



MetroTM

**City of Bell Gardens
Annual Financial Report of its**

**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**

**As of and for the Years Ended June 30, 2020 and 2019
with Report of Independent Auditors**

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FINANCIAL SECTION

Report of Independent Auditors

**To the Honorable Members of the City Council of the
City of Bell Gardens, 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, the Proposition C Local Return Fund, the Measure R Local Return Fund, the Measure M Local Return Fund and the Transportation Development Act Article 3 Fund (collectively, the Funds) of the City of Bell Gardens, California (the City) which comprise the Funds' balance sheets as of June 30, 2020 and 2019, and the related statements of revenues, expenditures and changes in fund balances for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our 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 audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.



An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Proposition A Local Return Fund, the Proposition C Local Return Fund, the Measure R Local Return Fund, the Measure M Local Return Fund and the Transportation Development Act Article 3 Fund of the City of Bell Gardens, California, as of June 30, 2020 and 2019, and the respective changes in 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 Proposition A Local Return Fund, the Proposition C Local Return Fund, the Measure R Local Return Fund, the Measure M Local Return Fund and the Transportation Development Act Article 3 Fund of the City of Bell Gardens, California, and do not purport to, and do not present fairly the financial position of the City as of June 30, 2020 and 2019, and the changes in its financial position for the years then ended in accordance 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 as a whole. The supplementary information identified in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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



Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 24, 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 solely 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 the effectiveness of the City's 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 black ink that reads "Vaqueria & Company LLP". The signature is written in a cursive, flowing style.

Glendale, California

November 24, 2020

**City of Bell Gardens
 Proposition A Local Return Fund
 Balance Sheets**

		June 30	
		2020	2019
ASSETS			
Cash and investments	\$	352,370	\$ 591,245
Interest receivable		1,068	2,512
Due from LACMTA		64,210	64,210
Total assets	\$	<u>417,648</u>	<u>\$ 657,967</u>
LIABILITIES AND FUND BALANCE			
Liabilities			
Accounts payable	\$	64,956	\$ 46,933
Total liabilities		<u>64,956</u>	<u>46,933</u>
Fund balance			
Restricted		352,692	611,034
Total fund balance		<u>352,692</u>	<u>611,034</u>
Total liabilities and fund balance	\$	<u>417,648</u>	<u>\$ 657,967</u>

See notes to Funds financial statements.

City of Bell Gardens
Proposition A Local Return Fund
Statements of Revenues, Expenditures and Changes in Fund Balance

	Years ended June 30	
	2020	2019
Revenues		
Proposition A	\$ 834,496	\$ 859,739
Proposition A Discretionary Incentive Program grant	63,125	-
Interest income	8,577	8,214
Total revenues	906,198	867,953
 Expenditures		
Various projects	1,164,540	734,956
Total expenditures	1,164,540	734,956
 Excess (deficiency) of revenues over expenditures	 (258,342)	 132,997
 Fund balance at beginning of year	 611,034	 478,037
 Fund balance at end of year	 \$ 352,692	 \$ 611,034

See notes to Funds financial statements.

City of Bell Gardens
Proposition A Local Return Fund
Supplementary Information
Schedule of Expenditures – Actual and LACMTA Approved Project Budget
Year ended June 30, 2020
(With Comparative Actuals for 2019)

