

***CITY OF BELLFLOWER
ANNUAL FINANCIAL REPORT OF THE
PROPOSITION A LOCAL RETURN FUND
PROPOSITION C LOCAL RETURN FUND
MEASURE R LOCAL RETURN FUND
MEASURE M LOCAL RETURN FUND
TRANSPORTATION DEVELOPMENT ACT
ARTICLE 3 FUND
FOR THE FISCAL YEARS ENDED
JUNE 30, 2020 AND 2019***



Metro[®]



Simpson & Simpson, LLP
Certified Public Accountants

CITY OF BELLFLOWER
TABLE OF CONTENTS

FINANCIAL SECTION	PAGE
Independent Auditor’s Report	1
Proposition A Local Return Fund:	
Financial Statements:	
Balance Sheets	3
Statements of Revenues, Expenditures and Changes in Fund Balance	4
Supplementary Information:	
Schedule of Expenditures – Actual and Metro Approved Project Budget	5
Schedule of Capital Assets	6
Proposition C Local Return Fund:	
Financial Statements:	
Balance Sheets	7
Statements of Revenues, Expenditures and Changes in Fund Balance	8
Supplementary Information:	
Schedule of Expenditures – Actual and Metro Approved Project Budget	9
Schedule of Capital Assets	10
Measure R Local Return Fund:	
Financial Statements:	
Balance Sheets	12
Statements of Revenues, Expenditures and Changes in Fund Balance	13
Supplementary Information:	
Schedule of Expenditures – Actual and Metro Approved Project Budget	14
Schedule of Capital Assets	15
Measure M Local Return Fund:	
Financial Statements:	
Balance Sheets	16
Statements of Revenues, Expenditures and Changes in Fund Balance	17
Supplementary Information:	
Schedule of Expenditures – Actual and Metro Approved Project Budget	18
Schedule of Capital Assets	19
Transportation Development Act Article 3 Fund:	
Financial Statements:	
Balance Sheets	20
Statements of Revenues, Expenditures and Changes in Fund Balance	21
Supplementary Information:	
Schedule of Transportation Development Act Allocation for Specific Projects	22
Schedule of Capital Assets	23
Notes to Financial Statements	24
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	30

CITY OF BELLFLOWER
TABLE OF CONTENTS
(Continued)

COMPLIANCE SECTION

Independent Auditor’s Report on Compliance	32
Compliance Matrix	34
Schedule of Findings and Recommendations	38
EXIT CONFERENCE	39

FINANCIAL SECTION



SIMPSON & SIMPSON
CERTIFIED PUBLIC ACCOUNTANTS

FOUNDING PARTNERS
BRAINARD C. SIMPSON, CPA
MELBA W. SIMPSON, CPA

Independent Auditor's Report

To the Honorable Members of the City Council of the
City of Bellflower, California and the
Los Angeles County Metropolitan Transportation Authority

Report on the Financial Statements

We have audited the accompanying financial statements of the Proposition A Local Return Fund (PALRF), Proposition C Local Return Fund (PCLRF), Measure R Local Return Fund (MRLRF), Measure M Local Return Fund (MMLRF) and Transportation Development Act Article 3 Fund (TDAA3F) (collectively, the Funds), of the City of Bellflower, California (the City) as of and for the years ended June 30, 2020 and 2019, and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.





Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the PALRF, PCLRF, MRLRF, MMLRF and TDAA3F of the City of Bellflower, California, as of June 30, 2020 and 2019, and the respective changes in their financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 2, the financial statements present only the PALRF, PCLRF, MRLRF, MMLRF, and TDAA3F of the City and do not purport to, and do not, present fairly the financial position of the City of Bellflower, California, as of June 30, 2020 and 2019, and the changes in its financial position for the years then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Supplementary Information

Our audits were conducted for the purpose of forming opinions on each of the Funds' financial statements. The accompanying supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the Funds' financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the Funds' financial statements or to the Funds' financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to each of the Funds' financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have issued our report dated October 21, 2020, on our consideration of the City's internal control over the Funds' 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 the Funds' financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over the Funds' financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over the Funds' financial reporting and compliance.

A handwritten signature in cursive script that reads "Simpson & Simpson".

Los Angeles, California
October 21, 2020

CITY OF BELLFLOWER
PROPOSITION A LOCAL RETURN FUND
BALANCE SHEETS
June 30

	<u>2020</u>	<u>2019</u>
ASSETS		
Cash and investments	\$ 1,850,610	\$ 2,779,632
Interest receivable	7,696	16,199
Due from Metro	-	46,138
Total assets	<u>\$ 1,858,306</u>	<u>\$ 2,841,969</u>
 LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 218,741	\$ 58,734
Retention payable	13,642	20,162
Accrued payroll and benefits payable	5,849	2,693
Total liabilities	<u>238,232</u>	<u>81,589</u>
 Fund Balance		
Restricted	<u>1,620,074</u>	<u>2,760,380</u>
Total fund balance	<u>1,620,074</u>	<u>2,760,380</u>
Total liabilities and fund balance	<u>\$ 1,858,306</u>	<u>\$ 2,841,969</u>

The accompanying notes are an integral part of the financial statements.

CITY OF BELLFLOWER
PROPOSITION A LOCAL RETURN FUND
STATEMENTS OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
For the Fiscal Years Ended June 30

	<u>2020</u>	<u>2019</u>
REVENUES		
Proposition A	\$ 1,504,389	\$ 1,538,974
Proposition A Discretionary Incentive Grant (Note 8)	-	92,569
Interest income	46,646	60,365
Total revenues	<u>1,551,035</u>	<u>1,691,908</u>
EXPENDITURES		
Various projects	<u>2,691,341</u>	<u>1,819,901</u>
Total expenditures	<u>2,691,341</u>	<u>1,819,901</u>
Deficiency of revenues under expenditures	(1,140,306)	(127,993)
Fund balance at beginning of year	<u>2,760,380</u>	<u>2,888,373</u>
Fund balance at end of year	<u>\$ 1,620,074</u>	<u>\$ 2,760,380</u>

The accompanying notes are an integral part of the financial statements.

