"GROWING TOGETHER"

City of Bellflower, California

CAFR

Comprehensive Annual Financial Report

Fiscal Year Ended
June 30, 2006

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, 2006

PREPARED BY
FINANCE DEPARTMENT

Tae G. Rhee – Director of Finance/City Treasurer
Francesca Tucker-Schuyler – Assistant Director of Finance
Shawn Bartschi – Senior Accountant
Hazel Vitancol – Finance Analyst

CITY OF BELLFLOWER

Families. Businesses. Futures.

"GROWING TOGETHER"

CITY OF BELLFLOWER

COMPREHENSIVE ANNUAL FINANCIAL REPORT

TABLE OF CONTENTS

PAGE

TABLE OF CONTENTS i

INTRODUCTORY SECTION

Letter of Transmittal v
GFOA Certificate of Achievement for Excellence in Financial Reporting xxiv
CSMFO Certificate of Award for Outstanding Financial Reporting xxv
Mission Statement and Directory of City Officials xxvi
Organization Chart xxvii
Bellflower City Map xxviii

FINANCIAL SECTION

Independent Auditors' Report 1
Management's Discussion and Analysis 3

Basic Financial Statements:

Government-wide Financial Statements:

Statement of Net Assets 23
Statement of Activities 24

Fund Financial Statements:

Government Fund Financial Statements:

Balance Sheet 26
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets 29
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds 30
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities 32
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual: General Fund 33

TABLE OF CONTENTS
(Continued)

Internal Service Fund Financial Statements:
Statement of Net Assets 36
Statement of Revenues, Expenses and Changes in Net Assets – Internal Service Fund 37
Statement of Cash Flows 38

Fiduciary Fund Financial Statements:
Statement of Fiduciary Fund Net Assets 39

Notes to Basic Financial Statements 41

Government Fund Financial Statements:
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual:
HUD Section 108 Fund 71
HOME Capital Projects Fund 72
Redevelopment Agency Capital Projects Fund 73

Combining and Individual Nonmajor Governmental Fund Statements and Schedules:

Combining Balance Sheet – Nonmajor Governmental Funds 78
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds 82

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Nonmajor Governmental Funds:

Drug Forfeiture Special Revenue Fund 86
Transportation Special Revenue Fund 87
Proposition C Special Revenue Fund 88
Gas Tax Special Revenue Fund 89
AQMD Special Revenue Fund 90
Sewer Reconstruction Special Revenue Fund 91
TDA Article 3 Special Revenue Fund 92
Parking District No. 1 Special Revenue Fund 93
Building and Safety Special Revenue Fund 94
Public Arts Special Revenue Fund 95
CA – COPS Grant Special Revenue Fund 96
COG Position Special Revenue Fund 97
Traffic Relief Special Revenue Fund 98
Public Facilities Corporation Debt Service Fund 99
Redevelopment Agency Debt Service Fund 100
CDBG Capital Projects Fund 101
Capital Projects Fund 102
Redevelopment Agency Housing Capital Project Fund 103

TABLE OF CONTENTS
(Continued)

Fiduciary Fund Financial Statements:
Statement of Changes in Fiduciary Net Assets 105

STATISTICAL SECTION - Unaudited

Net Assets by Component -
Last Four Fiscal Years 109
Changes in Net Assets -
Last Four Fiscal Years 110
Fund Balances of Governmental Funds -
Last Four Fiscal Years 112
Changes in Fund Balances of Governmental Funds -
Last Four Fiscal Years 113
Assessed Value and Estimated Actual Value of Taxable Property -
Last Ten Fiscal Years 114
Direct and Overlapping Property Tax Rates -
Last Ten Fiscal Years 115
Principal Property Tax Payers -
Current and Nine Years Ago 116
Property Tax Levies and Collections -
Last Ten Fiscal Years 117
Ratios of Outstanding Debt by Type -
Last Ten Fiscal Years 118
Ratio of General Bonded Debt Outstanding
Last Ten Fiscal Years 119
Legal Debt Margin Information -
Last Ten Fiscal Years 120
Direct and Overlapping Debt 122
Pledged-Revenue Coverage -
Last Ten Fiscal Years 123
Demographic and Economic Statistics -
Last Ten Fiscal Years 124
Principal Employers 125
Full-Time and Part-Time City Employees by Function -
Last Ten Fiscal Years 126
Operating Indicators by Function -
Last Five Fiscal Years 127
Capital Asset Statistics by Function 128

CITY OF BELLFLOWER

Families. Businesses. Futures.

"GROWING TOGETHER"

December 21, 2006

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, 2006 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 77,000 residents. Served by numerous freeways including Route 91, 105, 405, 605, and 710, residents of "The Friendly City" have easy access to major attractions all over Southern California. Bellflower is less than 20 miles from the downtown Los Angeles area, the Long Beach port, and Santa Ana.

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

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

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

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

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

THE REPORTING ENTITY

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

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

SUMMARY OF ACCOMPLISHMENTS

The following are major accomplishments for the fiscal year ended June 30, 2006.

Administration

The City Manager is responsible for implementing City Council policies and enforcing the provisions of the Municipal Code. As the administrative head of the city government, the City Manager makes personnel decisions, coordinates and directs City activities, prepares reports and recommendations to the City Council, and represents the City as its community and intergovernmental liaison. The City Manager also provides oversight of general administration, human resources, risk management, and public affairs. The City Manager's key staff members include the Assistant City Manager, Deputy City Manager, Human Resources/Risk Manager and the Public Affairs Manager.

Intergovernmental Relations

- Worked closely with area cities with the City Manager serving as Chair of the Southeast Los Angeles County City Manager's Group between July 2004 to June 2006.

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

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

Legislative Affairs

- Continued to build relationships with the City's new State Senator and Assembly Member.

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

- Worked closely with Congresswoman, Roybal-Allard, to secure $1.25 million in federal funding for local transportation projects.

Surveys

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

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

City Ethics

- Developed and implemented new policies for compensation and reimbursement.

- Conducted ethics training sessions for City staff, Commissioners, and Council.

Public Affairs

- Won the 2006 Savvy "Silver Circle Award" for Best Website.

- Generated more than 4 million positive impressions with coverage on local television, radio, and print news outlets.

- Redesigned and launched the City's new website featuring vidcast programs.

- Organized large City events and ceremonies, including: State of the City, Bellflower Honors and the annual BRAVO Awards Ceremony.

  - BRAVO Awards – Funded through sponsorships from area businesses and individuals, the BRAVO Awards represent one of the City's most prestigious honors which recognize outstanding contributions to public safety, which includes police, fire, medical and security personnel. In February 2006, Ernest Borgnine, a Hollywood legend and American icon, whose extensive work has delighted film and TV fans across the world for five decades, delivered the Keynote Address at the City of Bellflower's 12th annual BRAVO Awards.

  - Bellflower Honors – The City paid tribute to more that a dozen outstanding citizens and community achievers during the Honors citizen recognition ceremony which took place in November 2005 and June 2006. The City honors individuals, organizations and businesses for achievements, contributions to the community and for representing the spirit of the City.

- Ongoing production and distribution of the monthly community newsletter. Produced articles for trade publications bringing positive attention to the City.

- Positioned the City as a film-friendly location for television and film productions.

Employee Relations

- The California Joint Powers Insurance Authority (JPIA) presented the City Bellflower with a 2006 Risk Management Award for "Best Overall Performance" by a large agency for its General Liability Program.

- Implemented the new Customer Care Excellence Program and Customer Care Phone Training Program.

- Created an online job interest card for potential applicants.

- Conducted 12 job recruitments and more than 15 new employee orientations.

- Successfully implemented a paperless mail routing system.

Bellflower Website

- The City unveiled the community's newly designed website in early September 2005. The new features include new menu options, a dedicated search engine on each page, easy-to-use navigation tools. The site is designed to provide enhanced functionality to residents and businesses.

Community Development

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

- Library Garden – The City opened the new Library Garden reading park in March 2006. This garden plaza provides an outdoor compliment to the Public Library, as well as a small, intimate, formal civic plaza area where small-scale civic gatherings can be held. This space includes a pedestrian "connection" to the Public Library, Civic Center, as well as the downtown area along Bellflower Boulevard. In September 2006, the City commemorated a five-year tribute to the victims of "9/11" at the Library Garden. In attendance were City Council, guests, City staff, students and Bellflower citizens.

- Belmont Street Façade Improvements – Completed making aesthetic improvements to the commercial buildings and signage along Belmont Street to attract quality retail businesses to the City. The project involved renovations to five businesses in the 9800 block of Belmont Street. This was part of the on-going efforts of the City Council to improve the quality of Bellflower's historic Downtown area.

- Palm Vista Mobile Home Park – Completed the Palm Vista Home Development Project. The former trailer park on Flora Vista Street has been transformed into an innovative housing development. The development features 15 manufactured homes set amid attractive landscaping. The City used federal funding from the Department of Housing and Urban Development (HUD) to create an "ownership community" in which buyers own the home but lease the land. Each of the 15 homes includes three parking spaces, small porch area and upstairs view window. The site development also includes a curb and gutter, sidewalk and play area for children. An informal ribbon-cutting ceremony was held in September 2005.

- West Branch Greenway Project – The design phase of the West Branch Greenway 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.

- Pacific Electric (P.E.) Depot Restoration – The City began the restoration of the historic Red Car Depot, located on Bellflower Boulevard, south of Flora Vista. Construction plans have been completed and construction is expected to begin by late spring 2007.

- MPower Parking Lot – The City completed negotiations for the land swap and development agreement with MPower Communication to construct a new parking lot on Flower Street, next to the Post Office. Preparations for construction drawings have also taken place and construction is anticipated to be completed by winter of 2006.

- Palm/Clark Pocket Park – A pocket park located at Palm and Clark has been transformed into a green park. This area, which was previously a weed covered lot owned by Cal-Trans, became revitalized as part of the City's on-going efforts to refresh and energize the community.

- Entry Portals – Completed the construction of two entry portals on Bellflower Boulevard at Rose and at Foster with new landscaping and historic sidewalk panels welcoming and inviting the surrounding communities to the City.

- Water System Acquisitions – Completed 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.

- Geographic Information System (GIS) – Continued 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 is nearly complete.

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

Public Safety

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

Crime Reduction

- Reduced residential burglaries by 21% for fiscal year 2005-06, exceeding the goal of 3% reduction. The actual number of residential burglaries for the fiscal year was 248.

- Reduced vehicle burglaries by 13% for fiscal year 2005-06, exceeding the goal of 3% reduction. The actual number of vehicle burglaries for the fiscal year was 508.

- Reduced Part 1 crime rate by 5%, exceeding the original goal of 3% reduction. The actual Part 1 crime rate for the fiscal year was 382.66.

- Reduced total number of robberies for 2005-06 by almost 2%. The actual number of robberies for the fiscal year was 244.

- The grand theft auto total for fiscal year 05-06 was 823. This was a fractional increase from the 2004 level of 821.

Traffic Enforcement

- The traffic enforcement index for the fiscal year averaged 27.1, exceeding the goal of 20.0 by 35.5%.

- Continued to enforce the laws related to DUI. The actual number of DUI arrests made during the fiscal year was 65.

Probation Management

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

Community Outreach

- Public Safety continued to increase the department's functional and informational link to the Bellflower community by employing strategies such as: broaden Neighborhood Watch participation through mobile meeting format, increase usefulness and interaction of departmental Website, increase dissemination of printed crime analysis information, schedule informative community meetings as needs dictate. These are on-going services provided to the community of Bellflower.

Customer Service

- Public Safety staff reached 90% deputy/CSO rating of "good" or "excellent" on both the mail-in and telephonic surveys of crime victims. The rating exceeds the goal of 80% as the Public Safety team continues to strive for excellent customer service to the Bellflower community.

Public Works

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

- Instituted a new GIS system and integrated it with the City's maintenance management program (MainStar).
- Provided oversight for the successful transition from the incumbent solid waste service provider to the candidate awarded the new franchise agreement.
- Continued participation in discussions with MTA and designed and constructed the West Branch Greenway project. This project extended a bike and pedestrian trail from Lakewood Boulevard to the San Gabriel River.
- Continued to monitor compliance with the current and the next Storm Water Discharge Permit.
- Continued to complete all plan checks of subdivision maps within the plan check timeline standards set by the council.
- Maintained 50 acres of park landscaping and 115,200 square feet of building facilities.
- Maintained the City's 7-year slurry cycle.
- Maintained the City's 2 year street tree trimming cycle.
- Continued to apply for all potential funding options to add to available funds for public works improvements.
- Continued to maintain compliance with all Federal, State and County requirements regarding Public Works projects.
- Participated in the project management of Library Garden construction.
- Continued to build "Greening Bellflower" projects as identified.
- Continued to complete 100% of received requests for service.
- Continued to provide support to each of the City's major community events.
- Held the 2nd annual "Orange Zone" public expo.

Parks and Recreation

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

- Continued partnership with public and private agencies for the development and expansion of recreation opportunities.
- Reviewed and evaluated the ActiveNet recreation software solutions for tracking and scheduling of contract classes, facility reservations and sports registration.
- Continued partnership with Chamber of Commerce for downtown special events.
- Implemented and assisted with several high profile community special events including the Bellflower Boulevard Car Show, 8 streetfests, July 4th celebration, city birthday celebration, holiday decoration contest and reception, Christmas tree lighting ceremony, BRAVO and many other community activities.
- Provided Town Center Plaza programming including weekly summer movie nights, cultural musical performances & seasonal noon-time music.
- Provided the design and distribution of full color brochures for marketing and promotion of Bellflower Summer Streetfests and Town Center Plaza programs.
- Purchased and situated new holiday street decorations.
- Partnered with the citizens of Bellflower and community organizations to provide quarterly gallery shows.
- Partnered with local service clubs and churches for the expansion of the Holiday Food Basket program.
- Completed six (6) Bellflower Looking Better beautification projects throughout the City.
- Supervised and coordinated 15,303 hours of volunteer service through the Bellflower Volunteer Center.
- Continued the development and maintenance of Bellflower Parks and Recreation web pages.
- Serviced and assisted approximately 1.3 million people through Parks and Recreation programs, special events and park facility use.

City Clerk

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

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

- Made available the City Council and Redevelopment Agency agenda packets available for posting on the City's website.

- Complied with the 72 hour agenda posting requirement.

- Indexed and processed Council resolutions, ordinances, and agreements.

- Provided notary services as required.

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

- Continued to update the City's electronic recording keeping of Agendas, Agenda Packets, Resolutions, Minutes, Ordinances and Agreements.

- Conducted annual assessment of City records for offsite storage including the destruction of obsolete records, pursuant to the City's Records Management Program and Policies.

- Satisfied Public Records Act requests within prescribed deadlines.

- City Clerk Award of Distinction -
  In addition to the accomplishments noted above, Bellflower's City Clerk, Debra Bauchop, received the 2006 City Clerk Award of Distinction from the California City Clerks Association, in recognition for 20 years of outstanding service to the field.

Finance

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

- GFOA Certificate of Achievement Award

  The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Bellflower for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2005. The City has received the awards for the past twelve consecutive years.

- 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, 2005. The City has received the awards for the past twelve consecutive years.

- Maintained accurate financial records for successful financial audits.

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

Major Initiatives For The Future

Administration

- Work with State elected officials to acquire property for park/open space development.

- Continue to provide information to representatives on priority issues and other matters affecting their local constituents.

- Develop a strategy to secure Federal funding for major economic development and other priority projects and programs.

- Maintain intergovernmental ties working on regional issues, including: transportation, housing, homelessness, Sheriff's contract and other initiatives.

- Create a marketing plan and update the City's image video to position the City as a desirable place for new businesses.

- Enable electronic access to the community and employee newsletters, and develop an internal City intranet to facilitate the exchange of information.

- Identify new technologies to record City events and City Council Meetings and archive videos; install a computer kiosk at City Hall to allow customer access to the City's website, forms, and other information.

- Secure an agreement with a new flexible spending account consultant.

- Continue to make improvements to the City's online job application form.

- Conduct a new compensation study in preparation for labor negotiations with the City's employee association.

- Negotiate a two-year labor agreement with the City's employee association.

- Continue to conduct all mandatory training for employees.

- Prepare input for FY 2007-08 and 2008 – 09 City operating budget.

- Conduct community survey.

- Continue to upgrade the Bellflower website including additional upgrades such as online payment options and video archiving.

- Commemorate Bellflower's 50th anniversary.

- Continue working on the purchase of a local water company's water system (Peerless) to improve water quality standards, to provide necessary infrastructure improvements and achieve greater operational efficiency under a fair rate structure.

Community Development

- Bellflower Village – Continue the design and engineering phase of the Bellflower Village component of the Downtown Revitalization Vision Strategy. 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 Reconstruction – Continue the Belmont Building reconstruction project. This building is centrally located in downtown Bellflower. It was acquired with the intent to draw in a major or national chain store that would serve as an anchor retailer to assist the City's overall revitalization effort. This new building will be the home of Starbucks and Subway by spring of 2007.

- Friendship Square – Continue expansion and modifications to 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.

- Pirate Play Park – A pirate-themed play park is coming to downtown Bellflower. The City is working on a $1million plan to enlarge Friendship Square along Bellflower Boulevard to include the pirate-themed playground, a water fountain and open space. The plans for the 4,000 square-foot playground include a child-scale 17th century ship, a treasure chest, skull cave and a Spanish fort with a suspension bridge and play cannons. The area will create a friendly environment for families.

- West Branch Greenway Project – The construction of the West Branch Greenway Project is anticipated to begin in spring of 2007. Completed 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.

- Artesia Boulevard Corridor Land Use Study – Continue the 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. This project was put on hold during the 2005/2006 fiscal year and it is envisioned to restart during the 2007 fiscal year.

- Palm Street Linear Park – The City has entered into a long term lease with the State of California to lease a 3 acre property adjacent to the 91 Freeway for the creation of the Palm/Clark Linear Park, located on the north side of Park Street between Clark Avenue and Virginia Avenue. A park development plan will be prepared by summer 2007, which will allow for a phased construction program.

- Town Center Project – Located on the east side of Bellflower Boulevard, south of the MTA, the Town Center Plaza will be extended eastward, expanding an already successful Town gathering area to host community events such as the Friday Night Film Night as well as impromptu gatherings. The project will include the closure of Adenmoor Avenue to allow for an expanded parking lot at the south east corner of the Town Center Plaza.

- West Artesia Boulevard-Commercial Development – Continue to develop the Artesia Boulevard with commercial and retail development. The plan is to refine land use strategies to promote freeway and highway oriented commercial/retail uses. Location, visibility and superior access to the regional freeway network allows commercial and retail development unique business opportunities in the City. The intended uses for this area are Automobile Dealerships, "Big-Box" Retail Stores, restaurants and other commerce. As part of the City's on-going efforts to develop "Big Box" freeway retailers, negotiations are in process to open a Home Depot and another "Big Box" retail store. A $1 million federal grant application has been awarded and a specific plan and EIR is in process.