Project Code	Project Name	2020		Variance	2019 Actual
		LACMTA Budget	Actual	Positive (Negative)	
110-05	Fixed Route Transit	\$ 433,200	\$ 533,723	\$ (100,523)	\$ 168,048
120-01	General Public Transit	300	405,652 *	(405,352)	496,910
120-02	Senior Bus Driver	23,175	20,739	2,436	-
130-01	Medical Taxi Service	40,000	40,056	(56)	40,057
140-01	Recreational Transit Services	16,000	12,918	3,082	13,134
170-01	Bus Shelter Maintenance	12,400	11,085	1,315	-
180-01	Vehicle Repair	7,300	4,701	2,599	-
180-02	Communication Equipment Maintenance	5,600	4,423	1,177	-
250-01	Bus Pass Purchases	10,600	4,080	6,520	-
270-01	Traffic Studies	71,200	-	71,200	-
270-02	COG Membership	11,900	3,387	8,513	-
480-01	Direct Administration	172,080	8,004	164,076	16,807
260-01	Vehicles	-	14,743 *	(14,743)	-
500-01	Vehicle Fuel	122,000	101,029	20,971	-
Total expenditures		\$ 925,755	\$ 1,164,540	\$ (238,785)	\$ 734,956

* See Compliance Matrix and Schedule of Findings and Questioned Costs.

See report of independent auditors.

City of Bell Gardens
Proposition A Local Return Fund
Supplementary Information
Schedule of Capital Assets
Year ended June 30, 2020

<u>Date Acquired</u>	<u>Description</u>	<u>Balance July 1, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2020</u>
1989	Trolley, Town	\$ 172,907	\$ -	\$ (172,907)	\$ -
1990	Trolley, Town	172,907	-	(172,907)	-
1992	Trolley, Town	172,907	-	(172,907)	-
2009	Bus, Senior	15,963	-	-	15,963
2020	Suite Up the Outside Bus				
	Purchased from AQMD Funds	-	14,743	-	14,743
	Total	\$ 534,684	\$ 14,743	\$ (518,721)	\$ 30,706

See report of independent auditors.

**City of Bell Gardens
Proposition C Local Return Fund
Balance Sheets**

		June 30	
		2020	2019
ASSETS			
Cash and investments	\$	1,111,921	\$ 615,957
Interest receivable		2,221	2,645
Total assets	\$	<u>1,114,142</u>	<u>\$ 618,602</u>
LIABILITIES AND FUND BALANCE			
Liabilities			
Accounts payable	\$	12,270	\$ 112,370
Total liabilities		<u>12,270</u>	<u>112,370</u>
Fund balance			
Restricted		<u>1,101,872</u>	<u>506,232</u>
Total fund balance		<u>1,101,872</u>	<u>506,232</u>
Total liabilities and fund balance	\$	<u>1,114,142</u>	<u>\$ 618,602</u>

See notes to Funds financial statements.

City of Bell Gardens
Proposition C Local Return Fund
Statements of Revenues, Expenditures and Changes in Fund Balance

	Years ended June 30	
	2020	2019
Revenues		
Proposition C	\$ 692,216	\$ 713,129
Project generated revenues	40,418	56,109
PCA management rebate	-	34,194
Interest income	11,492	12,544
Total revenues	744,126	815,976
Expenditures		
Various projects	148,486	953,071
Total expenditures	148,486	953,071
Excess (deficiency) of revenues over expenditures	595,640	(137,095)
Fund balance at beginning of year	506,232	643,327
Fund balance at end of year	\$ 1,101,872	\$ 506,232

See notes to Funds financial statements.

City of Bell Gardens
Proposition C Local Return Fund
Supplementary Information
Schedule of Expenditures – Actual and LACMTA Approved Project Budget
Year ended June 30, 2020
(With Comparative Actuals for 2019)

Project Code	Project Name	2020			2019 Actual
		LACMTA Budget	Actual	Variance Positive (Negative)	
110-05	Fixed Route Transit	\$ -	\$ -	\$ -	\$ 387,321
120-01	General Public Transit	-	-	-	129,776
270-01	CALACT Conference and Expo	-	-	-	632
270-02	Pre-Planning Study for Transportation Plan	-	-	-	15,214
270-05	Traffic Studies	18,800	1,460	17,340	30,371
400-01	Lubec St & Eastern Ave Traffic Signal Modification	111,000	-	111,000	-
400-02	Garfield Ave & Muller St Traffic Signal Project	380,000	385	379,615	-
430-01	Citywide Safety Enhancement - Active Transportation Program	-	-	-	66,044
440-03	Street Improvement No. 3	-	-	-	323,713
450-03	Gage Ave Rehab Phase 2	150,000	146,641	3,359	-
480-01	Direct Administration	131,960	-	131,960	-
Total expenditures		\$ 791,760	\$ 148,486	\$ 643,274	\$ 953,071

See report of independent auditors.