CITY OF BELLFLOWER
PROPOSITION A LOCAL RETURN FUND
SUPPLEMENTARY INFORMATION
SCHEDULE OF EXPENDITURES
ACTUAL AND METRO APPROVED PROJECT BUDGET
For the Fiscal Year Ended June 30, 2020
(With Comparative Actual Amount for the Fiscal Year Ended June 30, 2019)

Project Code	Project Name	2020		Variance	2019 Actual
		Metro Budget	Actual	Favorable (Unfavorable)	
110-07	Long Beach Transit Subsidy	\$ 19,600	\$ 22,194	\$ (2,594)	\$ 19,546
120-01	Dial-A-Ride/Fixed Route	822,961	597,904	225,057	561,868
150-21	Bus Shelters	386,643	291,063	95,580	14,289
170-08	Transit Facilities Maintenance	7,600	-	7,600	-
190-09	Special Events Vehicle	22,813	5,996	16,817	22,586
290-01	Regional Transit Center and Parking Structure (Transit Plaza - Regional)	1,845,921	973,402	872,519	535,066
290-03	Annual Debt Service for the Regional Transit Center and Parking Structure (Note 9)	750,000	750,000	-	602,245
480-05	Administration	52,731	50,782	1,949	64,301
Total expenditures		\$ 3,908,269	\$ 2,691,341	\$ 1,216,928	\$ 1,819,901

See accompanying independent auditor's report.

CITY OF BELLFLOWER
PROPOSITION A LOCAL RETURN FUND
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS
June 30, 2020

Date Acquired	Description	Balance 7/1/2019	Additions	Deletions	Balance 6/30/2020
8/13/08	Starcraft Starlite Paratransit Bus	\$ 45,781	\$ -	\$ -	\$ 45,781
10/10/11	HID Global Fargo Dial-A-Ride Printer	3,055	-	-	3,055
12/19/14	Transit Center/16337 Bellflower Boulevard	1,438,251	-	-	1,438,251
11/11/16	Bus Shelter Improvements	128,164	-	-	128,164
2/28/18	Local Transfer Station	721,620	-	-	721,620
3/9/20	Card Printer	-	2,646	-	2,646
4/28/20	Regional Transit Center/Parking Structure	-	1,584,347	-	1,584,347
5/26/20	Fortinet Firewall with Installation and HPE Office Connection	-	7,996	-	7,996
Total		\$ 2,336,871	\$ 1,594,989	\$ -	\$ 3,931,860

See accompanying independent auditor's report.

CITY OF BELLFLOWER
PROPOSITION C LOCAL RETURN FUND
BALANCE SHEETS
June 30

	<u>2020</u>	<u>2019</u>
ASSETS		
Cash and investments	\$ 2,104,470	\$ 1,916,672
Interest receivable	<u>6,965</u>	<u>11,395</u>
Total assets	<u>\$ 2,111,435</u>	<u>\$ 1,928,067</u>
 LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 629,451	\$ 39,673
Retention payable	34,690	-
Accrued payroll and benefits payable	<u>4,283</u>	<u>2,727</u>
Total liabilities	<u>668,424</u>	<u>42,400</u>
 Fund Balance		
Restricted	<u>1,443,011</u>	<u>1,885,667</u>
Total fund balance	<u>1,443,011</u>	<u>1,885,667</u>
Total liabilities and fund balance	<u>\$ 2,111,435</u>	<u>\$ 1,928,067</u>

The accompanying notes are an integral part of the financial statements.

CITY OF BELLFLOWER
PROPOSITION C LOCAL RETURN FUND
STATEMENTS OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
For the Fiscal Years Ended June 30

	<u>2020</u>	<u>2019</u>
REVENUES		
Proposition C	\$ 1,247,894	\$ 1,276,535
Interest income	38,347	37,741
Sale of property (Note 10)	<u>607</u>	<u>-</u>
Total revenues	<u>1,286,848</u>	<u>1,314,276</u>
EXPENDITURES		
Various projects	<u>1,729,504</u>	<u>1,001,520</u>
Total expenditures	<u>1,729,504</u>	<u>1,001,520</u>
Excess (deficiency) of revenues over expenditures	(442,656)	312,756
Fund balance at beginning of year	<u>1,885,667</u>	<u>1,572,911</u>
Fund balance at end of year	<u>\$ 1,443,011</u>	<u>\$ 1,885,667</u>

The accompanying notes are an integral part of the financial statements.

CITY OF BELLFLOWER
PROPOSITION C LOCAL RETURN FUND
SUPPLEMENTARY INFORMATION
SCHEDULE OF EXPENDITURES
ACTUAL AND METRO APPROVED PROJECT BUDGET
For the Fiscal Year Ended June 30, 2020
(With Comparative Actual Amount for the Fiscal Year Ended June 30, 2019)

Project Code	Project Name	2020		Variance	2019 Actual
		Metro Budget	Actual	Favorable (Unfavorable)	
150-20	Bus Stop Shelter Maintenance	\$ 110,000	\$ 107,313	\$ 2,687	\$ 44,260
220-12	Transit Officer	472,584	474,085	(1,501)	449,862
270-17	Membership Dues for Gateway Cities COG and Orange Line Development Authority	45,000	42,050	2,950	58,299
290-03	Annual Debt Service for the Regional Transit Center and Parking Structure (Note 9)	99,585	98,940	645	86,091
300-08	Transit Facilities Maintenance	50,000	19,621	30,379	-
350-26	91 Freeway Ramp Access at Bellflower Boulevard	991,000	-	991,000	-
400-01	Traffic Signal Improvements	100,000	-	100,000	-
410-13	Internet Publishing	163,565	185,369	(21,804)	161,007
440-04	Street Improvements	740,606	740,775	(169)	129,088
470-02	Street Improvements	-	-	-	16,817
480-06	Administration	68,256	61,351	6,905	56,096
Total expenditures		\$ 2,840,596	\$ 1,729,504	\$ 1,111,092	\$ 1,001,520

See accompanying independent auditor's report.