- Pacific Electric (P.E.) Depot Restoration – The historic train depot at Bellflower Boulevard and Mayne Street will be renovated to its original state (circa 1918), complete with signage and vintage architecture. Construction is scheduled to begin in early spring of 2007.

- MPower Parking Lot – A new parking lot will be constructed on Flower Street, next to the Post Office, providing additional public parking in the downtown area. Construction is anticipated to be completed by winter of 2006.

- North TownCenter Zoning Study – Analyze and establish a mixed-use district north of the downtown Greenway Trail and the future Orange Line. This area is located on Bellflower Boulevard between Alondra and the approximate intersection of Bellflower Boulevard and Flora Vista. The mixed use zoning would allow for a singular building product that would host parking, commercial and residential uses, allowing for an extended downtown area for the community.

- Telecommunications Tower – Plans to construct a telecommunications tower is underway and is projected to be completed by winter of 2006. The tower, constructed in conjunction with AT&T Wireless Services, will be designed in the form of a clock tower.

- Building permits Laserfiche conversion – Conversion of over 20,000 building permit packets from paper format to electronic format. The purpose for document scanning is to preserve information contained on old, deteriorating paper; improve the accessibility of records and free up valuable storage space. As the conversion of data takes place the permit information will be linked to the Geographic Information System (GIS) to allow for a seamless storage and accessibility to information by various City departments.

- 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.

- Design Guidelines – Continue to 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.

- Development Impact Fee Studies – Evaluate the adoption of fees tied to new developments that impact the City's infrastructure, facilities, and services in an effort to recover the appropriate level of costs related to providing increased services.

- Update of Bellflower Municipal Zoning Code – Continue the update of the City's Zoning Ordinance.

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

- 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.

Public Safety

Crime Reduction

- Reduce residential burglaries by 3% from the 2004 total of 315.

- Reduce vehicle burglaries by 3% from the 2004 total of 586.

- Reduce grand auto theft by 3% from the 2004 total of 821.

- Reduce robbery by 5% from the 2004 total of 218.

- Reduce the overall part 1 crime rate by 3% from the 2004 rate of 405.05.

Traffic Enforcement

- Maintain an enforcement index of 20.0 or more

- Increase the number of DUI arrests by 20% over the 2004 total of 67

Customer Service

- Maintain an 85% deputy/CSO rating of "good" or "excellent" on both the mail-in and telephonic surveys of crime victims.

- Maintain emergency response times of less than or equal to 3.0 minutes.

- Maintain priority response times of less than or equal to 8.0 minutes.

- Maintain routine response times of less than or equal to 35.0 minutes.

Probation Management

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

Community Outreach

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

(Note: The initiatives noted above are benchmarked against the 2004 calendar year statistics and goals set forth in the 2005-2007 budgets.)

Public Works

- Conduct a new energy audit on the City's facilities and begin implementation of its recommendations.

- Update the City's Pavement Management System.

- Complete a Sewer Repair/Rehabilitation Study.

- Continue to establish new and review existing work standards and modify as applicable.

- Complete on schedule 100% of all capital projects approved by the City Council.

- Complete 100% of all capital projects at the City's facilities.

- Place asphalt overlay as prescribed by the City's Pavement Management Program.

- Initiate a 5 year plan to plant trees at all vacant sites and as funding is provided by the City Council.

- Construct new sidewalks in areas where there are none as budgeted for by the City Council and where grant money has been obtained.

- Install new handicapped ramps as new sidewalks are installed.

- Initiate repairs as determined by the Sever Repair/Rehabilitation Study.

Parks and Recreation

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

- Continue development and implementation of special events and programs at the Town Center Plaza.

- Continue partnership with public and private agencies for expansion of the holiday food basket program.

- Continue development and implementation of high profile city-wide special events, including the City's 50th Anniversary Celebration.

- Continue partnership with the Bellflower Chamber of Commerce for the implementation of downtown Bellflower boulevard special events.

- Continue partnership with local art groups to provide quarterly gallery shows at the City Store.

- Development of on-line marketing of City Store promotional items.

- Evaluate customer satisfaction of contract classes and youth sports programs through citizen surveys.

- Implement use of ActiveNet recreation software and on-line registration for classes and youth sports.

- Review feasibility of creating a Sports Hall of Fame for Bellflower Youth.

City Clerk

- Prepare a comprehensive Nomination Packet for City Council candidates.

- Coordinate the City's General Municipal Election scheduled for March 6, 2007.

- Procure and furnish official ballots, notices, printed matter, supplies, and equipment for the election.

- Comply with the Voting Rights Act (VRA), e.g., establish a VRA- Language Assistance Advisory Group consisting of members of the Spanish and Tagalog-speaking communities, prepare the City's Sample Ballot Pamphlet in a trilingual (English, Spanish and Tagalog) format, enhance the home page of the City's website to include trilingual election/voting information, recruit/train bilingual poll workers, and provide trilingual translations of election-related information, notices, and polling place materials.

- Comply with the 72 hour agenda posting requirement.

- Continue to complete agendas and minutes for City Council, Redevelopment Agency and Bellflower Public Facilities Corporation Meetings.

- Continue to post the City Council and Redevelopment Agency agenda packets on the City's website.

- Continue to index and process Council resolutions, ordinances, and agreements.

- Continue to monitor insurance compliance on agreements and franchises.

- Continue to scan the City's permanent records into its electronic imaging system (Laserfiche), e.g., agendas, agenda packets, resolutions, minutes, ordinances, and agreements.

- Conduct annual assessment of City records for offsite storage including the destruction of obsolete records, pursuant to the City's Records Management Program and Policies.

- Satisfy Public Records Act requests within prescribed deadlines.

- Continue to provide notary services as required.

- Continue to maintain and update the Bellflower Municipal Code.

- Continue to process campaign disclosure and conflict of interest filings pursuant to the Political Reform Act.

Finance

- Apply for the Certificate of Achievement Award from The Government Finance Officers Association of the United States and Canada (GFOA).

  (Note: 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 prior years, the City has submitted its CAFR and received awards from both the GFOA and California Society of Municipal Finance Officers (CSMFO) for excellence in financial reporting. For the fiscal year ended June 30, 2006 and forward, the CSMFO award program will not be made available to agencies that will be submitting the CAFR to the GFOA award program. As a result, the City will only be submitting its CAFR for the fiscal year ended June 30, 2006 to the GFOA for its award program.)

- Continue to maintained accurate financial records for successful financial audits.

- Prepare the biennial operating budget for Council adoption in June 2007.

- Issue bonds for water system acquisition and improvements.

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

OTHER INFORMATION

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

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

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

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

Independent Audit. State statutes require an annual audit of the City's financial records by independent certified public accountants. As a result, the independent accounting firm of Moss, Levy & Hartzheim was selected to perform the audit for the fiscal year ended June 30, 2006. The auditors' unqualified (clean) opinion on the basic financial statements and accompanying footnotes is included in the Financial Section of this report.

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

Award. GFOA CERTIFICATE OF ACHIEVEMENT AWARD: The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Bellflower for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2005. 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 twelve (12) 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, 2006.

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, 2005. The City has received the awards for the last twelve (12) consecutive years.

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

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

Respectfully submitted,

Tae G. Rhee
Finance Director/
City Treasurer

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Bellflower, California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2005

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 2004-05

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.

February 24, 2006

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

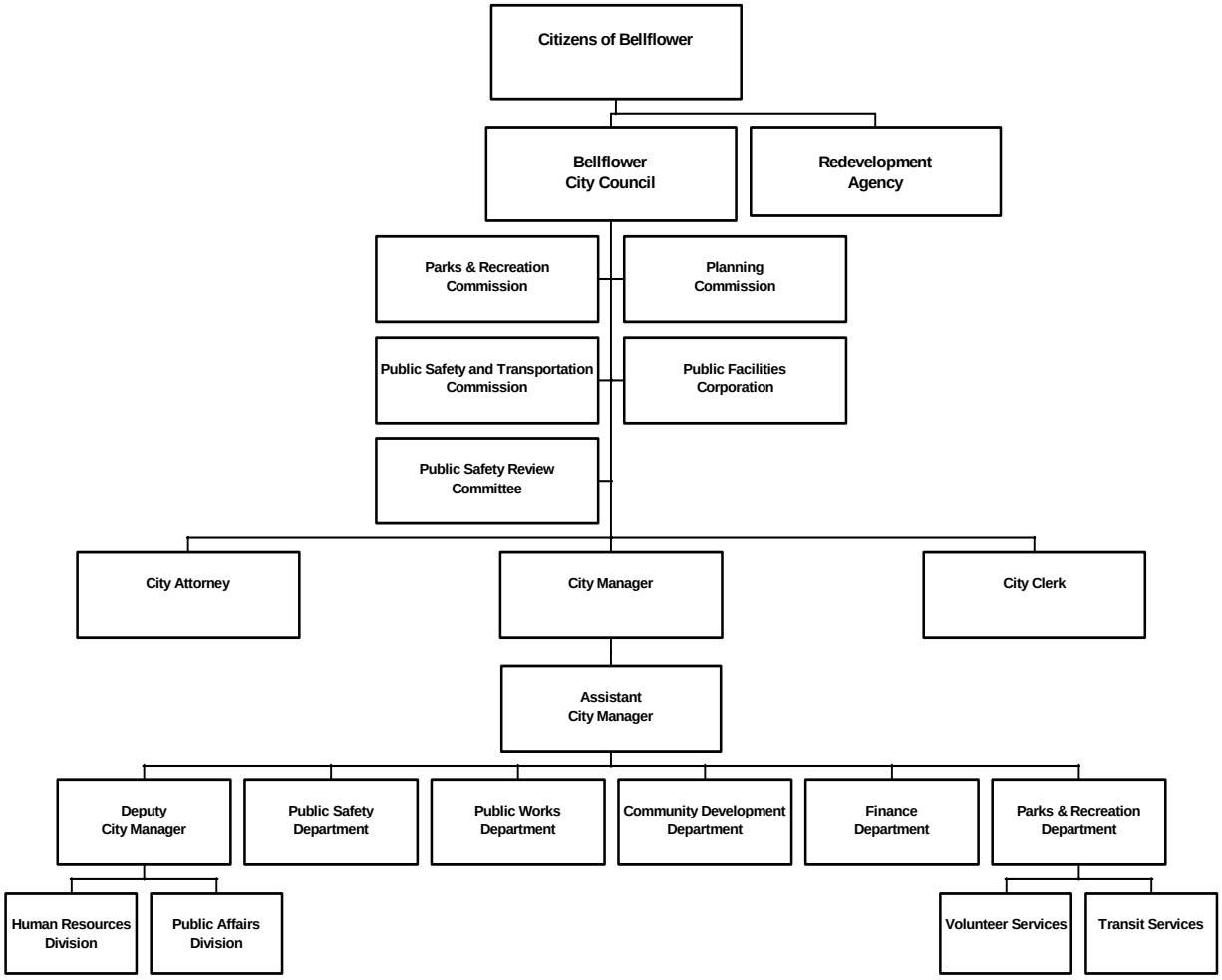
CITY COUNCIL

Ray T. Smith, Mayor
John K. Pratt, Mayor Pro Tem
Randy J. Bomgaars, Council Member
Dorothy R. King, Council Member
Scott A. Larsen, Council Member

PRINCIPAL ADMINISTRATIVE OFFICERS

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

City of Bellflower Organization Chart



BELLFLOWER
CALIFORNIA

MOSS, LEVY & HARTZHEIM LLP
CERTIFIED PUBLIC ACCOUNTANTS
9107 WILSHIRE BLVD., SUITE 400
BEVERLY HILLS, CALIFORNIA 90210

TELEPHONE (310) 273-2745
FAX (310) 273-1689
E-MAIL:mlhbh@pacbell.net

ROBERT M. MOSS, C.P.A.
RONALD A LEVY, C.P.A.
CRAIG A HARTZHEIM, C.P.A.
HADLEY HUI, C.P.A.

THOMAS LEUNG, C.P.A.
BRAD M. SILVA, C.P.A.

MEMBER:

AMERICAN INSTITUTE OF C.P.A.S
CALIFORNIA SOCIETY OF C.PA.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, 2006, 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.

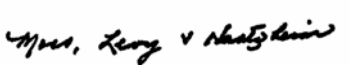
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Bellflower, California, as of June 30, 2006, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 1 of the notes to the basic financial statements, the City adopted Governmental Accounting Standards Board Statements, No. 44, Economic Condition Reporting: The Statistical Section, No. 46, Net Assets Restricted by Enabling Legislation – an amendment of GASB Statement No. 34, effective July 1, 2005.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 6, 2006, 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 LLP
Beverly Hills, California
October 6, 2006, except for Note 20 - Subsequent Event, for which the date is December 15, 2006

MANAGEMENT'S DISCUSSION AND ANALYSIS

This is management's discussion and analysis of the financial performance of the City of Bellflower for the fiscal year ended June 30, 2006. 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, creating differences between the details and total.

Financial Highlights

During the fiscal year ended June 30, 2006, 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, 2006, the City's total assets were $74.7 million and total liabilities were $23.3 million, resulting in net assets of $51.4 million. Of this amount, $20.9 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, 2006, net assets increased $5.0 million, resulting from a favorable variance of revenues over expenses. Total revenues from programs and general revenues were $34.7 million and total expenses for all functions and programs were $29.7million.

- Of total revenues of $34.7 million, program revenues were $11.9 million and general revenues were $22.8 million. Program revenues are divided into three categories: Charges for Services, $3.4 million; Operating Contributions and Grants, $7.2 million; and Capital Contributions and Grants, $1.3 million.

Fund Based:

- At June 30, 2006, the General Fund fund balance was $22.4 million, an increase of $1.9 million from the prior year balance of $20.5 million. The unreserved fund balance (net of cash advances to the Redevelopment Agency, deposits, and prepaid expenditures) was $12.1 million.

- The actual General Fund revenues and transfers in of $25 million represented a decrease of $151 thousand from the prior year actual of $25.2 million and an increase of $1.3 million from the final budget of $23.7 million.

- The actual General Fund expenditures and transfers out of $23.1 million represented an increase of $1.7 million from the prior year actual of $21.4 million and a decrease of $2 million from the final budget of $25.1 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

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

Condensed Statement of Net Assets

	Governmental Activities	
	2006	2005
Current and other assets	$ 33,940,059	$ 37,863,350
Capital assets	40,738,210	33,402,154
Total assets	74,678,269	71,265,504
Current and other liabilities	4,174,884	4,606,205
Long-term debt	19,117,494	20,275,693
Total liabilities	23,292,378	24,881,898
Net Assets:		
Invested in capital assets, net of related debt	22,594,651	14,706,513
Restricted	7,890,144	10,033,611
Unrestricted	20,901,096	21,643,482
Total net assets	$ 51,385,891	$ 46,383,606

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 $51.4 million, with assets of $74.7 million and liabilities of $23.3 million. The net investment in capital assets of $22.6 million represents 44% of the City's total net assets. Another portion of the City's net assets, $7.9 million, or 15%, represents resources that are subject to external restrictions in how they may be used. The remaining balance of $20.9 million, or 41%, 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 2005-06	Governmental Activities FY 2004-05
Revenues		
Program revenues:		
Charges for services	$ 3.4	$ 3.0
Operating contributions and grants	7.2	5.6
Capital contributions and grants	1.3	1.0
Total Program Revenues	11.9	9.6
General Revenues:		
Sales taxes	5.6	5.1
Property taxes	4.1	3.4
Property taxes in lieu of VLF	4.6	3.8
Franchise taxes	1.4	1.3
Utility users taxes	3.9	3.8
Transient occupancy taxes	0.6	0.5
Business license taxes	0.5	0.5
Property transfer taxes	0.2	0.3
Motor vehicle in lieu	0.5	2.3
Earnings on investments	0.6	0.4
Miscellaneous	0.8	0.6
Total General Revenues	22.8	22.0
Total Revenues	34.7	31.6
Expenses:		
General government	4.2	4.3
Public safety	8.9	8.5
Public works	8.1	7.7
Community development	4.7	3.8
Parks and recreation	2.7	2.6
Interest on long-term debt	1.1	1.1
Total Expenses	29.7	28.0
Increase in Net Assets	5.0	3.6
Net Assets - Beginning of Fiscal Year	46.4	42.8
Net Assets - End of Fiscal Year	$ 51.4	$ 46.4

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

Revenues for the City's governmental activities increased 10%, from $31.6 million last fiscal year to $34.7 million in this fiscal year. Key elements of significant changes are as follows:

- The largest revenue source was property taxes, a general revenue, at $8.7 million, which increased $1.5 million, or 21%, from the preceding fiscal year. For the purpose of this analysis, property taxes also include property taxes in lieu of VLF of $4.6 million.

  The City's regular property taxes increased $684 thousand, or 20%, compared to the preceding fiscal year. Like other taxing jurisdictions, the City continued to benefit from the drastic increase in taxable real property values.

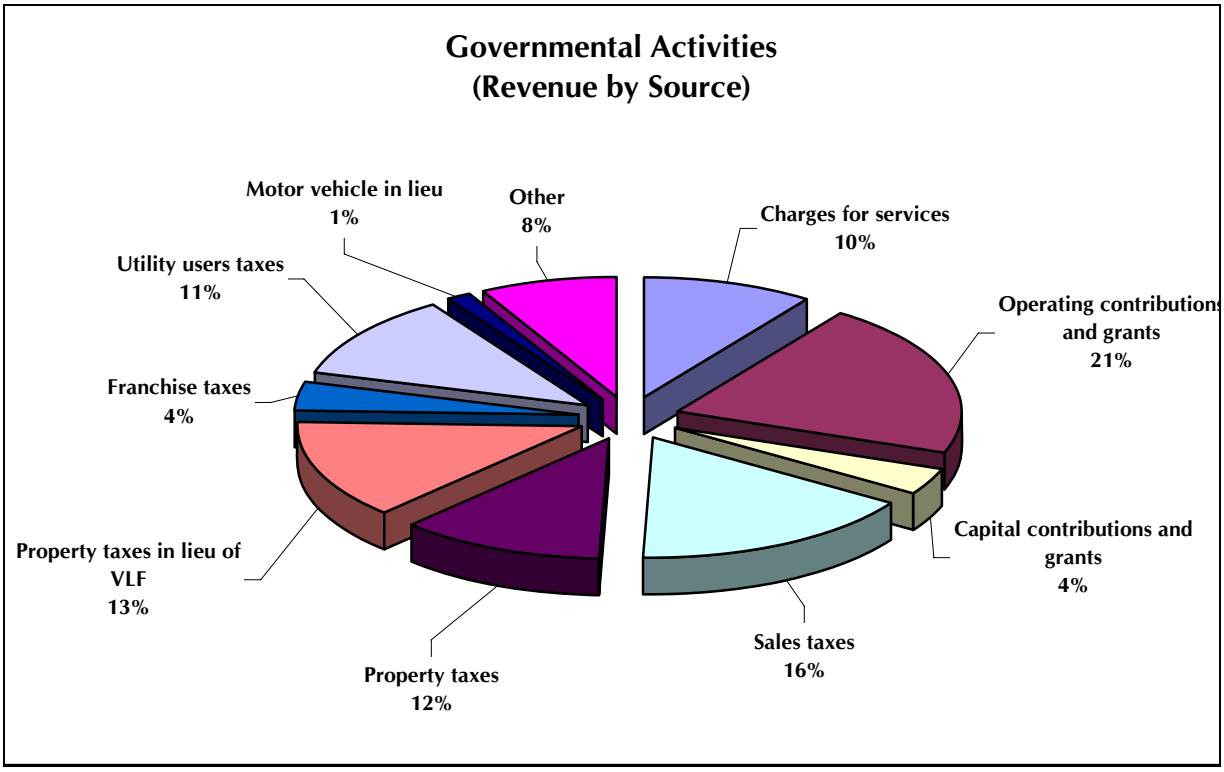
  Property tax in lieu of VLF is a new stream of revenue that was "swapped" with the City's vehicle license fee (VLF) revenues. The State took action to permanently reduce the VLF rate from 2.0% to 0.65%, potentially causing devastating financial losses to many California cities and counties. To make affected 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 $5 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 second largest revenue source was operating contributions and grants, a program revenue, at $7.2 million, which increased $1.6 million, or 28%, from the preceding fiscal year. A significant portion of this increase was from the Community Development Block Grant fund (CDBG) with an increase of $1 million. HOME entitlement grant fund also had an increase of $478 thousand. CDBG and Home are expenditure-driven Federal grants in which revenues are recognized only when qualified expenditures are made.

