2003	2,000,000	2,000,000	0.076%	26
2002	2,025,000	2,025,000	0.081%	27
2001	2,045,000	2,045,000	0.087%	28
2000	2,065,000	2,065,000	0.093%	28
1999	2,085,000	2,085,000	0.096%	29

[1]Tax Allocation Bonds were refunded in April 2004.
[2]Assessed value has been used because the actual value of taxable property is not readily available in the State of California.
[3]These ratios are calculated using the official demographic estimate as of January 1st of each calendar year except 2007, which is a preliminary estimate that is subject to change (see page 130).

NOTE:
General bonded debt is debt payable with governmental fund resources and general obligation bonds recorded in eterprise funds of which, the City has none.

Source: City Finance Department

CITY OF BELLFLOWER

LEGAL DEBT MARGIN INFORMATION
Last Ten Years
(in thousands of dollars)

	2008	2007	2006	2005	2004
Assessed valuation[1]	$ 3,617,655	$ 3,293,826	$ 2,979,724	$ 2,688,502	$ 2,492,334
Conversion percentage	25%	25%	25%	25%	25%
Adjusted assessed valuation	904,414	823,457	744,931	672,125	623,083
Debt limit percentage	15%	15%	15%	15%	15%
Debt limit	135,662	123,518	111,740	100,819	93,463
Total net debt applicable to limit:					
General obligation bonds	-	-	-	-	-
Legal debt margin	$ 135,662	$ 123,518	$ 111,740	$ 100,819	$ 93,463
Total debt applicable to the limit as a percentage of debt limt	0.0%	0.0%	0.0%	0.0%	0.0%

[1]Assessed valuation for City, does not include Redevelopment Agency.

NOTE:

The Government Code of the State of California provides for a legal debt limit of 15% of gross assessed valuation. However, this provision was enacted when assessed valuation was based upon 25% of market value.
Effective with the 1981-82 fiscal year, each parcel is now assessed at 100% of market value (as of the most recent change in ownership for that parcel). The computations shown above reflect a conversion of assessed valuation data for each fiscal year from the current full valuation perspective to the 25% level that was in effect at the time that the legal debt margin was enacted by the State of California for local governments located within the state.

Source: County of Los Angeles Department of Auditor-Controller

2003	2002	2001	2000	1999
$ 2,300,754	$ 2,159,229	$ 2,033,708	$ 1,923,861	$ 1,882,989
25%	25%	25%	25%	25%
575,189	539,807	508,427	480,965	470,747
15%	15%	15%	15%	15%
86,278	80,971	76,264	72,145	70,612
-	-	-	-	-
$ 86,278	$ 80,971	$ 76,264	$ 72,145	$ 70,612
0.0%	0.0%	0.0%	0.0%	0.0%

CITY OF BELLFLOWER

DIRECT AND OVERLAPPING DEBT
Fiscal Year Ended June 30, 2008

2007-08 Assessed Valuation:	$	4,070,445,862
Redevelopment Incremental Valuation:		232,445,004
Adjusted Assessed Valuation:	$	3,838,000,858

OVERLAPPING TAX AND ASSESSMENT DEBT:		Total Debt 6/30/2008	% Applicable (1)		City's share of Debt 6/30/08
Los Angeles County	$	99,210,000	0.457	%	$ 453,390
Metropolitan Water District		327,215,000	0.217		710,057
Cerritos Community College District		60,365,994	12.786		7,718,396
Compton Community College District		37,420,000	2.631		984,520
Downey Unified School District		86,210,256	4.029		3,473,411
Norwalk-La Mirada Unified School District		125,396,246	0.019		23,825
Paramount Unified School District		63,989,976	10.305		6,594,167
Los Angeles County Regional Park and Open Space Assessment District		269,995,000	0.436		1,177,178
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT					$ 21,134,944
DIRECT AND OVERLAPPING GENERAL FUND DEBT:					
Los Angeles County General Fund Obligations	$	1,019,552,788	0.436	%	$ 4,445,250
Los Angeles County Pension Obligations		352,255,398	0.436		1,535,834
Los Angeles County Superintendent of Schools Certificates of Participation		17,861,064	0.436		77,874
Los Angeles County Sanitation District No. 2 Authority		38,160,452	10.666		4,070,194
Los Angeles County Sanitation District No. 3 Authority		28,995,934	0.250		72,490
Los Angeles County Sanitation District No. 18 Authority		21,333,796	0.005		1,067
Bellflower Unified School District Certificates of Participation		11,975,000	68.369		8,187,188
Norwalk-La Mirada Unified School District Certificates of Participation		35,478,721	0.019		6,741
Paramount Unified School District Certificates of Participation		28,475,000	10.305		2,934,349
City of Bellflower Certificates of Participation		4,200,000	100.000		4,200,000
TOTAL GROSS DIRCT AND OVERLAPPING GENERAL FUND DEBT					$ 25,530,987
COMBINED TOTAL DEBT					$ 46,665,931 (2)

