City of Bellflower
CALIFORNIA

"Growing Together"

CAFR

Comprehensive Annual Financial Report

Families. Businesses. Futures.

June 30, 2005

CITY OF BELLFLOWER

Families. Businesses. Futures.

"GROWING TOGETHER"

CITY OF BELLFLOWER
CALIFORNIA

www.bellflower.org

COMPREHENSIVE
ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
JUNE 30, 2005

PREPARED BY
FINANCE DEPARTMENT

Tae G. Rhee – Finance Director/City Treasurer
Hue C. Quach – Assistant Finance Director
Maurina Lee – Senior Accountant
Noemy Sandoval – Finance Analyst

CITY OF BELLFLOWER

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CITY OF BELLFLOWER

COMPREHENSIVE ANNUAL FINANCIAL REPORT

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CITY OF BELLFLOWER

Families. Businesses. Futures.

"GROWING TOGETHER"

December 16, 2005

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, 2005 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 and account groups of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The CAFR is presented in the following three sections:

1. Introductory Section – The introductory section includes this letter of transmittal, the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association of the United States and Canada (GFOA), the Certificate of Award for Outstanding Financial Reporting from the California Society of Municipal Finance Officers (CSMFO), the Mission Statement, a directory of the City of Bellflower's elected officials and administrative personnel, an organization chart, and City maps.

2. Financial Section – The financial section includes the Independent Auditor's Report, Management's Discussion and Analysis, government-wide financial statements, fund financial statements, individual major fund financial statements, notes to the basic financial statements, and combining and individual nonmajor financial statements.

3. Statistical Section – The statistical section includes unaudited financial, non-financial, and demographic information for the past ten years, where appropriate and available.

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 77,500 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.

ECONOMIC OUTLOOK

The City's finances and the ability to pay for essential services are heavily dependent on the local economy and legislative actions of the Federal and State governments. In the event of fiscal distress or for other political reasons, both the Federal and State governments have cut funding for the local governments. In addition, the State has shown historically that it can and will unilaterally take and shift local governments' revenues to balance its budget or meet other financial obligations.

Economists anticipate a weak growth for the California's economy for the next two years. The California's economy is vulnerable to a "dip" because too much of the recent job growth has been tied to the housing market. A similar sluggish growth is also expected for this region.

In the latest "California's Fiscal Outlook," published by the State of California Legislative Analyst Office (LAO), the California's budget outlook has improved significantly from a major increase in revenues and a significant amount of savings adopted in the 2005-06 spending plan. It estimates that fiscal year 2005-06 will end with a reserve of about $5.2 billion, which is $4 billion more than what was anticipated at the time the 2005-06 Budget Act was adopted. This large surplus is anticipated to be more than sufficient to keep the State's budget in balance in fiscal year 2006-07 without any new program reductions or added revenues.

This is great news for the City as the financial threat from the State may significantly be reduced. From the State's prior action, the City and Redevelopment Agency's property taxes are shifted to the Educational Revenue Augmentation Fund (ERAF III) in an aggregate amount of over $1.2 million for fiscal years 2004-05 and 2005-06. In addition, there is an approximate $3 million negative cash flow from the State's swapping of the local vehicle license fees and sales taxes with the State's property taxes. These local revenues are paid on a monthly basis while the property taxes are paid during the latter half of the fiscal year.

Through Federal action, Community Development Block Grant has recently been reduced by approximately 9%. Other essential revenues, such as utility users' taxes and cable franchise fees, may also be affected negatively. The impact of the Streamlined Sales Tax Project is unknown at this time.

The City's operational results and financial position remained favorable for the fiscal year ended June 30, 2005. The City's outlook, however, is cautious in light of the anticipated slow economic growth and other factors. The City's adopted 2005-06 operating budget continues to be both balanced and fiscally responsible. This spending plan maintains essential services for the community and continues to provide funding to stimulate local economy through various development and beautification projects throughout the City.

MAJOR INITIATIVES FOR THE FISCAL YEAR

Town Center Plaza – The construction of the Town Center Plaza (Civic Plaza) has been completed including the installation of furniture such as public seating. The Civic Plaza provides open public space, landscaping, fountains, lighting, outdoor staging and outdoor movie theater for live entertainment and movie showing, as well as outdoor dining opportunities. Other completed upgrades in the vicinity of the Town Center Plaza are the building facades for the commercial buildings fronting Belmont Street.

Library Gardens – Completed the acquisition of the property for the Library Gardens project and began the preparation of working/construction drawings. The Library Garden plaza is intended to provide an outdoor compliment to the Public Library, as well as a small, intimate formal civic plaza area where small-scale civic gatherings could be held. This space includes a pedestrian "connection" to the Public Library, Civic Center, as well as the downtown area along Bellflower Boulevard.

Friendship Square – Completed the conceptual plans and construction drawings for the expansion and modifications to the Friendship Square. The Friendship Square is an open seating area. The expansion will provide more open public space and facilitate the hosting of community organized events to draw in community interest. Modifications include the addition of landscaping and structural improvements to better market the area.

Laurel Street Project – This project involved the creation of an enhanced sidewalk dining area, distinctive landscaping and hardscape, and signature City monument signs on Laurel Street immediately west of Bellflower Boulevard. The project completion was commemorated with a kick-off "Pardi-Gras" celebration under New Orleans-themed event on August 26, 2004. Hundreds of guests, some in costumes and nearly all wearing beads and masks, joined the City Council for the dedication.

Artesia Boulevard Corridor Land Use Study – The purpose of this study is to find opportunities to eliminate noxious uses and replace them with businesses that will better serve the requirements of the community. The study would also look to bring new automobiles and related sales to sites in Bellflower, especially the Artesia Corridor. Fieldwork, mapping, and parcel identification have been completed. Findings and recommendations were brought forth to the City Council and City Planning Commission in the summer of 2004 and began a series of study workshops to start the long-range land use visioning process. It is anticipated that the study will conclude by the winter of 2006.

91 Freeway Soundwall and Off-Ramps Improvements – CalTrans has completed the installation of the soundwall and landscaping along the north side of the 91 freeway. Plans have been prepared for the installation of the soundwall and landscaping along the south side.

West Branch Greenway Multi-Modal Transit Corridor – During this fiscal year, the design phase of the project was completed. 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.

New Refuse Service Agreement – On October 25, 2004, the City Council approved a franchise agreement with the new service provider, CR&R Inc., providing a combined rate reduction $1.4 million annually for Bellflower residents and businesses. The implementation began in September 2005.

Geographic Information System (GIS) – Began the implementation of a GIS that overlays parcel information, street centerlines, addresses, stormwater inventory information, aerial updates, utility system layout, and traffic engineering information. Street addresses and Los Angeles County parcel numbers input has been completed and the ESRI software contract is being prepared for purchase.

Water System Acquisitions – Substantially completed the required due diligence and negotiations for the purchase and sale of the County Water System. The system was purchased on November 15, 2005 from the City of Norwalk and immediately resold to a local water company, Bellflower-Somerset Mutual Water Company. The purchase will improve water quality standards, provide necessary infrastructure improvements, and achieve greater operational efficiency under a fair rate structure.

Recreation Programs – Continued to expend resources to provide the best possible park facilities and recreation programs to the community. Major initiatives completed during the fiscal year included:

- Implemented special event programs for the Town Center Plaza including:
    - Bellflower Boulevard Car Show – Nearly 400 muscle cars, custom rods, and antique rides rumbled into Bellflower for the "Best of Show" and "Special Choice Award" trophies. The car show also featured DJs and live music, food, vendor booths, games for children, and an after-show dance.
    - Magic Under the Stars – Consisted of 26 movie nights that provided magic under the stars to movie goers at the City's outdoor movie theater. Movie nights were offered twice a week, showing classic and family movies.
    - Music on the Plaza – Offered 5 band concerts that provided entertainment with a cultural theme.
- Implemented a new five-year contract for fixed route and Dial-A-Ride transit services. Dial-A-Ride service is available to residents over 55 years or who are physically handicapped. The service is provided for any purpose within the City, and for medical trips within a certain distance outside City limits.
- Planned and implemented a series of 10 weekly Summer Streetfest programs. Live music, dancing in the street, good food, and plenty of fun highlighted Summer Streetfest 2005. The outdoor concerts filled the warm evenings with sounds of rock n' roll, Latin and soul, R&B, and country music. The festival also featured street performers, art demonstrations, arts and craft vendors, a certified farmer's market, food vendors, and games for kids.
- Completed the Bellflower Looking Better beautification project throughout the City.

City Web Site – Substantially completed the design of the City's new website that features improved navigation functions, dedicated search engine on each page, community resources and links, and cross-functional updates such as calendars, agendas and news, and a downloadable version of the Bellflower Citizen newsletter. The new website was launched in October 2005.

Bellflower Honors – Presented two Bellflower Honors citizen recognition ceremonies to pay tribute to outstanding community volunteerism, which resulted in attendance of nearly 800 guests. The City honors individuals, organizations and businesses for achievements, contributions to the community, and for representing the spirit of the City.

BRAVO Awards – Produced the City's BRAVO Awards special event that generated $30,000 in sponsor funding. The BRAVO Award is among the City's most prestigious honors. It recognizes outstanding contributions to public safety, which includes police, fire, medical or security personnel. The event draws nearly 500 guests and is carried live on the internet.

National Awards – Won the national Savvy Award of Excellence from City-County Communications and Marketing Association (3CMA) for outstanding special event the national NATOA Award of Distinction from National Association of Telecommunications Officials and Advisers for outstanding one-time video production.

Legislative Advocacy – Joined cities, counties, and special districts from throughout California in successfully lobbying support for Proposition 1A – the measure for protecting local government against ongoing revenue shifts by the state.

News Coverage/Media Impressions – Issued 44 press releases (10 in Spanish) and 8 "live copy" public service announcements to radio and television stations. Placed major stories in the Los Angeles Times, Press Telegram, La Opinion, KFI Radio, KNX Radio, KFWB Radio, KABC-TV, KNBC-TV, KCBS-TV, KCAL-TV, Fox 11 News, and KVEA-TV. Coverage resulted in more than 20 million positive impressions.

MAJOR INITIATIVES FOR THE FUTURE

Bellflower Village – Start the design and engineering phase of the Bellflower Village component of the Downtown Revitalization Vision Strategy by the spring of 2006 and begin construction by late summer 2006. The Bellflower Village will revitalize the downtown area on Bellflower Boulevard between Maple Street and Arkansas Street. The project will create new public parking areas, courtyards, alley improvements, and will include a residential component.

Belmont Building Rehabilitation – Continue the Belmont Building rehabilitation process. This building is centrally located in downtown Bellflower. It was acquired with the intent to renovate it and draw in a major or national chain store that would serve as an anchor retailer to assist the City's overall revitalization effort. Letters of interest have been received from Starbucks and Subway to occupy a portion of the building. The intent is to locate Starbucks as the primary tenant by the summer of 2006.

Friendship Square – Start the construction phase of the expansion and modifications to the Friendship Square by late summer 2006. The Friendship Square is an open seating area. The expansion will provide more open public space and facilitate the hosting of community organized events to draw in community interest. Modifications include the addition of landscaping and structural improvements to better market the area.

Artesia Boulevard Corridor Land Use Study – Conclude the Artesia Boulevard Corridor Land Use Study by the winter of 2006. The purpose of this study is to find opportunities to eliminate noxious uses and replace them with businesses that will better serve the requirements of the community. The study would also look to bring new automobiles and related sales to sites in Bellflower, especially the Artesia Corridor. Fieldwork, mapping, and parcel identification have been completed. Findings and recommendations were brought forth to the City Council and City Planning Commission in the summer of 2004 and began a series of study workshops to start the long-range land use visioning process.

Belmont Street Façade Improvements – Continue making aesthetic improvements to the commercial buildings and signage along Belmont Street to attract quality retail businesses to the City.

Woodruff/Artesia Specific Plan – Continue the development of a comprehensive and progressive land use plan and zoning tool for the Woodruff/Artesia intersection.

Geographic Information System (GIS) – Continue coordination with other City departments in the implementation of a GIS that overlays parcel information, street centerlines, addresses, stormwater inventory information, aerial updates, utility system layout, and traffic engineering information.

Water System Acquisitions – Continue working on the purchase of additional water systems in the City to improve water quality standards, provide necessary infrastructure improvements, and achieve greater operational efficiency under a fair rate structure.

Design Guidelines – Develop design guidelines for commercial, industrial and residential development projects to demonstrate quality building design, architecture, building materials and quality signage as a tool to utilize with the development community.

Update of Bellflower Municipal Zoning Code – Complete a comprehensive update of the City's Zoning Ordinance.

Environmental Quality Act Manual – Review and update the City's California Environmental Quality Act Manual.

Recreation Programs – Continue partnership with public and private agencies for the development and expansion of recreation opportunities. Major initiatives for the future include:

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

- Continue the development and implementation of over 30 annual community special events that are designed to foster pride and promote unity for the residents of Bellflower.

- Develop an on-line marketing program for city store items.

- Develop and maintain a Parks and Recreation web page site.

City Web Site – Continue to improve the City's web site by incorporating video and audio archives, and provide additional interactive features such as online payment processing, event sign-ups, and on-line job interest card submission.

Marketing Campaign – Create a strategic marketing campaign to reach key business decision-makers in an effort to promote Bellflower as a potential location for new businesses.

Working Relationships – Build positive working relationships with state and federal elected officials and staff, and continue to educate them on priority issues and other matters affecting local constituents.

New Cable Franchise Agreement – Conclude negotiations for a new franchise agreement with a cable television provider with the goal of offering the best possible service and rates to Bellflower customers.

Community Outreach – Increase the Public Safety department's functional and informational link to the Bellflower community by employing strategies such as broadening Neighborhood Watch participation through mobile meeting format, increasing usefulness and interaction of departmental Website, increasing dissemination of printed crime analysis information, scheduling informative community meetings as needed.

Development Impact Fees Studies – Evaluate the possibility of establishing fees tied to new developments that have impacts on the City's infrastructure, facilities, and services in an effort to recover the appropriate level of costs related to providing special services.

Citywide Wireless Network Access – Implement a wireless network throughout the City for the field personnel to access email, files, database, and other essential records to work more productively and effectively without having to return to their office for such information.

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, 2005. 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.

Awards. 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, 2004. 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 11th 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, 2005.

CSMFO CERTIFICATE OF AWARD: The California Society of Municipal Finance Officers (CSMFO) awarded a Certificate of Award for Outstanding Financial Reporting to the City of Bellflower for its CAFR for the fiscal year ended June 30, 2004. The City of Bellflower has received a Certificate of Award for the last ten consecutive years. I am also submitting the CAFR to CSMFO to determine its eligibility for a Certificate of Award for the fiscal year ended June 30, 2005.

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, our 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, 2004

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

California Society of Municipal Finance Officers

Certificate of Award

Outstanding Financial Reporting 2003-04

Presented to the

City of Bellflower

This certificate is issued in recognition of meeting professional standards and criteria in reporting which reflect a high level of quality in the annual financial statements and in the underlying accounting system from which the reports were prepared.

February24, 2005

Bill Thomas, Chair
Professional & Technical Standards Committee

Dedicated to Excellence in Municipal Financial Management

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

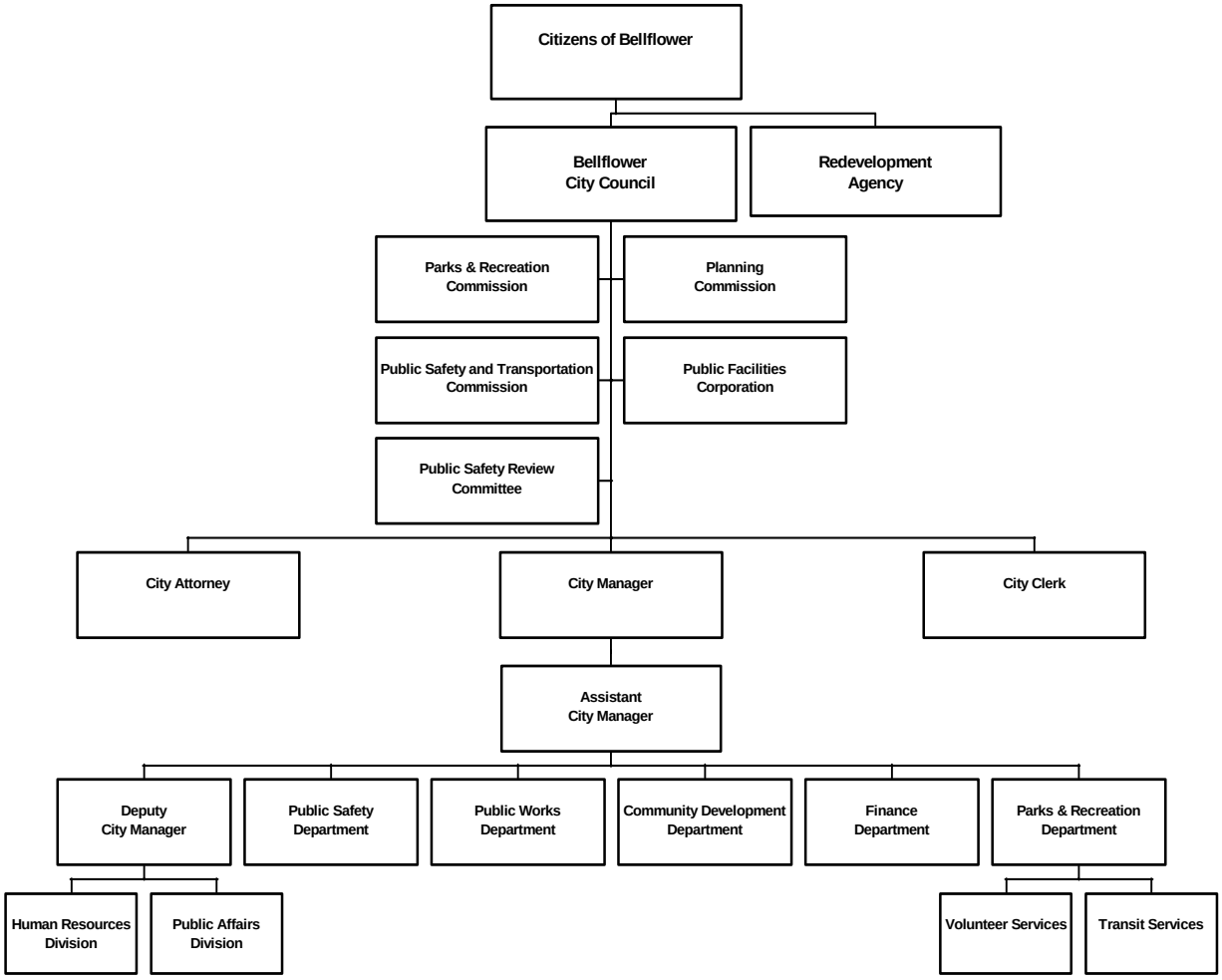
CITY COUNCIL

Randall J. Bomgaars, Mayor
Ray T. Smith, Mayor Pro Tem
Dorothy R. King, Councilmember
Scott A. Larsen, Councilmember
John K. Pratt, Councilmember

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
Tae G. Rhee, Director of Finance/City Treasurer

City of Bellflower Organization Chart



BELLFLOWER
CALIFORNIA

CITY OF BELLFLOWER

Families. Businesses. Futures.