- The third largest revenue source was sales taxes, a general revenue, at $5.6 million, which increased $496 thousand, or 10%, from the preceding fiscal year. A substantial growth was shown in several major industries including construction and fuel.

- The fourth largest revenue source was utility users taxes (UUT), a general revenue, at $3.9 million, which increased $188 thousand, 5% from the preceding fiscal year. There was continued growth in the wireless sector and an increase in the energy sector.

- The fifth largest revenue source was charges for services, a program revenue, at $3.4 million, which increased $321 thousand, or 11%, from the preceding fiscal year. A substantial portion of the increase was from the collections for parking citations and forfeitures and penalties, up $115 thousand and $69 thousand respectively. The City also received a cost reimbursement of $137 thousand for special transportation related services.



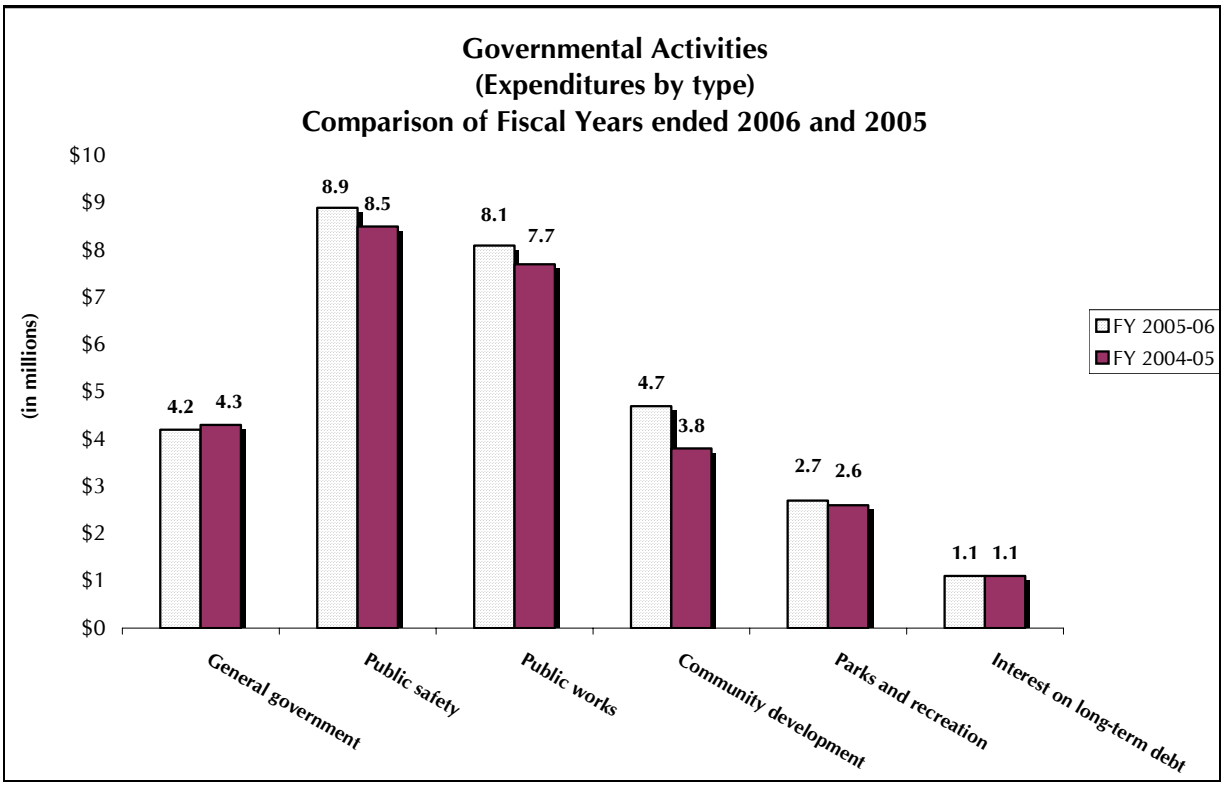
The cost of providing all governmental activities this year was $29.7 million before applying program revenues of $11.9 million. The remaining "public benefit" portion of governmental activities was paid with general revenues. Public Safety, the largest expense category, represented $8.9 million, or 30% of Governmental Activities, of which approximately $2 million was funded with program revenues. The remaining balance of $6.9 million was funded with general revenues. Public Works, the second largest expense category, represented $8.1 million, or 27%, with program revenues of $5.2 million. Community development, the third largest expense category, represented $4.7 million, or 16%, funded by program revenues of $4.2 million. General Government had expenses of $4.2 million, or 14%, without any funding from program revenues. Parks and Recreation had expenses of $2.7 million, or 9%, with program revenues of $545 thousand. Interest on long-term debt was $1.1 million, or 4%, paid entirely with general revenues.

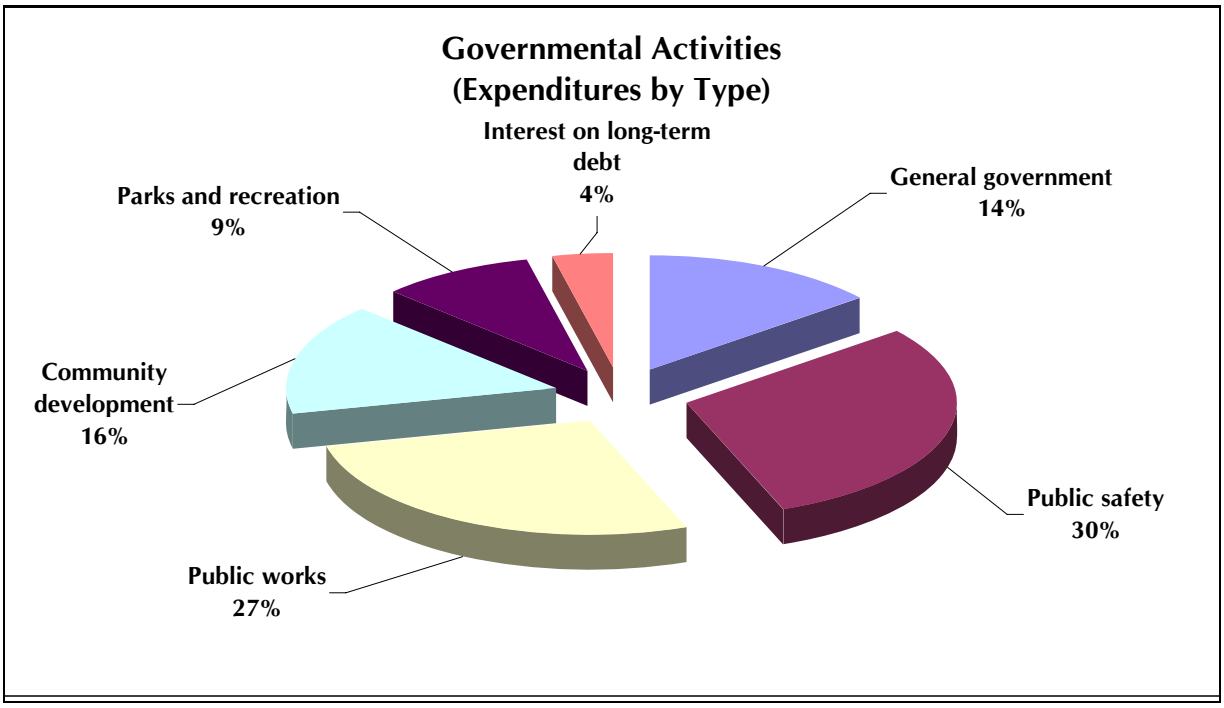
Significant changes in the Governmental Activities expense categories when compared to the prior fiscal year are summarized as follows:

- Public Safety expenses increased $426 thousand compared to the preceding fiscal year. The increase was largely due to the increase in personnel and support services.

- Public Works expenses increased $479 thousand compared to the preceding fiscal year. A substantial portion of the increase was due to capital maintenance and depreciation.

- Community Development expenses increased $903 thousand compared to the preceding fiscal year. The increase was due to personnel charges, capital maintenance, depreciation and capital projects within the city.





Financial Analysis of the Government's Funds

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

Governmental funds

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

As of the fiscal year ended June 30, 2006, the City's governmental funds reported combined ending fund balances of $22 million, a decrease of $4.1 million, or 16%, in comparison with the prior year balance of $26.1 million. Approximately 46%, or $10.2 million, constitutes unreserved fund balance, which is available for spending at the City's discretion. The remainder of fund balance of $11.8 million, or 54%, 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 ($6.8 million), 3) for low and moderate income housing ($890 thousand), and 4) to pay debt service ($607 thousand).

Revenues of governmental funds for the fiscal year ended June 30, 2006 were $35.9 million, an increase of $3.5 million, or 11%, from the prior year total of $32.4 million. Expenditures of governmental funds were $40 million, an increase of $6.4 million, or 19%, from the prior fiscal year total of $33.6 million. Prior to other financing sources and uses, expenditures of governmental funds exceeded revenues by $4.1 million.

The City has four major governmental funds: General 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 $12.1 million, while total fund balance was $22.4 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 54% of total fund expenditures of $22.6 million, while total fund balance represents 99% of that same amount.

The fund balance of the City's General Fund increased by $1.9 million, or 9%, during the fiscal year ended June 30, 2006. Key factors in this growth are as follows:

General Fund revenues and transfers in for the fiscal year were $25 million, a decrease of $151 thousand, or .1%, from the prior year total of $25.2 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 parking citation fines. These revenues, in aggregate, amounted to 77% of the General Fund revenues and transfers in.

- The largest revenue source was property taxes, including property taxes in lieu of VLF, at $7.4 million, or 30% of General Fund revenues and transfer in, an increase of $1.5 million, or 25%, when compared to the preceding fiscal year's amount of $5.9 million.

  The General Fund's regular property taxes increased $369 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.

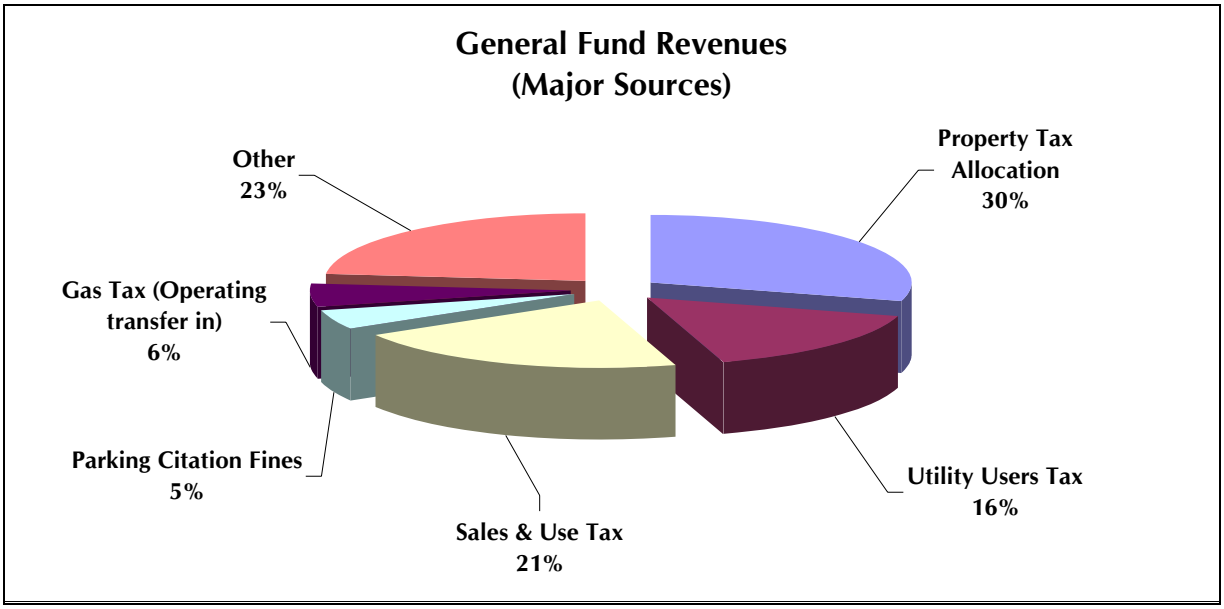
  As discussed previously, the State took action to swap the City's vehicle license fee (VLF) revenues for its property taxes (property taxes in lieu of VLF). The swapped revenue for the fiscal year totaled $5 million (including an amount that was deferred to the next fiscal year). This action has caused 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 $5.3 million, or 21% of General Fund revenues and transfers in, an increase of $137 thousand, or 3%, compared to the preceding fiscal year's amount of $5.1 million. A substantial growth was shown in several industries including construction, business, and fuel.

- The third largest revenue source was utility users taxes at $3.9 million, or 16% of General Fund revenues and transfers in, an increase of $188 thousand, or 5%, compared to the preceding fiscal year's amount of $3.7 million. There was continued growth in the wireless sector and an increase in the energy sector.

- The fourth largest revenue source was State gas taxes (transfers in) at $1.4 million, or 6% of General Fund revenues and transfers in, a decrease of $19 thousand, or 1%, compared to the prior fiscal year.

- The fifth largest revenue source was Parking Citation Fines at $1.2 million, or 5% of General Fund revenues and transfers in, an increase of $115 thousand, or 10% compared to the preceding fiscal year's amount of $1.1 million.



General Fund expenditures and transfers out were $23.1 million, an increase of $1.7 million, or 8%, from the prior year total of $21.4 million. Key elements of the increases and decreases are summarized as follows:

- Public safety was the largest General Fund function at $8.8 million, or 38% of General Fund expenditures and transfers out, an increase of $547 thousand, or 7%, from the preceding fiscal year's total of $8.2 million. The increase was largely due to the increase in personnel and support services.

- Public works was the second largest General Fund function at $4.8 million, or 21% of General Fund expenditures and transfers out, an increase of $201 thousand, or 4%, from the preceding fiscal year's total of $4.6 million. The moderate increases were from personnel charges.

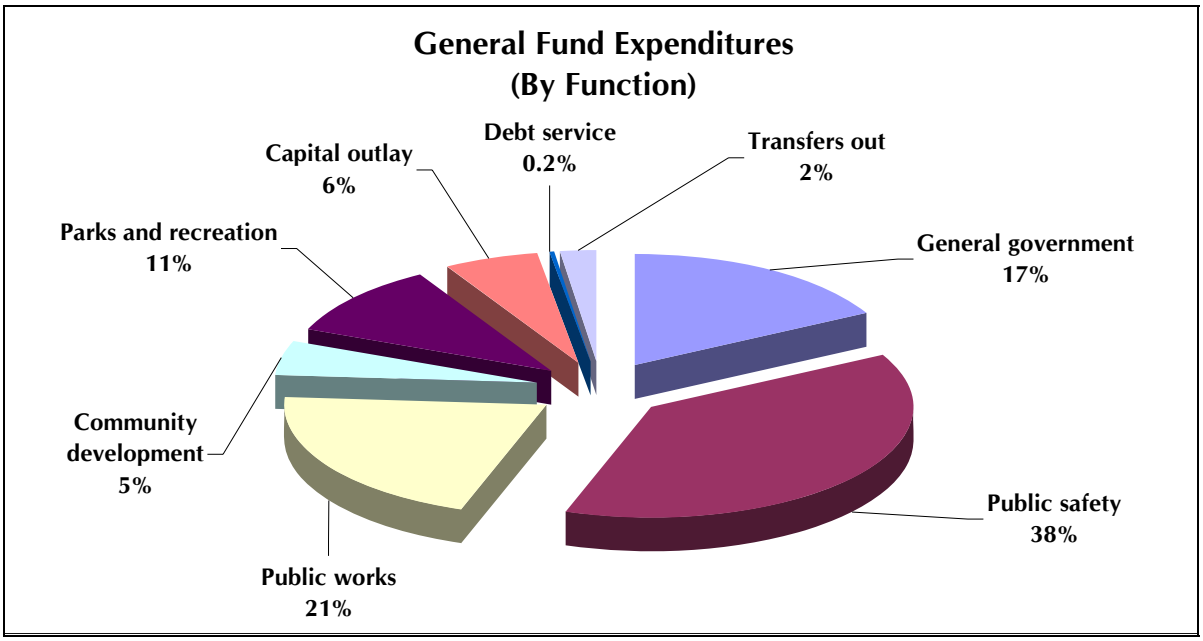
- General government (City Council, City Commissions, City Administration, City Clerk's Office, City Attorney, Finance, Personnel, Public Affairs, Risk Management, and Non-departmental) was the third largest General Fund function at $4 million, or 17% of General Fund expenditures and transfers out, an increase of $224 thousand, or 5%, from the preceding fiscal year's total of $3.8 million. The moderate increases were due to personnel charges.

- Parks and recreation was the fourth largest General Fund function at $2.5 million, or 11% of General Fund expenditures and transfers out, a nominal decrease of $42 thousand, or 2%.

- Community development was the fifth largest General Fund function at $1.2 million, or 5% of General Fund expenditures and transfers out, an increase of $193 thousand, or 19%, from the preceding fiscal year's total of $996 thousand. The moderate increases were from personnel charges.

- Capital outlay totaled $1.3 million, or 6% of General Fund expenditures and transfers out, an increase of $596 thousand, or 81%, from the preceding fiscal year's total of $732 thousand. A substantial portion of the increase was additional funding for street improvement ($222 thousand), tree removal ($125 thousand), and pocket parks ($190 thousand). Funded capital projects included street improvements, sidewalks, curbs, gutters, trees, facilities improvements, and pocket parks.