(1) Percentage of overlapping agency's assessed valuation located within boundaries of the city.
(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

Ratios to 2007-08 Assessed Valuation:
Total Overlapping Tax and Assessment Debt..... 0.52%

Ratios to Adjusted Assessed Valuation:
Combined Direct Debt ($4,200,000)..... 0.11%
Combined Total Debt..... 1.22%

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/08: $0

Source: California Municipal Statistics, Inc.

CITY OF BELLFLOWER

PLEDGED-REVENUE COVERAGE
Last Ten Fiscal Years

	Tax Allocation Bonds			
		Debt Service		
Fiscal Year Ended June 30	Tax Increment	Principal	Interest	Coverage
2008	$ 1,968,309	$ 115,000	$ 474,177	3.34
2007	1,839,456	110,000	477,697	3.13
2006	1,607,935	110,000	480,491	2.72
2005	1,284,957	225,000	367,017	2.17
2004	1,126,025	25,000	189,045	5.26
2003	935,422	25,000	191,220	4.33
2002	949,675	20,000	193,177	4.45
2001	956,956	20,000	194,917	4.45
2000	672,925	20,000	196,658	3.11
1999	729,778	15,000	198,180	3.42

Note:
Details regarding the city's outstanding debt can be found in Note 10 in the notes to the financial statements.

Source: City Finance Department

CITY OF BELLFLOWER

DEMOGRAPHIC AND ECONOMIC STATISTICS
Last Ten Calendar Years

Calendar Year	Population[1]	Personal Income	Per Capita Personal Income[2]	Unemployment Rate[3]
2008	77,110	$ n/a	$ n/a	7.90%
2007	77,189	n/a	n/a	5.02%
2006	77,039	2,825,867,559	36,681	4.80%
2005	77,052	2,631,865,164	34,157	5.20%
2004	76,888	2,517,390,008	32,741	6.30%
2003	76,434	2,373,963,606	31,059	6.80%
2002	75,092	2,279,267,476	30,353	6.60%
2001	73,823	2,215,428,230	30,010	5.50%
2000	72,600	2,105,617,800	29,003	5.20%
1999	70,900	1,949,750,000	27,500	5.90%

Sources:

[1]California Department of Finance
http://www.dof.ca.gov/HTML/DEMOGRAP/ReportsPapers/ReportsPapers.asp
Official estimate as of January 1st of each calendar year except 2008, which is a preliminary estimate that is subject to change.

[2]Bureau of Economic Analysis; for the Los Angeles-Long Beach-Riverside area (City of Bellflower data not available)
http://www.bea.gov/bea/regional/reis/default.cfm?catable=CA1-3&section=2
Per Capita Personal Income was unavailable for calendar year 2007 and 2008.

[3]California Employment Development Department Labormarketinfo
http://www.labormarketinfo.edd.ca.gov/cgi/dataanalysis/AreaSelection.asp?tableName=Labforce
The unemployment rate is the annual rate for the City of Bellflower with the exception of the following:
- 2008 annual rate was unavailable, therefore, the average rate through September 2008 was used.
- 1998-1999 City of Bellflower rates were unavailable, therefore, the annual County of Los Angeles rates were used.