"GROWING TOGETHER"

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HADLEY HUI, C.P.A.
PAUL NIEDERMULLER, C.P.A

*DENOTES PROFESSIONAL CORPORATION

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

OFFICES:
BEVERLY HILLS, CALIFORNIA
SANTA MARIA, CALIFORNIA

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, 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, 2005, 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, each major fund, and the aggregate remaining fund information of the City of Bellflower, California, as of June 30, 2005, 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 23, 2005, 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 read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis is 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
Beverly Hills, California
September 23, 2005

MANAGEMENT'S DISCUSSION AND ANALYSIS

The management of the City of Bellflower offers readers an overview of the City's financial activities for the fiscal year ended June 30, 2005. 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 does not have any business-type activities.

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. As a result, there may be discrepancies with details not adding up to the corresponding totals.

Financial Highlights

During the fiscal year ended June 30, 2005, 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, 2005, the City's total assets were $71.3 million and total liabilities were $24.9 million, resulting in net assets of $46.4 million. Of this amount, $21.6 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, 2005, net assets increased $3.6 million, resulting from a favorable variance of revenues over expenses. Total revenues from programs and general revenues were $31.6 million and total expenses for all functions and programs were $28.0 million.

- Of total revenues of $31.6 million, program revenues were $9.6 million and general revenues were $22.0 million. Program revenues are divided into three categories: Charges for Services, $3.0 million; Operating Contributions and Grants, $5.6 million; and Capital Contributions and Grants, $1.0 million.

Fund Based:

- At June 30, 2005, the General Fund fund balance was $20.5 million, an increase of $3.7 million from the prior year balance of $16.8 million. The unreserved fund balance (net of cash advances to the Redevelopment Agency, deposits, and prepaid expenditures) was $14.7 million.

- The actual General Fund revenues and operating transfers in of $25.2 million represented an increase of $3.4 million from the prior year actual of $21.8 million and an increase of $2.3 million from the final budget of $22.9 million.

- The actual General Fund expenditures and operating transfers out of $21.4 million represented an increase of $825 thousand from the prior year actual of $20.6 million and a decrease of $1.9 million from the final budget of $23.3 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 two categories of activities – governmental 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.

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

As the government-wide financial statements represent the City's first statements issued pursuant to GASB 34, this analysis will focus only on the fiscal year ending June 30, 2005, for the net assets and changes in net assets of the City's governmental activities.

Condensed Statement of Net Assets

	Governmental Activities	
	2005	2004
Current and other assets	$ 37,863,350	$ 38,210,059
Capital assets	33,402,154	29,677,714
Total assets	71,265,504	67,887,773
Current and other liabilities	4,606,205	4,481,243
Long-term debt	20,275,693	20,569,195
Total liabilities	24,881,898	25,050,438
Net Assets:		
Invested in capital assets, net of related debt	14,706,513	10,751,912
Restricted	10,033,611	14,510,268
Unrestricted	21,643,482	17,575,155
Total net assets	$ 46,383,606	$ 42,837,335

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

The City's Government-wide (Governmental Activities) total net assets were $46.4 million, with assets of $71.3 million and liabilities of $24.9 million. The net investment in capital assets of $14.7 million represents 32% of the City's total net assets. Another portion of the City's net assets, $10.0 million, or 22%, represents resources that are subject to external restrictions in how they may be used. The remaining balance of $21.6 million, or 46%, 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.

In compliance with GASB Statement No. 34, the City has reported infrastructure assets retroactive to July 1, 1980. Any infrastructure assets acquired or significantly improved prior to July 1, 1980 are not reflected in the financial statements. 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.

Condensed Statement of Changes in Net Assets

Changes in Net Assets
(in millions)

	Governmental Activities FY 2004-05	Governmental Activities FY 2003-04
Revenues		
Program revenues:		
Charges for services	$ 3.0	$ 2.7
Operating contributions and grants	5.6	6.3
Capital contributions and grants	1.0	0.7
Total Program Revenues	9.6	9.7
General Revenues:		
Sales taxes	5.1	5.4
Property taxes	3.4	2.9
Property taxes in lieu of VLF	3.8	-
Franchise taxes	1.3	1.3
Utility users taxes	3.8	3.4
Transient occupancy taxes	0.5	0.5
Business license taxes	0.5	0.5
Property transfer taxes	0.3	0.2
Motor vehicle in lieu	2.3	3.5
Earnings on investments	0.4	0.2
Miscellaneous	0.6	0.6
Total General Revenues	22.0	18.5
Total Revenues	31.6	28.2
Expenses:		
General government	4.3	3.3
Public safety	8.5	8.3
Public works	7.7	7.0
Community development	3.8	4.3
Parks and recreation	2.6	2.6
Interest on long-term debt	1.1	0.5
Total Expenses	28.0	26.0
Increase in Net Assets	3.6	2.2
Net Assets - Beginning of Fiscal Year	42.8	40.6
Net Assets - End of Fiscal Year	$ 46.4	$ 42.8

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

Revenues for the City's governmental activities increased 12%, from $28.2 million last fiscal year to $31.6 million in this fiscal year. Key elements of significant changes are as follows:

- The largest revenue source was operating contributions and grants, a program revenue, at $5.6 million, which decreased $678 thousand, or 11%, from the preceding fiscal year. A significant portion of this decrease was from the HOME entitlement grant fund with a reduction of $555 thousand. HOME is an expenditure-driven Federal grant in which revenues are recognized only when qualified expenditures are made. The annual HOME entitlement for this fiscal year remained substantially the same at $655 thousand.

- The second largest revenue source was property taxes, a general revenue, at $7.2 million, which increased $4.3 million, or 147%, from the preceding fiscal year. For the purpose of this analysis, property taxes also include property taxes in lieu of VLF of $3.8 million.

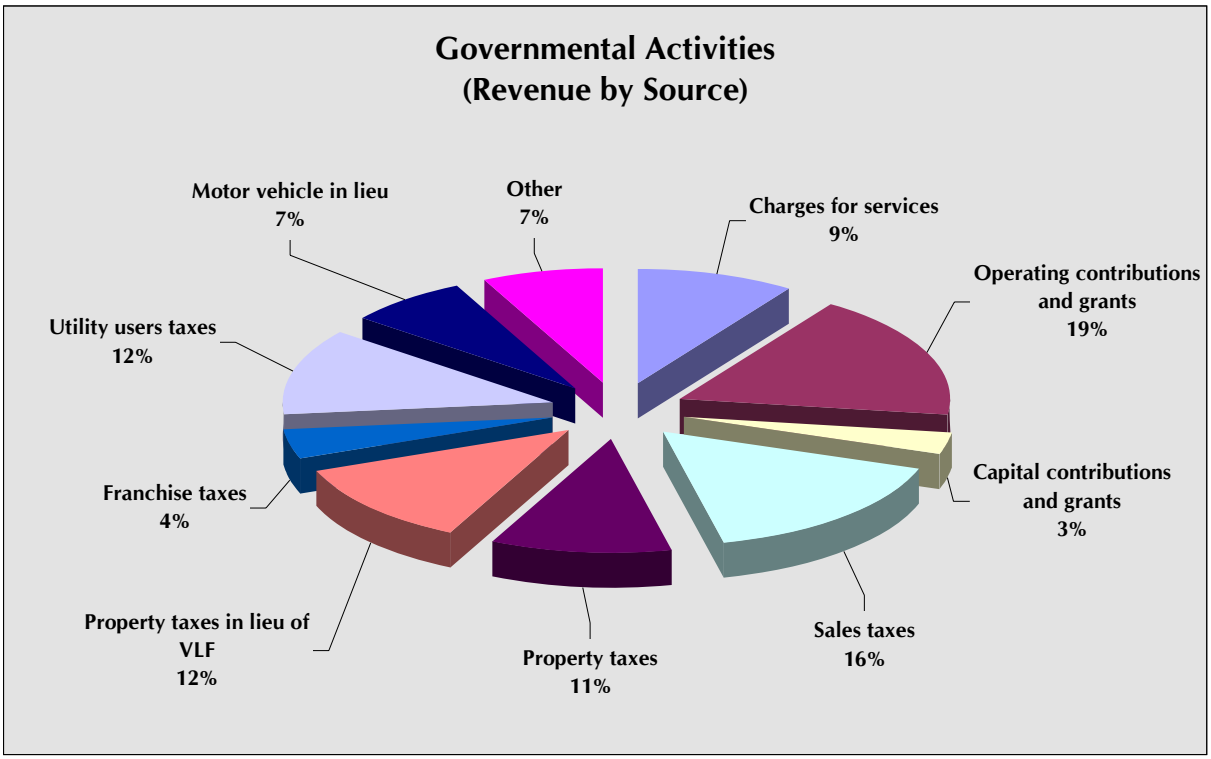
  The City's regular property taxes increased $491 thousand, or 17%, compared to the preceding fiscal year. Like other taxing jurisdictions, the City continued to benefit from the drastic increase in taxable real property values.

  Property taxes in lieu of VLF is a new stream of revenue that was "swapped" with the City's vehicle license fee (VLF) revenues beginning with this fiscal year. The State took action to permanently reduce the VLF rate from 2.0% to 0.65%, potentially causing devastating financial losses to many California cities and counties. To make affected cities and counties financially whole, it took subsequent action to swap the lost VLF revenues for its property taxes. The swapped revenue for this fiscal year totaled $4.6 million (including an amount that was deferred to the next fiscal year). Although the local governments are made whole in terms of nominal dollars, this arrangement has caused cash flow issues for local governments, 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 third largest revenue source was sales taxes, a general revenue, at $5.1 million, which decreased $239 thousand, or 5%, from the preceding fiscal year. The decrease was caused mainly by the automotive sector and a one-time tax adjustment.

- The fourth largest revenue source was utility users taxes (UUT), a general revenue, at $3.8 million, which increased $390 thousand, 12% from the preceding fiscal year. A substantial growth was shown in the wireless sector.

- The fifth largest revenue source was charges for services, a program revenue, at $3.0 million, which increased $327 thousand, or 12%, from the preceding fiscal year. The high demand in construction and improvement activities increased building permit and plan check revenues by $153 thousand, and the City received a cost reimbursement of $150 thousand from the new refuse company.



As previously discussed, the cost of providing all governmental activities this year was $28.0 million before applying program revenues of $9.6 million. The remaining "public benefit" portion of governmental activities was paid with general revenues. Public Safety, the largest expense category, represented $8.5 million, or 30% of Governmental Activities, of which approximately $1.9 million was funded with program revenues. The remaining balance of $6.6 million was funded with general revenues. Public Works, the second largest expense category, represented $7.7 million, or 27%, with program revenues of $4.4 million. General government, the third largest expense category, represented $4.3 million, or 15%, without any funding from program revenues. Community Development had expenses of $3.8 million, or 14%, partially funded by program revenues of $2.5 million. Parks and Recreation had expenses of $2.6 million, or 10%, with program revenues of $0.9 million. Interest on long-term debt was $1.1 million, or 4%, paid entirely with general revenues.

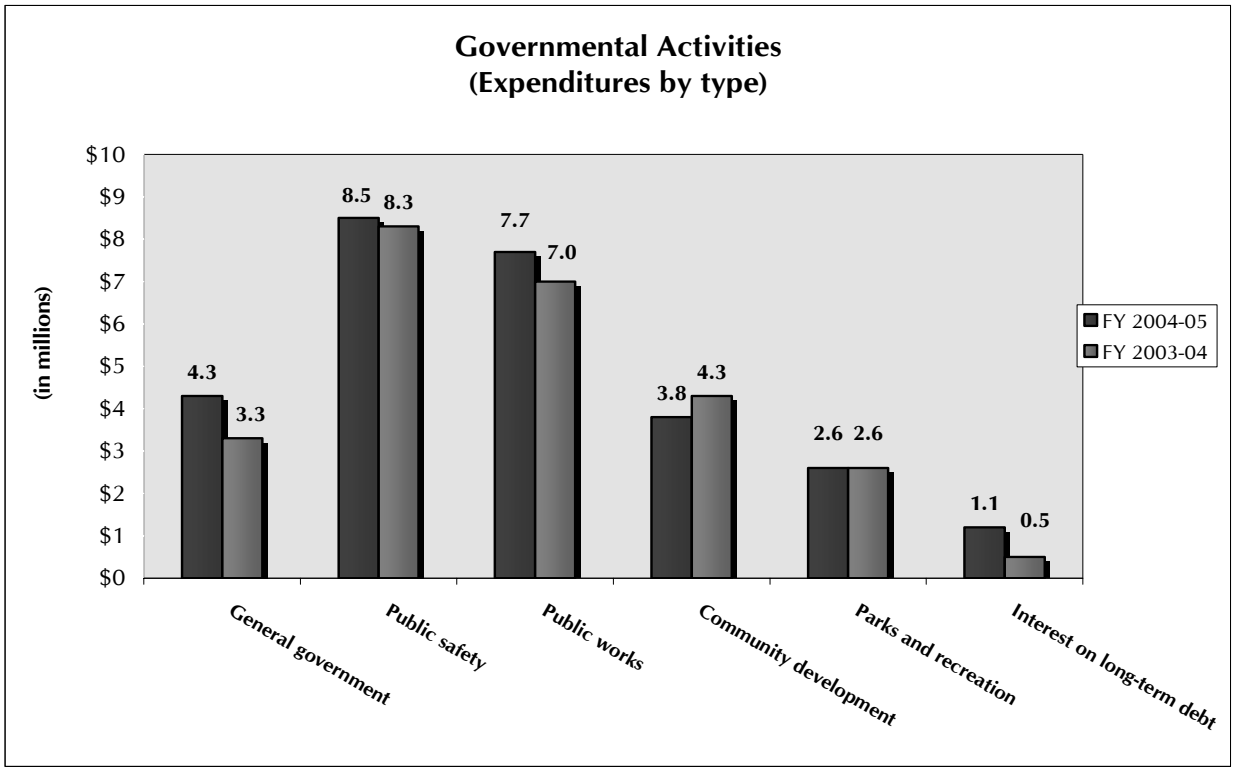
Significant changes in the Governmental Activities expense categories when compared to the prior fiscal year are summarized as follows:

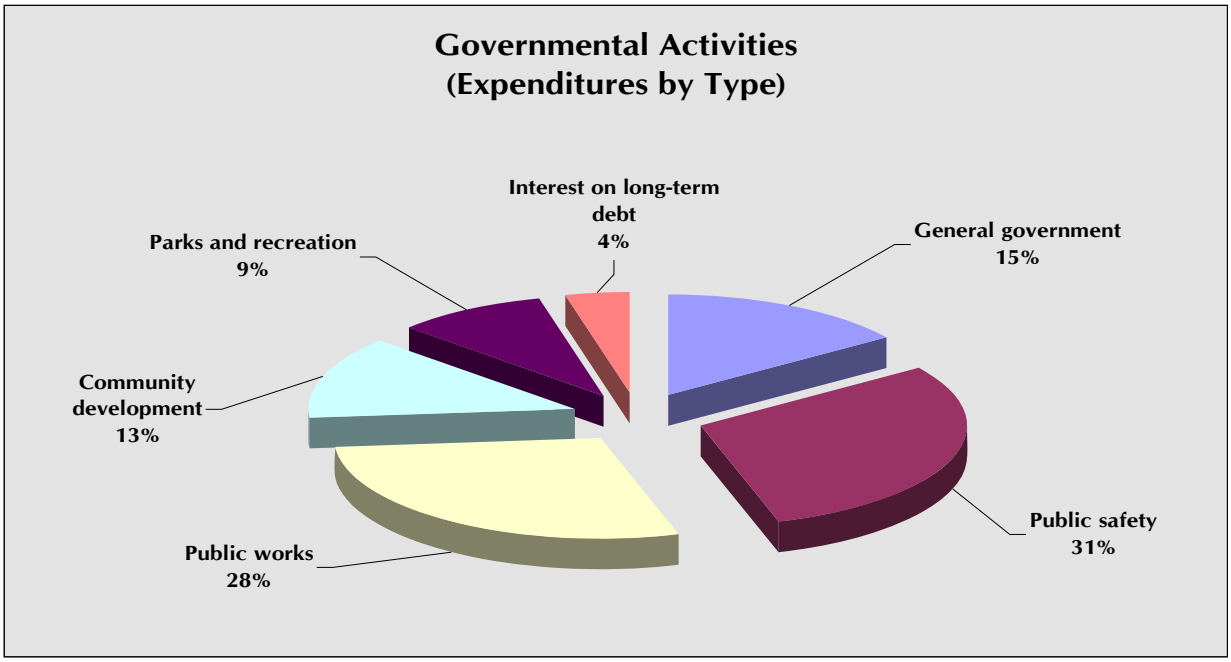
- General Government expenses increased $937 thousand compared to the preceding fiscal year. The Public Affairs Division expenses of $692 thousand were reclassified from Community Development to General Government in this fiscal year.

- Public Works expenses increased $688 thousand compared to the preceding fiscal year. A substantial portion of the increase was in street maintenance ($279 thousand) and Proposition C – street improvements and transportation ($293 thousand).

- Community Development expenses decreased $544 thousand compared to the preceding fiscal year. The expenses remained substantially the same except for the reclassification as discussed previously.

- Interest expenses on long-term debt increased $689 thousand compared to the preceding fiscal year, caused primarily by the HUD Section 108 Loan and the 2004 refunding taxable tax allocation bonds.





Financial Analysis of the Government's Funds

As noted earlier, 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, 2005, the City's governmental funds reported combined ending fund balances of $26.1 million, a decrease of $960 thousand, or 3%, in comparison with the prior year balance of $27.0 million. Approximately 72%, or $18.9 million, constitutes unreserved fund balance, which is available for spending at the City's discretion. The remainder of fund balance of $7.2 million, or 28%, is reserved to indicate that it is not available for new spending because it has already been committed 1) as a deposit held by the State Treasurer's Office ($3.5 million), 2) as a loan to the Redevelopment Agency ($2.3 million), 3) for low and moderate income housing ($708 thousand), 4) to pay debt service ($664 thousand), and 5) for prepaid expenditures ($21 thousand).

Revenues of governmental funds for the fiscal year ended June 30, 2005 were $32.4 million, an increase of $3.3 million, or 11%, from the prior year total of $29.1 million. Expenditures of governmental funds were $33.6 million, an increase of $3.0 million, or 10%, from the prior fiscal year total of $30.6 million. Prior to other financing sources and uses, expenditures of governmental funds exceeded revenues by $1.2 million. A $211-thousand promissory note reduced the excess expenditure as an other financing source.

The City has five major governmental funds: General Fund, CDBG Capital Projects Fund, HUD Section 108 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 are 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 General Fund was $14.7 million, while total fund balance was $20.5 million. As a measure of General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 70% of total fund expenditures of $20.9 million, while total fund balance represents 98% of that same amount.