City of Bell Gardens
Proposition C Local Return Fund
Supplementary Information
Schedule of Capital Assets
Year ended June 30, 2020

Date Acquired	Description	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020
N/A	None	\$ -	\$ -	\$ -	\$ -
	Total	\$ -	\$ -	\$ -	\$ -

See report of independent auditors.

**City of Bell Gardens
Measure R Local Return Fund
Balance Sheets**

		June 30	
		2020	2019
ASSETS			
Cash and investments	\$	1,225,372	\$ 754,596
Interest receivable		2,839	2,949
Total assets	\$	1,228,211	\$ 757,545
LIABILITIES AND FUND BALANCE			
Liabilities			
Accounts payable	\$	89	\$ 22,873
Total liabilities		89	22,873
Fund balance			
Restricted		1,228,122	734,672
Total fund balance		1,228,122	734,672
Total liabilities and fund balance	\$	1,228,211	\$ 757,545

See notes to Funds financial statements.

City of Bell Gardens
Measure R Local Return Fund

Statements of Revenues, Expenditures and Changes in Fund Balance

		Years ended June 30	
		2020	2019
Revenues			
Measure R	\$	518,420	\$ 535,001
Interest income		14,365	10,330
Total revenues		532,785	545,331
Expenditures			
Various projects		39,335	177,595
Total expenditures		39,335	177,595
Excess of revenues over expenditures		493,450	367,736
Fund balance at beginning of year		734,672	366,936
Fund balance at end of year	\$	1,228,122	\$ 734,672

See notes to Funds financial statements.

City of Bell Gardens
Measure R Local Return Fund
Supplementary Information
Schedule of Expenditures – Actual and LACMTA Approved Project Budget
Year ended June 30, 2020
(With Comparative Actuals for 2019)

Project Code	Project Name	2020			2019 Actual
		LACMTA Budget	Actual	Variance Positive (Negative)	
1.05	Florence Ave (Ira & Jaboneria)	\$ 114,000	\$ -	\$ 114,000	\$ -
1.05	Garfield Street Rehab (Eastern-Quinn)	225,000	500	224,500	-
1.05	Slurry Seal Zone 1 Project	-	37,185 *	(37,185)	12,971
1.05	Rehabilitation of Various Streets	-	-	-	63,875
1.20	Garfield/Clara Intersection Widening	-	1,650 *	(1,650)	32,805
3.05	Citywide Safety Enhancement Project - ATP	-	-	-	-
4.20	Senior Bus Driver	-	-	-	28,618
5.05	Bus Shelter Maintenance	-	-	-	14,211
5.10	Senior Bus - Vehicle Repairs and Maintenance	-	-	-	2,801
6.30	Bus Pass Purchases	-	-	-	6,040
7.90	Council of Governments (COG) Dues	-	-	-	16,274
7.90	Traffic Studies	27,000	-	27,000	-
8.10	Fund Administration (20% cap)	73,200	-	73,200	-
Total expenditures		\$ 439,200	\$ 39,335	\$ 399,865	\$ 177,595

* See Compliance Matrix and Schedule of Findings and Questioned Costs.

See report of independent auditors.

City of Bell Gardens
Measure R Local Return Fund
Supplementary Information
Schedule of Capital Assets
Year ended June 30, 2020

Date Acquired	Description	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020
N/A	None	\$ -	\$ -	\$ -	\$ -
	Total	\$ -	\$ -	\$ -	\$ -

See report of independent auditors.