CITY OF BELLFLOWER
PROPOSITION C LOCAL RETURN FUND
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS
June 30, 2020

Date Acquired	Description	Balance 7/1/2019	Additions	Deletions	Balance 6/30/2020
06/30/98	20 Pasenger Bus/Handicap	\$ 45,479	-	-	\$ 45,479
09/24/99	Natural Smooth Benches	6,078	-	-	6,078
12/26/00	9 X 12 Presentation Screen	986	-	-	986
03/23/01	Traffic Signal Modification	7,186	-	-	7,186
03/23/01	Traffic Signal Modification	9,620	-	-	9,620
11/26/01	Lowel Lightning Kit	1,585	-	-	1,585
02/18/03	Wireless Network Device	3,759	-	-	3,759
02/18/03	Wireless Network Device	1,880	-	-	1,880
02/18/03	Wireless Network Device	1,880	-	-	1,880
03/24/03	After Effects 5.5 Pro Mac License	2,595	-	-	2,595
05/27/03	Somerset Boulevard Improvement	208,146	-	-	208,146
06/23/03	Artesia Boulevard Median Improvement	79,974	-	-	79,974
06/26/03	Proxim Tsunami Quickbridge 60 Kit	7,389	-	-	7,389
06/30/03	Somerset Boulevard Improvement	13,919	-	-	13,919
09/22/03	Artesia Boulevard Median Improvement	41,802	-	-	41,802
09/30/03	Somerset Boulevard At Clark Avenue	19,075	-	-	19,075
03/11/04	Bus Benches (7) with Bellflower Name	3,999	-	-	3,999
02/16/05	Concrete Bus Benches (6)	3,902	-	-	3,902
07/27/05	Emitters/Detectors/Selector	42,015	-	-	42,015
04/12/07	Traffic Signal Improvement/Bellflower	177,266	-	-	177,266
04/12/07	Traffic Signal Improvement/Bellflower	204,941	-	-	204,941
06/29/07	Railroad Elimination Project	90,000	-	-	90,000
01/21/08	Gx Disk Publisher	1,617	-	-	1,617
02/04/08	S251221A Apple Mac Pro Cto Computer	6,066	-	-	6,066
02/19/08	Camcorder With Battery and Case/Mod	7,181	-	7,181	-
02/19/08	Libec Tripod System With Dolly	3,751	-	3,751	-
02/19/08	Audio Technical Dual Wireless Com	1,773	-	-	1,773
08/05/08	Hatachi Projector Lamp, Mounts	2,006	-	-	2,006
11/01/08	Towncenter Gateway Plaza/Traffic	85,000	-	-	85,000
12/31/09	West Branch Greenway (Phase I)	466,097	-	-	466,097
07/01/10	West Branch Greenway (Phase I)	79,856	-	-	79,856
07/27/10	Signals at Clark and Artesia	52,448	-	-	52,448
10/24/11	West Branch Greenway Landscape	55,581	-	-	55,581
Sub-total \$		<u>1,734,852</u>	<u>\$ -</u>	<u>\$ 10,932</u>	<u>\$ 1,723,920</u>

See accompanying independent auditor's report.

CITY OF BELLFLOWER
PROPOSITION C LOCAL RETURN FUND
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS
(Continued)
June 30, 2020

Date Acquired	Description	Balance 7/1/2019	Additions	Deletions	Balance 6/30/2020
02/27/13	Bellflower and Rosecrans Traffic Sign	\$ 10,592	\$ -	\$ -	\$ 10,592
06/30/13	Bellflower and Alondra Traffic Sign	40,562	-	-	40,562
07/15/13	Traffic Signal Upgrade	1,252	-	-	1,252
02/28/14	Website Re-Design	10,844	-	-	10,844
06/02/14	Bellflower Boulevard Rehabilitation	131,495	-	-	131,495
07/31/14	Bellflower Boulevard Rehabilitation	35,197	-	-	35,197
09/29/14	ROW/17308 and 17320 Bellflower Boulevard	1,477,876	-	-	1,477,876
7/13/16	Bellflower Boulevard Rehabilitation	450,909	-	-	450,909
1/31/17	Installation of Crosswalks	51,703	-	-	51,703
12/12/17	Trash Receptacles	3,969	-	-	3,969
10/23/18	Pressure Washer	11,087	-	-	11,087
9/9/19	Wireless Connection on the Bridge, Firewall, City Hall, and Simms Park	-	5,562	-	5,562
2/29/20	Bellflower Boulevard/91 Freeway On- Ramp Widening Project	-	126,663	-	126,663
Total		\$ 3,960,338	\$ 132,225	\$ 10,932	\$ 4,081,631

See accompanying independent auditor's report.

CITY OF BELLFLOWER
MEASURE R LOCAL RETURN FUND
BALANCE SHEETS
June 30

	2020	2019
ASSETS		
Cash and investments	\$ 1,530,425	\$ 1,611,955
Interest receivable	4,984	9,805
Accounts receivable (Note 11)	1,490	-
Total assets	\$ 1,536,899	\$ 1,621,760
 LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 50,793	\$ 33,478
Retention payable	78,242	46,292
Due to General Fund	-	25,698
Sales/use tax payable	121	-
Accrued payroll and benefits payable	3,772	2,299
Total liabilities	132,928	107,767
 Fund Balance		
Restricted	1,403,971	1,513,993
Total fund balance	1,403,971	1,513,993
Total liabilities and fund balance	\$ 1,536,899	\$ 1,621,760

The accompanying notes are an integral part of the financial statements.