The fund balance of the City's General Fund increased by $3.8 million, or 22%, during the fiscal year ended June 30, 2005. Key factors in this growth are as follows:

General Fund revenues and operating transfers in for the fiscal year were $25.2 million, an increase of $3.4 million, or 15%, from the prior year total of $21.8 million. The five largest General Fund revenue sources were property taxes (including property taxes in-lieu of VLF), sales taxes, utility users taxes, State gas tax transfer, and franchise taxes. These revenues, in aggregate, amounted to 73% of the General Fund revenues and operating transfers in.

- The largest revenue source was property taxes, including property taxes in lieu of VLF, at $5.9 million, or 24% of General Fund revenues and operating transfer in, an increase of $4.1 million, or 226%, when compared to the preceding fiscal year's amount of $1.8 million.

  The General Fund's regular property taxes increased $336 thousand, or 18%, compared to the preceding fiscal year. Like other taxing jurisdictions, the City continued to benefit from the drastic increase in taxable real property values.

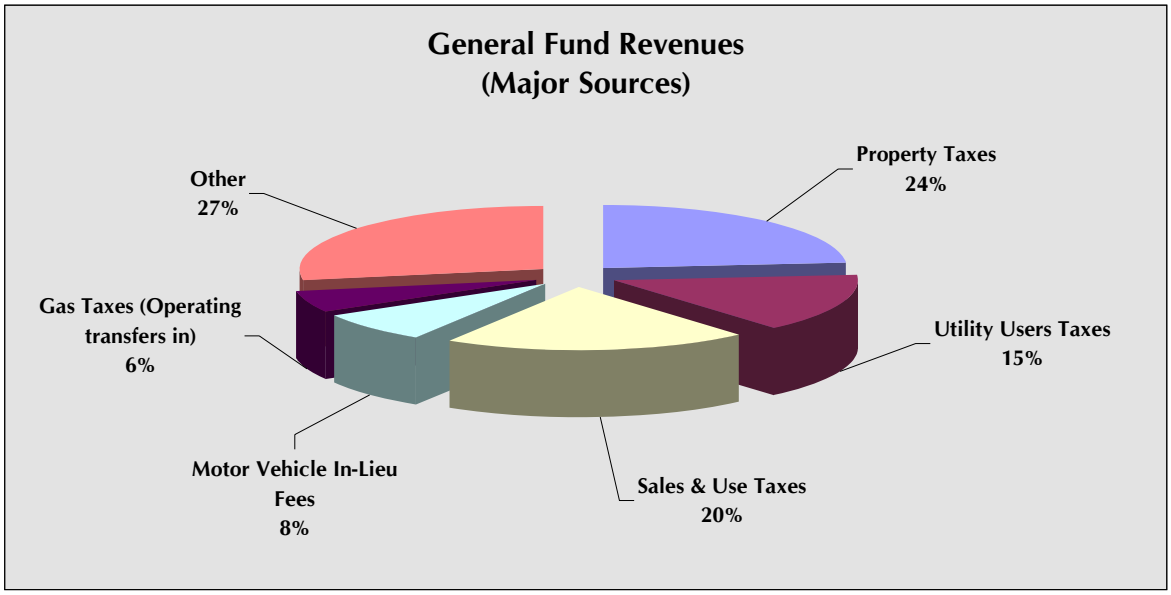
  As discussed previously, the State took action to swap the City's vehicle license fee (VLF) revenues for its property taxes (property taxes in lieu of VLF) effective with this fiscal year. The swapped revenue for the fiscal year totaled $4.6 million (including an amount that was deferred to the next fiscal year). This action has caused cash flow issues for local governments, 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 sales taxes at $5.1 million, or 20% of General Fund revenues and operating transfers in, a decrease of $420 thousand, or 8%, compared to the preceding fiscal year's amount of $5.5 million. The decrease was caused mainly by the automobile sector and a one-time corrective adjustment.

- The third largest revenue source was utility users taxes at $3.7 million, or 15% of General Fund revenues and operating transfers in, an increase of $389 thousand, or 12%, compared to the preceding fiscal year's amount of $3.4 million. A significant growth was shown in the wireless sector.

- The fourth largest revenue source was motor vehicle in lieu fees at $2.0 million, or 8% of General Fund revenues and operating transfers in, a decrease of $1.7 million, or 47%, compared to the preceding fiscal year's amount of $3.7 million. For the purpose of this analysis, this fiscal year's amount also includes the $1.3 million received from the sale of the VLF gap loan receivable from the State. The drastic decrease resulted from the State's swap of the City's VLF revenue for its property taxes as discussed previously.

- The fifth largest revenue source was State gas taxes (operating transfers in) at $1.4 million, or 6% of General Fund revenues and operating transfers in, a decrease of $13 thousand, or 0.9%, compared to the prior fiscal year.



General Fund expenditures and operating transfers out were $21.4 million, an increase of $825 thousand, or 4%, from the prior year total of $20.6 million. Key elements of the increases and decreases are summarized as follows:

- Public safety was the largest General Fund function at $8.2 million, or 38% of General Fund expenditures and operating transfers out, an increase of $335 thousand, or 4%, from the preceding fiscal year's total of $7.9 million. The increase was largely due to the increase in personnel, support services, and equipment purchased with grant funds.

- Public works was the second largest General Fund function at $4.6 million, or 22% of General Fund expenditures and operating transfers out, an increase of $326 thousand, or 8%, from the preceding fiscal year's total of $4.3 million. The significant increases were from street sweeping and vehicle maintenance services ($279 thousand) and the addition of personnel in Facility Maintenance ($66 thousand).

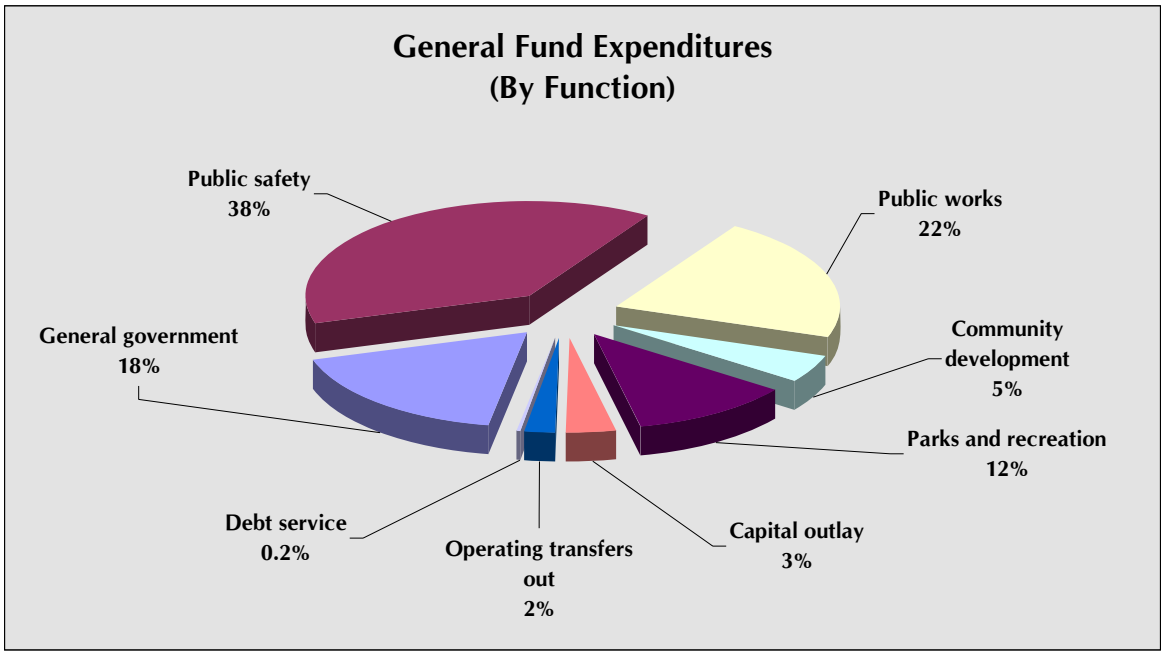
- General government (City Council, City Commissions, City Administration, City Clerk's Office, City Attorney, Finance, Personnel, Public Affairs, Risk Management, and Non-departmental) was the third largest General Fund function at $3.8 million, or 18% of General Fund expenditures and operating transfers out, an increase of $932 thousand, or 33%, from the preceding fiscal year's total of $2.8 million. The significant increases were from the reclassification of Public Affairs Division from community development to general government ($691 thousand), cost of the March 2005 election ($62 thousand) and additional contract services including fee studies and UUT monitor services ($100 thousand).

- Parks and recreation was the fourth largest General Fund function at $2.5 million, or 12% of General Fund expenditures and operating transfers out, a nominal increase of $88 thousand, or 4%, from the preceding fiscal year's total of $2.4 million.

- Community development was the fifth largest General Fund function at $996 thousand, or 5% of General Fund expenditures and operating transfers out, a decrease of $619 thousand, or 38%, from the preceding fiscal year's total of $1.6 million. The decrease was caused mainly by the reclassification of the Public Affairs Division from community development to general government.

- Capital outlay totaled $732 thousand, or 3% of General Fund expenditures and operating transfers out, a decrease of $197 thousand, or 21%, from the preceding fiscal year's total of $929 thousand. The decrease was caused by the deferral of certain capital projects to mitigate various State funding cuts and revenue shifts from local governments. Funded capital projects included street improvements, sidewalks, curbs, gutters, trees, facilities improvements, and pocket parks.

- Operating transfers out totaled $506 thousand, or 2% of General Fund expenditures and operating transfers out, a decrease of $40 thousand, or 7%, from the prior year total of $545 thousand. Of the total operating transfers out, $467 thousand was for the payment of interest, principal, and the trustee's administrative fees on the City's 1999 Refunding Certificates of Participation, $6 thousand was expended to fund special public safety services, and $33 thousand was expended to subsidize the maintenance of a parking district.



Note: The above chart does not total 100% due to the use of a different rounding convention for debt service.

CDBG Capital Projects Fund accounts for the City's entitlements of the Federal Community Development Block Grant (CDBG) funds and related expenditures. The U.S. Department of Housing and Urban Development (HUD) provides annual allocations of CDBG funds that can be used to revitalize neighborhoods, prevent or eliminate slums or blight, expand affordable housing and economic opportunities, and improve community facilities and services, principally to benefit low- and moderate-income persons.

The City generally draws down CDBG program costs from its HUD-approved line of credit on a reimbursement basis only (as expenditures are made). As a result, the fund balance of the CDBG Capital Projects Fund is generally $0 even though there may be funds available in the line of credit. At the end of the current fiscal year, the City's CDBG Capital Projects Fund fund balance was $0, while the line of credit had an available balance of $1.16 million. The annual CDBG entitlement for the fiscal year was reduced from $1.48 million to $1.45 million, a slight decrease of $26 thousand, due to an across-the-board program reduction by Federal government.

Like most grants, CDBG is a reimbursement grant (also known as an expenditure-driven grant). As a result, revenues are recognized based on 1) incurrence of allowable expenditures, 2) compliance with any and all contingent requirements, and 3) the related amounts becoming available. CDBG expenditures were $1.6 million, a decrease of $276 thousand, or 15%, from the prior fiscal year total of $1.8 million. CDBG funds were expended on public services, special economic development assistance programs, residential and commercial property rehabilitation grant programs, code enforcement, and certain public improvements.

HUD Section 108 Fund is a temporary capital projects fund to account for the use of the proceeds of the HUD-issued and guaranteed loans that are also secured with the City's current and future CDBG entitlement grant funds and other City-owned property. Section 108 loan proceeds have the same program restrictions as the CDBG grant funds. HUD's Section 108 Guarantee Loan Program provides communities with greater resources to finance much needed economic development, housing rehabilitation, public facility improvements, and other large-scale physical development projects.

The City has borrowed $7,000,000 from HUD in Section 108 Guarantee Loan in fiscal year 2003-04. The loan bears interest ranging from 2.31% to 6.01% and is repayable over 20 years with the average annual debt service payment of $579 thousand. In accordance with the applicable HUD guidelines, the City has devised plans for a number of projects in the City's downtown area for revitalization with private investment. During this fiscal year, the City has continued to work on the following projects:

- Laurel Street Improvements – This project involved the creation of enhanced sidewalk dining on Laurel Street, immediately west of Bellflower Boulevard. The project also included signature monumentation, distinctive landscaping and hardscape. Expenditures relating to this project were $119 thousand for this fiscal year.

- Belmont Street Facade Improvements – This ongoing project involves aesthetic improvements to the commercial buildings and signage along Belmont Street. The goal is to draw interest from quality retail businesses to the City. Expenditures relating to this project were $1.8 million for this fiscal year. Belmont Façade improvements are expected to be completed in fiscal year 2005-06.

- "Belmont Building" Rehabilitation – This building is centrally located in downtown with the potential to draw in a major or national chain store to serve as an anchor retailer to assist with the City's overall revitalization effort. The City acquired this building with the intent to renovate it for mix-use. The City received letters of interest from Starbucks and Subway to occupy a portion of the building. Excluding the cost of property acquisition, expenditures relating this project were $56 thousand for this fiscal year. The project cost is estimated at $1 million and is expected to be completed in fiscal year 2006-07.

- Friendship Square – Friendship Square is an open seating area, which is also centrally located in downtown (adjacent to the Belmont Building). This area will host community organized events to draw in community interest and provide much-needed public open-space. The City continued to make certain improvements including landscaping and structural improvements to better market the area. Expenditures relating to this project were $1 thousand for this fiscal year. The project cost is estimated at $1.3 million and is expected to be completed in fiscal year 2006-07.

At the end of the current fiscal year, the available Section 108 Loan funds were $4.7 million.

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.

Similar to CDBG, 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 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 $0, while the line of credit had an available balance of $1.1 million. The annual HOME entitlement for the fiscal year was $655 thousand, a decrease of $5 thousand, when compared to the preceding fiscal year's entitlement of $660 thousand.

Like CDBG, HOME is a reimbursement grant (an expenditure-driven grant). HOME expenditures were $349 thousand, a decrease of $530 thousand, or 60%, from the preceding fiscal year's total of $879 thousand. The decrease was primarily caused by the following two activities offered with the HOME funds. The Palm Vista Modular Housing Development, a project that converted an existing trailer park to 15-modular housing units, was substantially completed in the preceding fiscal year. As a result, there was a $354 thousand reduction in expenditures with respect to this project. The City also expended $200 thousand less on CHDO projects, as the City reduced a substantial portion of its funding obligations in the preceding fiscal year. These funds are generally used by the CHDO to acquire vacant lots and substandard properties to either construct or rehabilitate homes within the guidelines of quality housing standards. The homes will then be sold to first-time homebuyers at cost or with enough subsidies to insure affordability. Upon sale of the homes, proceeds are returned to CHDO for continuing rehabilitation activities.

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.

The net tax increment revenue available for capital projects for the current fiscal year was $0. In the prior fiscal year, $612 thousand was available. 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. Redevelopment projects continue to be largely supported with a loan from the General Fund.

Redevelopment project expenditures were $2.3 million, an increase of $592 thousand, or 34%, from the prior fiscal year total of $1.7 million. This fiscal year's activities continued with the acquisition of properties strategically located in various parts of the Project Area for the purpose of rehabilitating and remarketing to attract leading retailers and private investments, continued construction of the Town Center Plaza, planning and designing of the Library Gardens, and other beautification projects.

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 Operating Transfers In – The final budgeted revenues and transfers were $22.9 million, an increase of $1.1 million from the original budget. The major difference was the addition of the proceeds from VLF gap loan sale of $1.3 million.

Appropriations and Operating Transfers Out – The final appropriations and transfers were $23.3 million, an increase of $1.3 million from the original allocations as follows: $433 thousand in capital outlay, $569 thousand in public works, and $263 thousand in general government.

Capital Asset and Debt Administration

Capital Assets. The City's investment in capital assets for governmental activities as of June 30, 2005, was $33.4 million (net of accumulated depreciation). Infrastructure assets have been reported retroactive to July 1, 1980, in compliance with GASB Statement No. 34. Any infrastructure assets acquired or significantly improved prior to July 1, 1980 are not included. For additional information on capital assets, please refer to the notes to the basic financial statements.

Capital Assets
(in thousands)

	Governmental Activities	
	FY 2004-05	FY 2003-04
Land	$ 11,084	$ 10,076
Buildings and improvements	8,235	7,858
Equipment and furniture and fixtures	1,387	1,235
Infrastructure	6,529	6,787
Construction in progress	6,103	3,656
Water rights	65	66
Total Capital Assets	$ 33,403	$ 29,678

During this fiscal year, the City added $3.6 million in capital assets excluding equipment and furniture and fixtures. The following were major capital projects for the fiscal year:

- Belmont façade improvements $1.8 million
- Property acquisition (Redevelopment Agency) $1.5 million
- Various street improvements $487 thousand
- Various City facilities improvements $390 thousand
- Handicap ramps at various locations $284 thousand
- Town Center Plaza Improvement Project (HUD Section 108 Loan, CDBG, Redevelopment Agency) $188 thousand
- Library Gardens $124 thousand
- Laurel Street improvements $119 thousand

Additional information on the City's capital assets can be found in the notes to the basic financial statements.

Long-Term Debt. At June 30, 2005, the City had $20.9 million in outstanding long-term debt for Governmental Activities, a decrease of $182 thousand, or 0.9%, from the preceding fiscal year. The overall decrease was due to the City's scheduled repayment of the outstanding long-term debt. In this fiscal year, a 20-year promissory note in the amount of $211 thousand was added. For additional information on long-term debt, please refer to the notes to the basic financial statements.

Long-Term Debt
(in thousands)

	Governmental Activities			
	2005	2004	Variance Increase/ (Decrease)	% Change
1999 Refunding Certificates of Participation	$ 4,945	$ 5,170	$ (225)	-4%
2004 Refunding Tax Allocation Bonds	7,590	7,815	(225)	-3%
California Energy Commission Loan	58	95	(37)	-39%
HUD Section 108 Loan	7,000	7,000	-	0%
Note Payable - Dietz	211	-	211	n/a
Compensated Absences	1,070	976	94	10%
Total Long-Term Debt	$ 20,874	$ 21,056	$ (182)	-1%

Under the California Government Code Section 43605, the City's legal bonded debt limit for this fiscal year was $115 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 Factors and Outlook for Next Year

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.

According to the UCLA Anderson Forecast report of September 2005, the economists anticipate a "soft landing" for the California's economy with a weak growth for the next two years, but no recession. The report also indicated that the California's economy is vulnerable to a dip because too much of the recent job growth has been tied to the housing market. In addition, according to the recent California State University Fullerton's economic forecast, its Southern California index of leading economic indicators rose 0.37% in the third quarter compared with the previous quarter, and this increase "continues to suggest a modest increase in economic activity" in the region.