**City of Bell Gardens
Measure M Local Return Fund
Balance Sheets**

		June 30	
		2020	2019
ASSETS			
Cash and investments	\$	492,406	\$ 115,891
Interest receivable		1,243	467
Total assets	\$	493,649	\$ 116,358
LIABILITIES AND FUND BALANCE			
Liabilities			
Accounts payable	\$	275,436	\$ 100,626
Total liabilities		275,436	100,626
Fund balance			
Restricted		218,213	15,732
Total fund balance		218,213	15,732
Total liabilities and fund balance	\$	493,649	\$ 116,358

See notes to Funds financial statements.

City of Bell Gardens
Measure M Local Return Fund

Statements of Revenues, Expenditures and Changes in Fund Balance

	Years ended June 30	
	2020	2019
Revenues		
Measure M	\$ 583,439	\$ 602,673
Interest income	4,759	7,745
Total revenues	588,198	610,418
 Expenditures		
Various projects	385,717	1,003,250
Total expenditures	385,717	1,003,250
 Excess (deficiency) of revenues over expenditures	 202,481	 (392,832)
Fund balance at beginning of year	15,732	408,564
Fund balance at end of year	\$ 218,213	\$ 15,732

See notes to Funds financial statements.

City of Bell Gardens
Measure M Local Return Fund
Supplementary Information
Schedule of Expenditures – Actual and LACMTA Approved Project Budget
Year ended June 30, 2020
(With Comparative Actuals for 2019)

Project Code	Project Name	2020		Variance Positive (Negative)	2019 Actual
		LACMTA Budget	Actual		
1.05	Rehabilitation of Various Streets	\$ 362,501	\$ 280,805	\$ 81,696	\$ 815,010
1.05	Slurry Seal Zone 1 Project	-	14,300 *	(14,300)	114,200
1.05	Gage Ave Improvements Project	137,499	90,612	46,887	50,000
7.10	Traffic Studies	48,000	-	48,000	24,040
8.10	Fund Administration (20% cap)	109,600	-	109,600	-
	Total expenditures	\$ 657,600	\$ 385,717	\$ 271,883	\$ 1,003,250

* See Compliance Matrix and Schedule of Findings and Questioned Costs.

See report of independent auditors.

City of Bell Gardens
Measure M Local Return Fund
Supplementary Information
Schedule of Capital Assets
Year ended June 30, 2020

Date Acquired	Description	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020
N/A	None	\$ -	\$ -	\$ -	\$ -
	Total	\$ -	\$ -	\$ -	\$ -

See report of independent auditors.

City of Bell Gardens
 Transportation Development Act Article 3 Fund
 Pursuant to Public Utilities Code Section 99234
 Balance Sheets

		June 30	
		2020	2019
ASSETS			
Cash and investments	\$	4,825	\$ 798
Interest receivable		77	2
Due from LACMTA		2,530	700
Total assets	\$	7,432	\$ 1,500
LIABILITIES AND FUND BALANCE			
Liabilities			
Accounts payable	\$	7,432	\$ 1,500
Total liabilities		7,432	1,500
Fund balance			
Restricted		-	-
Total fund balance		-	-
Total liabilities and fund balance	\$	7,432	\$ 1,500

See notes to Funds financial statements.

City of Bell Gardens
 Transportation Development Act Article 3 Fund
 Pursuant to Public Utilities Code Section 99234
Statements of Revenues, Expenditures and Changes in Fund Balance

	Years ended June 30	
	2020	2019
Revenues		
Intergovernmental allocations:		
Article 3	\$ 51,000	\$ 8,400
Interest income	209	91
Total revenues	51,209	8,491
 Expenditures		
Various projects	51,209	8,491
Total expenditures	51,209	8,491
 Excess of revenues over expenditures	-	-
 Fund balance at beginning of year	-	-
 Fund balance at end of year	\$ -	\$ -

See notes to Funds financial statements.