CITY OF BELLFLOWER

PRINCIPAL EMPLOYERS
Current Year and Seven Years Ago

	2007/2008		2000/2001	
Employer	Number of Employees[1]	Percent of Total Employment[2]	Number of Employees[1]	Percent of Total Employment[2]
Southern California Permanente	978	2.836%	896	2.707%
Bellflower Medical	529	1.534%	293	0.885%
City of Bellflower	267	0.774%	247	0.746%
Time Warner Cable	241	0.699%	-	0.000%
Pacific Coast Washington, Inc.	145	0.420%	145	0.438%
K-Mart Corporation	138	0.400%	-	0.000%
Estrella, Inc.	131	0.380%	163	0.492%
Peter Wylan DDS	109	0.316%	183	0.553%
Stater Bros. Market	102	0.296%	105	0.317%
Bell Tooren Villa Convalescent	101	0.293%	-	0.000%
Ford West	-	0.000%	114	0.344%
Bellwood General Hospital	-	0.000%	293	0.885%
	2,741	7.947%	2,439	7.369%

Sources: [1]City Finance Department
[2]California Employment Development Department Labormarketinfo
http://www.labormarketinfo.edd.ca.gov/cgi/dataanalysis/AreaSelection.asp?tableName=Labforce
(The total employment figures used in the calculation above is based on the fiscal year average for the City of Bellflower)

Fiscal Year	Total Employment	Calendar Year	Total Employment
2007/2008	34,489	2007	34,900
2006/2007	34,750	2006	34,475
2005/2006	34,150	2005	34,017
2004/2005	33,675	2004	33,283
2003/2004	33,292	2003	33,033
2002/2003	33,033	2002	33,175
2001/2002	33,392	2001	33,458
2000/2001	33,100	2000	33,017
1997 to 2000	City amounts were unavailable		

CITY OF BELLFLOWER

FULL-TIME AND PART-TIME CITY EMPLOYEES BY FUNCTION
Last Ten Fiscal Years

	Full-time and Part-time Employees as of June 30									
Function	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
General government										
Full-time	21	21	21	20	18	18	16	14	14	11
Part-time	9	10	7	7	13	16	12	13	12	9
Total	30	31	28	27	31	34	28	27	26	20
Public safety										
Full-time	11	11	10	11	11	11	10	10	10	9
Part-time	8	8	11	11	9	10	12	15	20	18
Total	19	19	21	22	20	21	22	25	30	27
Public works										
Full-time	31	31	31	31	28	28	28	29	26	25
Part-time	16	14	11	13	17	15	8	7	9	17
Total	47	45	42	44	45	43	36	36	35	42
Community development										
Full-time	24	24	24	21	19	19	19	16	16	12
Part-time	3	5	4	3	9	10	4	8	5	10
Total	27	29	28	24	28	29	23	24	21	22
Parks and recreation										
Full-time	10	10	10	10	10	10	10	9	9	9
Part-time	134	146	118	114	105	105	121	126	117	98
Total	144	156	128	124	115	115	131	135	126	107
Full-time total	97	97	96	93	86	86	83	78	75	66
Part-time total	170	183	151	148	153	156	157	169	163	152
Grand Total	267	280	247	241	239	242	240	247	238	218

Source: City Finance Department

CITY OF BELLFLOWER

OPERATING INDICATORS BY FUNCTION
Last Seven Fiscal Years

	Fiscal Year Ended June 30						
	2008	2007	2006	2005	2004	2003	2002
Police:							
Arrests[1]	-	2,413	2,214	2,133	2,084	2,151	1,885
Parking citations issued	25,290	24,941	28,318	29,870	33,028	27,242	21,191
Public Works:							
Street resurfacing (miles)		-	2.65	0.77	1.14	4.73	6.00
Parks and Recreation:							
Number of recreation classes	131	156	159	164	151	154	136
Number of facility rentals	299	264	282	286	291	271	263
Programs and Facilities Attendance	1,207,835	1,163,802	1,189,803	1,256,536	1,356,420	1,351,491	1,424,251
Water Services:							
Customer accounts	1,818	1,815	-	-	-	-	-
Annual Supply (acre feet)	763	818	-	-	-	-	-
Average Daily Consumption (thousands of gallons)	709	730	-	-	-	-	-

[1]Reported on a calendar year basis by the Sheriff's department.

Notes:
- Fire and sewer services are provided by special districts of Los Angeles County.
- The City aquired the water system from a local water company on January 12, 2007.