In the latest "California's Fiscal Outlook," published by the State of California Legislative Analyst Office (LAO) in November 2005, the California's budget outlook has improved significantly from a major increase in revenues and a significant amount of savings adopted in the 2005-06 spending plan. It estimates that fiscal year 2005-06 will end with a reserve of about $5.2 billion, which is $4 billion more than what was anticipated at the time the 2005-06 Budget Act was adopted. This large surplus is anticipated to be more than sufficient to keep the State's budget in balance in fiscal year 2006-07 without any new program reductions or added revenues.

The City's adopted 2005-06 operating budget which is both balanced and fiscally responsible. This spending plan maintains essential services to the community and continues to provide funding to stimulate local economy through various development and beautification projects throughout the City.

The following are examples of the State and Federal actions that may have significant impacts on the City's finances:

- *Educational Revenue Augmentation Fund (ERAF III).* In an attempt to address its budget deficit problem, the State enacted ERAF III in addition to the currently continuing ERAF shifts to transfer a total of $2.6 billions from local governments during fiscal years 2004-05 and 2005-06. Bellflower's share of ERAF III amounts to $1.2 million.

- *Motor Vehicle License Fees:* The local governments have historically relied on vehicle license fees (VLF) to provide essential services to the community. However, over the past few years, the State took unilateral action to permanently reduce the VLF rate from 2% to 0.65% and "swapped" the lost revenues with its property taxes. Although the local governments are made whole in terms of nominal dollars, this arrangement has caused cash flow issues for local governments, 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 swapped revenue for this fiscal year totaled $4.6 million (including an amount that was deferred to the next fiscal year).

- *"Triple Flip":* The State swapped one-fourth of California cities' sales tax revenue with its property taxes as part of its issuance of the fiscal recovery bonds. Similarly with VLF issues discussed above, as sales tax payments are made on a monthly basis, this arrangement has also caused cash flow issues for cities.

- *Streamlined Sales Tax Project (SSTP):* SSTP is a Federal effort to develop a system that will drastically simplifies the process of collection and administration of sales and use taxes. Through this effort, the State's current sales tax system and structure will change if it chooses to comply with the Streamlined Sales and Use Tax Agreement. It is unknown at this time whether this will have a positive or negative impact on the City.

- *Utility Users Tax (UUT):* The City collects UUT on electric, gas, and telephone services. However, due to the Federal government's repeal of its excise tax provision, a certain component of the City's UUT revenue may be at risk.

- *Cable Franchise Fees*: A draft Federal telecommunications bill from the House is being proposed to limit the cable franchise fees to only the subscriber revenue, instead of the current gross revenue which also includes advertising and other revenues.

- *Community Development Block Grant (CDBG):* For the fiscal year 2006 budget, the Bush Administration proposed consolidation of 18 programs, including the CDBG program, into one within the Economic Development Administration at a drastically reduced funding level. The proposal was eventually rejected, but the funding for the CDBG program was cut by 9 percent.

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, 2005

	Total Governmental Activities
ASSETS	
Cash and investments	$ 18,698,445
Cash and investments with fiscal agents	5,765,271
Receivables:	
Accounts receivable - net	3,807,986
Notes/Contract receivable	4,798,794
Interest receivable	155,965
Deposits	3,507,627
Prepaid expenses	21,089
Deferred charges - net of accumulated amortization	625,259
Deferred losses on refunding	482,914
Capital assets not being depreciated	17,186,917
Capital assets - net of accumulated depreciation	16,215,237
Total assets	71,265,504
LIABILITIES	
Accounts payable	3,086,277
Interest payable	416,199
Accrued expenses	346,802
Deferred revenue	143,429
Deposits	14,979
Noncurrent liabilities:	
Due within one year	598,519
Due in more than one year	20,275,693
Total liabilities	24,881,898
NET ASSETS	
Invested in capital assets, net of related debt	14,706,513
Restricted for:	
Construction of capital assets	5,211,016
Debt service	365,510
Streets, highways, bikeways, public transit, and other related purposes	1,252,797
Housing	1,470,716
Community development	1,644,324
Public safety	89,248
Unrestricted	21,643,482
Total net assets	$ 46,383,606

See Notes to the Basic Financial Statements

CITY OF BELLFLOWER
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2005

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Contributions and Grants	Program Revenues: Capital Contributions and Grants
Primary Government:				
General government	$ 4,251,643	$ -	$ -	$ -
Public safety	8,505,491	1,506,526	377,947	6,201
Public works	7,655,727	286,347	3,518,121	600,826
Community development	3,763,743	741,302	1,751,680	
Parks and recreation	2,644,966	497,670		362,596
Interest on long-term debt	1,149,420			
Total Governmental Activities	$ 27,970,990	$ 3,031,845	$ 5,647,748	$ 969,623

General Revenues:
Taxes:
Sales taxes
Property taxes
Property taxes 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

Total general revenues

Change in net assets

Net assets - July 1

Net assets - June 30

See Notes to the Basic Financial Statements

Net (Expense) Revenue and Change in Net Assets
$ (4,251,643)
(6,614,817)
(3,250,433)
(1,270,761)
(1,784,700)
(1,149,420)
(18,321,774)
5,126,776
3,408,915
3,786,400
1,318,757
3,748,243
520,290
501,369
252,189
2,264,037
352,426
588,643
21,868,045
3,546,271
42,837,335
$ 46,383,606

See Notes to the Basic Financial Statements

CITY OF BELLFLOWER
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2005

	General Fund	HUD Section 108 Fund	CDBG Capital Projects Fund	HOME Capital Projects Fund
ASSETS				
Cash and investments	$ 14,010,167	$ -	$ -	$ -
Cash and investments with fiscal agents		5,162,662		
Accounts receivable - net	2,421,785		472,497	7,340
Due from other funds	946,043			
Interest receivable	110,038	11,544		
Deposits	3,507,627			
Notes/Contract receivable			1,698,612	1,950,678
Prepaid expenditures	13,930			
Advances receivable	2,286,810			
Total assets	$ 23,296,400	$ 5,174,206	$ 2,171,109	$ 1,958,018
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	$ 1,900,100	$ 334,135	$ 244,231	$ 930
Accrued expenditures	293,555		11,792	1,342
Due to other funds		150,680	216,474	5,068
Deposits	14,329			
Deferred revenue	551,322		1,698,612	1,950,678
Advances payable				
Total liabilities	2,759,306	484,815	2,171,109	1,958,018
Fund balances				
Reserved:				
Debt service				
Low and moderate income housing				
Deposits	3,507,627			
Prepaid expenditures	13,930			
Advances to redevelopment agency	2,286,810			
Unreserved:				
Designated - special revenue funds				
Undesignated - general fund	14,728,727			
Undesignated - capital projects funds		4,689,391		
Total fund balances	20,537,094	4,689,391		
Total liabilities and fund balances	$ 23,296,400	$ 5,174,206	$ 2,171,109	$ 1,958,018

See Notes to the Basic Financial Statements

Redevelopment Agency Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
$ 102,059	$ 2,652,097	$ 16,764,323
119	602,490	5,765,271
725	905,639	3,807,986
7,864		953,907
724	18,736	141,042
		3,507,627
387,179	762,325	4,798,794
	7,159	21,089
		2,286,810
$ 498,670	$ 4,948,446	$ 38,046,849
$ 210,532	$ 322,947	$ 3,012,875
5,644	34,266	346,599
	581,685	953,907
650		14,979
387,179	773,322	5,361,113
2,286,810		2,286,810
2,890,815	1,712,220	11,976,283
	664,165	664,165
	708,391	708,391
		3,507,627
	7,159	21,089
		2,286,810
	1,672,152	1,672,152
		14,728,727
(2,392,145)	184,359	2,481,605
(2,392,145)	3,236,226	26,070,566
$ 498,670	$ 4,948,446	$ 38,046,849

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, 2005

Fund balances of governmental funds	$	26,070,566
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.		32,928,440
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.		301,346
Certain notes receivable are not available to pay for current period expenditures and, therefore are offset by deferred revenue in the governmental funds.		4,916,338
Long-term debt and compensated absences have not been included in the governmental funds:		
Long-term debt		(19,803,814)
Compensated absences		(1,070,398)
Deferred charges, net of accumulated amortization for debt issuance costs and discounts on long-term debt have not been reported in the governmental funds.		625,259
Deferred losses on refunding, net of accumulated amortization for long-term debt issuance have not been reported in the governmental funds.		482,914
Accrued interest payable from the current portion of interest due on long-term debt has not been reported in the governmental funds.		(416,199)
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.		2,349,154
Net assets of governmental activities	$	46,383,606

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, 2005

	General Fund	HUD Section 108 Fund	CDBG Capital Projects Fund	HOME Capital Projects Fund
REVENUES				
Taxes	$ 17,410,399	$ -	$ -	$ -
Licenses and permits	17,227			
Fines, forfeitures, and penalties	1,450,200			
Investment earnings	1,521,252	101,490	153,259	48,408
Charges for current services	888,549			
Intergovernmental revenue	2,026,861		1,375,103	300,863
Other revenues	307,081		23,394	
Total revenues	23,621,569	101,490	1,551,756	349,271
EXPENDITURES				
Current:				
General government	3,776,426			
Public safety	8,229,703			
Public works	4,631,601			
Community development	996,322		1,100,795	349,271
Parks and recreation	2,497,559			
Capital outlay	731,561	1,996,925	236,964	
Debt service:				
Principal retirement	37,315			
Interest and other charges	2,585		213,997	
Debt issuance costs				
Pass-through payments				
Total expenditures	20,903,072	1,996,925	1,551,756	349,271
Excess of revenues over (under) expenditures	2,718,497	(1,895,435)		
OTHER FINANCING SOURCES (USES)				
Proceed from loans				
Transfers in	1,537,267	463,834		
Transfers out	(505,553)			
Total other financing sources (uses)	1,031,714	463,834		
Excess of revenues and other financing sources over (under) expenditures and other financing (uses)	3,750,211	(1,431,601)		
Fund balances - July 1, 2004	16,786,883	6,120,992		
Fund balances - June 30, 2005	$ 20,537,094	$ 4,689,391	$ -	$ -

See Notes to the Basic Financial Statements

Redevelopment Agency Capital Projects Fund	Other Governmental Funds	Total Governmentals Funds
$ -	$ 1,284,958	$ 18,695,357
	649,056	666,283
		1,450,200
61,580	77,564	1,963,553
	8,133	896,682
	4,638,612	8,341,439
10,712	31,941	373,128
72,292	6,690,264	32,386,642
		3,776,426
	275,417	8,505,120
	2,112,821	6,744,422
540,987	1,114,476	4,101,851
		2,497,559
1,776,629	900,810	5,642,889
	450,000	487,315
	1,549,827	1,766,409
	2,478	2,478
	32,418	32,418
2,317,616	6,438,247	33,556,887
(2,245,324)	252,017	(1,170,245)
210,717		210,717
	1,046,041	3,047,142
(888,056)	(1,653,533)	(3,047,142)
(677,339)	(607,492)	210,717
(2,922,663)	(355,475)	(959,528)
530,518	3,591,701	27,030,094
$ (2,392,145)	$ 3,236,226	$ 26,070,566

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, 2005

Net change in fund balances - total governmental funds	$	(959,528)
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.		3,726,979
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.		301,346
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.		247,583
Interest in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.		117,544
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 issuance of long-term debt net of issuance cost.		276,598
Debt issuance costs are expenditures in the governmental funds, but these cost are capitalized on the statement of net assets. This is net change in debt issuance costs 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.		(271,651)
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.		(94,300)
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.		248,137
Change in net assets of governmental activities	$	3,546,271

See Notes to the Basic Financial Statements

CITY OF BELLFLOWER
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
For the Fiscal Year Ended June 30, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amount	(Negative)
REVENUES				
Taxes	$ 12,700,000	$ 16,386,400	$ 17,410,399	$ 1,023,999
Licenses and permits	53,800	53,800	17,227	(36,573)
Fines, forfeitures, and penalties	1,212,000	1,212,000	1,450,200	238,200
Investment earnings	627,000	747,000	1,521,252	774,252
Intergovernmental revenue	4,720,000	1,988,014	2,026,861	38,847
Charges for current services	582,150	732,150	888,549	156,399
Other revenues	254,442	254,442	307,081	52,639
Total revenues	20,149,392	21,373,806	23,621,569	2,247,763
EXPENDITURES				
Current:				
General government:				
City council	203,930	203,930	170,017	33,913
Public affair	689,147	706,388	691,719	14,669
City clerk	303,198	314,899	307,223	7,676
Election	65,137	65,137	62,531	2,606
City administrator	470,353	483,788	479,634	4,154
Parks and rec. commission	3,100	3,100	2,818	282
Planning commission	14,650	14,650	12,153	2,497
Finance	677,683	890,066	755,378	134,688
City attorney	120,000	120,000	112,527	7,473
Personnel/risk management	297,929	305,689	280,216	25,473
Non-departmental	967,266	967,266	902,210	65,056
Total general government	3,812,393	4,074,913	3,776,426	298,487
Public safety:				
Administration	1,154,099	1,310,923	1,297,059	13,864
Crossing guard	156,180	156,180	155,845	335
Sheriff	6,638,215	6,464,380	6,254,475	209,905
Support services	359,540	377,540	511,587	(134,047)
Emergency management	4,850	8,050	10,737	(2,687)
Total public safety	8,312,884	8,317,073	8,229,703	87,370

Continued

See Notes to the Basic Financial Statements

CITY OF BELLFLOWER
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
For the Fiscal Year Ended June 30, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amount	(Negative)
EXPENDITURES - CONTINUED				
Public works:				
Administration	$ 318,918	$ 508,179	$ 436,408	$ 71,771
Street maintenance	2,024,249	2,358,661	2,240,102	118,559
Stormwater maintenance	450,615	458,741	324,706	134,035
Graffiti removal	10,100	10,100	20,412	(10,312)
Lighting and landscaping	478,264	478,264	439,146	39,118
Maintenance	1,155,409	1,192,371	1,170,827	21,544
Total public works	4,437,555	5,006,316	4,631,601	374,715
Community development:				
Administration	392,994	406,266	353,405	52,861
Planning	378,271	457,696	396,186	61,510
Building and safety - L.A. County contract	28,000	28,000	19,158	8,842
Farmers' market	17,904	17,904	16,333	1,571
Human services	35,700	35,700	35,700	
Code enforcement	224,936	230,450	175,540	54,910
Total community development	1,077,805	1,176,016	996,322	179,694
Parks and recreation:				
Administration	770,580	785,486	726,211	59,275
Simms park	407,261	415,894	412,647	3,247
Thompson park	310,514	307,509	311,530	(4,021)
Caruthers park	255,258	263,911	245,250	18,661
Aquatic center	341,220	345,899	373,016	(27,117)
Civic center	73,612	73,612	77,822	(4,210)
City-school recreation	208,301	208,301	194,088	14,213
Youth-teen program	121,132	121,132	89,250	31,882
Carpenter house	500	500		500
Batting cages	8,744	8,744	9,353	(609)
Preschool program	32,059	32,059	31,328	731
Share tri-cities	26,395	26,395	27,064	(669)
Total parks and recreation	2,555,576	2,589,442	2,497,559	91,883
Capital outlay	1,098,200	1,531,018	731,561	799,457
Debt service:				
Principal retirement	37,315	37,315	37,315	
Interest and other charges	2,585	2,585	2,585	
Total debt service	39,900	39,900	39,900	
Total expenditures	21,334,313	22,734,678	20,903,072	1,831,606
Excess of revenues over (under) expenditures	(1,184,921)	(1,360,872)	2,718,497	4,079,369

Continued

See Notes to the Basic Financial Statements

CITY OF BELLFLOWER
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
For the Fiscal Year Ended June 30, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amount	(Negative)
OTHER FINANCING SOURCES (USES):				
Transfers in	$ 1,532,813	$ 1,534,611	$ 1,537,267	$ 2,656
Transfers out	(563,057)	(563,057)	(505,553)	57,504
Total other financing sources (uses)	969,756	971,554	1,031,714	60,160
Excess of revenues and other sources over (under) expenditures and other (uses)	(215,165)	(389,318)	3,750,211	4,139,529
Fund balance - July 1, 2004	16,786,883	16,786,883	16,786,883	
Fund balance - June 30, 2005	$ 16,571,718	$ 16,397,565	$ 20,537,094	$ 4,139,529

See Notes to the Basic Financial Statements

CITY OF BELLFLOWER
STATEMENT OF NET ASSETS
INTERNAL SERVICE FUND
June 30, 2005

	Equipment Replacement Fund
ASSETS	
Current assets:	
Cash and investments	$ 1,934,122
Interest receivable	14,923
Total current assets	1,949,045
Noncurrent assets:	
Capital assets	
Depreciable furniture and fixtures, and equipment, net	473,714
Total noncurrent assets	473,714
Total assets	2,422,759
LIABILITIES	
Current liabilities:	
Accounts payable	73,402
Accrued liabilities	203
Total liabilities	73,605
NET ASSETS	
Invested in capital assets	473,714
Unrestricted	1,875,440
Total net assets	$ 2,349,154

See Notes to the Basic Financial Statements

CITY OF BELLFLOWER
STATEMENT OF REVENUES,
EXPENSES, AND CHANGES IN NET ASSETS
INTERNAL SERVICE FUND
For the Fiscal Year Ended June 30, 2005

	Equipment Replacement Fund
OPERATING REVENUES	
Department charges	$ 439,939
Total operating revenues	439,939
OPERATING EXPENSES	
Administration	23,346
Depreciation	210,137
Total operating expenses	233,483
Operating income	206,456
NON-OPERATING REVENUES (EXPENSES)	
Investment earnings	44,368
Gain (loss) on sale of capital assets	(2,687)
Total non-operating revenues and expenses	41,681
Changes in net assets	248,137
Total net assets, July 1, 2004	2,101,017
Total net assets, June 30, 2005	$ 2,349,154

See Notes to the Basic Financial Statements

CITY OF BELLFLOWER
STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUND
For the Fiscal Year Ended June 30, 2005

	Equipment Replacement Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Payments to employees	$ (24,348)
Internal activity - receipts from other funds	439,939
Net cash provided (used) by operating activities	415,591
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Sales of capital assets	554
Purchases of capital assets	(137,483)
Net cash provided (used) by capital and related financing activities	(136,929)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest earnings	37,618
Net cash provided by investing activities	37,618
Net increase (decrease) in cash and cash equivalents	316,280
Cash and cash equivalents, July 1, 2004	1,617,842
Cash and cash equivalents, June 30, 2005	$ 1,934,122

RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:	
Operating income	$ 206,456
Adjustments to reconcile operating income to net cash provided (used)	
Depreciation	210,137
Changes in assets and liabilities:	
Accounts and other payables	(1,002)
Net cash provided (used) by operating activities	$ 415,591

See Notes to the Basic Financial Statements

CITY OF BELLFLOWER
STATEMENT OF FIDUCIARY FUND NET ASSETS
AGENCY FUND
June 30, 2005

	Agency Fund
ASSETS	
Cash and investments	$ 864,272
LIABILITIES	
Accounts payable	500
Deposits payable	863,772
Total liabilities	864,272
NET ASSETS	$ -

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. 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 Internal Service Fund are charges to other departments or agencies of the City for sales and services. Operating expenses for the 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.