City of Bell Gardens
Transportation Development Act Article 3 Fund
Pursuant to Public Utilities Code Section 99234
Supplementary Information
Schedule of Transportation Development Act Allocation for Specific Projects
Year ended June 30, 2020

Project Description	Program Year	Totals to Date		Unexpended Allocations	Project Status
		Allocations	Expenditures		
Local Allocations:					
Street Rehab Project	2020	\$ 31,000	\$ 31,530	\$ (530)	Ongoing
HSIP Lubec/Eastern	2020	20,000	3,548	16,452	Ongoing
SSARP Intersections Evaluation Study	2020	-	7,728	(7,728)	Ongoing
Florence Ave Corridor Study	2020	-	8,403	(8,403)	Ongoing
	Totals	<u>\$ 51,000</u>	<u>\$ 51,209</u>	<u>(209)</u>	
Interest income				209	
Fund balance at beginning of year				<u>-</u>	
Fund balance at end of year				<u>\$ -</u>	

See report of independent auditors.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fund Accounting

The operations of the Proposition A Local Return Fund (PALRF), the Proposition C Local Return Fund (PCLRF), the Measure R Local Return Fund (MRLRF), Measure M Local Return Fund (MMLRF) and the 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 the county-wide ½ cent Measure R 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 the county-wide ½ cent Measure M 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

The PALRF, PCLRF, MRLRF, MMLRF and TDAA3F are reported as Special Revenue Funds of the City and are accounted for using the modified accrual basis of accounting. Revenues are recognized when they become "susceptible to accrual", that is, measurable and available to finance expenditures of the current period. Expenditures are recorded when the liability is incurred.

Special Revenue Funds are reported on a 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. Statements of revenues, expenditures and changes in fund balances 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 based on budgets approved by LACMTA and are presented in accordance with accounting principles generally accepted in the United States of America.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurement

In accordance with GASB Statement No. 72, *Fair Value Measurement and Application*, 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 investments at fair value and recognizes unrealized gain (loss) on investments.

Refer to the City's Comprehensive Annual Financial Report (CAFR) for detailed disclosures regarding the City's investments policy and fair value measurement disclosures.

Fund Balance Reporting

Governmental Accounting Standards Board (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 the resources reported in governmental funds.

The PALRF, PCLRF, MRLRF, MMLRF and TDAA3F report the following fund balance classification as of June 30, 2020 and 2019:

- Restricted - Amounts that are constrained for specific purposes, which are externally imposed by providers, such as creditors, or amounts constrained due to constitutional provisions or enabling legislation. The use of the Funds' remaining fund balances are restricted for projects approved by LACMTA.

Information regarding the fund balance reporting policy adopted by the City is described in the City's CAFR.

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 do not purport to, and do not present fairly the City's financial position as of June 30, 2020 and 2019, and the changes in its financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

NOTE 3 PROPOSITION A AND PROPOSITION C LOCAL RETURN COMPLIANCE REQUIREMENTS

The Proposition A Ordinance requires that Local Return (LR) funds be used exclusively to benefit public transit. Expenditures related to fixed route and paratransit services, Transportation Demand Management, Transportation Systems Management and fare subsidy programs that exclusively benefit transit are all eligible uses of Proposition A LR funds. Proposition A LR funds may also be traded with other Jurisdictions in exchange for general or other funds.

The Proposition C Ordinance directs that LR funds also be used to benefit public transit, as described above, but provides an expanded list of eligible project expenditures including Congestion Management Programs, bikeways and bike lanes, street improvements supporting public transit service, and Pavement Management System projects. Proposition C LR funds cannot be traded.

Proposition A and Proposition C LR funds must be expended within three years of the last day of the fiscal year in which funds were originally allocated.

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

The Measure R Ordinance specifies that LR funds be used exclusively for transportation purposes.

Measure R LR funds must be expended within five years of the first day of the fiscal year in which funds were originally allocated or received.