- Transfers out totaled $531 thousand, or 2% of General Fund expenditures and transfers out, an increase of $25 thousand, or 5%, from the prior year total of $505 thousand. Of the total transfers out, $473 thousand was for the payment of interest, principal, and the trustee's administrative fees on the City's 1999 Refunding Certificates of Participation, $26 thousand was expended to subsidize building and safety activities, and $32 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.

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. 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:

- 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 $443 thousand for this fiscal year. Belmont Façade improvements were completed this year.

- "Belmont Building" Reconstruction – 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. This new building will be the home of Starbucks and Subway by spring of 2007. Excluding the cost of property acquisition, expenditures relating this project were $308 thousand for this fiscal year.

- 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 $102 thousand for this fiscal year.

- Pacific Electric (P.E.) Depot Restoration– This project is to rehabilitate the existing MTA train depot structure including construction of a new turn out to create better traffic flow and easy access to and from public transportation. Expenditures relating to this project were $127 thousand for this fiscal year.

- West Parking Lot Improvements – For the improvement of the parking lot west of Friendship Square including replacement of flatwork, landscaping, restriping the parking lot, decorative furniture, lighting and banner poles. Expenditures relating to this project were $6 thousand for this fiscal year.

- East Parking Lot Improvements – This project is for the rehabilitation of the eastside alley and parking lot including replacement of flatwork, construction of outdoor dining areas, landscaping, trellises, and lighting. Expenditures relating to this project were $25 thousand for this fiscal year.

At the end of the current fiscal year, the available Section 108 Loan funds were $3.9 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.
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 $1.4 million. The annual HOME entitlement for the fiscal year was $627 thousand, a decrease of $28 thousand, when compared to the preceding fiscal year's entitlement of $655 thousand.

HOME is a reimbursement grant (an expenditure-driven grant). HOME expenditures were $518 thousand, an increase of $168 thousand, or 48%, from the preceding fiscal year's total of $349 thousand. The increase is due to additional single family assistance and development programs.

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, $0 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 $7.2 million, an increase of $4.8 million, or 209%, from the prior fiscal year total of $2.3 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 ($5.8 million), design and construction of the Library Gardens ($596 thousand), 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. An analysis of significant budgetary variances is as follows:

Budget to Budget Variance

Revenues and Transfers In – The final budgeted revenues and transfers were $23.7 million, an increase of $44.5 thousand from the original budget. The major difference was the addition of the proceeds from California Office of Traffic and Safety.

Appropriations and Transfers Out – The final appropriations and transfers were $25.1 million, an increase of $583 thousand from the original allocations as follows: $496 thousand in capital outlay, $44 thousand in public safety, $33 thousand in general government, and $10 thousand in transfers out.

Budget to Actual Variance

The actual total revenues of $23.6 million were higher than the final budgeted revenues of $22.3 million, an increase of $1.3 million. A major portion of the increase is attributable to property tax revenue.

The actual total expenditures of $22.6 million were lower than the final appropriations of $24.6 million, by approximately $2 million dollars as follows: $206 thousand in general government, $281 thousand in public safety, $464 thousand in public works, $224 thousand in community development, $264 thousand in parks & recreation and $556 thousand in capital outlay.

Capital Asset and Debt Administration

Capital Assets. The City's investment in capital assets for governmental activities as of June 30, 2006, was $40.7 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 2005-06	FY 2004-05
Land	$ 15,159	$ 11,084
Buildings and improvements	13,720	8,235
Equipment and furniture and fixtures	1,213	1,387
Infrastructure	8,521	6,529
Construction in progress	2,060	6,103
Water rights	65	65
Total Capital Assets	$ 40,738	$ 33,403

During this fiscal year, the City added $7.5 million in capital assets excluding equipment and furniture and fixtures. The following were major capital projects for the fiscal year:

- Property Acquisition - (General Fund, Redevelopment Agency) $4.1 million
- Belmont Façade Improvements – (HUD Section 108) $2.3 million
- Various City Facilities Improvements $1.8 million
- Library Gardens – (CDBG, Redevelopment Agency) $1.4 million
- Town Center Plaza – (CDBG, Redevelopment Agency) $1.4 million
- Various Street Improvements $822 thousand
- Laurel Street Improvements – (HUD Section 108) $337 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, 2006, the City had $20.3 million in outstanding long-term debt for Governmental Activities, a decrease of $525 thousand, or 3%, from the preceding fiscal year. The overall decrease was due to the City's scheduled repayment of the outstanding long-term debt. For additional information on long-term debt, please refer to the notes to the basic financial statements.

Long-Term Debt
(in thousands)

	Governmental Activities			
	2006	2005	Variance Increase/ (Decrease)	% Change
1999 Refunding Certificates of Participation	$ 4,705	$ 4,945	$ (240)	-5%
2004 Refunding Tax Allocation Bonds	7,480	7,590	(110)	-1%
California Energy Commission Loan	20	58	(38)	-66%
HUD Section 108 Loan	6,797	7,000	(203)	-3%
Note Payable - Dietz	204	210	(6)	-3%
Compensated Absences	1,142	1,070	72	7%
Total Long-Term Debt	$ 20,348	$ 20,873	$ (525)	-3%

Under the California Government Code Section 43605, the City's legal bonded debt limit for this fiscal year was $112 million based on the assessed value of all real and personal property of the City. The City had no bonded indebtedness during the fiscal year.

Economic Outlook – Fiscal Year 2006-2007

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, as a substantial portion of the City's revenues are intergovernmental grants and pass-through revenues. In the event of fiscal distress or other political reasons, both the Federal and State governments may cut funding for the local governments. In prior years, the State has unilaterally shifted local governments' revenues to balance the State budget or to meet other financial obligations.

As a result of the State's prior action, the City and Redevelopment Agency's property taxes were shifted to the Educational Revenue Augmentation Fund (ERAFIII) in an aggregate amount of over $1.2 million for fiscal years 2004-2005 and 2005-2006. The good news, however, is that effective fiscal year 2006-2007, the State will no longer shift City and Redevelopment Agency funds to ERAF III. Additionally, there will be no revenue shifts from the City to the State as indicated in the State's 2006-2007 budget. In fiscal year 2006-2007, the City will receive additional deferred payments from the State's Traffic Congestion Relief Fund for local streets. This recent development is good news for the City.

In addition to ERAF III, new developments related to the Utility Users Tax (UUT) may impact the City. The City collects UUT on electric, gas, and telephone services. In May 2006 the Internal Revenue Service (IRS) issued Notice 2006-50 to cease the Federal Excise Tax (FET) collection on wireless, long distance, bundled, and certain other telecommunications services. As a result, certain telecommunications service providers believe that the City's UUT should also cease to be collected because the UUT ordinance makes a reference to the FET (IRC Section 4251). The City of Bellflower has since adopted a UUT Ordinance Amendment to reaffirm that the recent FET changes have no affect on the City's UUT.

Economic Report

According to the UCLA Anderson Forecast report of September 2006, the economists say that while the economy appears to continually downshift to a "soft landing", no recession is forecasted. The report indicated that in California, the real estate sectors will continue their decline without major declines in other sectors.

In addition, according to the recent California State University Fullerton's economic forecast, unemployment rate is expected to rise from its current low level due to the decrease in housing activity, averaging 4.8% for the current year and 5% in 2007.

In the latest "California's Fiscal Outlook," published by the State of California Legislative Analyst Office (LAO) in November 2006, the California's budget indicates that the State continues to face a significant budget situation. It estimates that fiscal year 2006-07 will end with a reserve of about $3.1 billion, up about $1 billion from the $2.1 billion estimate contained in the 2006-07 Budget Act. However, expenditures will exceed revenues by $5.5 billion in 2007-08 and $5 billion in 2008-09, absent corrective actions.

Adopted Budget

The City's adopted 2005-07 operating budget continues to be 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.

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.

CITY OF BELLFLOWER

Families. Businesses. Futures.

"GROWING TOGETHER"

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF BELLFLOWER
STATEMENT OF NET ASSETS
June 30, 2006

	Total Governmental Activities
ASSETS	
Cash and investments	$ 14,462,227
Cash and investments with fiscal agents	4,785,867
Receivables:	
Accounts receivable - net	4,641,822
Notes receivable	5,273,968
Interest receivable	206,812
Deposits	3,507,627
Deferred charges - net of accumulated amortization	601,727
Deferred loss on refunding - net of accumulated amortization	460,009
Capital assets not being depreciated	17,218,820
Capital assets - net of accumulated depreciation	23,519,390
Total assets	74,678,269
LIABILITIES	
Accounts payable	2,176,748
Interest payable	410,455
Accrued expenses	194,165
Unearned revenue	134,083
Deposits	28,830
Noncurrent liabilities:	
Due within one year	1,230,603
Due in more than one year	19,117,494
Total liabilities	23,292,378
NET ASSETS	
Invested in capital assets, net of related debt	22,594,651
Restricted for:	
Construction of capital assets	4,324,250
Debt service	197,123
Streets, highways, bikeways, public transit, and other related purposes	1,428,964
Housing	1,820,448
Public safety	89,256
Arts	30,103
Unrestricted	20,901,096
Total net assets	$ 51,385,891

See Notes to the Basic Financial Statements

CITY OF BELLFLOWER
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2006

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Contributions and Grants	Program Revenues: Capital Contributions and Grants
Primary Government:				
General government	$ 4,190,022	$ -	$ -	$ -
Public safety	8,931,846	1,734,648	261,961	
Public works	8,134,862	176,980	3,775,565	1,210,333
Community development	4,666,591	936,430	3,204,669	17,611
Parks and recreation	2,690,337	504,394		41,083
Interest on long-term debt	1,130,336			
Total Governmental Activities	$ 29,743,994	$ 3,352,452	$ 7,242,195	$ 1,269,027

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

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
$ (4,190,022)
(6,935,237)
(2,971,984)
(507,881)
(2,144,860)
(1,130,336)
(17,880,320)
5,623,126
4,092,921
4,551,129
1,403,431
3,935,990
584,975
518,358
239,878
534,255
556,572
841,970
22,882,605
5,002,285
46,383,606
$ 51,385,891

See Notes to the Basic Financial Statements

CITY OF BELLFLOWER
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2006

	General Fund	HUD Section 108 Fund	HOME Capital Projects Fund	Redevelopment Agency Capital Projects Fund
ASSETS				
Cash and investments	$ 9,699,418	$ -	$ -	$ 415
Cash and investments with fiscal agents		4,187,430		
Accounts receivable - net	2,763,814		6,126	13,500
Due from other funds	1,742,690			
Interest receivable	108,769	45,461		4
Deposits	3,507,627			
Notes receivable			3,041,728	343,486
Advances receivable	7,625,117			
Total assets	$ 25,447,435	$ 4,232,891	$ 3,047,854	$ 357,405
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	$ 1,544,364	$ 125,036	$ 78	$ 127,146
Accrued expenditures	154,752		1,294	4,405
Due to other funds		256,826	4,754	
Deposits	26,357			2,273
Deferred revenue	1,330,842		3,041,728	343,486
Advances payable				7,625,117
Total liabilities	3,056,315	381,862	3,047,854	8,102,427
Fund balances				
Reserved:				
Debt service				
Low and moderate income housing				
Deposits	3,507,627			
Advances to redevelopment agency	6,776,553			
Unreserved:				
Designated - special revenue funds				
Undesignated - general fund	12,106,940			
Undesignated - capital projects funds		3,851,029		(7,745,022)
Total fund balances	22,391,120	3,851,029		(7,745,022)
Total liabilities and fund balances	$ 25,447,435	$ 4,232,891	$ 3,047,854	$ 357,405

See Notes to the Basic Financial Statements

Other Governmental Funds	Total Governmental Funds
$ 2,920,166	$ 12,619,999
598,437	4,785,867
1,858,382	4,641,822
	1,742,690
32,391	186,625
	3,507,627
1,888,754	5,273,968
	7,625,117
$ 7,298,130	$ 40,383,715

$ 364,315	$ 2,160,939
33,164	193,615
1,481,110	1,742,690
200	28,830
1,899,751	6,615,807
	7,625,117
3,778,540	18,366,998
607,578	607,578
890,468	890,468
	3,507,627
	6,776,553
1,892,825	1,892,825
	12,106,940
128,719	(3,765,274)
3,519,590	22,016,717
$ 7,298,130	$ 40,383,715

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, 2006

Fund balances of governmental funds	$	22,016,717
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.		40,078,754
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.		359,192
Interest accrued on advances are not available to pay for current expenditures and, therefore are offset by deferred revenue in the governmental funds.		848,564
Certain notes receivable are not available to pay for current period expenditures and, therefore are offset by deferred revenue in the governmental funds.		5,273,968
Long-term debt and compensated absences have not been included in the governmental funds:		
Long-term debt		(19,205,295)
Compensated absences		(1,142,802)
Deferred charges, net of accumulated amortization for debt issuance costs and discounts on long-term debt have not been reported in the governmental funds.		601,727
Deferred losses on refunding, net of accumulated amortization for long-term debt issuance have not been reported in the governmental funds.		460,009
Accrued interest payable from the current portion of interest due on long-term debt has not been reported in the governmental funds.		(410,455)
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.		2,505,512
Net assets of governmental activities	$	51,385,891

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, 2006

	General Fund	HUD Section 108 Fund	HOME Capital Projects Fund	Redevelopment Agency Capital Projects Fund
REVENUES				
Taxes	$ 19,324,843	$ -	$ -	$ -
Licenses and permits	54,249			
Fines, forfeitures, and penalties	1,627,310			
Investment earnings	735,327	173,071	122,902	32,183
Charges for current services	818,844			
Intergovernmental revenue	863,746		394,866	
Other revenues	192,452			1,722,165
Total revenues	23,616,771	173,071	517,768	1,754,348
EXPENDITURES				
Current:				
General government	4,000,618			
Public safety	8,776,641			
Public works	4,832,559			
Community development	1,189,690		517,768	691,435
Parks and recreation	2,455,222			
Capital outlay	1,327,689	1,011,433		6,467,362
Debt service:				
Principal retirement	38,443			
Interest and other charges	1,457			
Pass-through payments				
Total expenditures	22,622,319	1,011,433	517,768	7,158,797
Excess of revenues over (under) expenditures	994,452	(838,362)		(5,404,449)
OTHER FINANCING SOURCES (USES)				
Transfers in	1,390,595			51,572
Transfers out	(531,021)			
Total other financing sources (uses)	859,574			51,572
Net change in fund balances	1,854,026	(838,362)		(5,352,877)
Fund balances - July 1, 2005	20,537,094	4,689,391		(2,392,145)
Fund balances - June 30, 2006	$ 22,391,120	$ 3,851,029	$ -	$ (7,745,022)

See Notes to the Basic Financial Statements

Other Governmental Funds	Total Governmental Funds
$ 1,607,935	$ 20,932,778
663,208	717,457
	1,627,310
174,449	1,237,932
176,090	994,934
7,165,868	8,424,480
12,888	1,927,505
9,800,438	35,862,396
	4,000,618
113,756	8,890,397
2,156,441	6,989,000
1,921,784	4,320,677
	2,455,222
1,993,849	10,800,333
560,076	598,519
1,819,206	1,820,663
40,816	40,816
8,605,928	39,916,245
1,194,510	(4,053,849)
644,923	2,087,090
(1,556,069)	(2,087,090)
(911,146)	
283,364	(4,053,849)
3,236,226	26,070,566
$ 3,519,590	$ 22,016,717

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, 2006

Net change in fund balances - total governmental funds	$	(4,053,849)
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.		7,150,591
Governmental funds report entire proceeds from disposal of capital assets as revenue. In the statement of activities, only resulting gain or loss is reported. The difference between the proceeds from disposal of capital assets and the resulting gain or loss is:		(277)
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.		57,846
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.		475,174
Interest in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.		731,020
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.		598,519
Debt issuance costs and deferred loss on refunding are expenditures in the governmental funds, but these cost are capitalized and amortized on the statement of net assets. This is net change in debt issuance costs and deferred loss on refunding in the current period.		(46,437)
Accrued interest is interest due on long-term debt payable. This is the net change in accrued interest for the current period.		5,744
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.		(72,404)
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.		156,358
Change in net assets of governmental activities	$	5,002,285

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, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amount	(Negative)
REVENUES				
Taxes	$ 18,378,000	$ 18,378,000	$ 19,324,843	$ 946,843
Licenses and permits	35,100	35,100	54,249	19,149
Fines, forfeitures, and penalties	1,398,600	1,398,600	1,627,310	228,710
Investment earnings	820,000	820,000	735,327	(84,673)
Intergovernmental revenue	796,105	840,605	863,746	23,141
Charges for current services	701,250	701,250	818,844	117,594
Other revenues	106,500	106,500	192,452	85,952
Total revenues	22,235,555	22,280,055	23,616,771	1,336,716
EXPENDITURES				
Current:				
General government:				
City council	204,692	204,692	190,835	13,857
Public affairs	413,162	413,162	400,644	12,518
Special events	353,181	353,181	362,036	(8,855)
City clerk	351,179	351,179	334,511	16,668
Election	500	500	196	304
City administrator	530,465	530,465	522,855	7,610
Parks and rec. commission	3,150	3,150	2,400	750
Planning commission	14,650	14,650	9,637	5,013
Finance	941,081	941,081	891,593	49,488
City attorney	130,000	135,000	99,052	35,948
Personnel/risk management	342,093	367,093	324,732	42,361
Public safety commission		3,250	2,500	750
Non-departmental	888,878	888,878	859,627	29,251
Total general government	4,173,031	4,206,281	4,000,618	205,663
Public safety:				
Administration	1,441,567	1,441,567	1,350,334	91,233
Crossing guard	159,950	159,950	155,825	4,125
Sheriff	6,766,400	6,766,400	6,582,753	183,647
Support services	641,350	685,850	687,675	(1,825)
Emergency management	4,300	4,300	54	4,246
Total public safety	9,013,567	9,058,067	8,776,641	281,426

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, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amount	(Negative)
EXPENDITURES - CONTINUED				
Public works:				
Administration	$ 526,255	$ 526,255	$ 528,401	$ (2,146)
Street maintenance	2,518,770	2,518,770	2,339,441	179,329
Stormwater maintenance	495,516	495,516	318,750	176,766
Lighting and landscaping	466,342	466,342	441,650	24,692
Maintenance	1,289,863	1,289,863	1,204,317	85,546
Total public works	5,296,746	5,296,746	4,832,559	464,187
Community development:				
Administration	399,807	399,807	327,575	72,232
Planning	674,639	674,639	549,068	125,571
Building and safety - L.A. County contract	19,000	19,000	10,654	8,346
Farmers' market	19,757	19,757	16,858	2,899
Human services	31,700	31,700	31,700	
Code enforcement	268,340	268,340	253,835	14,505
Total community development	1,413,243	1,413,243	1,189,690	223,553
Parks and recreation:				
Administration	873,797	873,797	803,019	70,778
Simms park	429,205	429,205	394,746	34,459
Thompson park	322,823	322,823	261,318	61,505
Caruthers park	262,866	262,866	252,628	10,238
Aquatic center	377,935	377,935	347,169	30,766
Civic center	74,888	74,888	75,467	(579)
City-school recreation	207,244	207,244	183,000	24,244
Youth-teen program	99,990	99,990	73,453	26,537
Batting cages	8,880	8,880	8,792	88
Preschool program	34,357	34,357	30,386	3,971
Share tri-cities	27,374	27,374	25,244	2,130
Total parks and recreation	2,719,359	2,719,359	2,455,222	264,137
Capital outlay	1,387,223	1,883,223	1,327,689	555,534
Debt service:				
Principal retirement	38,442	38,442	38,443	(1)
Interest and other charges	1,458	1,458	1,457	1
Total debt service	39,900	39,900	39,900	
Total expenditures	24,043,069	24,616,819	22,622,319	1,994,500
Excess of revenues over (under) expenditures	(1,807,514)	(2,336,764)	994,452	3,331,216