HUD Section 108 Fund

The HUD Section 108 Fund is used to account for the expenditures associated with the City's major capital projects funded with loans.

CDBG Capital Projects Fund

The CDBG Capital Projects Fund is used to account for the Federal Community Development Block Grant funds and selected program income expended for commercial, multifamily and single-family rehabilitation, economic development, and public service.

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.

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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.

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.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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.

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Receivables and Payables (Continued)

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, and similar items), and water rights assets are reported in the applicable governmental 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, 2005.

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
Water rights	99

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Capital Assets (Continued)

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

Compensated Absences

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

Long-Term Obligations

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

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

Net Assets and Fund Equity

In the government-wide financial statements and proprietary fund financial statements, net assets are reported in three categories: net assets invested in capital assets, net of related debt; restricted net assets, and unrestricted net assets. Restricted net assets represent net assets restricted by parties outside of the City (such as creditors, grantors, contributors, laws, and regulations of other governments) 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Estimates

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

G. Reconciliation of Government-wide and Fund Financial Statements

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

The governmental funds balance sheet includes 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 from the general long-term debt account group have not been included in the governmental fund activity". The detail of the $19,803,814 long-term debt difference is as follows:

Long-term debt	
Refunding certificates of participation payable	$ 4,945,000
Refunding taxable tax allocation bonds payable	7,590,000
Section 108 loan payable	7,000,000
California energy commission loan payable	58,097
Note payable - Dietz	210,717
Net adjustment to reduce fund balance of total governmental funds to arrive at net assets of governmental activities	$ 19,803,814

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 $3,726,979 difference are as follows:

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Capital outlay	
Capital outlay	$ 5,642,889
Depreciation	(862,558)
Construction in progress recorded in previous fiscal years but City had decided not to continue the projects	(295,578)
Loss on disposal of capital assets	(5,839)
Capital outlay recorded in governmental funds but not meeting the capitalization policy of the City	(751,935)
Net adjustment to increase net changes in fund balances of total governmental funds to arrive at changes in net assets of governmental activities	$ 3,726,979

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 $276,598 difference are as follows:

Debt issued or incurred:	
Note payable - Dietz	$ (210,717)
Principal repayments:	
Refunding certificates of participation	225,000
Taxable tax allocation bonds	225,000
CEC loan	37,315
Net adjustment to decrease net changes in fund balances of total governmental funds to arrive at changes in net assets of governmental activities	$ 276,598

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.

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

A. General Budget Policies (Continued)

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 $19,426,112 for the fiscal year.

B. Excess Expenditures over Appropriations

The following are funds in which certain expenditures exceeded appropriations for the fiscal year ended June 30, 2005.

Fund/Function	Final Appropriation	Expenditures	Excess
Non-major Funds:			
Drug forfeiture			
Public safety	$ 100,600	$ 103,175	$ 2,575
AQMD			
Capital outlay	147,900	169,155	21,255
Sewer reconstruction			
Capital outlay	40,000	42,113	2,113

NOTE 3 - CASH AND INVESTMENTS

Cash and investments as of June 30, 2005 are classified in the accompanying financial statements as follows:

Statement of net assets:	
Cash and investments	$ 18,698,445
Cash and investments with fiscal agents	5,765,271
Fiduciary funds:	
Cash and investments	864,272
Total cash and investments	$ 25,327,988

Cash and investments as of June 30, 2005 consist of the following:

Petty cash	$ 2,747
Deposits with financial institutions	(80,643)
Investments	25,405,884
Total cash and investments	$ 25,327,988

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 trustee 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 trustee. 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 Authority'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
FHLB	$ 2,981,562	$ -	$ -	$ 1,000,937	$ 1,980,625	$ -	$ -
FHLMC	1,190,372					1,190,372	
Certificates of Deposit	99,000		99,000				
State Investment Pool	15,350,972	15,350,972					
Money Market Funds	18,707	18,707					
Held by Bond Trustees:							
U.S. Treasury Notes	2,389,927	2,389,927					
U.S. Treasury Bills	1,877,008	1,877,008					
FHLB	392,803					392,803	
Certificates of Deposit	198,000		99,000	99,000			
Money Market Funds	907,533	907,533					
Totals	$ 25,405,884	$ 20,544,147	$ 198,000	$ 1,099,937	$ 1,980,625	$ 1,583,175	$ -

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
FHLB	$ 2,981,562	N/A	$ -	$ 2,981,562	$ -	$ -	$ -
FHLMC	1,190,372	N/A		1,190,372			
Certificates of Deposit	99,000	N/A					99,000
State Investment Pool	15,350,972	N/A					15,350,972
Money Market Funds	18,707	N/A					18,707
Held by Bond Trustees:							
U.S. Treasury Notes	2,389,927	N/A	2,389,927				
U.S. Treasury Bills	1,877,008	N/A	1,877,008				
FHLB	392,803	N/A		392,803			
Certificates of Deposit	198,000	N/A					198,000
Money Market Funds	907,533	N/A					907,533
Totals	$ 25,405,884		$ 4,266,935	$ 4,564,737	$ -	$ -	$ 16,574,212

Concentration of Credit Risk

The investment policy of the City contains limitations on the amount that can be invested in any one issuer. Investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of **total City investments** are as follows:

Issuer	Investment Type	Reported Amount
FHLB	Federal Agency Securities	$ 3,374,365

NOTE 3 - CASH AND INVESTMENTS (Continued)

Concentration of Credit Risk (Continued)

Investments in any one issuer that represent 5% or more of total investments **by reporting unit** (governmental activities, major funds, nonmajor funds) are as follows:

$2,981,562 of the cash and investments (including amounts held by bond trustees) reported in the governmental activities are held in the form of securities issued by the Federal Home Loan Bank.

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits. The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The 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, 2005, $643,129 of the City's deposits with financial institutions in excess of federal depository insurance limits were held in collateralized accounts. As of June 30, 2005, 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 Type	Reported Amount
Federal agency securities	$ 4,171,934

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, 2005

	Receivable	Allowance	Net
Governmental Activities –			
Accounts	$ 947,246	$ -	$ 947,246
Due from other governments	2,860,740		2,860,740
Total Governmental Activities	$ 3,807,986	$ -	$ 3,807,986

NOTE 5 - NOTES RECEIVABLE

	Amount
Notes receivable from mortgage loans for housing and commercial property rehabilitation and construction:	
Major Funds	
Redevelopment Agency Capital Projects Fund	$ 387,179
Community Development Block Grant Fund	1,698,612
HOME Fund	1,950,678
Nonmajor Funds	
Redevelopment Agency Housing Set-Aside Fund	762,325
Total Notes Receivable	$ 4,798,794

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, 2005

	Amortization Period In Months	Deferred Charges	Accumulated Amortization	Amortization for the Fiscal Year
2004 Refunding Tax Allocation Bonds	358	$ 579,637	$ 22,667	$ 19,429
Section 108 Loan	241	33,120	1,649	1,649
1999 Refunding Certificates of Participation	252	51,542	14,724	2,454
		$ 664,299	$ 39,040	$ 23,532

Note 7 - Deferred Losses on Refunding

The City recorded deferred loss on the refunding of its 1996 tax allocation bonds in the amount of $509,637. The amortization period is 267 months which is the lesser of the remaining period of the old debt or the remaining period of the new debt. Accumulated amortization as of June 30, 2005 was $26,723 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, 2005

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.

Due to/Due from		Interfund Receivables	Interfund Payables
Major Funds			
To:	General Fund	$ 946,043	$ -
To:	Redevelopment Agency Capital Projects Fund	7,864	
From:	HUD Section 108 Fund		150,680
From:	CDBG Capital Projects Fund		216,474
From:	HOME Capital Projects Fund		5,068
Nonmajor Funds			
From:	Gas Tax Fund		128,513
From:	AQMD Fund		21,748
From:	TDA Article 3 Fund		75,430
From:	Capital Projects Fund		348,130
From:	Redevelopment Agency Housing Fund		7,864
		$ 953,907	$ 953,907

NOTE 8 - INTERFUND ACTIVITY (Continued)

The following represents the interfund activity of the City for the fiscal year ended June 30, 2005 (Continued)

B. Advances Receivable/Payable

At June 30, 2005, the funds below have made/received advances that were not expected to be repaid within one year.

Advances Receivable/Payable	Interfund Receivables	Interfund Payables
Major Funds		
General Fund	$ 2,286,810	$ -
Redevelopment Agency Capital Projects Fund		2,286,810
	$ 2,286,810	$ 2,286,810

The advances payable to the General Fund bear an interest at 12% per annum. 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	$ 1,537,267	$ 505,553
Capital Projects Funds:		
HUD Section 108 Fund	463,834	
Redevelopment Agency Fund		888,056
Non Major Funds		
Special Revenue Funds:		
Gas Tax Fund		1,409,404
Parking District No. 1 Fund	32,968	
Building and Safety Fund		127,864
Fed – LLEBG Fund	5,868	
Debt Service Funds:		
Public Facilities Corporation Fund	466,717	
Redevelopment Agency Fund	540,488	
Capital Projects Fund:		
Redevelopment Agency Housing Fund		116,265
	$ 3,047,142	$ 3,047,142

During the fiscal year, the Redevelopment Agency Capital Projects Fund transferred $463,834 to acquire a parcel of land from the HUD Section 108 Fund.

NOTE 9 – CAPITAL ASSETS

Governmental Activities

Changes in capital assets for governmental activities for the year ended June 30, 2005 were as follows:

	Balance July 1, 2004	Additions	Deletion	Balance June 30,2005
Capital Assets, not being depreciated				
Land	$ 10,076,056	$ 1,007,882	$ -	$ 11,083,938
Construction in progress	3,655,564	3,102,782	655,367	6,102,979
Total	13,731,620	4,110,664	655,367	17,186,917
Capital Assets, being depreciated:				
Building and improvements	13,544,182	694,721		14,238,903
Water rights	94,010			94,010
Equipment and furniture and fixtures	5,641,616	656,200	343,236	5,954,580
Infrastructure	10,754,627			10,754,627
Total	30,034,435	1,350,921	343,236	31,042,120
Less accumulated depreciation for:				
Buildings and improvements	5,693,209	311,000		6,004,209
Water rights	28,014	949		28,963
Equipment and furniture and fixtures	4,399,645	502,440	334,153	4,567,932
Infrastructure	3,967,473	258,306		4,225,779
Total	14,088,341	1,072,695	334,153	14,826,883
Total, net of accumulated depreciation	15,946,094	278,226	9,083	16,215,237
Total Capital Assets, Net	$ 29,677,714	$ 4,388,890	$ 664,450	$ 33,402,154

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

General government	$ 545,780
Public safety	58,925
Public works	230,939
Community development	41,140
Parks and recreation	195,911
Total	$ 1,072,695

Depreciation expense for governmental activities (governmental funds) is $862,558

Depreciation expense for governmental activities (internal service fund) is $210,137.

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, 2005:

	Balance July 1, 2004	Additions	Deletions	Balance June 30, 2005	Due Within One Year
Governmental Activities:					
1999 Refunding Certificates of Participation	$ 5,170,000	$ -	$ 225,000	$ 4,945,000	$ 240,000
2004 Refunding Tax Allocation Bonds	7,815,000		225,000	7,590,000	110,000
California Energy Commission Loan	95,412		37,315	58,097	38,443
Section 108 Loan	7,000,000			7,000,000	203,000
Note Payable - Dietz		210,717		210,717	7,076
Compensated Absences	976,098	599,605	505,305	1,070,398	
	$ 21,056,510	$ 810,322	$ 992,620	$ 20,874,212	$ 598,519

B. Refunding Certificates of Participation

The 1999 Refunding Certificates of Participation (COPS) issued by the Bellflower Public Facilities Corporation and outstanding at June 30, 2005 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, 2005 was $4,945,000.

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, 2005 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, 2005 was $7,590,000.

NOTE 10 – LONG-TERM DEBT (Continued)

D. Loan Payable

i. California Energy Commission Loan

In August, 2002, the City entered into a loan agreement with the California Energy Commission. The loan bears interest at 3.0% a year with semi-annual principal payments due on each June and December. The loan balance outstanding as of June 30, 2005 was $58,097.

ii. 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, 2005 was $7,000,000.

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, 2005 was $210,717.

F. Defeased Debt

In April 2004, the 1996 Tax Allocation Bonds were defeased by placing a portion of proceeds from 2004 Refunding Tax Allocation Bonds in an irrevocable trust to provide for all future debt service payments on the defeased bonds. Accordingly, the trust account and the defeased bonds are not included in the financial statements. As of June 30, 2005, the unpaid principal balance for the defeased bonds was $1,950,000.

NOTE 10 – LONG-TERM DEBT (Continued)

G. General Long-Term Debt Amortization

The annual requirements to amortize long-term debt outstanding at June 30, 2005 (other than compensated absences) are as follows:

	1999 Refunding Certificates of Participation		
Fiscal Year Ended June 30,	Principal Amount	Interest Amount	Total
2006	$ 240,000	$ 230,865	$ 470,865
2007	245,000	220,739	465,739
2008	260,000	209,943	469,943
2009	265,000	198,523	463,523
2010	280,000	186,393	466,393
2011-2015	1,605,000	717,229	2,322,229
2016-2020	2,050,000	266,250	2,316,250
	$ 4,945,000	$ 2,029,942	$ 6,974,942

	2004 Refunding Tax Allocation Bonds		
Fiscal Year Ended June 30,	Principal Amount	Interest Amount	Total
2006	$ 110,000	$ 480,491	$ 590,491
2007	110,000	477,697	587,697
2008	115,000	474,177	589,177
2009	120,000	469,818	589,818
2010	125,000	464,634	589,634
2011-2015	740,000	2,209,242	2,949,242
2016-2020	995,000	1,947,692	2,942,692
2021-2025	1,370,000	1,572,007	2,942,007
2026-2030	1,890,000	1,055,340	2,945,340
2031-2034	2,015,000	343,530	2,358,530
	$ 7,590,000	$ 9,494,628	$17,084,628

	California Energy Commission Loan		
Fiscal Year Ended June 30,	Principal Amount	Interest Amount	Total
2006	$ 38,443	$ 1,457	$ 39,900
2007	19,654	296	19,950
	$ 58,097	$ 1,753	$ 59,850

NOTE 10 – LONG-TERM DEBT (Continued)

G. General Long-Term Debt Amortization (Continued)

Fiscal Year Ended June 30,	Section 108 Loan Principal Amount	Section 108 Loan Interest Amount	Section 108 Loan Total
2006	$ 203,000	$ 362,769	$ 565,769
2007	225,000	356,948	581,948
2008	236,000	349,200	585,200
2009	248,000	339,969	587,969
2010	260,000	329,393	589,393
2011-2015	1,503,000	1,445,102	2,948,102
2016-2020	1,906,000	995,997	2,901,997
2021-2025	2,419,000	374,078	2,793,078
	$ 7,000,000	$ 4,553,456	$11,553,456

Fiscal Year Ended June 30,	Note Payable - Dietz Principal Amount	Note Payable - Dietz Interest Amount	Note Payable - Dietz Total
2006	$ 7,076	$ 8,429	$ 15,505
2007	7,359	8,146	15,505
2008	7,654	7,851	15,505
2009	7,960	7,545	15,505
2010	8,278	7,227	15,505
2011-2015	46,631	30,894	77,525
2016-2020	56,734	20,790	77,524
2021-2025	69,025	8,500	77,525
	$ 210,717	$ 99,382	$ 310,099

Fiscal Year Ended June 30,	Total Governmental Activities Principal Amount	Total Governmental Activities Interest Amount	Total Governmental Activities Total
2006	$ 598,519	$ 1,084,011	$ 1,682,530
2007	607,013	1,063,826	1,670,839
2008	618,654	1,041,171	1,659,825
2009	640,960	1,015,855	1,656,815
2010	673,278	987,647	1,660,925
2011-2015	3,894,631	4,402,467	8,297,098
2016-2020	5,007,734	3,230,729	8,238,463
2021-2025	3,858,025	1,954,585	5,812,610
2026-2030	1,890,000	1,055,340	2,945,340
2031-2034	2,015,000	343,530	2,358,530
	$ 19,803,814	$ 16,179,161	$35,982,975

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 makes the contributions required of city employees on their behalf and for their account. For the year ended June 30, 2005, the amount contributed by the City on behalf of the employees was $325,919. The City is also required to contribute at an actuarially determined rate calculated as a percentage of covered payrolls. The actuarial methods and assumptions used are those adopted by the PERS Board of Administration. The required employer contribution rate for the year ended June 30, 2005 was 0% 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.

Annual Pension Cost

For the fiscal year ended June 30, 2005, the City's annual pension cost (employer contribution) of $0 for miscellaneous employees was equal to the City's required and actual contributions. The required contribution was determined as part of the June 30, 2002, actuarial valuation using the entry age actuarial cost method.

The actuarial assumptions included (a) 8.25% long term investment rate of return (net of administrative expenses), (b) projected annual salary increases that vary from 3.75% to 14.20% depending on age, service, and type of employment, (c) long term inflation of 3.50% which is a component of both the long term rate of return and the salary scale, (d) overall payroll growth of 3.75% which consists of inflation and worker productivity, and (e) individual salary growth that varies by duration of employment coupled with an assumed annual inflation component of 3.50% and an annual production growth of 0.25%. The actuarial value of PERS assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a three year period. PERS unfunded actuarial accrued liability (or excess assets) is being amortized as a level percentage of projected payroll on a closed basis. PERS has combined the prior service unfunded liability and current service unfunded liability into a single initial unfunded liability.

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

Three-Year Trend Information for PERS

Fiscal Year	Annual Pension Cost (APC) *	Percentage of APC Contributed	Net Pension Obligation
6/30/03	$ 0	100%	$ 0
6/30/04	0	100%	0
6/30/05	0	100%	0

* Employer contribution.

Schedule of Funding Progress for PERS

Actuarial Valuation Date	Entry Age Normal Accrued Liability (A)	Actuarial Value of Assets (B)	Unfunded Liability (Excess Assets) (A-B)	Funded Status (B/A)	Annual Covered Payroll (C)	UAAL** As a % of Covered Payroll [(A-B)/C]
6/30/02	$16,463,074	$19,778,076	$(3,315,002)	120.1%	$3,950,796	(83.9%)
6/30/03	19,550,806	20,219,374	(668,568)	103.4%	4,382,258	(15.3%)
6/30/04***	N/A	N/A	N/A	N/A	N/A	N/A

** UAAL - Unfunded actuarial accrued liability

*** A new State law authorized the creation of risk pools by PERS and required mandatory participation of small employers to help reduce large fluctuations in their contribution rates. As an employer with less than 100 active members, the City of Bellflower is now required to participate in the risk pool. Under this pooling method, assets and liabilities of the participant employers are aggregated. As such, individual employer's retirement data is no longer available.