CITY OF BELLFLOWER
MEASURE R LOCAL RETURN FUND
STATEMENTS OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
For the Fiscal Years Ended June 30

	2020	2019
REVENUES		
Measure R	\$ 934,581	\$ 957,677
Interest income	28,960	41,629
COVID-19 stimulus grant (Note 11)	1,490	-
Total revenues	965,031	999,306
EXPENDITURES		
Various projects	1,075,053	1,345,051
Total expenditures	1,075,053	1,345,051
Deficiency of revenues over expenditures	(110,022)	(345,745)
Fund balance at beginning of year	1,513,993	1,859,738
Fund balance at end of year	\$ 1,403,971	\$ 1,513,993

The accompanying notes are an integral part of the financial statements

CITY OF BELLFLOWER
MEASURE R LOCAL RETURN FUND
SUPPLEMENTARY INFORMATION
SCHEDULE OF EXPENDITURES
ACTUAL AND METRO APPROVED PROJECT BUDGET
For the Fiscal Year Ended June 30, 2020
(With Comparative Actual Amount for the Fiscal Year Ended June 30, 2019)

Project Code	Project Name	2020			2019 Actual
		Metro Budget	Actual	Variance Favorable (Unfavorable)	
2.01	Traffic Signal	\$ 262,000	\$ 199,611	\$ 62,389	\$ 139,280
3.05	Bike Trail Maintenance	194,358	213,945	(19,587)	140,547
3.20	ADA Improvements	300,000	339,461	(39,461)	720,247
3.20	Curb/Gutter/Sidewalk	230,000	273,280	(43,280)	335,685
5.05	West Santa Ana Branch Eco Rapid Station - Design	30,000	1,989	28,011	9,292
8.10	Fund Administration (20% cap)	48,893	46,767	2,126	-
Total expenditures		\$ <u>1,065,251</u>	\$ <u>1,075,053</u>	\$ <u>(9,802)</u>	\$ <u>1,345,051</u>

See accompanying independent auditor's report.

CITY OF BELLFLOWER
MEASURE R LOCAL RETURN FUND
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS
June 30, 2020

Date Acquired	Description	Balance 7/1/2019	Additions	Deletions	Balance 6/30/2020
8/30/2011	Traffic Signal Improvements/Flower	\$ 143,550	\$ -	\$ -	\$ 143,550
10/24/2011	West Branch Greenway Landscape	4,795	-	-	4,795
3/9/2012	Bellflower/Woodruff Street	28,919	-	-	28,919
4/19/2013	Lakewood and Clark Sidewalk Project	104,460	-	-	104,460
6/10/2013	Clark Avenue Rehabilitation	17,532	-	-	17,532
6/30/2013	Cold Mill, Street Resurfacing	489,324	-	-	489,324
6/30/2013	Woodruff Avenue Pavement Rehabilitation	3,433	-	-	3,433
2/12/2014	Tree and Curb Removal - Sidewalk Project	17,294	-	-	17,294
6/10/2014	Virginia Avenue Widening	100,485	-	-	100,485
1/31/2015	Sidewalks, Curbs (13/14-05)	117,904	-	-	117,904
3/31/2015	Flora Vista Dog Park (14/15-06)	6,760	-	-	6,760
8/13/2015	Traffic Signal- California and Artesia	254,502	-	-	254,502
10/5/2015	Flower Street Rehabilitation	116,918	-	-	116,918
7/13/2016	Bellflower Boulevard Rehabilitation	152,651	-	-	152,651
9/2/2016	SR-91 Freeway Ramp Beautification	744,870	-	-	744,870
4/20/2017	Miscellaneous Concrete Improvements	298,726	-	-	298,726
6/8/2017	Curb Removal and Replacement	110,117	-	-	110,117
12/13/2017	Cold Mill Resurfacing	263,032	-	-	263,032
6/30/2018	91 Freeway Ramp	1,965	-	-	1,965
6/30/2018	Bellflower Walnut	90,916	-	-	90,916
7/1/2018	Bellflower Boulevard at Foster Road Traffic Signal	42,749	-	-	42,749
7/1/2018	Woodruff Avenue at Foster Road Traffic Signal	47,478	-	-	47,478
6/30/2019	Citywide ADA Curb Ramp Improvement - Phase I and II	694,250	-	-	694,250
6/30/2019	Citywide Curb, Gutter, Asphalt and Sidewalk - Phase I and II	335,691	-	-	335,691
2/29/2020	Bellflower Boulevard/91 Freeway On- Ramp Widening Project	-	322,056	-	322,056
5/12/2020	Eucalyptus Safe Route to School Project	-	86,349	-	86,349
6/30/2020	FY 19/20 Citywide ADA Curb Ramp Project	-	461,069	-	461,069
Total		<u>\$ 4,188,321</u>	<u>\$ 869,474</u>	<u>\$ -</u>	<u>\$ 5,057,795</u>

See accompanying independent auditor's report.

CITY OF BELLFLOWER
MEASURE M LOCAL RETURN FUND
BALANCE SHEETS
June 30

	2020	2019
ASSETS		
Cash and investments	\$ 1,051,872	\$ 1,316,367
Interest receivable	3,632	7,276
Total assets	\$ 1,055,504	\$ 1,323,643
 LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 4,798	\$ 10,239
Retention payable	77,733	11,850
Accrued payroll and benefits payable	416	-
Total liabilities	82,947	22,089
 Fund Balance		
Restricted	972,557	1,301,554
Total fund balance	972,557	1,301,554
Total liabilities and fund balance	\$ 1,055,504	\$ 1,323,643

The accompanying notes are an integral part of the financial statements.

CITY OF BELLFLOWER
MEASURE M LOCAL RETURN FUND
STATEMENTS OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
For the Fiscal Year Ended June 30

	2020	2019
REVENUES		
Measure M	\$ 1,052,504	\$ 1,078,107
Interest income	24,982	22,116
Total revenues	1,077,486	1,100,223
 EXPENDITURES		
Various projects	1,406,483	605,388
Total expenditures	1,406,483	605,388
 Excess (deficiency) of revenues over expenditures	(328,997)	494,835
 Fund balance at beginning of year	1,301,554	806,719
 Fund balance at end of year	\$ 972,557	\$ 1,301,554

The accompanying notes are an integral part of the financial statements.