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

Measure M was approved by the voters of Los Angeles County on November 8, 2016 to improve transportation and ease traffic congestion consistent with the Los Angeles County Traffic Improvement Plan Ordinance approved by the Metro Board of Directors on June 23, 2016. The Measure M Ordinance specifies that LR funds be used exclusively for transportation purposes.

NOTE 5 MEASURE M LOCAL RETURN COMPLIANCE REQUIREMENTS (CONTINUED)

Measure M LR funds must be expended within five years of the first day of the fiscal year in which funds were originally allocated or received.

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

Please refer to the City's CAFR for a full description of risks relating to cash and investments.

NOTE 8 PROPOSITION A DISCRETIONARY INCENTIVE PROGRAM GRANT

The Proposition A Discretionary Incentive Program grant represents additional funds received from LACMTA for participating in the Voluntary NTD Program. The amounts received for the years ended June 30, 2020 and 2019 consisted of the following:

	2020	2019
FY 2015-16 Voluntary NTD Reporting Program Year	\$ <u>63,125</u>	\$ <u>-</u>
	\$ <u>63,125</u>	\$ <u>-</u>

The Proposition A Discretionary Incentive Program grants were recorded under PALRF.

NOTE 9 PROJECT GENERATED REVENUES – PCLRF

Project generated revenues for the years ended June 30, 2020 and June 30, 2019 consisted of the following:

		<u>2020</u>		<u>2019</u>
DART fares	\$	4,293	\$	15,473
Trolley fares		<u>36,125</u>		<u>40,636</u>
	\$	<u>40,418</u>	\$	<u>56,109</u>

NOTE 10 PCA MANAGEMENT REBATES – PCLRF

In September 2008, the City Council awarded a five-year service contract to Parking Company of America (PCA) commencing on January 1, 2009 through December 31, 2013. The City purchased new transit vehicles for the Fixed Route, Dial-A-Ride and Senior Bus programs and presently have been fully paid by the City. PCA desired to share the cost savings with the City. As an incentive for the City to consider the contract extension, PCA offered to provide monthly discount of \$4,000. The monthly discount was retroactively applied on January 1, 2013, under the conditions that the contract extension is approved. On April 22, 2013, the City Council approved a five-year extension of the contract which expires on December 31, 2018. Upon the expiration of the contract, the City and PCA agreed to continue the service on a month to month agreement until March 31, 2019. The City received rebates totaling \$0 and \$34,194 for the years ended June 30, 2020 and 2019, respectively.

NOTE 11 TRANSPORTATION DEVELOPMENT ACT ARTICLE 3 FUND REVENUE ALLOCATION

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

		<u>2020</u>		<u>2019</u>
FY 2018/19 allocation	\$	20,637	\$	8,400
FY 2019/20 allocation		<u>30,363</u>		-
	\$	<u>51,000</u>	\$	<u>8,400</u>

NOTE 12 TRANSPORTATION DEVELOPMENT ACT ARTICLE 3 FUNDS RESERVED

In accordance with TDA Article 3 (SB821) Guidelines, funds which will not be 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 LACMTA. As of June 30, 2020 and 2019, the City has funds on reserve as follows:

		2020		2019
FY 2018/19 allocation	\$	-	\$	20,637
FY 2019/20 allocation		702		-
Total reserve	\$	702	\$	20,637

For FY 2019/20, any TDA Article 3 funds left on reserve for FY 2015/16 or prior, are subject to lapse if not claimed by the City by June 30, 2020. There were no funds that lapsed in FY 2019/20.

NOTE 13 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 events subsequent to June 30, 2020 to assess the need for potential recognition or disclosure in the financial statements. Such events were evaluated through November 24, 2020, the date the financial statements were available to be issued. Based upon this evaluation, it was determined that no other subsequent events occurred that require recognition or additional disclosure in the financial statements.