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

In addition to the pension benefits described in Note 11, the City provides postemployment medical benefits in accordance with the Public Employee's Medical and Hospital Care Act and the State Employee's Medical and Hospital Care Act to all employees who retire from the City. The same benefits are provided to the active employees through the Public Employees' Retirement System (PERS). During the fiscal year, expenditures of $277,576 were recognized for postemployment medical benefits, covering 45 retirees. Postemployment benefits are funded on a pay-as-you-go basis.

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 107 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. Costs are spread to members as follows: the first $30,000 of each occurrence is charged directly to the member; costs from $30,001 to $750,000 are pooled based on a member's share of costs under $30,000; costs from $750,001 to $15,000,000 are pooled based on payroll. Costs of covered claims above $15,000,000 are currently paid by reinsurance. The protection for each member is $50,000,000 per occurrence and $50,000,000 annual aggregate.

Workers' Compensation Coverage

The City of Bellflower also participates in the workers' compensation pool administered by the Authority. Members retain the first $50,000 of each claim. Claims are pooled separately between public safety and non-public safety. Loss development reserves are allocated by pool and by loss layer ($0-$100,000 allocated by retained amount and $100,000 to $2,000,000 by payroll). Losses from $50,000 to $100,000 and the loss development reserve associated with losses up to $100,000 are pooled based on the member's share of losses under $50,000. Losses from $100,000 to $2,000,000 and loss development reserves associated with losses from $100,000 to $2,000,000 are pooled based on payroll. Costs from $2,000,000 to $50,000,000 are transferred to an excess insurance policy. Costs in excess of $50,000,000 are pooled among the Members based on payroll. 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 $120,000,000 for the 3-year period from July 1, 2002 through June 30, 2005. 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 $21,920,201. There is a $5,000 per loss 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 property currently has earthquake protection in the amount of $16,085,406. 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.

As of June 30, 2005, no claims exceeded insurance coverage in the last three years.

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.

NOTE 15 - NET ASSETS – GOVERNMENTAL ACTIVITIES (Continued)

Detail of the three categories is as follows:

	Governmental Activities
Net Assets	
Invested in capital assets, net of related debt:	
Total capital assets, net depreciation	$ 33,402,154
Less: total capital related debt	(18,695,641)
Invested in capital assets, net of related debt	14,706,513
Restricted for:	
Construction of capital assets	5,211,016
Debt service	365,510
Street, highways, bikeways, public transit, and other purposes	1,252,797
Housing	1,470,716
Community development	1,644,324
Public safety	89,248
Total Restricted	10,033,611
Unrestricted	21,643,482
Total net assets	$ 46,383,606

NOTE 16 - 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.

NOTE 16 - MULTIFAMILY HOUSING REVENUE BONDS (SERIES 2002A & 2002B) (Continued)

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, 2005, the amounts of principal outstanding on the bonds were $8,595,000 for Series 2002A and $405,000 for Series 2002B, for a total of $9,000,000.

NOTE 17 - COMMITMENTS

Hollywood Sports Park

On March 21, 2000, the City of Bellflower, Redevelopment Agency, and Hollywood Sports Park, LLC entered into a Disposition and Development Agreement (DDA) to construct a 23-acre extreme sports theme park providing paintball, rock climbing, BMX biking, skateboarding, in-line skating, and other activities. Under the terms of the DDA, subsequently amended and restated, the City agreed to lease its land to the developer, and the Agency agreed to provide certain improvements and financial assistance, including $650,000 for the construction of a parking lot. At June 30, 2005, the remaining balance on the parking lot construction commitment was $199,614.

Other Construction Commitments

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

Vendor	Project	Project Authorization	Expended to June 30, 2005	Committed
Roy Allan Slurry Seal	Placing slurry seal type II on various streets	$ 112,533	$ 22,985	$ 89,548
Shawnan	Entry Portals on Bellflower Blvd	380,100	241,441	138,659
Green Giant Landscape	Bellflower Civic Plaza Construction	867,933	849,997	17,936
Procon Developers	Belmont retail facades	1,641,255	1,413,152	228,103
Totals		$ 3,001,821	$ 2,527,575	$ 474,246

NOTE 18 - 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.

CITY OF BELLFLOWER
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
HUD SECTION 108 Fund
For the Fiscal Year Ended June 30, 2005

	Final Budget	Actual Amount	Vairance with Final Budget Positive (Negative)
REVENUES			
Investment earnings	$ -	$ 101,490	$ 101,490
Total revenues		101,490	101,490
EXPENDITURES			
Capital outlay	6,617,947	1,996,925	4,621,022
Total expenditures	6,617,947	1,996,925	4,621,022
Excess of revenues over (under) expenditures	(6,617,947)	(1,895,435)	4,722,512
OTHER FINANCING SOURCES (USES)			
Transfer in		463,834	463,834
Total other financing sources (uses)		463,834	463,834
Excess of revenues and other financing sources over (under) expenditures and other financing (uses)	(6,617,947)	(1,431,601)	5,186,346
Fund balance - July 1. 2004	6,120,992	6,120,992	
Fund balance - June 30, 2005	$ (496,955)	$ 4,689,391	$ 5,186,346

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, 2005

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES			
Investment earnings	$ 75,000	$ 153,259	$ 78,259
Intergovernmental revenue	2,536,000	1,375,103	(1,160,897)
Other revenues	23,394	23,394	
Total revenues	2,634,394	1,551,756	(1,082,638)
EXPENDITURES			
Current:			
Community development	1,348,572	1,100,795	247,777
Capital outlay	400,000	236,964	163,036
Debt service:			
Interest and other charges	213,997	213,997	
Total expenditures	1,962,569	1,551,756	410,813
Excess of revenues over (under) expenditures	671,825		(671,825)
Fund balance - July 1, 2004			
Fund balance - June 30, 2005	$ 671,825	$ -	$ (671,825)

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, 2005

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES			
Investment earnings	$ 15,000	$ 48,408	$ 33,408
Intergovernmental revenue	1,343,225	300,863	(1,042,362)
Total revenues	1,358,225	349,271	(1,008,954)
EXPENDITURES			
Current:			
Community development	585,825	349,271	236,554
Total expenditures	585,825	349,271	236,554
Excess of revenues over (under) expenditures	772,400		(772,400)
Fund balance - July 1, 2004			
Fund balance - June 30, 2005	$ 772,400	$ -	$ (772,400)

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, 2005

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES			
Investment earnings	$ 30,000	$ 61,580	$ 31,580
Other revenue		10,712	10,712
Total revenues	30,000	72,292	42,292
EXPENDITURES			
Current:			
Community development	788,539	540,987	247,552
Capital outlay	3,398,191	1,776,629	1,621,562
Total expenditures	4,186,730	2,317,616	1,869,114
Excess of revenues over (under) expenditures	(4,156,730)	(2,245,324)	1,911,406
OTHER FINANCING SOURCES (USES)			
Proceed from loans		210,717	210,717
Transfer in	317,460		(317,460)
Transfer out		(888,056)	(888,056)
Total other financing sources (uses)	317,460	(677,339)	(994,799)
Excess of revenues and other financing sources over (under) expenditures and other financing (uses)	(3,839,270)	(2,922,663)	916,607
Fund balance - July 1, 2004	530,518	530,518	
Fund balance - June 30, 2005	$ (3,308,752)	$ (2,392,145)	$ 916,607

COMBINING AND INDIVIDUAL NONMAJOR GOVERNMENTAL FUND STATEMENTS AND SCHEDULES

CITY OF BELLFLOWER
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2005

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.

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.

Special Revenue Funds (Continued):

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.

FED-LLEBG Fund - Under the Fiscal Year 1996 Omnibus Appropriations Act, the City receives and expends Federal funds under the Local Law Enforcement Block Grant (LLEBG) Program established within the Bureau of Justice Assistance.

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.

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:

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.

CITY OF BELLFLOWER
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2005

	Special Revenue Funds			
	Drug Forfeiture Fund	Transportation Fund	Proposition C Fund	Gas Tax Fund
ASSETS				
Cash and investments	$ 117,161	$ 223,540	$ 1,165,582	$ -
Cash and investments with fiscal agents				
Accounts receivable - net				128,513
Interest receivable	1,132	1,624	8,856	
Prepaid expenditures			7,159	
Notes receivable				
Total assets	$ 118,293	$ 225,164	$ 1,181,597	$ 128,513
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	$ 29,045	$ 70,131	$ 55,851	$ -
Accrued expenditures		15,871	15,793	
Due to other funds				128,513
Deferred revenue				
Total Liabilities	29,045	86,002	71,644	128,513
Fund Balances:				
Reserved:				
Debt service				
Low and moderate income housing				
Prepaid expenditures			7,159	
Unreserved:				
Designated for special revenue purposes	89,248	139,162	1,102,794	
Undesignated				
Total fund balances	89,248	139,162	1,109,953	
Total liabilities and fund balances	$ 118,293	$ 225,164	$ 1,181,597	$ 128,513

Special Revenue Funds				
AQMD Fund	Sewer Reconstruction Fund	TDA Article 3 Fund	Parking District No. 1 Fund	Building and Safety Fund
$ -	$ 334,698	$ -	$ 1,067	$ 87,202
25,430		75,430	484	
	2,568			
$ 25,430	$ 337,266	$ 75,430	$ 1,551	$ 87,202
$ -	$ -	$ -	$ 1,169	$ 85,333
			382	1,869
21,748		75,430		
21,748		75,430	1,551	87,202
3,682	337,266			
3,682	337,266			
$ 25,430	$ 337,266	$ 75,430	$ 1,551	$ 87,202

Continued

CITY OF BELLFLOWER
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2005
(Continued)

	Special Revenue Funds		Debt Service Funds	
	FED-LLEBG Fund	CA-COPS Grant Fund	Public Facilities Corporation Fund	Redevelopment Agency Fund
ASSETS				
Cash and investments	$ -	$ -	$ -	$ 12,557
Cash and investments with fiscal agents			27	602,433
Accounts receivable - net				51,215
Interest receivable				17
Prepaid expenditures				
Notes receivable				
Total assets	$ -	$ -	$ 27	$ 666,222
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	$ -	$ -	$ -	$ 2,084
Accrued expenditures				
Due to other funds				
Deferred revenue				
Total Liabilities				2,084
Fund Balances:				
Reserved:				
Debt service			27	664,138
Low and moderate income housing				
Prepaid expenditures				
Unreserved:				
Designated for special revenue purposes				
Undesignated				
Total fund balances			27	664,138
Total liabilities and fund balances	$ -	$ -	$ 27	$ 666,222

Capital Projects Funds		
Capital Projects Fund	Redevelopment Agency Housing Fund	Totals
$ -	$ 710,290	$ 2,652,097
	30	602,490
611,763	12,804	905,639
	4,539	18,736
		7,159
	762,325	762,325
$ 611,763	$ 1,489,988	$ 4,948,446
$ 79,274	$ 60	$ 322,947
	351	34,266
348,130	7,864	581,685
	773,322	773,322
427,404	781,597	1,712,220
		664,165
	708,391	708,391
		7,159
		1,672,152
184,359		184,359
184,359	708,391	3,236,226
$ 611,763	$ 1,489,988	$ 4,948,446

CITY OF BELLFLOWER
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2005

	Special Revenue Funds			
	Drug Forfeiture Fund	Transportation Fund	Proposition C Fund	Gas Tax Fund
REVENUES				
Taxes	$ -	$ -	$ -	$ -
Licenses and permits				
Investment earnings	2,561	5,420	26,418	
Charges for current services				
Intergovernmental revenue	193,426	1,113,301	923,684	1,409,404
Other revenues			261	
Total revenues	195,987	1,118,721	950,363	1,409,404
EXPENDITURES				
Current:				
Public safety	103,175			
Public works		1,198,630	873,090	
Community development				
Capital outlay	16,378		17,164	
Debt service:				
Principal retirement				
Interest and other charges				
Debt issuance costs				
Pass-through payments				
Total expenditures	119,553	1,198,630	890,254	
Excess of revenues over (under) expenditures	76,434	(79,909)	60,109	1,409,404
OTHER FINANCING SOURCES (USES)				
Transfers in				
Transfers out				(1,409,404)
Total other financing sources (uses)				(1,409,404)
Excess of revenues and other financing sources over (under) expenditures and other financing (uses)	76,434	(79,909)	60,109	
Fund balances - July 1, 2004	12,814	219,071	1,049,844	
Fund balances - June 30, 2005	$ 89,248	$ 139,162	$ 1,109,953	$ -

Special Revenue Funds				
AQMD Fund	Sewer Reconstruction Fund	TDA Article 3 Fund	Parking District No. 1 Fund	Building and Safety Fund
$ -	$ -	$ -	$ -	$ -
				649,056
23	8,382			
			8,133	
153,405		75,430		
17,861	2,569			
171,289	10,951	75,430	8,133	649,056
			41,101	
				521,192
169,155	42,113	75,430		
169,155	42,113	75,430	41,101	521,192
2,134	(31,162)		(32,968)	127,864
			32,968	
				(127,864)
			32,968	(127,864)
2,134	(31,162)			
1,548	368,428			
$ 3,682	$ 337,266	$ -	$ -	$ -

Continued

CITY OF BELLFLOWER
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2005
(Continued)

	Special Revenue Funds		Debt Service Funds	
	FED-LLEBG Fund	CA-COPS Grant Fund	Public Facilities Corporation Fund	Redevelopment Agency Fund
REVENUES				
Taxes	$ -	$ -	$ -	$ 1,006,594
Licenses and permits				
Investment earnings	166	508	101	19,454
Charges for current services				
Intergovernmental revenue	52,644	113,056		
Other revenues				
Total revenues	52,810	113,564	101	1,026,048
EXPENDITURES				
Current:				
Public safety	58,678	113,564		
Public works				
Community development				22,101
Capital outlay				
Debt service:				
Principal retirement			225,000	225,000
Interest and other charges			241,805	1,308,022
Debt issuance costs				2,478
Pass-through payment				32,418
Total expenditures	58,678	113,564	466,805	1,590,019
Excess of revenues over (under) expenditures	(5,868)		(466,704)	(563,971)
OTHER FINANCING SOURCES (USES)				
Transfers in	5,868		466,717	540,488
Transfers out				
Total other financing sources (uses)	5,868		466,717	540,488
Excess of revenues and other financing sources over (under) expenditures and other financing (uses)			13	(23,483)
Fund balances - July 1, 2004			14	687,621
Fund balances - June 30, 2005	$ -	$ -	$ 27	$ 664,138

Capital Projects Funds		
Capital Projects Fund	Redevelopment Agency Housing Fund	Totals
$ -	$ 278,364	$ 1,284,958
		649,056
	14,531	77,564
		8,133
604,262		4,638,612
	11,250	31,941
604,262	304,145	6,690,264
		275,417
		2,112,821
	571,183	1,114,476
580,570		900,810
		450,000
		1,549,827
		2,478
		32,418
580,570	571,183	6,438,247
23,692	(267,038)	252,017
		1,046,041
	(116,265)	(1,653,533)
	(116,265)	(607,492)
23,692	(383,303)	(355,475)
160,667	1,091,694	3,591,701
$ 184,359	$ 708,391	$ 3,236,226

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, 2005

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES			
Investment earnings	$ 100	$ 2,561	$ 2,461
Intergovernmental revenue	193,000	193,426	426
Total revenues	193,100	195,987	2,887
EXPENDITURES			
Current:			
Public safety	100,600	103,175	(2,575)
Capital outlay	31,000	16,378	14,622
Total expenditures	131,600	119,553	12,047
Excess of revenues over (under) expenditures	61,500	76,434	14,934
Fund balance - July 1, 2004	12,814	12,814	
Fund balance - June 30, 2005	$ 74,314	$ 89,248	$ 14,934

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, 2005

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES			
Investment earnings	$ 2,500	$ 5,420	$ 2,920
Intergovernmental revenue	1,035,000	1,113,301	78,301
Total revenues	1,037,500	1,118,721	81,221
EXPENDITURES			
Current:			
Public works	1,222,077	1,198,630	23,447
Total expenditures	1,222,077	1,198,630	23,447
Excess of revenues over (under) expenditures	(184,577)	(79,909)	104,668
Fund balance - July 1, 2004	219,071	219,071	
Fund balance - June 30, 2005	$ 34,494	$ 139,162	$ 104,668

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, 2005

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES			
Investment earnings	$ 5,000	$ 26,418	$ 21,418
Intergovernmental revenue	858,000	923,684	65,684
Other revenues		261	261
Total revenues	863,000	950,363	87,363
EXPENDITURES			
Current:			
Public works	958,750	873,090	85,660
Capital outlay	803,596	17,164	786,432
Total expenditures	1,762,346	890,254	872,092
Excessof revenues over (under) expenditures	(899,346)	60,109	959,455
Fund balance - July 1, 2004	1,049,844	1,049,844	
Fund balance - June 30, 2005	$ 150,498	$ 1,109,953	$ 959,455

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, 2005

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES			
Intergovernmental revenue	$ 1,433,000	$ 1,409,404	$ (23,596)
Total revenues	1,433,000	1,409,404	(23,596)
OTHER FINANCING SOURCES (USES)			
Transfers out	(1,433,000)	(1,409,404)	23,596
Total other financing sources (uses)	(1,433,000)	(1,409,404)	23,596
Excess of revenues and other financing sources over (under) other financing uses			
Fund balance - July 1, 2004			
Fund balance - June 30, 2005	$ -	$ -	$ -

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, 2005

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES			
Investment earnings	$ 500	$ 23	$ (477)
Intergovernmental revenue	156,000	153,405	(2,595)
Other revenues		17,861	17,861
Total revenues	156,500	171,289	14,789
EXPENDITURES			
Capital outlay	147,900	169,155	(21,255)
Total expenditures	147,900	169,155	(21,255)
Excess of revenues over (under) expenditures	8,600	2,134	(6,466)
Fund balance - July 1, 2004	1,548	1,548	
Fund balance - June 30, 2005	$ 10,148	$ 3,682	$ (6,466)

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, 2005

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES			
Investment earnings	$ 10,000	$ 8,382	$ (1,618)
Other revenues		2,569	2,569
Total revenues	10,000	10,951	951
EXPENDITURES			
Capital outlay	40,000	42,113	(2,113)
Total expenditures	40,000	42,113	(2,113)
Excess of revenues over (under) expenditures	(30,000)	(31,162)	(1,162)
Fund balance - July 1, 2004	368,428	368,428	
Fund balance - June 30, 2005	$ 338,428	$ 337,266	$ (1,162)

CITY OF BELLFLOWER
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
TDA ARTICLE 3 SPECIAL REVENUE FUND
For the Fiscal Year Ended June 30, 2005

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES			
Intergovernmental revenue	$ 75,430	$ 75,430	$ -
Total revenues	75,430	75,430	
EXPENDITURES			
Capital outlay	75,430	75,430	
Total expenditures	75,430	75,430	
Excess (deficiency) of revenues over (under) expenditures			
Fund balance - July 1, 2004			
Fund balance - June 30, 2005	$ -	$ -	$ -