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, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amount	(Negative)
OTHER FINANCING SOURCES (USES):				
Transfers in	$ 1,458,900	$ 1,458,900	$ 1,390,595	$ (68,305)
Transfers out	(526,355)	(535,919)	(531,021)	4,898
Total other financing sources (uses)	932,545	922,981	859,574	(63,407)
Net change in fund balance	(874,969)	(1,413,783)	1,854,026	3,267,809
Fund balance - July 1, 2005	20,537,094	20,537,094	20,537,094	
Fund balance - June 30, 2006	$ 19,662,125	$ 19,123,311	$ 22,391,120	$ 3,267,809

See Notes to the Basic Financial Statements

CITY OF BELLFLOWER
STATEMENT OF NET ASSETS
INTERNAL SERVICE FUND
June 30, 2006

	Equipment Replacement Fund
ASSETS	
Current assets:	
Cash and investments	$ 1,842,228
Interest receivable	20,187
Total current assets	1,862,415
Noncurrent assets:	
Capital assets	
Depreciable furniture and fixtures, and equipment, net	659,456
Total noncurrent assets	659,456
Total assets	2,521,871
LIABILITIES	
Current liabilities:	
Accounts payable	15,809
Accrued liabilities	550
Total liabilities	16,359
NET ASSETS	
Invested in capital assets	659,456
Unrestricted	1,846,056
Total net assets	$ 2,505,512

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, 2006

	Equipment Replacement Fund
OPERATING REVENUES	
Department charges	$ 329,177
Total operating revenues	329,177
OPERATING EXPENSES	
Administration	36,343
Depreciation	217,793
Total operating expenses	254,136
Operating income	75,041
NON-OPERATING REVENUES (EXPENSES)	
Investment earnings	79,073
Gain (loss) on sale of capital assets	2,244
Total non-operating revenues and expenses	81,317
Changes in net assets	156,358
Total net assets, July 1, 2005	2,349,154
Total net assets, June 30, 2006	$ 2,505,512

See Notes to the Basic Financial Statements

CITY OF BELLFLOWER
STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUND
For the Fiscal Year Ended June 30, 2006

	Equipment Replacement Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Payments to employees	$ (25,812)
Payments to suppliers	(67,777)
Internal activity - receipts from other funds	329,177
Net cash provided (used) by operating activities	235,588
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Sales of capital assets	2,244
Purchases of capital assets	(403,535)
Net cash provided (used) by capital and related financing activities	(401,291)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest earnings	73,809
Net cash provided by investing activities	73,809
Net increase (decrease) in cash and cash equivalents	(91,894)
Cash and cash equivalents, July 1, 2005	1,934,122
Cash and cash equivalents, June 30, 2006	$ 1,842,228
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:	
Operating income	$ 75,041
Adjustments to reconcile operating income to net cash provided (used)	
Depreciation	217,793
Changes in assets and liabilities:	
Accounts payable	(57,593)
Accrued liabilities	347
Net cash provided (used) by operating activities	$ 235,588

See Notes to the Basic Financial Statements

CITY OF BELLFLOWER
STATEMENT OF FIDUCIARY FUND NET ASSETS
AGENCY FUND
June 30, 2006

	Agency Fund
ASSETS	
Cash and investments	$ 1,047,809
LIABILITIES	
Accounts payable	$ 397
Deposits payable	1,047,412
Total liabilities	$ 1,047,809

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.

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.

Fiduciary Fund

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Receivables and Payables (Continued)

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)

D. 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, 2006.

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)

D. 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 enabling legislation (such as citizens, public interest groups, or the judiciary - can compel a government to honor) and include unspent proceeds of bonds issued to acquire or construct capital assets. The City's other restricted net assets are temporarily restricted (ultimately expendable assets). All other net assets are considered unrestricted.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Net Assets and Fund Equity (Continued)

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

E. Estimates

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

F. New Accounting Pronouncements:

Governmental Accounting Standards Board Statement No. 44

For the fiscal year ended June 30, 2006, the City implemented GASB Statement No. 44, "Economic Condition Reporting: The Statistical Section". This Statement is effective for the City for the fiscal period beginning after June 15, 2005. This Statement enhances and updates the statistical section that accompanies a local government's basic financial statements to reflect the significant changes that have taken place in the government. The statistical section comprises schedules presenting trend information about revenues and expenses, trend information about the government's significant revenue source, outstanding debt, economics and demographics, and operating information. Implementation of GASB Statement No. 44 did not have an impact on the City's financial statements for the year ended June 30, 2006, but required additional disclosures in the statistical section of the Comprehensive Annual Financial Report.

Governmental Accounting Standards Board Statement No. 46

For the fiscal year ended June 30, 2006, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 46, "Net Assets Restricted by Enabling Legislation – an amendment of GASB Statement No. 34". This statement is effective for the fiscal periods beginning after June 15, 2005. This Statement requires that limitations on the use of net assets imposed by enabling legislation restriction be reported as restricted net assets. A legally enforceable enabling legislation restriction is on that a partly external to the City such as citizens, public interest groups, or the judiciary – can compel a government to honor. Implementation of GASB Statement No. 46 did not have an impact on the City's financial statements for the fiscal year ended June 30, 2006.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 $19,205,295 long-term debt difference is as follows:

Long-term debt	
Refunding certificates of participation payable	$ 4,705,000
Refunding taxable tax allocation bonds payable	7,480,000
Section 108 loan payable	6,797,000
California energy commission loan payable	19,654
Note payable - Dietz	203,641
Net adjustment to reduce fund balance of total governmental funds to arrive at net assets of governmental activities	$ 19,205,295

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 $7,150,591 difference are as follows:

Capital outlay	
Capital outlay	$ 10,801,152
Depreciation	(1,046,865)
Construction in progress recorded in previous fiscal years but City had decided not to continue the projects	(175,350)
Capital outlay recorded in governmental funds but not meeting the capitalization policy of the City	(2,428,346)
Net adjustment to increase net changes in fund balances of total governmental funds to arrive at changes in net assets of governmental activities	$ 7,150,591

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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 $598,519 difference are as follows:

Principal repayments:		
Refunding certificates of participation	$	240,000
Taxable tax allocation bonds		110,000
CEC loan		38,443
Section 108 loan		203,000
Note payable - Dietz		7,076
Net adjustment to decrease net changes in fund balances of total governmental funds to arrive at changes in net assets of governmental activities	$	598,519

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. General Budget Policies

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

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

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

B. Excess Expenditures over Appropriations

The following are funds in which certain expenditures exceeded appropriations for the fiscal year ended June 30, 2006.

Fund/Function	Final Appropriation	Expenditures	Excess
Non-major Funds:			
Special revenue funds:			
TDA Article 3			
Capital outlay	$ 40,200	$ 40,225	$ 25
Building and Safety			
Community development	647,065	689,163	41,558
Capital outlay		526	526
CA – COPS Grant			
Public safety	113,000	113,756	756
Traffic Relief			
Capital outlay	323,930	346,346	22,416
Debt service fund:			
Redevelopment agency			
Debt service	1,339,516	1,341,148	1,632
Pass-through payments	32,470	40,816	8,346
CDBG			
Capital outlay	711,000	773,318	62,318

NOTE 3 - CASH AND INVESTMENTS

Cash and investments as of June 30, 2006 are classified in the accompanying financial statements as follows:

Statement of net assets:	
Cash and investments	$ 14,462,227
Cash and investments with fiscal agents	4,785,867
Fiduciary fund statement of net assets:	
Cash and investments	1,047,809
Total cash and investments	$ 20,295,903

Cash and investments as of June 30, 2006 consist of the following:

Petty cash	$ 3,012
Deposits with financial institutions	(437,948)
Investments	20,730,839
Total cash and investments	$ 20,295,903

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	$ 4,072,644	$ -	$ 983,438	$ 1,923,750	$ 1,165,456	$ -	$ -
Certificates of Deposit	98,922	98,922					
State Investment Pool	11,663,933	11,663,933					
Money Market Funds	109,472	109,472					
Held by Bond Trustees:							
U.S. Treasury Bills	3,639,111	3,639,111					
FHLB	380,859				380,859		
Certificates of Deposit	198,000		198,000				
Money Market Funds	567,898	567,898					
Totals	$ 20,730,839	$ 16,079,336	$ 1,181,438	$ 1,923,750	$ 1,546,315	$ -	$ -

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	$ 4,072,644	N/A	$ -	$ 4,072,644	$ -	$ -	$ -
Certificates of Deposit	98,922	N/A					98,922
State Investment Pool	11,663,933	N/A					11,663,933
Money Market Funds	109,472	N/A					109,472
Held by Bond Trustees:							
U.S. Treasury Bills	3,639,111	N/A	3,639,111				
FHLB	380,859	N/A		380,859			
Certificates of Deposit	198,000	N/A					198,000
Money Market Funds	567,898	N/A					567,898
Totals	$ 20,730,839		$ 3,639,111	$ 4,453,503	$ -	$ -	$ 12,638,225

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	$ 4,453,503

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:

$4,453,503 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, 2006, $306,836 of the City's deposits with financial institutions in excess of federal depository insurance limits were held in collateralized accounts. As of June 30, 2006, 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	$ 4,072,644

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, 2006

	Receivable	Allowance	Net
Governmental Activities –			
Accounts	$ 1,044,226	$ -	$ 1,044,226
Due from other governments	3,597,596		3,597,596
Total Governmental Activities	$ 4,641,822	$ -	$ 4,641,822

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	$ 343,486
HOME Fund	3,041,728
Nonmajor Funds	
Community Development Block Grant Fund	958,774
Redevelopment Agency Housing Set-Aside Fund	929,980
Total Notes Receivable	$ 5,273,968

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, 2006

	Amortization Period In Months	Deferred Charges	Accumulated Amortization	Amortization for the Fiscal Year
2004 Refunding Tax Allocation Bonds	358	$ 579,637	$ 42,096	$ 19,429
Section 108 Loan	241	33,120	3,298	1,649
1999 Refunding Certificates of Participation	252	51,542	17,178	2,454
		$ 664,299	$ 62,572	$ 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, 2006 was $49,628 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, 2006

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	$ 1,742,690	$ -
From:	HUD Section 108 Capital Projects Fund		256,826
From:	HOME Capital Projects Fund		4,754
Nonmajor Funds			
Special Revenue Funds			
From:	Gas Tax Fund		129,271
From:	COG Position Fund		35,727
From:	Traffic Relief Fund		97,056
From:	Capital Projects Fund		802,241
Debt Service Fund:			
From:	Redevelopment Agency Fund		150,589
Capital Project Fund:			
From:	CDBG		266,226
		$ 1,742,690	$ 1,742,690

NOTE 8 - INTERFUND ACTIVITY (Continued)

The following represents the interfund activity of the City for the fiscal year ended June 30, 2006 (Continued)

B. Advances Receivable/Payable

At June 30, 2006, 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	$ 7,625,117	$ -
Redevelopment Agency Capital Projects Fund		7,625,117
	$ 7,625,117	$ 7,625,117

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	$ 1,390,595	$ 531,021
Capital Projects Funds:		
Redevelopment Agency Fund	51,572	
Non Major Funds		
Special Revenue Funds:		
Gas Tax Fund		1,390,595
Parking District No. 1 Fund	32,411	
Building and Safety Fund	26,481	
Debt Service Funds:		
Public Facilities Corporation Fund	472,129	
Redevelopment Agency Fund	113,902	51,572
Capital Projects Fund:		
Redevelopment Agency Housing Fund		113,902
	$ 2,087,090	$ 2,087,090

NOTE 9 – CAPITAL ASSETS

Governmental Activities

Changes in capital assets for governmental activities for the year ended June 30, 2006 were as follows:

	Balance July 1, 2005	Additions	Deletion	Balance June 30,2006
Capital Assets, not being depreciated				
Land	$ 11,083,938	$ 4,075,354	$ -	$ 15,159,292
Construction in progress	6,102,979	580,111	4,623,562	2,059,528
Total	17,186,917	4,655,465	4,623,562	17,218,820
Capital Assets, being depreciated:				
Building and improvements	14,238,903	5,613,402		19,852,305
Water rights	94,010			94,010
Equipment and furniture and fixtures	5,954,580	663,372	1,004,193	5,613,759
Infrastructure	10,754,627	2,292,314	77,532	12,969,409
Total	31,042,120	8,569,088	1,081,725	38,529,483
Less accumulated depreciation for:				
Buildings and improvements	6,004,209	429,710	302,400	6,131,519
Water rights	28,963	949		29,912
Equipment and furniture and fixtures	4,567,932	533,960	701,516	4,400,376
Infrastructure	4,225,779	300,039	77,532	4,448,286
Total	14,826,883	1,264,658	1,081,448	15,010,093
Total, net of accumulated depreciation	16,215,237	7,304,430	277	23,519,390
Total Capital Assets, Net	$ 33,402,154	$ 11,959,895	$ 4,623,839	$ 40,738,210

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

General government	$ 220,489
Public safety	74,681
Public works	544,520
Community development	171,778
Parks and recreation	253,190
Total	$ 1,264,658

Depreciation expense for governmental activities (governmental funds) is $1,046,865.

Depreciation expense for governmental activities (internal service fund) is $217,793.

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, 2006:

	Balance July 1, 2005	Additions	Deletions	Balance June 30, 2006	Due Within One Year
Governmental Activities:					
1999 Refunding Certificates of Participation	$ 4,945,000	$ -	$ 240,000	$ 4,705,000	$ 245,000
2004 Refunding Tax Allocation Bonds	7,590,000		110,000	7,480,000	110,000
California Energy Commission Loan	58,097		38,443	19,654	19,654
Section 108 Loan	7,000,000		203,000	6,797,000	225,000
Note Payable - Dietz	210,717		7,076	203,641	7,359
Compensated Absences	1,070,398	695,994	623,590	1,142,802	623,590
	$ 20,874,212	$ 695,994	$ 1,222,109	$ 20,348,097	$ 1,230,603

B. Refunding Certificates of Participation

The 1999 Refunding Certificates of Participation (COPS) issued by the Bellflower Public Facilities Corporation and outstanding at June 30, 2006 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, 2006 was $4,705,000.

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, 2006 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 outstanding balance as of June 30, 2006 was $7,480,000.

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, 2006 was $19,654.

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, 2006 was $6,797,000.

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, 2006 was $203,641.

F. Compensated Absences

A majority of the compensated absences is liquidated by the General Fund.

G. 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, 2006, the unpaid principal balance for the defeased bonds was $1,920,000.

NOTE 10 – LONG-TERM DEBT (Continued)

G. Long-Term Debt Amortization

The annual requirements to amortize long-term debt outstanding at June 30, 2006 (other than compensated absences) are as follows:

	1999 Refunding Certificates of Participation		
Fiscal Year Ended June 30,	Principal Amount	Interest Amount	Total
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	290,000	173,422	463,422
2012-2016	1,685,000	637,056	2,322,056
2017-2020	1,680,000	173,000	1,853,000
	$ 4,705,000	$ 1,799,076	$ 6,504,076

	2004 Refunding Tax Allocation Bonds		
Fiscal Year Ended June 30,	Principal Amount	Interest Amount	Total
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	130,000	457,584	587,584
2012-2016	785,000	2,165,889	2,950,889
2017-2021	1,060,000	1,881,823	2,941,823
2022-2026	1,460,000	1,481,375	2,941,375
2027-2031	2,015,000	930,600	2,945,600
2032-2034	1,560,000	210,540	1,770,540
	$ 7,480,000	$ 9,014,137	$16,494,137

	California Energy Commission Loan		
Fiscal Year Ended June 30,	Principal Amount	Interest Amount	Total
2007	$ 19,654	$ 296	$ 19,950
	$ 19,654	$ 296	$ 19,950

NOTE 10 – LONG-TERM DEBT (Continued)

G. Long-Term Debt Amortization (Continued)

Fiscal Year Ended June 30,	Section 108 Loan Principal Amount	Interest Amount	Total
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	273,000	317,538	590,538
2012-2016	1,576,000	1,367,933	2,943,933
2017-2021	1,999,000	886,097	2,885,097
2022-2025	1,980,000	243,607	2,223,607
	$ 6,797,000	$ 4,190,685	$10,987,685

Fiscal Year Ended June 30,	Note Payable - Dietz Principal Amount	Interest Amount	Total
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	8,609	6,896	15,505
2012-2016	48,497	29,028	77,525
2017-2021	59,003	18,522	77,525
2022-2025	56,281	5,738	62,019
	$ 203,641	$ 90,953	$ 294,594

Fiscal Year Ended June 30,	Total Governmental Activities Principal Amount	Interest Amount	Total
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	701,609	955,440	1,657,049
2011-2015	4,094,497	4,199,906	8,294,403
2016-2020	4,798,003	2,959,442	7,757,445
2021-2025	3,496,281	1,730,720	5,227,001
2026-2030	2,015,000	930,600	2,945,600
2031-2034	1,560,000	210,540	1,770,540
	$ 19,205,295	$ 15,095,147	$34,300,442

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, 2006, the amount contributed by the City on behalf of the employees was $379,216. 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, 2006 was 6.525% 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, 2006, the City's annual pension cost (employer contribution) of $361,386 for miscellaneous employees was equal to the City's required and actual contributions. The required contribution was determined as part of the June 30, 2003, actuarial valuation using the entry age actuarial cost method.

The actuarial assumptions included (a) 7.75% long term investment rate of return (net of administrative expenses), (b) projected annual salary increases that vary from 3.25% to 14.45% depending on age, service, and type of employment, (c) long term inflation of 3.00% which is a component of both the long term rate of return and the salary scale, (d) overall payroll growth of 3.25% 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 3.00% 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
6/30/04	$ 0	100%	$ 0
6/30/05	0	100%	0
6/30/06	361,386	100%	0

* Employer contribution.