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

Source: City of Bellflower

CITY OF BELLFLOWER

CAPITAL ASSET STATISTICS BY FUNCTION
Last Three Fiscal Years

	2007/2008	2006/2007	2005/2006
Police:			
Substation	1	1	1
Public Works:			
Streets (miles)	96.41	96.41	96.41
Streetlights	147	147	147
Traffic signals	49	49	49
Parks and Recreation:			
Parks	5	5	5
Community centers	2	2	2
Wastewater:			
Sanitary sewers (miles)	98.65	98.65	98.65
Storm drains (miles)	6.25	6.25	6.25

Source: City of Bellflower

CITY OF BELLFLOWER

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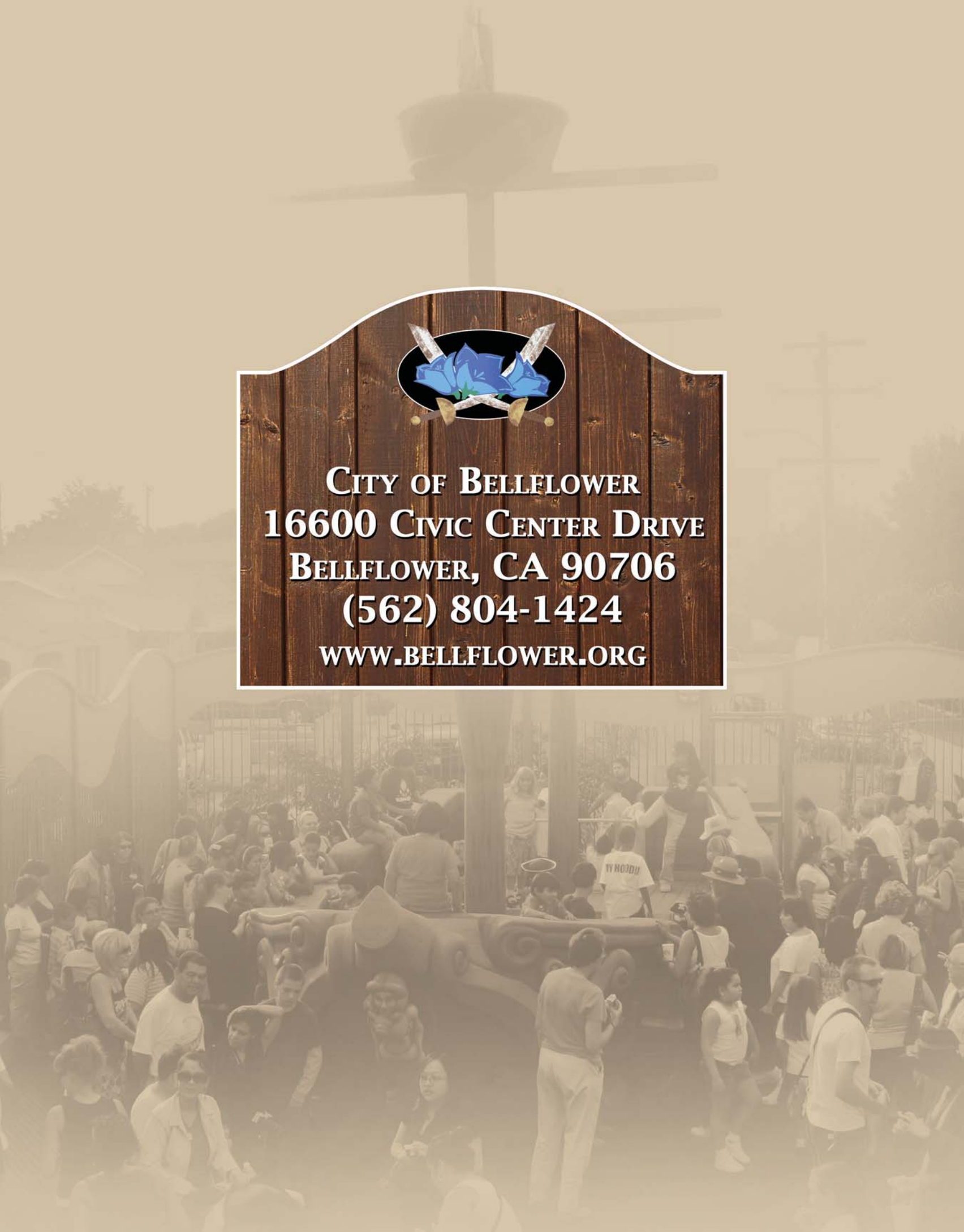
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