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, 2005

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES			
Charges for current services	$ 9,800	$ 8,133	$ (1,667)
Total revenues	9,800	8,133	(1,667)
EXPENDITURES			
Current:			
Public works	48,597	41,101	7,496
Total expenditures	48,597	41,101	7,496
Excess of revenues over (under) expenditures	(38,797)	(32,968)	5,829
OTHER FINANCING SOURCES (USES)			
Transfers in	38,797	32,968	(5,829)
Total other financing sources (uses)	38,797	32,968	(5,829)
Excess of revenues and other financing sources over (under) expenditures and other financing (uses)			
Fund balance - July 1, 2004			
Fund balance - June 30, 2005	$ -	$ -	$ -

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, 2005

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES			
Licenses and permits	$ 651,400	$ 649,056	$ (2,344)
Total revenues	651,400	649,056	(2,344)
EXPENDITURES			
Current:			
Community development	549,789	521,192	28,597
Total expenditures	549,789	521,192	28,597
Excess of revenues over (under) expenditures	101,611	127,864	26,253
OTHER FINANCING SOURCES (USES)			
Transfers out	(101,611)	(127,864)	(26,253)
Total other financing sources (uses)	(101,611)	(127,864)	(26,253)
Excess of revenues and other financing sources over (under) expenditures and other financing (uses)			
Fund balance - July 1, 2004			
Fund balance - June 30, 2005	$ -	$ -	$ -

CITY OF BELLFLOWER
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FED - LLEBG SPECIAL REVENUE FUND
For the Fiscal Year Ended June 30, 2005

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES			
Investment earnings	$ 2,000	$ 166	$ (1,834)
Intergovernmental revenue	52,640	52,644	4
Total revenues	54,640	52,810	(1,830)
EXPENDITURES			
Current:			
Public safety	257,550	58,678	198,872
Total expenditures	257,550	58,678	198,872
Excess of revenues over (under) expenditures	(202,910)	(5,868)	197,042
OTHER FINANCING SOURCES (USES)			
Transfers in	56,975	5,868	(51,107)
Total other financing sources (uses)	56,975	5,868	(51,107)
Excess of revenues and other financing sources over (under) expenditures and other financing (uses)	(145,935)		145,935
Fund balance - July 1, 2004			
Fund balance - June 30, 2005	$ (145,935)	$ -	$ 145,935

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, 2005

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES			
Investment earnings	$ 1,500	$ 508	$ (992)
Intergovernmental revenue	113,000	113,056	56
Total revenues	114,500	113,564	(936)
EXPENDITURES			
Current:			
Public safety	164,210	113,564	50,646
Total expenditures	164,210	113,564	50,646
Excess of revenues over (under) expenditures	(49,710)		49,710
Fund balance - July 1, 2004			
Fund balance - June 30, 2005	$ (49,710)	$ -	$ 49,710

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, 2005

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES			
Investment earnings	$ 25	$ 101	$ 76
Total revenues	25	101	76
EXPENDITURES			
Debt service:			
Principal retirement	225,000	225,000	
Interest and other charges	242,285	241,805	480
Total expenditures	467,285	466,805	480
Excess of revenues over (under) expenditures	(467,260)	(466,704)	556
OTHER FINANCING SOURCES (USES)			
Transfers in	467,285	466,717	(568)
Total other financing sources (uses)	467,285	466,717	(568)
Excess of revenues and other financing sources over (under) expenditures and other financing (uses)	25	13	(12)
Fund balance - July 1, 2004	14	14	
Fund balance - June 30, 2005	$ 39	$ 27	$ (12)

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, 2005

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES			
Taxes	$ 809,000	$ 1,006,594	$ 197,594
Investment earnings	20,000	19,454	(546)
Total revenues	829,000	1,026,048	197,048
EXPENDITURES			
Current:			
Community development	22,600	22,101	499
Debt service:			
Principal retirement	225,000	225,000	
Interest and other charges	369,517	1,308,022	(938,505)
Bond issuance costs		2,478	(2,478)
Pass-through payments	24,580	32,418	(7,838)
Total expenditures	641,697	1,590,019	(948,322)
Excess of revenues over (under) expenditures	187,303	(563,971)	(751,274)
OTHER FINANCING SOURCES (USES)			
Transfers in	118,903	540,488	421,585
Transfers out	(306,206)		306,206
Total other financing sources (uses)	(187,303)	540,488	727,791
Excess of revenues and other financing sources over (under) expenditures and other financing (uses)		(23,483)	(23,483)
Fund balance - July 1, 2004	687,621	687,621	
Fund balance - June 30, 2005	$ 687,621	$ 664,138	$ (23,483)

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, 2005

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES			
Intergovernmental revenue	$ 7,206,125	$ 604,262	$ (6,601,863)
Total revenues	7,206,125	604,262	(6,601,863)
EXPENDITURES			
Capital outlay	7,297,397	580,570	6,716,827
Total expenditures	7,297,397	580,570	6,716,827
Excess of revenues over (under) expenditures	(91,272)	23,692	114,964
Fund balance - July 1, 2004	160,667	160,667	
Fund balance - June 30, 2005	$ 69,395	$ 184,359	$ 114,964

CITY OF BELLFLOWER
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
REDEVELOPMENT AGENCY HOUSING CAPITAL PROJECT FUND
For the Fiscal Year Ended June 30, 2005

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES			
Taxes	$ 233,000	$ 278,364	$ 45,364
Investment earnings	6,000	14,531	8,531
Other revenues	11,254	11,250	(4)
Total revenues	250,254	304,145	53,891
EXPENDITURES			
Current:			
Community development	717,000	571,183	145,817
Total expenditures	717,000	571,183	145,817
Excess of revenues over (under) expenditures	(466,746)	(267,038)	199,708
OTHER FINANCING SOURCES (USES)			
Transfers out	(130,157)	(116,265)	13,892
Total other financing sources (uses)	(130,157)	(116,265)	13,892
Excess of revenues and other financing sources over (under) expenditures and other financing (uses)	(596,903)	(383,303)	213,600
Fund balance - July 1, 2004	1,091,694	1,091,694	
Fund balance - June 30, 2005	$ 494,791	$ 708,391	$ 213,600

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, 2005

	Balance July 1, 2004	Additions	Deductions	Balance June 30, 2005
Agency Fund				
Assets:				
Cash and investments	$ 455,773	$ 509,342	$ 100,843	$ 864,272
Liabilities:				
Accounts payable	$ -	$ 500	$ -	$ 500
Deposits payable	455,773	508,842	100,843	863,772
Total liabilities	$ 455,773	$ 509,342	$ 100,843	$ 864,272

STATISTICAL SECTION
(UNAUDITED)

CITY OF BELLFLOWER

GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION
Last Ten Fiscal Years

Fiscal Year	General Government	Public Safety	Public Works (1)	Parks & Recreation	Community Development	Capital Outlay	Debt Service	Total
2004-05	3,776,426	8,505,120	6,744,422	2,497,559	4,134,269	5,642,889	2,256,202	33,556,887
2003-04	2,844,794	8,298,283	6,304,721	2,409,121	4,419,846	5,078,293	1,263,502	30,618,560
2002-03	2,994,450	8,361,304	5,598,487	2,446,395	3,808,610	4,048,727	727,960	27,985,933
2001-02	2,735,896	7,991,080	5,199,187	2,270,664	4,203,269	5,587,972	723,930	28,711,998
2000-01	2,580,453	7,766,193	6,412,466	1,905,992	3,049,791	3,514,889	724,267	25,954,051
1999-00	2,198,650	7,493,235	5,900,080	1,696,505	2,478,172	1,371,988	977,394	22,116,024
1998-99	2,030,988	7,247,832	6,573,090	1,576,844	2,607,867	974,431	719,892	21,730,944
1997-98	1,548,215	7,258,907	6,406,753	1,629,262	2,348,599	1,038,591	719,476	20,949,803
1996-97	1,813,446	7,418,756	5,538,223	1,686,927	2,028,609	1,809,937	671,621	20,967,519
1995-96	2,055,473	6,905,123	5,357,989	2,273,574	2,685,196	2,118,422	493,259	21,889,036

NOTE: Includes General, Special Revenue, Debt Service and Capital Projects Funds

(1) Includes pass-through water operations sold in May 2001.

SOURCE: City Finance Department

CITY OF BELLFLOWER

GENERAL GOVERNMENTAL REVENUES BY SOURCE
Last Ten Fiscal Years

Fiscal Year	Taxes	Licenses and permits	Fines and penalties	Investment revenue	Inter-governmental revenue	Charges for current services	Other	Total
2004-05	18,695,357	666,283	1,450,200	1,963,553	8,341,439	896,682	373,128	32,386,642
2003-04	14,386,007	525,931	1,526,371	1,060,975	10,376,260	637,601	600,214	29,113,359
2002-03	13,434,204	454,720	953,120	1,160,279	10,704,674	610,335	727,449	28,044,781
2001-02	13,108,206	640,057	816,619	975,559	11,379,955	500,371	501,834	27,922,601
2000-01	12,773,814	647,811	814,744	1,191,166	10,195,797	1,635,140	577,697	27,836,169
1999-00	11,524,762	357,217	866,297	1,432,147	7,965,810	1,510,844	544,749	24,201,826
1998-99	11,066,593	373,674	704,405	948,842	7,999,213	2,461,741	335,941	23,890,409
1997-98	10,293,947	314,897	432,971	864,593	7,419,807	2,343,572	153,671	21,823,458
1996-97	10,042,897	377,456	465,767	914,354	6,787,077	2,746,086	164,977	21,498,614
1995-96	10,763,576	483,049	545,278	857,772	7,627,404	2,886,471	93,075	23,256,625

NOTE: Includes General, Special Revenue, Debt Service and Capital Projects Funds

SOURCE: City Finance Department

CITY OF BELLFLOWER

GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE
Last Ten Fiscal Years

Fiscal Year	Sales & Use (1)	Utility Users (2)	Property (3)	Franchise	Transient Occupancy	Business License	Other	Total
2004-05	5,126,776	3,748,243	7,227,733	1,318,757	520,290	501,369	252,189	18,695,357
2003-04	5,546,444	3,358,180	2,946,718	1,298,670	518,838	503,318	213,839	14,386,007
2002-03	5,196,540	3,239,040	2,609,828	1,254,579	499,837	481,278	153,102	13,434,204
2001-02	5,523,843	2,818,491	2,452,283	1,241,640	505,666	438,995	127,288	13,108,206
2000-01	5,561,785	2,838,923	2,106,280	1,280,342	474,991	409,389	102,104	12,773,814
1999-00	5,026,873	2,551,194	2,007,127	1,057,004	386,802	386,961	108,801	11,524,762
1998-99	4,667,089	2,634,142	1,941,087	998,691	322,363	419,369	83,852	11,066,593
1997-98	4,280,040	2,525,611	1,742,070	961,305	312,094	388,793	84,034	10,293,947
1996-97	4,190,847	2,470,010	1,744,709	930,338	285,763	358,567	62,663	10,042,897
1995-96	4,722,126	2,536,002	1,839,103	932,890	295,787	384,416	53,252	10,763,576

NOTES: Includes General, Special Revenue, Debt Service and Capital Projects Funds

(1) Sales tax revenue for fiscal year 1995-96 includes a one-time accounting adjustment of $432,600. Without this adjustment, the revenue would have been $4,289,526.

(2) A five percent (5%) utility users' tax was implemented in November 1993.

(3) a. The State swapped over 90% of local motor vehicle license fees (classified as inter-governmental revenue) for property taxes effective fiscal year 2004-05. The amount swapped for fiscal year 2004-05 was $4,590,204, of which $4,288,858 was paid in fiscal year 2004-05 and the balance of $301,346 will be paid in fiscal year 2005-06.

b. The State transferred an additional amount of $609,319 from the City and Redevelopment Agency to fund public schools in fiscal year 2004-05 (referred to as "ERAF III").

SOURCE: City Finance Department

CITY OF BELLFLOWER

SPECIAL ASSESSMENT COLLECTIONS
Last Ten Fiscal Years

Fiscal Year	Lighting District No. 70	Vehicle Parking District No. 1	Total
2004-05	-	8,133	8,133
2003-04	226	8,288	8,514
2002-03	673	8,953	9,626
2001-02	2,160	8,501	10,661
2000-01	4,590	8,139	12,729
1999-00	13,598	13,053	26,651
1998-99	11,158	7,414	18,572
1997-98	26,802	7,124	33,926
1996-97	509,885	6,615	516,500
1995-96	514,108	6,582	520,690

NOTES:

(1) Beginning in fiscal year 1991-92, the Lighting District charged a special assessment to residential and commercial property owners to provide and maintain street lights throughout the City. However, the City Council subsequently took action to cease the lighting assessment by providing all related energy and maintenance costs out of the General Fund beginning with the fiscal year 1997-98. The amounts shown above for 1997-98 and subsequent fiscal years are delinquent taxes and related penalties and interest for 1996-97 and prior fiscal years.

(2) The Vehicle Parking District charges owners of property along the west side of Bellflower Boulevard between Mayne and Flower Streets for the maintenance of parking lots within the District.

SOURCE: City Finance Department

CITY OF BELLFLOWER

ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
Last Ten Fiscal Years

Fiscal Year	Land	Improvements	Personal Property	Gross Value	Exemptions	Net Taxable Value	Percent Change	Assessed to Property Value
2004-05	1,461,256,410	1,672,303,907	75,914,702	3,209,475,019	139,228,735	3,070,246,284	7.47%	100%
2003-04	1,319,412,000	1,581,642,802	74,629,981	2,975,684,783	118,716,061	2,856,968,722	7.86%	100%
2002-03	1,213,028,016	1,431,248,147	152,900,682	2,797,176,845	148,336,054	2,648,840,791	6.32%	100%
2001-02	1,131,802,098	1,423,226,763	77,724,389	2,632,753,250	141,341,517	2,491,411,733	5.66%	100%
2000-01	1,066,098,292	1,346,905,544	80,936,931	2,493,940,767	135,999,931	2,357,940,836	5.82%	100%
1999-00	1,006,767,852	1,290,295,895	77,455,036	2,374,518,783	146,343,611	2,228,175,172	3.12%	100%
1998-99	974,649,004	1,251,812,453	75,519,358	2,301,980,815	141,240,459	2,160,740,356	1.80%	100%
1997-98	950,130,061	1,226,385,344	69,101,560	2,245,616,965	123,075,179	2,122,541,786	-0.54%	100%
1996-97	947,209,871	1,244,610,566	66,475,258	2,258,295,695	124,218,776	2,134,076,919	-0.39%	100%
1995-96	949,751,809	1,239,384,417	41,634,154	2,230,770,380	88,390,050	2,142,380,330	0.85%	100%

SOURCE: Los Angeles County Auditor-Controller

CITY OF BELLFLOWER

PROPERTY TAX RATES FOR ALL DIRECT AND OVERLAPPING GOVERNMENTS
Last Ten Fiscal Years

Fiscal Year	Los Angeles County	Los Angeles County Flood Control District	Metropolitan Water District	ABC Unified School District	Downey Unified School District	Paramount Unified School District	General (1)	Total (2)
2004-05	0.000923	0.000245	0.005800	0.026566	0.065644	0.053989	1.000000	1.153167
2003-04	0.000992	0.000462	0.006700	0.024905	0.051297	0.055867	1.000000	1.140223
2002-03	0.001033	0.000881	0.006700	0.027792	0.031029	0.055659	1.000000	1.123094
2001-02	0.001128	0.001073	0.007700	0.024963	0.032329	0.055645	1.000000	1.122838
2000-01	0.001314	0.001552	0.008800	0.025668	0.022793	0.056877	1.000000	1.117004
1999-00	0.001422	0.001765	0.008900	0.025778	0.023764	0.063709	1.000000	1.125338
1998-99	0.001451	0.001953	0.008900	0.026393	0.021035	0.064974	1.000000	1.124706
1997-98	0.001584	0.002197	0.008900	0.030676	0.016232	-	1.000000	1.059589
1996-97	0.001604	0.001991	0.008900	-	-	-	1.000000	1.012495
1995-96	0.001814	0.000963	0.008900	-	-	-	1.000000	1.011677

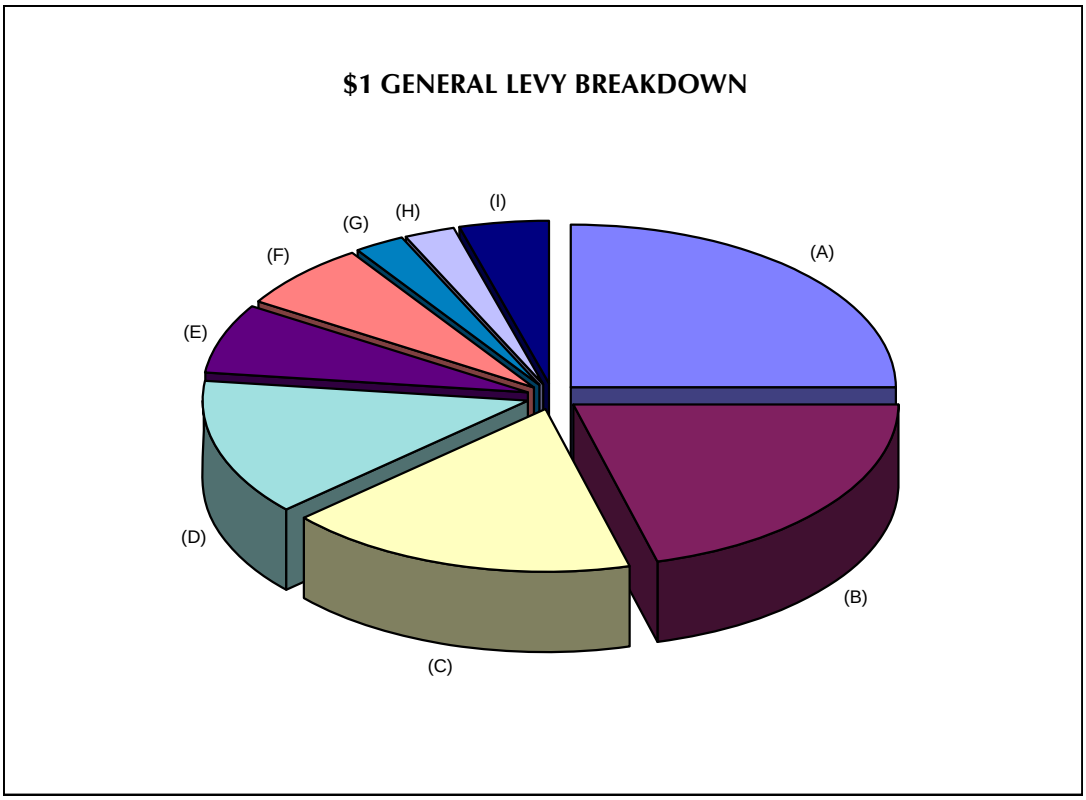
NOTE: (1) The breakdown of $1 base levy per $100 of assessed valuation is shown on the following page.