Schedule of Funding Progress for PERS (Risk Pool)

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]
6/30/03	$2,596,966,545	$2,372,879,034	$224,087,511	91.4%	$725,020,458	30.9%
6/30/04	2,746,095,668	2,460,944,656	285,151,012	89.6%	743,691,970	38.3%
6/30/05	2,891,460,651	2,588,713,000	302,747,651	89.5%	755,046,679	40.1%

** UAAL - Unfunded actuarial accrued liability

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 $261,277 were recognized for postemployment medical benefits, covering 44 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 109 California public entities and is organized under a joint powers agreement pursuant to California Government Code §6500 et seq. The purpose of the Authority is to arrange and administer programs for the pooling of self-insured losses, to purchase excess insurance or reinsurance, and to arrange for group purchased insurance for property and other coverages. The Authority's pool began covering claims of its members in 1978. Each member government has an elected official as its representative on the Board of Directors which operates through a 9-member Executive Committee.

General Liability

Each member government pays a primary deposit to cover estimated losses for a fiscal year (claims year). Six months after the close of a fiscal year, outstanding claims are valued. A retrospective deposit computation is then made for each open claims year. Claims are pooled separately between police and non-police. Loss development reserves are allocated by pool and by loss layer. 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 $10,000,000 are pooled based on payroll. Costs of covered claims above $10,000,000 are currently paid by excess insurance. The protection for each member is $50,000,000 per occurrence and $50,000,000 annual aggregate. Administrative expenses are paid from the Authority’s investment earnings.

Workers' Compensation Coverage

The City of Bellflower also participates in the workers’ compensation pool administered by the Authority. Claims are pooled separately between public safety and non-public safety. Loss development reserves are allocated by pool and by loss layer. Members retain the first $50,000 of each claim. Loss from $50,001 to $100,000 and the loss development reserve associated with losses up to $100,000 are pooled base on the member’s share of losses under $50,000. Losses from $100,001 to $2,000,000 and loss development reserves associated with losses from $100,001 to $2,000,000 are pooled based on payroll. Costs from $2,000,001 to $150,000,000 are transferred to an excess insurance policy. Costs in excess of $150,000,000 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 $50,000,000 for the 3-year period from July 1, 2005 through June 30, 2008. Each member of the Authority has a $10,000,000 limit during the 3-year term of the policy.

Property Insurance

The City of Bellflower participates in the all-risk property protection program of the Authority. This insurance protection is underwritten by several insurance companies. The City of Bellflower property is currently insured according to a schedule of covered property submitted by the City to the Authority. Total all-risk property insurance coverage is $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.

Fidelity Bonds

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

As of June 30, 2006, no claims exceeded insurance coverage in the last three years.

NOTE 15 - DEFICIT FUND BALANCE

A deficit undesignated fund balance of $7,745,022 exists in the major redevelopment agency capital projects fund. Tax increment revenue received over the life of the Agency should be adequate to reduce the deficit. Any remaining deficit at the end of the Agency's life will be absolved by the City's General Fund.

NOTE 16 - NET ASSETS – GOVERNMENTAL ACTIVITIES

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

Detail of the three categories is as follows:

	Governmental Activities
Net Assets	
Invested in capital assets, net of related debt:	
Total capital assets, net depreciation	$ 40,738,210
Less: total capital related debt	(18,143,559)
Invested in capital assets, net of related debt	22,594,651
Restricted for:	
Construction of capital assets	4,324,250
Debt service	197,123
Street, highways, bikeways, public transit, and other purposes	1,428,964
Housing	1,820,448
Public safety	89,256
Arts	30,103
Total Restricted	7,890,144
Unrestricted	20,901,096
Total net assets	$ 51,385,891

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

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

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

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

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

Neither the faith, credit nor the taxing power of the City or the Agency is pledged to the repayment of the bonds. Accordingly, no liability has been recorded in the basic financial statements. As of June 30, 2006, the amounts of principal outstanding on the bonds were $8,460,000 for Series 2002A and $400,000 for Series 2002B, for a total of $8,860,000.

NOTE 18 - 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, 2006, the remaining balance on the parking lot construction commitment was $199,614.

NOTE 18 - COMMITMENTS (CONTINUED)

Other Construction Commitments

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

Vendor	Project	Project Authorization	Expended to June 30, 2006	Committed
Freeway Electric	Traffic signal improvements on Bellflower Blvd	$ 297,000	$ -	$ 297,000

NOTE 19 - CONTINGENCIES

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

NOTE 20 - SUBSEQUENT EVENT

On December 12, 2006, the City executed a Settlement Agreement and Release of Claims with a local water company, Peerless Water Company, for the purchase of substantially all of its assets for a total purchase price of $5,800,000. Pursuant to the agreement, the City deposited the full amount of the purchase price in the State of California Treasurer's Office's Condemnation Deposits Fund within the prescribed time. The actual transfer of ownership will take place on January 12, 2007.

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, 2006

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES			
Investment earnings	$ 54,000	$ 173,071	$ 119,071
Total revenues	54,000	173,071	119,071
EXPENDITURES			
Capital outlay	4,388,655	1,011,433	3,377,222
Total expenditures	4,388,655	1,011,433	3,377,222
Net change in fund balance	(4,334,655)	(838,362)	3,496,293
Fund balance - July 1, 2005	4,689,391	4,689,391	
Fund balance - June 30, 2006	$ 354,736	$ 3,851,029	$ 3,496,293

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, 2006

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES			
Investment earnings	$ 5,000	$ 122,902	$ 117,902
Intergovernmental revenue	1,444,303	394,866	(1,049,437)
Total revenues	1,449,303	517,768	(931,535)
EXPENDITURES			
Current:			
Community development	1,449,303	517,768	931,535
Total expenditures	1,449,303	517,768	931,535
Net change in fund balance			
Fund balance - July 1, 2005			
Fund balance - June 30, 2006	$ -	$ -	$ -

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, 2006

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES			
Investment earnings	$ -	$ 32,183	$ 32,183
Other revenue	1,703,000	1,722,165	19,165
Total revenues	1,703,000	1,754,348	51,348
EXPENDITURES			
Current:			
Community development	972,961	691,435	281,526
Capital outlay	8,018,000	6,467,362	1,550,638
Total expenditures	8,990,961	7,158,797	1,832,164
Excess of revenues over (under) expenditures	(7,287,961)	(5,404,449)	1,883,512
OTHER FINANCING SOURCES (USES)			
Transfer in	464,077	51,572	(412,505)
Total other financing sources (uses)	464,077	51,572	(412,505)
Net change in fund balance	(6,823,884)	(5,352,877)	1,471,007
Fund balance - July 1, 2005	(2,392,145)	(2,392,145)	
Fund balance - June 30, 2006	$ (9,216,029)	$ (7,745,022)	$ 1,471,007

CITY OF BELLFLOWER

Families. Businesses. Futures.

"GROWING TOGETHER"

COMBINING AND INDIVIDUAL NONMAJOR GOVERNMENTAL FUND STATEMENTS AND SCHEDULES

CITY OF BELLFLOWER
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2006

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:

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

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

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

CITY OF BELLFLOWER
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2006

	Special Revenue Funds			
	Drug Forfeiture Fund	Transportation Fund	Proposition C Fund	Gas Tax Fund
ASSETS				
Cash and investments	$ 88,647	$ 303,253	$ 1,146,721	$ -
Cash and investments with fiscal agents				
Accounts receivable - net				129,271
Interest receivable	1,012	2,656	11,878	
Notes receivable				
Total assets	$ 89,659	$ 305,909	$ 1,158,599	$ 129,271
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	$ 403	$ 61,782	$ 40,306	$ -
Accrued expenditures		6,269	13,934	
Deposit payable				
Due to other funds				129,271
Deferred revenue				
Total Liabilities	403	68,051	54,240	129,271
Fund Balances:				
Reserved:				
Debt service				
Low and moderate income housing				
Unreserved:				
Designated for special revenue purposes	89,256	237,858	1,104,359	
Undesignated				
Total fund balances	89,256	237,858	1,104,359	
Total liabilities and fund balances	$ 89,659	$ 305,909	$ 1,158,599	$ 129,271

Special Revenue Funds				
AQMD Fund	Sewer Reconstruction Fund	TDA Article 3 Fund	Parking District No. 1 Fund	Building and Safety Fund
$ 61,975	$ 340,891	$ -	$ 227	$ 45,215
24,240			1,152	
532	3,611			
$ 86,747	$ 344,502	$ -	$ 1,379	$ 45,215
$ -	$ -	$ -	$ 812	$ 41,768
			567	3,247
				200
			1,379	45,215
86,747	344,502			
86,747	344,502			
$ 86,747	$ 344,502	$ -	$ 1,379	$ 45,215

Continued

CITY OF BELLFLOWER
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2006
(Continued)

	Special Revenue Funds			
	Public Arts Fund	CA-COPS Grant Fund	COG Position Fund	Traffic Relief Fund
ASSETS				
Cash and investments	$ 29,944	$ 10,784	$ -	$ -
Cash and investments with fiscal agents				
Accounts receivable - net			38,098	97,056
Interest receivable	159	176		
Notes receivable				
Total assets	$ 30,103	$ 10,960	$ 38,098	$ 97,056
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	$ -	$ 10,960	$ -	$ -
Accrued expenditures			2,371	
Deposit payable				
Due to other funds			35,727	97,056
Deferred revenue				
Total Liabilities		10,960	38,098	97,056
Fund Balances:				
Reserved:				
Debt service				
Low and moderate income housing				
Unreserved:				
Designated for special revenue purposes	30,103			
Undesignated				
Total fund balances	30,103			
Total liabilities and fund balances	$ 30,103	$ 10,960	$ 38,098	$ 97,056

Debt Service Funds		Capital Projects Funds			
Public Facilities Corporation Fund	Redevelopment Agency Fund	CDBG Fund	Capital Projects Fund	Redevelopment Agency Housing Fund	Totals
$ -	$ 17,706	$ -	$ -	$ 874,803	$ 2,920,166
130	598,307				598,437
	143,301	423,494	965,945	35,825	1,858,382
	3,408			8,959	32,391
		958,774		929,980	1,888,754
$ 130	$ 762,722	$ 1,382,268	$ 965,945	$ 1,849,567	$ 7,298,130
$ -	$ 4,685	$ 150,990	$ 34,985	$ 17,624	$ 364,315
		6,278		498	33,164
					200
	150,589	266,226	802,241		1,481,110
		958,774		940,977	1,899,751
	155,274	1,382,268	837,226	959,099	3,778,540
130	607,448				607,578
				890,468	890,468
					1,892,825
			128,719		128,719
130	607,448		128,719	890,468	3,519,590
$ 130	$ 762,722	$ 1,382,268	$ 965,945	$ 1,849,567	$ 7,298,130

CITY OF BELLFLOWER
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2006

	Special Revenue Funds			
	Drug Forfeiture Fund	Transportation Fund	Proposition C Fund	Gas Tax Fund
REVENUES				
Taxes	$ -	$ -	$ -	$ -
Licenses and permits				
Investment earnings	3,104	8,229	42,506	
Charges for current services				
Intergovernmental revenue	20,894	1,241,729	1,068,054	1,390,595
Other revenues				
Total revenues	23,998	1,249,958	1,110,560	1,390,595
EXPENDITURES				
Current:				
General government				
Public safety				
Public works		1,151,262	963,823	
Community development				
Capital outlay	23,990		152,331	
Debt service:				
Principal retirement				
Interest and other charges				
Pass-through payments				
Total expenditures	23,990	1,151,262	1,116,154	
Excess of revenues over (under) expenditures	8	98,696	(5,594)	1,390,595
OTHER FINANCING SOURCES (USES)				
Transfers in				
Transfers out				(1,390,595)
Total other financing sources (uses)				(1,390,595)
Net change in fund balances	8	98,696	(5,594)	
Fund balances - July 1, 2005	89,248	139,162	1,109,953	
Fund balances - June 30, 2006	$ 89,256	$ 237,858	$ 1,104,359	$ -

Special Revenue Funds				
AQMD Fund	Sewer Reconstruction Fund	TDA Article 3 Fund	Parking District No. 1 Fund	Building and Safety Fund
$ -	$ -	$ -	$ -	$ -
				663,208
832	13,057			
			8,945	
92,203		40,225		
	1,638			
93,035	14,695	40,225	8,945	663,208
			41,356	
				689,163
9,970	7,459	40,225		526
9,970	7,459	40,225	41,356	689,689
83,065	7,236		(32,411)	(26,481)
			32,411	26,481
			32,411	26,481
83,065	7,236			
3,682	337,266			
$ 86,747	$ 344,502	$ -	$ -	$ -

Continued

CITY OF BELLFLOWER
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2006
(Continued)

	Special Revenue Funds			
	Public Arts Fund	CA-COPS Grant Fund	COG Position Fund	Traffic Relief Fund
REVENUES				
Taxes	$ -	$ -	$ -	$ -
Licenses and permits				
Investment earnings	162	1,914		765
Charges for current services	29,941		137,204	
Intergovernmental revenue		111,842		345,581
Other revenues				
Total revenues	30,103	113,756	137,204	346,346
EXPENDITURES				
Current:				
General government				
Public safety		113,756		
Public works				
Community development			137,204	
Capital outlay				346,346
Debt service:				
Principal retirement				
Interest and other charges				
Pass-through payment				
Total expenditures		113,756	137,204	346,346
Excess of revenues over (under) expenditures	30,103			
OTHER FINANCING SOURCES (USES)				
Transfers in				
Transfers out				
Total other financing sources (uses)				
Net change in fund balances	30,103			
Fund balances - July 1, 2005				
Fund balances - June 30, 2006	$ 30,103	$ -	$ -	$ -

Debt Service Funds		Capital Projects Funds			
Public Facilities Corporation Fund	Redevelopment Agency Fund	CDBG Fund	Capital Projects Fund	Redevelopment Agency Housing Fund	Totals
$ -	$ 1,263,235	$ -	$ -	$ 344,700	$ 1,607,935
					663,208
339	21,510	34,392		47,639	174,449
					176,090
		2,270,701	584,044		7,165,868
				11,250	12,888
339	1,284,745	2,305,093	584,044	403,589	9,800,438
					113,756
					2,156,441
	21,801	966,006		107,610	1,921,784
		773,318	639,684		1,993,849
240,000	117,076	203,000			560,076
232,365	1,224,072	362,769			1,819,206
	40,816				40,816
472,365	1,403,765	2,305,093	639,684	107,610	8,605,928
(472,026)	(119,020)		(55,640)	295,979	1,194,510
472,129	113,902				644,923
	(51,572)			(113,902)	(1,556,069)
472,129	62,330			(113,902)	(911,146)
103	(56,690)		(55,640)	182,077	283,364
27	664,138		184,359	708,391	3,236,226
$ 130	$ 607,448	$ -	$ 128,719	$ 890,468	$ 3,519,590

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, 2006

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES			
Investment earnings	$ 2,900	$ 3,104	$ 204
Intergovernmental revenue	5,000	20,894	15,894
Total revenues	7,900	23,998	16,098
EXPENDITURES			
Current:			
Public safety	15,000		15,000
Capital outlay	37,500	23,990	13,510
Total expenditures	52,500	23,990	28,510
Net change in fund balance	(44,600)	8	44,608
Fund balance - July 1, 2005	89,248	89,248	
Fund balance - June 30, 2006	$ 44,648	$ 89,256	$ 44,608

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, 2006

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES			
Investment earnings	$ 1,000	$ 8,229	$ 7,229
Intergovernmental revenue	1,130,000	1,241,729	111,729
Total revenues	1,131,000	1,249,958	118,958
EXPENDITURES			
Current:			
Public works	1,208,857	1,151,262	57,595
Capital outlay	1,700		1,700
Total expenditures	1,210,557	1,151,262	59,295
Net change in fund balance	(79,557)	98,696	178,253
Fund balance - July 1, 2005	139,162	139,162	
Fund balance - June 30, 2006	$ 59,605	$ 237,858	$ 178,253

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, 2006

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES			
Investment earnings	$ 15,000	$ 42,506	$ 27,506
Intergovernmental revenue	941,000	1,068,054	127,054
Total revenues	956,000	1,110,560	154,560
EXPENDITURES			
Current:			
Public works	980,246	963,823	16,423
Capital outlay	779,129	152,331	626,798
Total expenditures	1,759,375	1,116,154	643,221
Net change in fund balance	(803,375)	(5,594)	797,781
Fund balance - July 1, 2005	1,109,953	1,109,953	
Fund balance - June 30, 2006	$ 306,578	$ 1,104,359	$ 797,781

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, 2006

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES			
Intergovernmental revenue	$ 1,458,900	$ 1,390,595	$ (68,305)
Total revenues	1,458,900	1,390,595	(68,305)
OTHER FINANCING SOURCES (USES)			
Transfers out	(1,458,900)	(1,390,595)	68,305
Total other financing sources (uses)	(1,458,900)	(1,390,595)	68,305
Net change in fund balance			
Fund balance - July 1, 2005			
Fund balance - June 30, 2006	$ -	$ -	$ -

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, 2006

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES			
Investment earnings	$ 100	$ 832	$ 732
Intergovernmental revenue	99,000	92,203	(6,797)
Total revenues	99,100	93,035	(6,065)
EXPENDITURES			
Public works	28,620		28,620
Capital outlay	83,250	9,970	73,280
Total expenditures	111,870	9,970	101,900
Net change in fund balance	(12,770)	83,065	95,835
Fund balance - July 1, 2005	3,682	3,682	
Fund balance - June 30, 2006	$ (9,088)	$ 86,747	$ 95,835

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, 2006

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES			
Investment earnings	$ 6,000	$ 13,057	$ 7,057
Other revenues	2,500	1,638	(862)
Total revenues	8,500	14,695	6,195
EXPENDITURES			
Public works	122,000		122,000
Capital outlay	107,000	7,459	99,541
Total expenditures	229,000	7,459	221,541
Net change in fund balance	(220,500)	7,236	227,736
Fund balance - July 1, 2005	337,266	337,266	
Fund balance - June 30, 2006	$ 116,766	$ 344,502	$ 227,736

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, 2006

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES			
Intergovernmental revenue	$ 40,200	$ 40,225	$ 25
Total revenues	40,200	40,225	25
EXPENDITURES			
Capital outlay	40,200	40,225	(25)
Total expenditures	40,200	40,225	(25)
Net change in fund balance			
Fund balance - July 1, 2005			
Fund balance - June 30, 2006	$ -	$ -	$ -

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, 2006

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES			
Charges for current services	$ 9,400	$ 8,945	$ (455)
Total revenues	9,400	8,945	(455)
EXPENDITURES			
Current:			
Public works	49,849	41,356	8,493
Total expenditures	49,849	41,356	8,493
Excess of revenues over (under) expenditures	(40,449)	(32,411)	8,038
OTHER FINANCING SOURCES (USES)			
Transfers in	40,449	32,411	(8,038)
Total other financing sources (uses)	40,449	32,411	(8,038)
Net change in fund balance			
Fund balance - July 1, 2005			
Fund balance - June 30, 2006	$ -	$ -	$ -