CITY OF BELLFLOWER
MEASURE M LOCAL RETURN FUND
SUPPLEMENTARY INFORMATION
SCHEDULE OF EXPENDITURES
ACTUAL AND METRO APPROVED PROJECT BUDGET
For the Fiscal Year Ended June 30, 2020
(With Comparative Actual Amount for the Fiscal Year Ended June 30, 2019)

Project Code	Project Name	2020		Variance	2019 Actual
		Metro Budget	Actual	Favorable (Unfavorable)	
1.05	Slurry Seal Project 17/18 and 18/19	\$ 323,000	\$ -	\$ 323,000	\$ 323,000
1.05	Cold Mill Resurface 18/19	-	-	-	45,388
1.05	Street Improvements	650,000	594,516	55,484	-
1.25	ADA Curb Ramp Project	-	-	-	237,000
1.90	ADA Curb Ramp Project	237,000	237,000	-	-
2.01	Traffic Signal Improvements	550,000	549,901	99	-
8.10	Measure M - Administration	48,893	25,066	23,827	-
Total expenditures		\$ <u>1,808,893</u>	\$ <u>1,406,483</u>	\$ <u>402,410</u>	\$ <u>605,388</u>

See accompanying independent auditor's report.

CITY OF BELLFLOWER
MEASURE M LOCAL RETURN FUND
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS
June 30, 2020

Date Acquired	Description	Balance 7/1/2019	Additions	Deletions	Balance 6/30/2020
6/30/2019	Citywide ADA Curb Ramp Improvement - Phase I and II	\$ 236,991	\$ -	\$ -	\$ 236,991
5/12/2020	Eucalyptus Safe Route to School Project	-	594,516	-	594,516
6/30/2020	FY 19/20 Citywide ADA Curb Ramp Project	-	154,674	-	154,674
Total		\$ 236,991	\$ 749,190	\$ -	\$ 986,181

See accompanying independent auditor's report.

CITY OF BELLFLOWER
TRANSPORTATION DEVELOPMENT ACT ARTICLE 3 FUND
(PURSUANT TO PUBLIC UTILITIES CODE SECTION 99234)

BALANCE SHEETS

June 30

	<u>2020</u>	<u>2019</u>
ASSETS		
Cash and investments	\$ 4,253	\$ -
Due from Metro	<u>3,424</u>	<u>105,069</u>
Total assets	<u>\$ 7,677</u>	<u>\$ 105,069</u>
 LIABILITIES AND FUND BALANCE		
Liabilities		
Due to General Fund	\$ -	\$ 104,903
Retention payable	7,677	1,204
Accrued payroll and benefits payable	<u>-</u>	<u>246</u>
Total liabilities	<u>7,677</u>	<u>106,353</u>
 Fund Balance		
Unassigned	<u>-</u>	<u>(1,284)</u>
Total fund balance	<u>-</u>	<u>(1,284)</u>
Total liabilities and fund balance	<u>\$ 7,677</u>	<u>\$ 105,069</u>

The accompanying notes are an integral part of the financial statements.

CITY OF BELLFLOWER
TRANSPORTATION DEVELOPMENT ACT ARTICLE 3 FUND
STATEMENTS OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
For the Fiscal Years Ended June 30

	2020	2019
REVENUES		
TDA 3	\$ 131,284	\$ 105,069
Total revenues	131,284	105,069
 EXPENDITURES		
Various projects	130,000	89,947
Total expenditures	130,000	89,947
Excess of revenues over expenditures	1,284	15,122
Fund balance at beginning of year	(1,284)	(16,406)
Fund balance at end of year	\$ -	\$ (1,284)

The accompanying notes are an integral part of the financial statements.

CITY OF BELLFLOWER
TRANSPORTATION DEVELOPMENT ACT ARTICLE 3 FUND
SUPPLEMENTARY INFORMATION
SCHEDULE OF TRANSPORTATION DEVELOPMENT ACT
ALLOCATION FOR SPECIFIC PROJECTS
For the Fiscal Year Ended June 30, 2020

<u>Project Description</u>	<u>Program Year</u>	<u>Allocations</u>	<u>Expenditures</u>	<u>Unexpended Allocations</u>	<u>Project Status</u>
Local allocations					
Curb, Ramp and Sidewalk Improvements - Citywide	2019-20	131,284	130,000	1,284	Ongoing
Totals		\$ 131,284	\$ 130,000	1,284	
Fund balance at beginning of year				(1,284)	
Fund balance at end of year				\$ -	

See accompanying independent auditor's report.

CITY OF BELLFLOWER
TRANSPORTATION DEVELOPMENT ACT ARTICLE 3 FUND
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS
June 30, 2020

<u>Date</u> <u>Acquired</u>	<u>Description</u>	<u>Balance</u> <u>7/1/2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>6/30/2020</u>
6/30/2019	Citywide ADA Curb Ramp Improvement - Phase I and II *	\$ -	\$ 24,368	\$ -	\$ 24,368
	Total	\$ -	\$ 24,368	\$ -	\$ 24,368

* The addition is a capital asset that was not reported in prior fiscal year.

CITY OF BELLFLOWER
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Years Ended June 30, 2020 and 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fund Accounting

The operations of the Proposition A Local Return Fund (PALRF), Proposition C Local Return Fund (PCLRF), Measure R Local Return Fund (MRLRF), Measure M Local Return Fund (MMLRF), and Transportation Development Act Article 3 Fund (TDAA3F) (collectively, the Funds) are accounted for in separate sets of self-balancing accounts that comprise their assets, liabilities, fund balance, revenues and expenditures.

PALRF and PCLRF represent 25% and 20%, respectively, of the ½ cent Proposition A and ½ cent Proposition C sales taxes which are distributed to the jurisdictions within Los Angeles County based on population and must be used exclusively for transportation related programs and projects.

MRLRF is derived from 15% of a county-wide ½ cent sales tax which is distributed to the jurisdictions within Los Angeles County based on a per capita basis and must be used exclusively for transportation purposes.

MMLRF is derived from 17% of a county-wide ½ cent sales tax which is distributed to the jurisdictions within Los Angeles County based on a per capita basis and must be used exclusively for transportation purposes.