(2) Tax rates are based on per $100 of assessed valuation.

SOURCES: HdL Coren & Cone

CITY OF BELLFLOWER

PROPERTY TAX DOLLAR BREAKDOWN
Fiscal Year Ended June 30, 2005



Los Angeles County General	(A)	$ 0.2500	Other:	
Bellflower Unified School District	(B)	0.2090	County Sanitation Dist. No. 2 Operating	0.0134
Consolidated Fire Protection District of L.A. Co.	(C)	0.1760	L.A. County Flood Control Maintenance	0.0099
Educational Augmentation Fund Impound	(D)	0.1350	County School Service Fund Bellflower	0.0075
Educational Revenue Augmentation Fund	(E)	0.0690	L.A. County - FFW	0.0073
City of Bellflower Tax District 1	(F)	0.0670	Children's Institutional Tuition Fund	0.0028
Cerritos Community College District	(G)	0.0260	L.A. Co. Flood Control Imp. Dist. Maint.	0.0018
L.A. County Library	(H)	0.0240	County School Services	0.0014
Other	(I)	0.0448	Greater L.A. Co. Vector Control	0.0004
Total		1.0008	Water Replenishment Dist. of So. Calif.	0.0002
Rounding		(0.0008)	L.A. Co. Accumulative Capital Outlay	0.0001
$1 general levy		$ 1.0000	Total Other	0.0448

NOTE: Annual tax increment ratios for tax rate area 02336, excluding redevelopment factors and additional debt service.

SOURCE: HdL Coren & Cone (based on 2004-05 property tax data provided by the Los Angeles County Assessor)

CITY OF BELLFLOWER

SECURED PROPERTY TAX LEVIES AND COLLECTIONS
Last Ten Fiscal Years

	CITY (1)			REDEVELOPMENT AGENCY (2)		
Fiscal Year	Total Current Levy	Total Current Collections	Percent of Levy Collected	Total Current Levy	Total Current Collections	Percent of Levy Collected
2004-05	1,792,155	1,749,349	97.6%	877,488	852,505	97.2%
2003-04	1,655,832	1,621,084	97.9%	698,270	675,386	96.7%
2002-03	1,540,995	1,504,116	97.6%	608,522	592,430	97.4%
2001-02	1,427,697	1,391,526	97.5%	550,369	540,985	98.3%
2000-01	1,353,946	1,316,044	97.2%	443,085	430,405	97.1%
1999-00	1,278,105	1,239,153	97.0%	420,919	412,446	98.0%
1998-99	1,238,027	1,202,729	97.1%	392,608	371,141	94.5%
1997-98	1,222,737	1,186,162	97.0%	296,532	281,245	94.8%
1996-97	1,256,740	1,206,265	96.0%	328,833	322,669	98.1%
1995-96	1,268,727	1,214,211	95.7%	374,300	341,367	91.2%

NOTES: (1) Since fiscal year 1989-90, the City of Bellflower, a "no" property tax city, began receiving property tax allocations under Assembly Bill No. 1197 . The Assembly Bill allowed for a 7-year phase-in period in which the qualifying cities received property tax allocations at an annual increment of 1% of the base levy ($1 per $100 of assessed valuation), with a maximum allocation of 7% in the 7th and subsequent years. The City received the 7% maximum in fiscal year 1995-96.

Unlike previous years, the City began sharing in the property tax delinquencies and redemptions in fiscal year 1995-96. Furthermore, instead of reporting the combined total of secured and unsecured taxes, only secured property tax collections are reported beginning in fiscal year 1995-96.

(2) The Redevelopment Agency's property tax levy and collection amounts are net of the County's 2% base year adjustments under the Health and Safety Code Section 33676.

SOURCE: Los Angeles County Auditor-Controller

CITY OF BELLFLOWER

RATIO OF NET GENERAL BONDED DEBT TO ASSESSED VALUE, NET BONDED DEBT PER CAPITA, AND COMPUTATION OF LEGAL DEBT MARGIN

Last Ten Fiscal Years

Fiscal Year	Population (1)	Assessed Value (2)	General Bonded Debt (3)	Less Debt Service Fund	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita
2004-05	77,513	3,070,246,284	-	-	-	0.0%	$ -
2003-04	77,002	2,856,968,722	-	-	-	0.0%	-
2002-03	76,428	2,648,840,791	-	-	-	0.0%	-
2001-02	75,057	2,491,411,733	-	-	-	0.0%	-
2000-01	74,893	2,357,940,836	-	-	-	0.0%	-
1999-00	68,345	2,228,175,172	-	-	-	0.0%	-
1998-99	67,574	2,160,740,356	-	-	-	0.0%	-
1997-98	66,640	2,122,541,786	-	-	-	0.0%	-
1996-97	65,990	2,134,076,919	-	-	-	0.0%	-
1995-96	65,264	2,142,380,330	-	-	-	0.0%	-

COMPUTATION OF LEGAL DEBT MARGIN:

Assessed Valuation	$ 3,070,246,284
Legal Debt Limit - 3.75% of Assessed Valuation	$ 115,134,236
Amount of Debt Applicable to Debt Limit	-
LEGAL DEBT MARGIN	$ 115,134,236

NOTE: California Government Code Section 43605 requires a legal debt limit of 15% of the assessed value of all real and personal property of the City. This provision was enacted when assessed valuation was established at 25% of market value. Because taxable property is assessed at 100% of market value as of fiscal year 1981-1982, the percentage has been proportionately adjusted to 3.75% in order to reflect the intent of the debt limit stipulation. The City currently has no bonded indebtedness.

SOURCES:
(1) State Department of Finance
(2) Los Angeles County Auditor-Controller
(3) City Finance Department

CITY OF BELLFLOWER

SCHEDULE OF DIRECT AND OVERLAPPING BONDED DEBT
Fiscal Year Ended June 30, 2005

	Percent Applicable	Debt at June 30, 2005
OVERLAPPING TAX AND ASSESSMENT DEBT:		
Los Angeles County	0.428%	$ 69,357
Los Angeles County Flood Control District	0.450%	548,460
Metropolitan Water District	0.219%	918,464
Cerritos Community College District	12.538%	5,004,040
Compton Community College District	2.921%	1,162,558
Downey Unified School District	3.869%	3,449,610
Norwalk-La Mirada Unified School District	0.020%	20,420
Paramount Unified School District	11.298%	3,893,288
Los Angeles County Regional Park and Open Space Assessment District	0.428%	1,496,673
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT		$ 16,562,870
DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT:		
Los Angeles County General Fund Obligations	0.428%	$ 5,946,846
Los Angeles County Pension Obligations	0.428%	4,494,417
Los Angeles County Superintendent of Schools Certificates of Participation	0.428%	101,720
Los Angeles County Sanitation District No.2 Authority	10.515%	4,484,450
Los Angeles County Sanitation District No.3 Authority	0.244%	79,070
Los Angeles County Sanitation District No.18 Authority	0.006%	1,431
Bellflower Unified School District Certificates of Participation	68.544%	10,322,726
Paramount Unified School District Certificates of Participation	11.298%	3,426,119
City of Bellflower Certificates of Participation	100.000%	4,945,000
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT		$ 33,801,779
Less: Los Angeles County Certificates of Participation (100% self-supporting from leasehold revenues on properties in Marina Del Rey)		236,877
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT		$ 33,564,902
GROSS COMBINED TOTAL DEBT		$ 50,364,649 (1)
NET COMBINED TOTAL DEBT		$ 50,127,772

(1) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

Ratios to 2004-05 Assessed Valuation:	
Total Overlapping Tax and Assessment Debt	0.54%
Ratios to Adjusted Assessed Valuation:	
Combined Direct Debt ($4,945,000)	0.17%
Gross Combined Total Debt	1.73%
Net Combined Total Debt	1.72%

2003-04 Assessed Valuation	$ 3,070,246,284
Redevelopment Incremental Valuation	161,398,550
Adjusted Assessed Valuation	$ 2,908,847,734

STATE SCHOOL BUILDING AID REPAYABLE AS OF JUNE 30, 2005: $0

SOURCE: California Municipal Statistics, Inc.

CITY OF BELLFLOWER

RATIO OF ANNUAL DEBT SERVICE OF GENERAL BONDED DEBT TO TOTAL GENERAL EXPENDITURES

Last Ten Fiscal Years

Fiscal Year	Principal	Interest	Total Debt Service	Total General Expenditures	Ratio of Debt Service to General Expenditures
2004-05	-	-	-	33,556,887	0.0%
2003-04	-	-	-	30,618,560	0.0%
2002-03	-	-	-	27,985,933	0.0%
2001-02	-	-	-	28,711,998	0.0%
2000-01	-	-	-	25,954,051	0.0%
1999-00	-	-	-	22,116,024	0.0%
1998-99	-	-	-	21,730,944	0.0%
1997-98	-	-	-	20,949,803	0.0%
1996-97	-	-	-	20,967,519	0.0%
1995-96	-	-	-	21,889,036	0.0%

NOTE: Includes General, Special Revenue, Debt Service and Capital Projects Funds

SOURCE: City Finance Department

CITY OF BELLFLOWER

PROPERTY VALUE, CONSTRUCTION AND BANK DEPOSITS
Last Ten Fiscal Years

Fiscal Year	Number of Commercial Permits (1)	Number of Residential Permits (1)	Total Number of Permits	Total Valuation (1) ($000)	Bank Deposits (2) ($000)
2004-05	199	1,208	1,407	49,917	$500,847
2003-04	222	1,145	1,367	43,312	473,020
2002-03	255	1,166	1,421	30,907	461,790
2001-02	315	986	1,301	62,151	447,860
2000-01	201	920	1,121	34,179	424,850
1999-00	220	759	979	24,797	415,292
1998-99	278	696	974	36,235	405,933
1997-98	270	637	907	18,068	431,400
1996-97	352	565	917	10,521	440,660
1995-96	275	504	779	8,742	458,676

SOURCES: (1) City Community Development Department
(2) FDIC website at http://www2.fdic.gov/sod/ for FY 2000-01 and subsequent fiscal years.
The Findley Reports on California Financial Institutions for 1999-00 and prior fiscal years

CITY OF BELLFLOWER

TOP 25 PROPERTY TAXPAYERS
Fiscal Year Ended June 30, 2005

*** Listed Alphabetically*

	Owner (Number of Parcels)	Assessed Value	Estimated Total Tax	Average Tax Ratio
1	Asbury Properties Inc.(3)	$ 5,271,000	$ 23,841	0.452%
2	AT & T Broadband LLC Comcast Corporation(1)	4,444,457	20,298	0.457%
3	Bellflower Shopping Center LLC(2)	5,564,075	25,224	0.453%
4	Belmont Place Bellflower(3)	10,511,090	47,548	0.452%
5	Bruce H. & Mia M. Kang(2)	2,919,980	13,207	0.452%
6	Cleveland Development Inc.(10)	7,222,799	15,146	0.210%
7	Comcast of Los Angeles (3)	18,984,951	72,070	0.380%
8	Dan Top U S A Inc.(4)	3,672,655	14,063	0.383%
9	Ford West Properties LLC(5)	9,307,740	42,094	0.452%
10	Haagen GDH Partnership(1)	13,233,337	59,854	0.452%
11	Hollywood Sports Park LLC(3)	6,083,746	28,866	0.474%
12	Hufcor Airwall Inc.(3)	2,594,867	11,916	0.459%
13	KUVE Limited(4)	4,700,642	14,579	0.310%
14	Pep Boys Many Moe & Jack(1)	2,734,660	12,366	0.452%
15	Ronald D. Slate Company Trust(5)	3,647,663	16,463	0.451%
16	Seung K. Lee(3)	3,972,811	17,964	0.452%
17	Shadrall Associates(1)	3,645,483	16,488	0.452%
18	Stephen & Mary Sandberg Trust(1)	3,478,299	15,732	0.452%
19	Taro Patch Holdings LLC(9)	7,291,738	23,094	0.317%
20	Universal Care Inc.(2)	3,179,591	15,328	0.482%
21	Viken Ghanimian(3)	7,130,688	32,316	0.453%
22	Walgreen Company(3)	3,072,542	12,568	0.409%
23	Wen Jen Huang & Chu Y. Men Trust(1)	3,127,316	14,141	0.452%
24	William J. Wade Trust(1)	6,941,027	31,386	0.452%
25	WRI Golden State LLC(5)	4,836,605	21,876	0.452%

SOURCE: HdL Coren & Cone (based on Los Angeles County Assessor 2004-05 Combined Tax Rolls)

CITY OF BELLFLOWER

TOP 25 SALES TAX PRODUCERS
Fiscal Year Ended June 30, 2005

*** Listed Alphabetically*

	Name of Business	Type of Business
1	99 Cents Only Stores	Variety Stores
2	Bellflower Yamaha & Watercraft	Boats/Motorcycles
3	Clarks Discount Auto Parts	Automotive Supply Stores
4	Delphin Computer Supply	Office Supplies/Furniture
5	Dennys	Restaurants Liquor
6	El Shahawi Chevron	Service Stations
7	Empresa Motors	Used Automotive Dealers
8	Ford West	New Motor Vehicle Dealers
9	G & M Oil	Service Stations
10	George Chevrolet	New Motor Vehicle Dealers
11	Goldenwest Plywood & Lumber	Lumber/Building Materials
12	Jack In The Box	Restaurants No Alcohol
13	K Mart	Discount Department Stores
14	Mc Donalds	Restaurants No Alcohol
15	Mikes Am Pm	Service Stations
16	Mikes Auto Sales	Used Automotive Dealers
17	Norm Reeves	Used Automotive Dealers
18	Norms	Restaurants No Alcohol
19	Pep Boys	Automotive Supply Stores
20	Rapid Gas	Service Stations
21	Rons Mini Mart	Service Stations
22	Simaan Chevron	Service Stations
23	Staples	Office Supplies/Furniture
24	Stater Brothers	Grocery Stores Liquor
25	Walgreens	Drug Stores

Percent of total sales tax paid by the top 25 producers: 54%

SOURCE: Hinderliter, de Llamas & Associates (based on sales tax data from the State Board of Equalization)

CITY OF BELLFLOWER

SCHEDULE OF INSURANCE IN FORCE
Fiscal Year Ended June 30, 2005

Carrier	Type of Insurance	Policy Number	Effective Date	Liability Limits		Annual Premium
California Joint Powers Insurance Authority (CJPIA)	Comprehensive General and Automobile Liability	Pooled Insurance	07/01/04-06/30/05	Per Claim:	$ 50,000,000	$ 406,712
				Annual:	$ 50,000,000	
				Deductible:	$ 30,000	
CJPIA	Workers' Compensation	Pooled Insurance	07/01/04-06/30/05	Per Claim:	$ 10,000,000	$ 255,178
				Annual:	$ 10,000,000	
				Deductible:	$ 50,000	
CJPIA	All Risk Property	Pooled Insurance	01/01/05-01/01/06	Insured Value:	$ 21,920,201	$ 5,305
				Deductible:	$ 5,000	
CJPIA	Boiler & Machinery	Pooled Insurance	01/01/05-01/01/06	Insured Value:	$ 17,617,190	$ 1,621
				Deductible:	$ 5,000	
CJPIA	Earthquake and Flood	Pooled Insurance	01/01/05-01/01/06	Per Claim:	$ 16,085,406	$ 67,720
				Aggregate:	$ 16,085,406	
				Earthquake Deductible:	5% ($100,000 minimum)	
				Flood Deductible:	$ 100,000	
CJPIA	Environmental Liability	Pooled Insurance	07/01/04-06/30/05	Aggregate:	$ 10,000,000	$ 10,545
				Deductible:	$ 50,000	
National Notary Association	Notary Errors and Omissions					
	City Clerk	21289324	12/11/04-12/10/05	Maximum:	$ 100,000	$ 156
	Deputy City Clerk	21346531	10/16/04-10/15/05	Maximum:	$ 100,000	$ 156
Driver Alliant Insurance Service	General Liability for Special Events	CCL0040170	07/01/04-06/30/05	Coverage Limit:	$ 1,000,000	$ 8,668
				Per Claim:	$ 1,000,000	
				Aggregate:	$ 1,000,000	
Driver Alliant Insurance Service	Commercial Crime		04/01/04-04/01/05	Maximum:	$ 1,000,000	$ 1,991
(Hartford Fire Insurance Co.)		72BPEBQ8642		Deductible:	$ 2,500	
(National Union Fire Insurance Company of Pittsburgh)		001533806				
Williams Insurance Brokers (US Plate Glass Insurance Co.)	Plate Glass	04-29319	09/12/04-09/12/05	Per Claim:	Unspecified	$ 840
				Aggregate:	Unspecified	
				Deductible:	$ 840	

SOURCE: City Finance Department

CITY OF BELLFLOWER

DEMOGRAPHIC STATISTICS AND OTHER MISCELLANEOUS STATISTICAL DATA
Fiscal Year Ended June 30, 2005

Date of Incorporation	September 3, 1957	
Location	County of Los Angeles, 18 miles southeast of the City of Los Angeles, 100 miles north of San Diego and 450 miles south of San Francisco.	
Form of Government	Council - Administrator	
Type of Government	General Law	
Physical Area	6.1 square miles	
Population:		
2005 State Estimate	77,513	
2000 U.S. Census	72,878	
1990 U.S. Census	61,815	
1980 U.S. Census	53,441	
Race Per 2000 U.S. Census:		
Hispanic	31,503	43.2%
White	22,403	30.7%
Black	9,540	13.1%
Asian	7,062	9.7%
Other	2,370	3.3%
Streets	97.4 miles	
Parks	8	
Employees	93 full-time 160 part-time	
Education	10 Elementary Schools 3 High Schools 1 Adult School 7 Private Institutions	
Library *	1	
Fire Protection: *		
Number of Stations	2	

* Services provided by the Los Angeles County

Police Protection: *	
Officers:	
Lieutenant	1
Sergeants	3
Special Assignment	7
Detectives	5
Community Services	15 (5 full-time & 10 part-time)
Probation	1
Deputy District Attorney	1
40-Hour Patrol Cars	27
Patrol Helicopter	1 (shared among six cities)
Hotels and Motels:	17 facilities; 653 rooms
Transportation:	
Rail	Amtrak; Southern Pacific and Santa Fe (freight only)
Air	Long Beach Airport, 5 miles; Los Angeles International Airport (LAX), 20 miles; John Wayne International Airport (Orange County), 24 miles
Bus	The Bus (City of Bellflower); Dial-A-Ride; Long Beach Transit Company; Norwalk Transit Company; Metropolitan Transportation Authority (MTA)
Water	Long Beach and Los Angeles Ports
Highways	I-105, I-605, S-91 and S-710
Major Thoroughfares	Alondra, Artesia, Bellflower and Lakewood Boulevards and Rosecrans Avenue
Occupied City Dwellings:	
2005 (State Estimate)	23,625
2000 (U.S. Census)	23,367
1984	23,250
1960	15,035

CITY OF BELLFLOWER

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