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, 2006

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES			
Licenses and permits	$ 625,000	$ 663,208	$ 38,208
Total revenues	625,000	663,208	38,208
EXPENDITURES			
Current:			
Community development	647,605	689,163	(41,558)
Capital outlay		526	(526)
Total expenditures	647,605	689,689	(42,084)
Excess of revenues over (under) expenditures	(22,605)	(26,481)	(3,876)
OTHER FINANCING SOURCES (USES)			
Transfers in	22,605	26,481	3,876
Total other financing sources (uses)	22,605	26,481	3,876
Net change in fund balance			
Fund balance - July 1, 2005			
Fund balance - June 30, 2006	$ -	$ -	$ -

CITY OF BELLFLOWER
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
PUBLIC ARTS SPECIAL REVENUE FUND
For the Fiscal Year Ended June 30, 2006

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES			
Investment earnings	$ -	$ 162	$ 162
Charges for current services		29,941	29,941
Total revenues		30,103	30,103
Net change in fund balance		30,103	30,103
Fund balance - July 1, 2005			
Fund balance - June 30, 2006	$ -	$ 30,103	$ 30,103

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, 2006

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES			
Investment earnings	$ 500	$ 1,914	$ 1,414
Intergovernmental revenue	112,500	111,842	(658)
Total revenues	113,000	113,756	756
EXPENDITURES			
Current:			
Public safety	113,000	113,756	(756)
Total expenditures	113,000	113,756	(756)
Net change in fund balance			
Fund balance - July 1, 2005			
Fund balance - June 30, 2006	$ -	$ -	$ -

CITY OF BELLFLOWER
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
COG POSITION SPECIAL REVENUE FUND
For the Fiscal Year Ended June 30, 2006

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES			
Charges for current services	$ 137,204	$ 137,204	$ -
Total revenues	137,204	137,204	
EXPENDITURES			
Current:			
Community development	137,204	137,204	
Total expenditures	137,204	137,204	
Net change in fund balance			
Fund balance - July 1, 2005			
Fund balance - June 30, 2006	$ -	$ -	$ -

CITY OF BELLFLOWER
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
TRAFFIC RELIEF SPECIAL REVENUE FUND
For the Fiscal Year Ended June 30, 2006

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES			
Investment earnings	$ -	$ 765	$ 765
Intergovernmental revenue	323,930	345,581	21,651
Total revenues	323,930	346,346	22,416
EXPENDITURES			
Capital outlay	323,930	346,346	(22,416)
Total expenditures	323,930	346,346	(22,416)
Net change in fund balance			
Fund balance - July 1, 2005			
Fund balance - June 30, 2006	$ -	$ -	$ -

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, 2006

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES			
Investment earnings	$ 10	$ 339	$ 329
Total revenues	10	339	329
EXPENDITURES			
Debt service:			
Principal retirement	240,000	240,000	
Interest and other charges	232,865	232,365	500
Total expenditures	472,865	472,365	500
Excess of revenues over (under) expenditures	(472,855)	(472,026)	829
OTHER FINANCING SOURCES (USES)			
Transfers in	472,865	472,129	(736)
Total other financing sources (uses)	472,865	472,129	(736)
Net change in fund balance	10	103	93
Fund balance - July 1, 2005	27	27	
Fund balance - June 30, 2006	$ 37	$ 130	$ 93

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, 2006

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES			
Taxes	$ 973,400	$ 1,263,235	$ 289,835
Investment earnings	25,000	21,510	(3,490)
Total revenues	998,400	1,284,745	286,345
EXPENDITURES			
Current:			
Community development	23,210	21,801	1,409
Debt service:			
Principal retirement	117,076	117,076	
Interest and other charges	1,222,440	1,224,072	(1,632)
Pass-through payments	32,470	40,816	(8,346)
Total expenditures	1,395,196	1,403,765	(8,569)
Excess of revenues over (under) expenditures	(396,796)	(119,020)	277,776
OTHER FINANCING SOURCES (USES)			
Transfers in	118,598	113,902	(4,696)
Transfers out	(452,823)	(51,572)	401,251
Total other financing sources (uses)	(334,225)	62,330	396,555
Net change in fund balance	(731,021)	(56,690)	674,331
Fund balance - July 1, 2005	664,138	664,138	
Fund balance - June 30, 2006	$ (66,883)	$ 607,448	$ 674,331

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, 2006

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES			
Investment earnings	$ 25,000	$ 34,392	$ 9,392
Intergovernmental revenue	2,328,465	2,270,701	(57,764)
Total revenues	2,353,465	2,305,093	(48,372)
EXPENDITURES			
Community development	1,076,696	966,006	110,690
Capital outlay	711,000	773,318	(62,318)
Debt service:			
Principal retirement	203,000	203,000	
Interest and other charges	362,769	362,769	
Total expenditures	2,353,465	2,305,093	48,372
Net change in fund balance			
Fund balance - July 1, 2005			
Fund balance - June 30, 2006	$ -	$ -	$ -

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, 2006

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES			
Intergovernmental revenue	$ 3,774,775	$ 584,044	$ (3,190,731)
Total revenues	3,774,775	584,044	(3,190,731)
EXPENDITURES			
Capital outlay	3,901,556	639,684	3,261,872
Total expenditures	3,901,556	639,684	3,261,872
Net change in fund balance	(126,781)	(55,640)	71,141
Fund balance - July 1, 2005	184,359	184,359	
Fund balance - June 30, 2006	$ 57,578	$ 128,719	$ 71,141

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, 2006

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES			
Taxes	$ 270,100	$ 344,700	$ 74,600
Investment earnings	12,000	47,639	35,639
Other revenues	11,254	11,250	(4)
Total revenues	293,354	403,589	110,235
EXPENDITURES			
Current:			
Community development	531,051	107,610	423,441
Total expenditures	531,051	107,610	423,441
Excess of revenues over (under) expenditures	(237,697)	295,979	533,676
OTHER FINANCING SOURCES (USES)			
Transfers out	(129,852)	(113,902)	15,950
Total other financing sources (uses)	(129,852)	(113,902)	15,950
Net change in fund balance	(367,549)	182,077	549,626
Fund balance - July 1, 2005	708,391	708,391	
Fund balance - June 30, 2006	$ 340,842	$ 890,468	$ 549,626

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, 2006

	Balance July 1, 2005	Additions	Deductions	Balance June 30, 2006
Agency Fund				
Assets:				
Cash and investments	$ 864,272	$ 449,743	$ 266,206	$ 1,047,809
Liabilities:				
Accounts payable	$ 500	$	$ 103	$ 397
Deposits payable	863,772	449,743	266,103	1,047,412
Total liabilities	$ 864,272	$ 449,743	$ 266,206	$ 1,047,809

CITY OF BELLFLOWER

Families. Businesses. Futures.

"GROWING TOGETHER"

STATISTICAL SECTION
(UNAUDITED)

CITY OF BELLFLOWER

Families. Businesses. Futures.

"GROWING TOGETHER"

CITY OF BELLFLOWER

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

	Fiscal Year			
	2006	2005	2004	2003
Governmental activities:				
Invested in capital assets, net of related debt	$22,594,651	$14,706,513	$10,751,912	$18,597,924
Restricted	7,890,144	10,033,611	14,510,268	4,758,956
Unrestricted	20,901,096	21,643,482	17,575,155	17,225,057
Total governmental activities net assets	51,385,891	46,383,606	42,837,335	40,581,937
Primary government:				
Invested in capital assets, net of related debt	$22,594,651	$14,706,513	$10,751,912	$18,597,924
Restricted	7,890,144	10,033,611	14,510,268	4,758,956
Unrestricted	20,901,096	21,643,482	17,575,155	17,225,057
Total primary government net assets	$51,385,891	$46,383,606	$42,837,335	$40,581,937

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

Source: City Finance Department

CITY OF BELLFLOWER

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

	Fiscal Year			
	2006	2005	2004	2003
Expenses:				
Governmental activities:				
General government	$ 4,190,022	$ 4,251,643	$ 3,314,466	$ 3,842,068
Public safety	8,931,846	8,505,491	8,329,356	8,392,745
Public works	8,134,862	7,655,727	6,967,996	6,017,861
Community development	4,666,591	3,763,743	4,307,424	3,879,185
Parks and recreation	2,690,337	2,644,966	2,599,166	2,629,115
Interest on long-term debt	1,130,336	1,149,420	460,854	460,005
Total governmental activities expenses	29,743,994	27,970,990	25,979,262	25,220,979
Program revenues:				
Govermental activities:				
Charges for services:				
Public safety	1,996,609	1,890,674	1,967,175	1,470,770
Public works	5,162,878	4,405,294	4,054,557	4,900,850
Community development	4,158,710	2,492,982	3,136,524	1,736,253
Parks and recreation	545,477	860,266	579,136	655,638
Total governmental activities program revenues	11,863,674	9,649,216	9,737,392	8,763,511
Net revenues (expenses):				
Governmental activities	(17,880,320)	(18,321,774)	(16,241,870)	(16,457,468)
Total net revenues (expenses)	(17,880,320)	(18,321,774)	(16,241,870)	(16,457,468)

Continued

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

Source: City Finance Department

CITY OF BELLFLOWER

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

	Fiscal Year			
	2006	2005	2004	2003
General revenues and other changes in net assets:				
Governmental activities:				
Taxes:				
Sales taxes	5,623,126	5,126,776	5,366,684	5,367,504
Property taxes	4,092,921	3,408,915	2,918,170	2,586,027
Property taxes in lieu of VLF	4,551,129	3,786,400	-	-
Franchise taxes	1,403,431	1,318,757	1,298,670	1,254,579
Utility users taxes	3,935,990	3,748,243	3,358,180	3,239,040
Transient occupancy taxes	584,975	520,290	518,838	499,837
Business license taxes	518,358	501,369	503,318	481,278
Property transfer taxes	239,878	252,189	213,839	153,101
Intergovernmental - unrestricted:				
Motor vehicle in lieu	534,255	2,264,037	3,476,915	4,516,754
Earnings on investments	556,572	352,426	219,649	317,933
Miscellaneous	841,970	588,643	623,005	484,302
Total governmental activities	22,882,605	21,868,045	18,497,268	18,900,355
Changes in net assets				
Governmental activities	5,002,285	3,546,271	2,255,398	2,442,887
Total primary government	5,002,285	3,546,271	2,255,398	2,442,887
Net assets- July 1	46,383,606	42,837,335	40,581,937	38,139,050
Net assets- June 30	$51,385,891	$46,383,606	$42,837,335	$40,581,937

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

Source: City Finance Department

CITY OF BELLFLOWER

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

	Fiscal Year			
	2006	2005	2004	2003
General fund:				
Reserved	$ 10,284,180	$ 5,808,367	$ 2,970,580	$ 1,897,237
Unreserved	12,106,940	14,728,727	13,816,303	13,662,445
Total general fund	22,391,120	20,537,094	16,786,883	15,559,682
All other governmental funds:				
Reserved	1,498,046	1,379,715	$ 1,781,629	$ 216,111
Unreserved, reported in:				
Special revenue funds	1,892,825	1,672,152	1,649,405	2,242,222
Capital projects fund	(3,765,274)	2,481,605	6,812,177	(1,841,764)
Total all other governmental funds	(374,403)	5,533,472	10,243,211	616,569
Total general and other governmental funds	$ 22,016,717	$ 26,070,566	$ 27,030,094	$ 16,176,251

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

Source: City Finance Department

CITY OF BELLFLOWER

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

	Fiscal Year			
	2006	2005	2004	2003
Revenues:				
Taxes	$ 20,932,778	$ 18,695,357	$ 14,386,007	$ 13,434,204
Licenses and permits	717,457	666,283	525,931	454,720
Fines, forfeitures and penalties	1,627,310	1,450,200	1,526,371	953,120
Investment income	1,237,932	1,963,553	1,060,975	1,160,279
Intergovernmental	8,424,480	8,341,439	10,376,260	10,704,674
Charges for current services	994,934	896,682	637,601	610,335
Other	1,927,505	373,128	600,214	727,449
Total revenues	35,862,396	32,386,642	29,113,359	28,044,781
Expenditures				
Current:				
General government	4,000,618	3,776,426	2,844,794	2,994,450
Public safety	8,890,397	8,505,120	8,298,283	8,361,304
Public works	6,988,181	6,744,422	6,304,721	5,598,487
Community development	4,320,677	4,101,851	4,391,298	3,784,808
Parks and recreation	2,455,222	2,497,559	2,409,121	2,446,395
Capital outlay	10,801,152	5,642,889	5,078,293	4,048,727
Debt service:				
Principal retirement	598,519	487,315	278,090	275,000
Interest and fiscal charges	1,820,663	1,766,409	448,609	452,960
Debt issuance costs	-	2,478	536,803	-
Pass-through payments	40,816	32,418	28,548	23,802
Total expenditures	39,916,245	33,556,887	30,618,560	27,985,933
Excess (dificiency) of revenues over (under) expenditures	(4,053,849)	(1,170,245)	(1,505,201)	58,848
Other financing sources (uses):				
Proceeds from issuance of long term debt	-	210,717	14,815,000	128,502
Payment to refunded debt escrow	-	-	(2,380,002)	-
Original issuance discount	-	-	(75,954)	-
Transfers in	2,087,090	3,047,142	7,129,525	2,564,493
Transfers out	(2,087,090)	(3,047,142)	(7,129,525)	(2,564,493)
Total other financing sources (uses)	-	210,717	12,359,044	128,502
Net change in fund balances	$ (4,053,849)	$ (959,528)	$ 10,853,843	$ 187,350
Debt service as a percentage of noncapital expenditures	9.08%	8.80%	5.21%	3.14%

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

Source: City Finance Department

CITY OF BELLFLOWER

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

Fiscal Year Ended	City				Redevelopment Agency				Total Direct Tax
June 30	Secured	Unsecured	Less: Exemptions	Taxable Assessed Value	Secured	Unsecured	Less: Exemptions	Taxable Assessed Value	Rate
2006	$3,006,912	$ 30,005	$ (57,193)	$2,979,724	$441,229	$ 56,079	$ (98,508)	$398,799	0.06662%
2005	2,707,953	30,703	(50,155)	2,688,502	420,607	50,211	(89,074)	381,745	0.06662%
2004	2,495,033	33,315	(36,014)	2,492,334	388,580	58,757	(82,702)	364,635	0.06662%
2003	2,305,258	35,649	(40,153)	2,300,754	398,123	58,146	(108,183)	348,086	0.06662%
2002	2,159,284	35,065	(35,120)	2,159,229	383,976	54,428	(106,222)	332,183	0.06662%
2001	2,032,525	34,698	(33,515)	2,033,708	372,432	54,286	(102,485)	324,233	0.06662%
2000	1,932,110	33,282	(41,531)	1,923,861	362,873	46,254	(104,813)	304,314	0.06662%
1999	1,882,410	39,325	(38,746)	1,882,989	352,009	28,236	(102,494)	277,751	0.06662%
1998	1,856,087	28,765	(34,396)	1,850,457	335,289	25,476	(88,679)	272,085	0.06662%
1997	1,868,295	28,041	(37,762)	1,858,574	336,453	25,507	(86,457)	275,503	0.06662%

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

Source: County of Los Angeles Department of Auditor-Controller

CITY OF BELLFLOWER

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

	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
City Direct Rates:										
City basic rate	$0.06662	$0.06662	$0.06662	$0.06662	$0.06662	$0.06662	$0.06662	$0.06662	$0.06662	$0.06662
Redevelopment agency	-	-	-	-	-	-	-	-	-	-
Total City Direct Rate	0.06662	0.06662	0.06662	0.06662	0.06662	0.06662	0.06662	0.06662	0.06662	0.06662
Overlapping Rates[1]:										
Bellflower Unified School District	0.20933	0.20933	0.20933	0.20933	0.20933	0.20933	0.20933	0.20933	0.20933	0.20933
Cerritos Community College District	0.02551	0.02551	0.02551	0.02551	0.02551	0.02551	0.02551	0.02551	0.02551	0.02551
Children's Institutional Tuition Fund	0.00282	0.00282	0.00282	0.00282	0.00282	0.00282	0.00282	0.00282	0.00282	0.00282
Consolidated Fire Protection District of LA Co.	0.17640	0.17640	0.17640	0.17640	0.17640	0.17640	0.17640	0.17640	0.17640	0.17640
County Sanitation District No. 2 Operating	0.01341	0.01341	0.01341	0.01341	0.01341	0.01341	0.01341	0.01341	0.01341	0.01341
County School Service Fund Bellflower	0.00754	0.00754	0.00754	0.00754	0.00754	0.00754	0.00754	0.00754	0.00754	0.00754
County School Services	0.00142	0.00142	0.00142	0.00142	0.00142	0.00142	0.00142	0.00142	0.00142	0.00142
Educational Augmentation Fund Impound	0.13489	0.13489	0.13489	0.13489	0.13489	0.13489	0.13489	0.13489	0.13489	0.13489
Educational Revenue Augmentation Fund	0.06853	0.06853	0.06853	0.06853	0.06853	0.06853	0.06853	0.06853	0.06853	0.06853
Greater LA Co. Vector Control	0.00038	0.00038	0.00038	0.00038	0.00038	0.00038	0.00038	0.00038	0.00038	0.00038
LA County Library	0.02354	0.02354	0.02354	0.02354	0.02354	0.02354	0.02354	0.02354	0.02354	0.02354
LA Co. Flood Control Imp. Dist. Maint.	0.00175	0.00175	0.00175	0.00175	0.00175	0.00175	0.00175	0.00175	0.00175	0.00175
LA County - Ffw	0.00735	0.00735	0.00735	0.00735	0.00735	0.00735	0.00735	0.00735	0.00735	0.00735
LA County Accumulative Capital Outlay	0.00011	0.00011	0.00011	0.00011	0.00011	0.00011	0.00011	0.00011	0.00011	0.00011
LA County Flood Control Maintenance	0.00991	0.00991	0.00991	0.00991	0.00991	0.00991	0.00991	0.00991	0.00991	0.00991
Los Angeles County General	0.25030	0.25030	0.25030	0.25030	0.25030	0.25030	0.25030	0.25030	0.25030	0.25030
Water Replenishment District of So. Calif.	0.00018	0.00018	0.00018	0.00018	0.00018	0.00018	0.00018	0.00018	0.00018	0.00018
Central Basin Mwd 1114	0.00520	0.00580	0.00610	0.00670	0.00770	0.00880	0.00890	0.00890	0.00890	0.00890
Cerritos CC Ds 2004 Ser 2004A	0.01279	0.01908	-	-	-	-	-	-	-	-
Cerritos CC Ds 2005 Ref Bonds	0.01144	-	-	-	-	-	-	-	-	-
Detention Facilities 1987 Debt	0.00080	0.00092	0.00099	0.00103	0.00113	0.00131	0.00142	0.00145	0.00158	0.00160
Flood Con. Ref. Bonds 1993 Ds	0.00003	0.00003	0.00004	0.00026	0.00041	0.00064	0.00079	0.00145	0.00178	0.00168
LA Co. Fl. Con. Storm Dr.D.S.#4	0.00002	0.00021	0.00043	0.00062	0.00066	0.00092	0.00097	0.00050	0.00042	0.00031
Total Direct Rate[2]	$1.03028	$1.02605	$1.00755	$1.00861	$1.00990	$1.01167	$1.01209	$1.01230	$1.01268	$1.01249