TDAA3F is a Special Revenue Fund that accounts for the City’s share of the Transportation Development Act Article 3 allocations which are legally restricted for specific purposes.

Basis of Accounting and Measurement Focus

PALRF, PCLRF, MRLRF, MMLRF, and TDAA3F are accounted for using the modified accrual basis of accounting whereby revenues are recognized when they become both measurable and available to finance expenditures of the current period and expenditures are generally recognized when the related fund liabilities are incurred.

Special Revenue Funds are reported on the spending or “financial flow” measurement focus. This means that generally only current assets, current liabilities and deferred inflows and outflows of resources are included on their balance sheets. The statement of revenues, expenditures and changes in fund balance for Special Revenue Funds generally present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

Budgets and Budgetary Accounting

The budgeted amounts presented in this report for comparison to the actual amounts are presented in accordance with accounting principles generally accepted in the United States of America.

CITY OF BELLFLOWER
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Years Ended June 30, 2020 and 2019
(Continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurement

In accordance with Government Accounting Standard Board (GASB) Statement No. 72, *Fair Value Measurement and Application*, which became effective for the fiscal year ended June 30, 2016, the City categorizes its fair value measurement within the fair value hierarchy that is based on the valuation inputs used to measure the fair value of the investment. Level 1 inputs are quoted prices in active markets for identical investments; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Accordingly, the City reports its investment at fair value and recognizes unrealized gain (loss) on investments.

Refer to City's 2020 Comprehensive Annual Financial Report for detailed disclosures regarding the City's investment policy and fair value measurement.

Fund Balance Reporting

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, establishes the fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of resources reported in governmental funds.

The PALRF, PCLRF, MRLRF, MMLRF, and TDAA3F report the following fund balance classification as of June 30, 2020:

- Restricted – Amounts that are constrained for specific purpose, which are externally imposed by providers, such as creditors, or amounts constrained due to constitutional provisions or enabling legislation. The uses of the funds' remaining fund balances are restricted for projects approved by Los Angeles County Metropolitan Transportation Authority (Metro).
- Unassigned – The unassigned classification is used only if expenditures incurred for specific purposes exceed the amounts restricted to those purposes.

Information regarding the fund balance reporting policy adopted by the City is described in Note 1 to the City's Comprehensive Annual Financial Report.

NOTE 2 – ANNUAL FINANCIAL STATEMENTS

The financial statements reflect only the financial position and results of operations of the PALRF, PCLRF, MRLRF, MMLRF, and TDAA3F and their compliance with the Proposition A and Proposition C Local Return Program Guidelines, Measure R Local Return Program Guidelines, Measure M Local Return Program Guidelines, Transportation Development Act Article 3 and the Los Angeles County Metropolitan Transportation Authority Funding and Allocation Guidelines for Transportation Development Act Article 3 Bicycle and Pedestrian Funds.

CITY OF BELLFLOWER
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Years Ended June 30, 2020 and 2019
(Continued)

NOTE 3 – PROPOSITION A AND PROPOSITION C LOCAL RETURN COMPLIANCE REQUIREMENTS

In accordance with Proposition A and Proposition C Local Return Program Guidelines, funds received pursuant to these guidelines may only be used for Proposition A and Proposition C Local Return approved programs. See accompanying Compliance Matrix.

NOTE 4 – MEASURE R LOCAL RETURN COMPLIANCE REQUIREMENTS

In accordance with Measure R Local Return Program Guidelines, funds received pursuant to these guidelines may only be used for Measure R Local Return approved programs. See accompanying Compliance Matrix.

NOTE 5 – MEASURE M LOCAL RETURN COMPLIANCE REQUIREMENTS

On June 23, 2016, the Metro Board of Directors approved the Los Angeles County Traffic Improvement Plan Ordinance, known as Measure M. In accordance with Measure M Local Return Program Guidelines, funds received pursuant to these guidelines may only be used for Measure M Local Return approved programs. See accompanying Compliance Matrix.

NOTE 6 – TRANSPORTATION DEVELOPMENT ACT COMPLIANCE REQUIREMENTS

In accordance with Public Utilities Code Section 99234, funds received pursuant to this Code's section may only be used for activities relating to pedestrians and bicycle facilities. See accompanying Compliance Matrix.

NOTE 7 – CASH AND INVESTMENTS

The PALRF, PCLRF, MRLRF, MMLRF, and TDAA3F's cash and investment balances were pooled with various other City funds for deposit and investment purposes. The share of each fund in the pooled cash and investments account was separately maintained and interest income was apportioned to the participating funds based on the relationship of their average balances to the total of the pooled cash and investments.

CITY OF BELLFLOWER
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Years Ended June 30, 2020 and 2019
(Continued)

NOTE 8 – PROPOSITION A DISCRETIONARY INCENTIVE GRANT - PALRF

The City entered into various Memorandum of Understanding (MOU) agreements with Los Angeles County Metropolitan Transportation Authority (LACMTA) to receive Proposition A Discretionary Incentive Grants for participating in the Consolidated National Transit Database (NTD) Voluntary Reporting. The amounts received for the years ended June 30, 2020 and 2019 consisted of the following:

Agreement Date	Period	NTD Voluntary Reporting	MOU Amount	Amount Received	
				2020	2019
July 31, 2018	7/1/18 – 6/30/22	FY 2015-16	\$ 46,138	\$ -	\$ 46,138
July 31, 2017	7/1/17 – 6/30/19	FY 2014-15	\$ 46,431	\$ -	\$ 46,431
			Total	\$ -	\$ 92,569

The Proposition A Discretionary Incentive Grants were recorded under PALRF.