**Report of Independent Auditors 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 Bell Gardens, California and the
Los Angeles County Metropolitan Transportation Authority**

We have audited, in accordance with the 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, the Proposition C Local Return Fund, the Measure R Local Return Fund, the Measure M Local Return Fund and the Transportation Development Act Article 3 Fund (collectively, the Funds) of the City of Bell Gardens, 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 November 24, 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 the Funds' financial reporting (internal control) as a basis for designing 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 Funds' 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, 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 results of that testing, and not to provide an opinion on the effectiveness of the City'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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Vasquez & Company LLP". The signature is written in a cursive, flowing style.

**Glendale, California
November 24, 2020**

COMPLIANCE SECTION

Report of Independent Auditors on Compliance

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

Report on Compliance

We have audited the compliance of the City of Bell Gardens, 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 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.

Auditors' Responsibility

Our responsibility is to express an opinion on the City's compliance with the Guidelines based on our audit. We conducted our audit of compliance in accordance with the 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. Those standards and the Guidelines require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on the 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

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



Other Matters

The results of our auditing procedures disclosed instances of noncompliance with the requirements, which are described in the accompanying Schedule of Findings and Questioned Costs as Findings #2020-001 through #2020-007. Our opinion is not modified with respect to these matters.

The City's responses to the noncompliance findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. The City's responses were not subjected to the auditing procedures applied in the audit of compliance, and accordingly, we express no opinion on the responses.

Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements 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 a combination of deficiencies, in internal control over compliance with the requirements, such that there is a reasonable possibility that material noncompliance 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 requirements 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 might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as Findings #2020-002, #2020-003, #2020-005 and #2020-007, to be significant deficiencies.



The City's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. The City's responses were not subjected to the auditing procedures applied in the audit of compliance, and accordingly, we express no opinion on the responses.

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.

Vacques & Company LLP

**Glendale, California
November 24, 2020**

**City of Bell Gardens
Compliance Matrix
Year ended June 30, 2020**

Compliance Requirements	In Compliance			Questioned Costs	If no, provide details and management response.
	Yes	No	N/A		
A. Proposition A and Proposition C Local Return Funds	X				
1. Uses the State Controller's Uniform System of Accounts and Records.	X				
2. Timely use of funds.	X				
3. Funds expended were approved and have not been substituted for property tax.		X			See Finding #2020-001
4. Expenditures that exceeded 25% of approved project budget have approved amended Project Description Form (Form A).		X			See Finding #2020-002
5. Administrative expenses are within the 20% cap of the total annual Local Return Expenditures.	X				
6. All on-going and carryover projects were reported on Form B.	X				
7. Annual Project Summary Report (Form B) was submitted timely.		X			See Finding #2020-003
8. Annual Expenditure Report (Form C) was submitted timely.	X				
9. Cash or cash equivalents are maintained.	X				
10. Accounting procedures, record keeping and documentation are adequate.	X				
11. Pavement Management System (PMS) is in place and being used for Street Maintenance or Improvement Projects Expenditures.	X				
12. Local Return Account is credited for reimbursable expenditures.			X		
13. Self-Certification was completed and submitted for Intelligent Transportation Systems projects or elements.			X		
14. Assurances and Understandings form was on file.	X				
15. Recreational Transit Form was submitted timely.	X				

See report of independent auditors on compliance.

**City of Bell Gardens
Compliance Matrix
Year ended June 30, 2020**

Compliance Requirements	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				
2. Funds were used to augment, not supplant, existing local revenues being used for transportation purposes unless there is a funding shortfall.	X				
3. Signed Assurances and Understandings on file.	X				
4. Separate Measure R Local Return Account was established.	X				
5. Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure R Local Return Account.	X				
6. Funds were expended with LACMTA's approval.		X			See Finding #2020-004
7. Expenditure Plan (Form One) was submitted timely.		X			See Finding #2020-005
8. Expenditure Report (Form Two) was submitted timely.	X				
9. Timely use of funds.	X				
10. Administrative expenses are within the 20% cap.			X		There were no administrative expenses charged to MRLRF during FY 2019/20.
11. Fund exchanges were approved by LACMTA.			X		
12. A separate account was established for Capital reserve funds and Capital reserve was approved by LACMTA.			X		
13. Recreational transit form was submitted timely.			X		

See report of independent auditors on compliance.