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

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

NOTE:

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

Source: HdL Coren & Cone

CITY OF BELLFLOWER

PRINCIPAL PROPERTY TAX PAYERS
Current Year and Nine Years Ago

Taxpayer	2005/2006 Taxable Assessed Value	2005/2006 Percent of Total City Taxable Assessed Value	1996/1997 Taxable Assessed Value	1996/1997 Percent of Total City Taxable Assessed Value
Comcast of Los Angeles Inc.	$ 22,824,248	0.676%	$ -	0.000%
Haagen GDH Partnership	13,498,003	0.400%	11,402,490	0.534%
Belmont Place Bellflower	10,721,147	0.317%	8,994,348	0.421%
Ford West Properties LLC	9,490,650	0.281%	-	0.000%
Taro Patch Holdings LLC	7,437,564	0.220%	-	0.000%
Viken & Chahe Ghanimian	7,273,300	0.215%	-	0.000%
William J. Wade Trust	7,079,847	0.210%	-	0.000%
Bellflower Park	5,675,355	0.168%	-	0.000%
Asbury Properties Inc.	5,376,420	0.159%	-	0.000%
Bellflower Town Center LLC	5,304,000	0.157%	-	0.000%
WRI Golden State LLC	4,933,331	0.146%	-	0.000%
KUVE Limited	4,794,652	0.142%	2,557,827	0.120%
Hollywood Sports Park LLC	4,614,892	0.137%	-	0.000%
Dan Top USA Inc.	3,875,550	0.115%	3,334,485	0.156%
Ronald D. Slate Company Trust	3,720,614	0.110%	3,121,828	0.146%
Shandrall Associates	3,718,392	0.110%	3,406,290	0.160%
Stephen & Mary Sandberg Trust	3,547,864	0.105%	2,976,870	0.139%
Wen Jen Huang & Chu Y. Men Trust	3,189,861	0.094%	-	0.000%
Universal Care Corporation	3,185,094	0.094%	-	0.000%
Pep Boys Many Moe & Jack	3,034,105	0.090%	2,426,429	0.114%
Walgreen Company	3,025,301	0.090%	-	0.000%
Bruce H. & Mia M. Kang	2,978,378	0.088%	-	0.000%
Fitzpatrick Development Partnership	2,800,000	0.083%	2,869,884	0.134%
Bellflower & Alondra LLC	2,651,063	0.078%	-	0.000%
Norm's Restaurants	2,516,899	0.074%	-	0.000%
Advanced Group 400	-	0.000%	16,532,700	0.775%
Malcolm I. Glazer	-	0.000%	10,847,886	0.508%
John M. & Rosalie Nisser	-	0.000%	9,437,577	0.442%
Bellflower Shopping Center	-	0.000%	9,379,257	0.439%
Lester & Diane Taylor Jr. Trust	-	0.000%	5,840,683	0.274%
Motel 6	-	0.000%	5,517,808	0.259%
Coast Federal Bank	-	0.000%	4,633,517	0.217%
South Gate Realty Investors Inc.	-	0.000%	4,591,000	0.215%
Cleveland Development Inc.	-	0.000%	4,218,958	0.198%
HPW Properties Inc.	-	0.000%	3,607,604	0.169%
Oro Properties Inc.	-	0.000%	2,900,000	0.136%
Sumitomo Bank of California	-	0.000%	2,700,000	0.127%
Tommy H. Chow Company Trust	-	0.000%	2,250,888	0.105%
Micha Mottale	-	0.000%	2,224,420	0.104%
Larry G. & Linda S. Saarloos Trust	-	0.000%	2,216,538	0.104%
HPBA II Bellflower Associates		0.000%	2,351,070	0.110%
	$ 147,266,530	4.359%	$ 130,340,357	6.108%

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

Source: HdL Coren & Cone

CITY OF BELLFLOWER

PROPERTY TAX LEVIES AND COLLECTIONS
Last Ten Fiscal Years

Fiscal Year Ended June 30	Original Taxes Levied for the Fiscal Year[1]	Collected within the Fiscal Year of Levy		Other Collections[2]	Total Collections to Date	
		Amount[2]	Percent of Levy		Amount[2]	Percent of Levy
2006	$ 3,890,631	$ 3,745,637	96.27%	$ 913,301	$ 4,658,938	119.75%
2005	3,525,978	3,435,754	97.44%	499,215	3,934,969	111.60%
2004	3,222,790	3,108,790	96.46%	257,059	3,365,849	104.44%
2003	2,929,220	2,826,388	96.49%	132,372	2,958,760	101.01%
2002	2,676,122	2,589,750	96.77%	212,998	2,802,748	104.73%
2001	2,518,620	2,411,311	95.74%	(6,805)	2,404,506	95.47%
2000	2,241,214	2,162,348	96.48%	108,075	2,270,423	101.30%
1999	1,945,548	1,856,032	95.40%	315,023	2,171,055	111.59%
1998	1,866,138	1,783,759	95.59%	181,606	1,965,365	105.32%
1997	1,945,101	1,799,379	92.51%	112,584	1,911,963	98.30%

Note:
- The unsecured portion of the amount collected is estimated for Fiscal Year 1997 and 1999-2002.
- Other Collections may include items such as: supplemental assessments, prior year delinquencies, penalties, taxpayer refunds, homeowner's exemptions (paid by the state), highway rental fee, horserace tax, or adminstrative fees.
- Total collections amount includes ERAF and Section 33676 payments that are not recognized as revenue by the city.

Sources: [1]HdL Coren & Cone
[2]City Finance Department

CITY OF BELLFLOWER

RATIOS OF OUTSTANDING DEBT BY TYPE
Last Ten Fiscal Years

	Governmental Activities							
Fiscal Year Ended June 30	Tax Allocation Bonds[1]	California Energy Commission Loan	Note Payable - Dietz	Certificates of Participation[2]	Section 108 Loan	Total Governmental Activities	Percentage of Personal Income[3]	Debt Per Capita[4]
2006	$ 7,480,000	$ 19,654	$ 203,641	$ 4,705,000	$ 6,797,000	$ 19,205,295	n/a	$ 249
2005	7,590,000	58,097	210,717	4,945,000	7,000,000	19,803,814	n/a	257
2004	7,815,000	95,412	-	5,170,000	7,000,000	20,080,412	0.80%	261
2003	2,000,000	128,502	-	5,390,000	-	7,518,502	0.32%	98
2002	2,025,000	-	-	5,640,000	-	7,665,000	0.34%	102
2001	2,045,000	-	-	5,880,000	-	7,925,000	0.36%	107
2000	2,065,000	-	-	6,110,000	-	8,175,000	0.39%	113
1999	2,085,000	-	-	5,195,000	-	7,280,000	0.37%	103
1998	2,100,000	-	-	5,320,000	-	7,420,000	0.40%	107
1997	2,115,000	-	-	5,435,000	-	7,550,000	0.44%	110

[1]Tax Allocation Bonds were refunded in April 2004.
[2]Certificates of Participation were refunded October 1999.
[3]Per Capita Personal Income was unavailable for calendar year 2005 and 2006.
[4]These ratios are calculated using the official demographic estimate as of January 1st of each calendar year except 2006, which is a preliminary estimate that is subject to change (see page 124).

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

Source: City Finance Department

CITY OF BELLFLOWER

RATIO OF GENERAL BONDED DEBT OUTSTANDING
Last Ten Fiscal Years

Fiscal Year Ended June 30	Outstanding General Bonded Debt			
	Tax Allocation Bonds[1]	Total	Percent of Assessed Value[2]	Per Capita[3]
2006	$ 7,480,000	$ 7,480,000	0.221%	$ 97
2005	7,590,000	7,590,000	0.247%	99
2004	7,815,000	7,815,000	0.274%	102
2003	2,000,000	2,000,000	0.076%	26
2002	2,025,000	2,025,000	0.081%	27
2001	2,045,000	2,045,000	0.087%	28
2000	2,065,000	2,065,000	0.093%	28
1999	2,085,000	2,085,000	0.096%	29
1998	2,100,000	2,100,000	0.099%	30
1997	2,115,000	2,115,000	0.099%	31

[1]Tax Allocation Bonds were refunded in April 2004.
[2]Assessed value has been used because the actual value of taxable property is not readily available in the State of California.
[3]These ratios are calculated using the official demographic estimate as of January 1st of each calendar year except 2006, which is a preliminary estimate that is subject to change (see page 124).

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

Source: City Finance Department

CITY OF BELLFLOWER

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

	2006	2005	2004	2003	2002
Assessed valuation[1]	$ 2,979,724	$ 2,688,502	$ 2,492,334	$ 2,300,754	$ 2,159,229
Conversion percentage	25%	25%	25%	25%	25%
Adjusted assessed valuation	744,931	672,125	623,083	575,189	539,807
Debt limit percentage	15%	15%	15%	15%	15%
Debt limit	111,740	100,819	93,463	86,278	80,971
Total net debt applicable to limit:					
General obligation bonds	-	-	-	-	-
Legal debt margin	$ 111,740	$ 100,819	$ 93,463	$ 86,278	$ 80,971
Total debt applicable to the limit as a percentage of debt limt	0.0%	0.0%	0.0%	0.0%	0.0%

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

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

Source: County of Los Angeles Department of Auditor-Controller

2001	2000	1999	1998	1997
$ 2,033,708	$ 1,923,861	$ 1,882,989	$ 1,850,457	$ 1,858,574
25%	25%	25%	25%	25%
508,427	480,965	470,747	462,614	464,644
15%	15%	15%	15%	15%
76,264	72,145	70,612	69,392	69,697
-	-	-	-	-
$ 76,264	$ 72,145	$ 70,612	$ 69,392	$ 69,697
0.0%	0.0%	0.0%	0.0%	0.0%

CITY OF BELLFLOWER

DIRECT AND OVERLAPPING DEBT
Fiscal Year Ended June 30, 2006

2005-06 Assessed Valuation:	$	3,378,523,129
Redevelopment Incremental Valuation:		178,453,454
Adjusted Assessed Valuation:	$	3,200,069,675

OVERLAPPING TAX AND ASSESSMENT DEBT:	Total Debt 6/30/2006	% Applicable (1)	City's share of Debt 6/30/06
Los Angeles County	$ 8,395,000	0.434 %	$ 36,434
Los Angeles County Flood Control District	127,840,000	0.455	581,672
Metropolitan Water District	389,565,000	0.219	853,147
Cerritos Community College District	36,705,994	12.617	4,631,195
Compton Community College District	39,100,000	2.841	1,110,831
Downey Unified School District	85,260,256	3.928	3,349,023
Norwalk-La Mirada Unified School District	100,105,644	0.020	20,021
Paramount Unified School District	33,774,976	11.201	3,783,135
Los Angeles County Regional Park and Open Space Assessment District	325,710,000	0.434	1,413,581
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			$ 15,779,039
DIRECT AND OVERLAPPING GENERAL FUND DEBT:			
Los Angeles County General Fund Obligations	$ 1,267,261,972	0.434 %	$ 5,499,917
Los Angeles County Pension Obligations	737,082,395	0.434	3,198,938
Los Angeles County Superintendent of Schools Certificates of Participation	21,784,577	0.434	94,545
Los Angeles County Sanitation District No. 2 Authority	41,215,056	10.614	4,374,566
Los Angeles County Sanitation District No. 3 Authority	31,316,952	0.246	77,040
Los Angeles County Sanitation District No. 18 Authority	23,041,488	0.005	1,152
Bellflower Unified School District Certificates of Participation	13,915,000	68.522	9,534,836
Norwalk-La Mirada Unified School District Certificates of Participation	67,435,830	0.020	13,487
Paramount Unified School District Certificates of Participation	29,835,000	11.201	3,341,818
City of Bellflower Certificates of Participation	4,705,000	100.000	4,705,000
TOTAL GROSS DIRCT AND OVERLAPPING GENERAL FUND DEBT			$ 30,841,299
Less: Los Angeles County Certificates of Participation (100% self-supporting from leasehold revenues on properties in Marina Del Rey)			170,258
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT			$ 30,671,041
GROSS COMBINED TOTAL DEBT			$ 46,620,338 (2)
NET COMBINED TOTAL DEBT			$ 46,450,080

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

Ratios to 2005-06 Assessed Valuation:

Total Overlapping Tax and Assessment Debt	0.47%

Ratios to Adjusted Assessed Valuation:

Combined Direct Debt ($4,705,000)	0.15%
Gross Combined Total Debt	1.46%
Net Combined Total Debt	1.45%

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/06: $0

Source: California Municipal Statistics, Inc.

CITY OF BELLFLOWER

PLEDGED-REVENUE COVERAGE
Last Ten Fiscal Years

	Tax Allocation Bonds			
		Debt Service		
Fiscal Year Ended June 30	Tax Increment	Principal	Interest	Coverage
2006	$ 1,607,935	$ 110,000	$ 480,491	2.72
2005	1,284,957	225,000	367,017	2.17
2004	1,126,025	25,000	189,045	5.26
2003	935,422	25,000	191,220	4.33
2002	949,675	20,000	193,177	4.45
2001	956,956	20,000	194,917	4.45
2000	672,925	20,000	196,658	3.11
1999	729,778	15,000	198,180	3.42
1998	443,795	15,000	199,485	2.07
1997	462,888	-	169,005	2.74

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

Source: City Finance Department

CITY OF BELLFLOWER

DEMOGRAPHIC AND ECONOMIC STATISTICS
Last Ten Calendar Years

Calendar Year	Population[1]	Personal Income	Per Capita Personal Income[2]	Unemployment Rate[3]
2006	77,039	$ n/a	$ n/a	4.80%
2005	77,052	n/a	n/a	5.20%
2004	76,888	2,517,390,008	32,741	6.30%
2003	76,434	2,373,963,606	31,059	6.80%
2002	75,092	2,279,267,476	30,353	6.60%
2001	73,823	2,215,428,230	30,010	5.50%
2000	72,600	2,105,617,800	29,003	5.20%
1999	70,900	1,949,750,000	27,500	5.90%
1998	69,600	1,854,004,800	26,638	6.60%
1997	68,400	1,704,391,200	24,918	6.90%

Sources:

[1]California Department of Finance
http://www.dof.ca.gov/HTML/DEMOGRAP/ReportsPapers/ReportsPapers.asp
Official estimate as of January 1st of each calendar year except 2006, which is a preliminary estimate that is subject to change.

[2]Bureau of Economic Analysis; for the Los Angeles-Long Beach-Riverside area (City of Bellflower data not available)
http://www.bea.gov/bea/regional/reis/default.cfm?catable=CA1-3&section=2
Per Capita Personal Income was unavailable for calendar year 2005 and 2006.

[3]California Employment Development Department Labormarketinfo
http://www.labormarketinfo.edd.ca.gov/cgi/dataanalysis/AreaSelection.asp?tableName=Labforce
The unemployment rate is the annual rate for the City of Bellflower with the exception of the followir

- 2006 annual rate was unavailable, therefore, the average rate through September 2006 was used.
- 1997-1999 City of Bellflower rates were unavailable, therefore, the annual County of Los Angeles rates were used.

CITY OF BELLFLOWER

PRINCIPAL EMPLOYERS
Current Year and Five Years Ago

	2005/2006		2000/2001	
Employer	Number of Employees[1]	Percent of Total Employment[2]	Number of Employees[1]	Percent of Total Employment[2]
Kaiser Permanente Medical Group	1,069	3.123%	896	2.701%
Bellflower Medical Center	494	1.443%	293	0.883%
City of Bellflower	247	0.722%	247	0.745%
Comcast of Los Angeles, Inc.	181	0.529%	183	0.552%
Peter Wylan DDS	137	0.400%	114	0.344%
Ford West	132	0.386%	163	0.491%
Pacific Coast Washing Inc.	123	0.359%	-	0.000%
K-Mart Corporation	122	0.356%	145	0.437%
Stater Bros. Market	108	0.316%	105	0.317%
Estrella, Inc.	106	0.310%	-	0.000%
Bellwood General Hospital	-	0.000%	293	0.883%
Harbor Health Care	-	0.000%	102	0.308%
	2,719.00	7.944%	2,541.00	7.661%

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

Fiscal Year	Total Employment	Calendar Year	Total Employment
2005/2006	34,225	2005	33,900
2004/2005	33,458	2004	33,100
2003/2004	32,883	2003	32,900
2002/2003	33,008	2002	33,000
2001/2002	33,033	2001	33,300
2000/2001	33,167	2000	32,800
1997 to 2000	City amounts were unavailable		

CITY OF BELLFLOWER

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

	Full-time and Part-time Employees as of June 30									
Function	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
General government										
Full-time	21	20	18	18	16	14	14	11	9	10
Part-time	7	7	13	16	12	13	12	9	7	4
Total	28	27	31	34	28	27	26	20	16	14
Public safety										
Full-time	10	11	11	11	10	10	10	9	9	9
Part-time	11	11	9	10	12	15	20	18	11	15
Total	21	22	20	21	22	25	30	27	20	24
Public works										
Full-time	31	31	28	28	28	29	26	25	25	24
Part-time	11	13	17	15	8	7	9	17	19	21
Total	42	44	45	43	36	36	35	42	44	45
Community development										
Full-time	24	21	19	19	19	16	16	12	14	18
Part-time	4	3	9	10	4	8	5	10	1	2
Total	28	24	28	29	23	24	21	22	15	20
Parks and recreation										
Full-time	10	10	10	10	10	9	9	9	8	9
Part-time	118	114	105	105	121	126	117	98	88	91
Total	128	124	115	115	131	135	126	107	96	100
Full-time total	96	93	86	86	83	78	75	66	65	70
Part-time total	151	148	153	156	157	169	163	152	126	133
Grand Total	247	241	239	242	240	247	238	218	191	203

Source: City Finance Department

CITY OF BELLFLOWER

OPERATING INDICATORS BY FUNCTION
Last Five Fiscal Years

	Fiscal Year Ended June 30				
	2006	2005	2004	2003	2002
Police:					
Arrests[1]	-	2,133	2,084	2,151	1,885
Parking citations issued	28,318	29,870	33,028	27,242	21,191
Public Works:					
Street resurfacing (miles)	2.65	0.77	1.14	4.73	6.00
Parks and Recreation:					
Number of recreation classes	159	164	151	154	136
Number of facility rentals	282	286	291	271	263
Programs and Facilities Attendance	1,189,803	1,256,536	1,356,420	1,351,491	1,424,251

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

Notes:
- Fire and sewer services are provided by special districts of Los Angeles County.
- Water services are provided by private water companies.

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

Source: City of Bellflower

CITY OF BELLFLOWER

CAPITAL ASSET STATISTICS BY FUNCTION
Fical Year Ended June 30, 2006

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

Source: City of Bellflower

CITY OF BELLFLOWER

Families. Businesses. Futures.

"GROWING TOGETHER"

City of Bellflower
16600 Civic Center Drive
Bellflower, CA 90706
(562) 804-1424
www.bellflower.org