NOTE 9 – ANNUAL DEBT SERVICE FOR THE REGIONAL TRANSIT CENTER AND PARKING STRUCTURE PROJECT CODE 290-03 - PALRF AND PCLRF

On June 1, 2008, the City and the Bellflower Financing Authority (Authority) entered into a lease agreement on premises which included the Civic Center property. The agreement was amended on January 1, 2018 whereby the City, as the agent of the Authority, has agreed to cause the construction of a regional transit center and parking structure (Project), and the City has leased the premises from the Authority. In order to finance the Project, the City and the Authority have authorized the sale of the \$10,000,000 City of Bellflower 2018 Certificates of Participation (2018 COPs). The City intends to pay the portion of the lease payments attributable to the 2018 COPs using the PALRF and PCLRF monies approved by Metro.

As of June 30, 2020 and 2019, PALRF allocation revenues were used to pay the 2018 COPs debt service and trustee fees of \$750,000 and \$602,245, respectively, and PCLRF allocation revenues were used to pay the 2018 COPs debt service of \$98,940 and \$86,091, respectively.

NOTE 10 – SALE OF PROPERTY - PCLRF

On March 7, 2020, the City sold two pieces of camera equipment for a total amount of \$607. The proceeds were recorded under PCLRF for the fiscal year ended June 30, 2020.

CITY OF BELLFLOWER
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Years Ended June 30, 2020 and 2019
(Continued)

NOTE 11 – COVID-19 STIMULUS GRANT

In fiscal year ended June 30, 2020, the City received COVID-19 stimulus grant from Department of Justice – Justice Assistance Grant. According to the City, the expenditures incurred for MRLRF’s Bike Trail Maintenance Project Code 3.05 were qualified reimbursements from the grant in the amount of \$1,490. The stimulus grant was not received and was recorded as a receivable as of June 30, 2020.

NOTE 12 – TRANSPORTATION DEVELOPMENT ACT FUND REVENUE ALLOCATION

The revenue allocation for the years ended June 30, 2020 and 2019 consisted of the following:

	2020	2019
FY 2015-16 allocation	\$ -	\$ 41,869
FY 2016-17 allocation	-	51,753
FY 2017-18 allocation	38,285	11,447
FY 2018-19 allocation	51,966	-
FY 2019-20 allocation	41,033	-
Total payment requested	\$ 131,284	\$ 105,069

NOTE 13 – TRANSPORTATION DEVELOPMENT ACT FUNDS RESERVED

In accordance with TDA Article 3 (SB821) Guidelines, funds not spent during the fiscal year have been placed on reserve in the Local Transportation Fund (LTF) account with the County Auditor-Controller to be drawn down whenever the funds become eligible for a specific project and an approved drawdown request is received by Metro. As of June 30, 2020 and 2019, the City has funds on reserve as follows:

	2020	2019
FY 2017-18 allocation	\$ -	\$ 38,285
FY 2018-19 allocation	-	51,966
FY 2019-20 allocation	14,959	-
Available reserve balance	\$ 14,959	\$ 90,251

CITY OF BELLFLOWER
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Years Ended June 30, 2020 and 2019
(Continued)

NOTE 14 – SUBSEQUENT EVENTS

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, and quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries. To date, it is unknown how long these conditions will last and what the complete financial effect will be to businesses and other affected organizations, including local governmental entities.

The City has evaluated subsequent events through October 21, 2020, the date the financial statements were available to be issued and concluded no other events have occurred that require disclosure or adjustments to the financial statements.



SIMPSON & SIMPSON
CERTIFIED PUBLIC ACCOUNTANTS

FOUNDING PARTNERS
BRAINARD C. SIMPSON, CPA
MELBA W. SIMPSON, CPA

**Independent Auditor's Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards***

To the Honorable Members of the City Council of the
City of Bellflower, California and the
Los Angeles County Metropolitan Transit Authority

We have audited, 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, the financial statements of the Proposition A Local Return Fund, Proposition C Local Return Fund, Measure R Local Return Fund, Measure M Local Return Fund, and Transportation Development Act Article 3 Fund (collectively, the Funds) of the City of Bellflower, California (the City), as of and for the year ended June 30, 2020, and the related notes to the financial statements, and have issued our report thereon dated October 21, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the Funds' financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the Funds' financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.





Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's Proposition A Local Return Fund, Proposition C Local Return Fund, Measure R Local Return Fund, Measure M Local Return Fund, and Transportation Development Act Article 3 Fund financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Simpson & Simpson".

Los Angeles, California
October 21, 2020

COMPLIANCE SECTION



SIMPSON & SIMPSON
CERTIFIED PUBLIC ACCOUNTANTS

FOUNDING PARTNERS
BRAINARD C. SIMPSON, CPA
MELBA W. SIMPSON, CPA

Independent Auditor's Report on Compliance

To the Honorable Members of the City Council of the
City of Bellflower, California and the
Los Angeles County Metropolitan Transit Authority

Report on Compliance

We have audited the compliance of the City of Bellflower, California (the City) with the Proposition A and Proposition C Local Return Guidelines, Measure R Local Return Guidelines, Measure M Local Return Guidelines, Transportation Development Act Article 3, and the Los Angeles County Metropolitan Transportation Authority's Funding and Allocation Guidelines for the Transportation Development Act Article 3 Bicycle and Pedestrian Funds (collectively, the Guidelines) for the year ended June 30, 2020.

Management's Responsibility

Management is responsible for the City's compliance with the Guidelines.

Auditor's Responsibility

Our responsibility is to express an opinion on the City's compliance based on our audit. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the Guidelines referred to in the preceding paragraph. Those standards and the Guidelines require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on Proposition A Local Return Program, Proposition C Local Return Program, Measure R Local Return Program, Measure M Local Return Program, and Transportation Development Act Article 3 Program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance with the Guidelines. However, our audit does not provide a legal determination of the City's compliance with the Guidelines.

Opinion on Each Local Return Program and Transportation Development Act Article 3

In our opinion, the City complied, in all material respects, with the compliance requirements of the Guidelines for the year ended June 30, 2020.





Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the Guidelines referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance under the Guidelines will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with the Guidelines that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that we consider to be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Guidelines. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Simpson & Simpson".

Los Angeles, California
October 21, 2020

CITY OF BELLFLOWER
COMPLIANCE MATRIX
Year Ended June 30, 2020

Compliance Requirement		In Compliance			Questioned Costs	If no, provide details and management response.
		Yes	No	N/A		
A. Proposition A and Proposition C Local Return Funds						
1.	Uses the State Controller's Uniform System of Accounts and Records.	X			None	
2.	Timely use of funds.	X			None	
3.	Funds expended were approved and have not been substituted for property tax.	X			None	
4.	Expenditures that exceeded 25% of approved project budget have approved amended project Description Form (Form A).	X			None	
5.	Administrative expenses are within the 20% cap of the total annual Local Return Expenditures.	X			None	
6.	All on-going and carryover projects were reported in Form B.	X			None	
7.	Annual Project Summary Report (Form B) was submitted on time.	X			None	
8.	Annual Expenditure Report (Form C) was submitted on time.	X			None	
9.	Cash or cash equivalents are maintained.	X			None	
10.	Accounting procedures, record keeping and documentation are adequate.	X			None	
11.	Pavement Management System (PMS) is in place and being used for Street Maintenance or Improvement Projects Expenditures.	X			None	
12.	Local Return Account is credited for reimbursable expenditures.	X			None	
13.	Self-Certification was completed and submitted for Intelligent Transportation Systems projects or elements.			X	None	
14.	Signed Assurances and Understandings form was on file.	X			None	
15.	Recreational transit form was submitted on time.			X	None	

CITY OF BELLFLOWER
COMPLIANCE MATRIX
Year Ended June 30, 2020
(Continued)

Compliance Requirement		In Compliance			Questioned Costs	If no, provide details and management response.
		Yes	No	N/A		
B. Measure R Local Return Fund						
1.	Funds were expended for transportation purposes.	X			None	
2.	Funds were used to augment, not supplant, existing local revenues being used for transportation purposes unless there is a funding shortfall.	X			None	
3.	Signed Assurances and Understandings form was on file.	X			None	
4.	Separate Measure R Local Return Account was established.	X			None	
5.	Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure R Local Return Account.	X			None	
6.	Funds were expended with Metro's approval.	X			None	
7.	Expenditure Plan (Form One) was submitted on time.	X			None	
8.	Expenditure Report (Form Two) was submitted on time.	X			None	
9.	Timely use of funds.	X			None	
10.	Administrative expenditures are within the 20% cap.	X			None	
11.	Fund exchanges were approved by Metro.			X	None	
12.	A separate account was established for Capital reserve funds and Capital reserve was approved by Metro.			X	None	
13.	Recreational transit form was submitted on time.			X	None	

CITY OF BELLFLOWER
COMPLIANCE MATRIX
Year Ended June 30, 2020
(Continued)

Compliance Requirement		In Compliance			Questioned Costs	If no, provide details and management response.
		Yes	No	N/A		
C. Measure M Local Return Fund						
1.	Funds were expended for transportation purposes.	X			None	
2.	Funds were used to augment, not supplant existing local revenues being used for transportation purposes unless there is a fund shortfall.	X			None	
3.	Signed Assurances and Understandings form was on file.	X			None	
4.	Separate Measure M Local Return Account was established.	X			None	
5.	Revenue received including allocations, project generated revenues and interest income was properly credited to the Measure M Local Return Account.	X			None	
6.	Funds were expended with Metro's approval.	X			None	
7.	Expenditure Plan (Form M-One) was submitted on time.	X			None	
8.	Expenditure Report (Form M-Two) was submitted on time.	X			None	
9.	Timely use of funds.	X			None	
10.	Administrative expenses are within the 20% cap.	X			None	
11.	Fund exchanges were approved by Metro.			X	None	
12.	A separate account was established for Capital reserve funds and Capital reserve was approved by Metro.			X	None	
13.	Recreational transit form was submitted timely.			X	None	

CITY OF BELLFLOWER
COMPLIANCE MATRIX
 Year Ended June 30, 2020
 (Continued)

Compliance Requirement		In Compliance			Questioned Costs	If no, provide details and management response.
		Yes	No	N/A		
D. Transportation Development Act Article 3 Fund						
1.	Timely use of funds.	X			None	
2.	Expenditures were incurred for activities relating to pedestrian and bicycle facilities and amenities.	X			None	

CITY OF BELLFLOWER
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
June 30, 2020

No findings were noted.

EXIT CONFERENCE

CITY OF BELLFLOWER
PROPOSITION A LOCAL RETURN FUND, PROPOSITION C LOCAL RETURN FUND,
MEASURE R LOCAL RETURN FUND, MEASURE M LOCAL RETURN FUND, AND
TRANSPORTATION DEVELOPMENT ACT ARTICLE 3 FUND
EXIT CONFERENCE
June 30, 2020

An exit conference was held on December 14, 2020 with the City of Bellflower. Those in attendance were:

Simpson & Simpson Representative:

Patrick Zhang, Auditor

City's Representative:

Tae Rhee, Director of Finance/City Treasurer

Matters Discussed:

Results of the audit disclosed no significant control deficiencies or non-compliance issues with Metro Guidelines.

A copy of this report was forwarded to the following City representative(s) for their comments prior to the issuance of the final report:

Tae Rhee, Director of Finance/City Treasurer

Simpson & Simpson, LLP
633 West 5th Street, Suite 3320
Los Angeles, CA 90071

RE: CITY OF BELLFLOWER ANNUAL FINANCIAL REPORT OF THE PROPOSITION A LOCAL RETURN FUND, PROPOSITION C LOCAL RETURN FUND, MEASURE R LOCAL RETURN FUND, MEASURE M LOCAL RETURN FUND, AND TRANSPORTATION DEVELOPMENT ACT ARTICLE 3 FUND FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019

I have received the annual financial report of the Proposition A Local Return Fund, Proposition C Local Return Fund, Measure R Local Return Fund, Measure M Local Return Fund, and Transportation Development Act Article 3 Fund for the years ended June 30, 2020 and 2019 for the City of Bellflower and agree with the contents of the report except as indicated below:

(Attach additional pages if necessary)

Very truly yours,

Name

Title

Date