**City of Bell Gardens
Compliance Matrix
Year ended June 30, 2020**

Compliance Requirements	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				
2. Funds were used to augment, not supplant, existing local revenues being used for transportation purposes unless there is a fund shortfall.	X				
3. Signed Assurances and Understandings on file.	X				
4. Separate Measure M Local Return Account was established.	X				
5. Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure M Local Return Account.	X				
6. Funds were expended with LACMTA's approval.		X			See Finding #2020-006
7. Expenditure Plan (Form M-One) was submitted timely.		X			See Finding #2020-007
8. Expenditure Report (Form M-Two) was submitted timely.	X				
9. Timely use of funds.	X				
10. Administrative expenses are within the 20% cap.			X		There were no administrative expenses charged to MMLRF during FY 2019/20.
11. Fund exchanges were approved by LACMTA.			X		
12. A separate account was established for Capital reserve funds and Capital reserve was approved by LACMTA.			X		
13. Recreational transit form was submitted timely.			X		

See report of independent auditors on compliance.

**City of Bell Gardens
Compliance Matrix
Year ended June 30, 2020**

Compliance Requirements	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				
2. Expenditures were incurred for activities relating to pedestrian and bicycle facilities and amenities.	X				

See report of independent auditors on compliance.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

City of Bell Gardens
Schedule of Findings and Questioned Costs
Year ended June 30, 2020

PALRF: Finding #2020-001

Compliance Reference	Section I(C) Project Description Form (Form A) of the Proposition A and C Local Return Guidelines states that, "Jurisdictions shall submit for approval a Project Description Form (Form A) prior to the expenditure of funds for: 1) a new project; 2) a new route; 3) a 25 percent change (increase or decrease) in route or revenue vehicle miles for an established LR funded transit service; 4) a 0.75 miles or greater service change that duplicates/overlays an existing transit service; or 5) a 25 percent or greater change in an approved LR project budget or scope on all operating or capital LR projects."
Condition	<p>The City claimed expenditures under the PALRF Project Code 260-01, Vehicles, totaling \$14,743 with no prior approval from LACMTA.</p> <p>Although we found the expenditures to be eligible for Local Return funding, these projects had no prior approval from LACMTA.</p>
Cause	The finding was caused by an oversight by City staff.
Effect	Proposition A LR funds were expended towards project expenditures without prior approval by LACMTA.
Recommendation	We recommend the City establish procedures and implement internal controls to ensure that approval is obtained from LACMTA prior to spending on any Local Return-funded projects by submitting a Project Description Form (Form A).
Management's Response	<p>The City concurs with the finding that a Form A should have been submitted to LACMTA for approval for Project code 260-01, Vehicles.</p> <p>The City continues to reevaluate the processes that are in place to ensure that budgets for new projects are approved by LACMTA prior to expending the funds.</p>
Finding Corrected During the Audit	LACMTA Program Manager granted a retroactive approval of project's budget on September 24, 2020. No follow up is required.

City of Bell Gardens
Schedule of Findings and Questioned Costs
Year ended June 30, 2020

PALRF: Finding #2020-002

Compliance Reference	Section I(C) Project Description Form (Form A) of the Proposition A and C Local Return Guidelines states that, "Jurisdictions shall submit for approval a Project Description Form (Form A) prior to the expenditure of funds for: 1) a new project; 2) a new route; 3) a 25 percent change (increase or decrease) in route or revenue vehicle miles for an established LR funded transit service; 4) a 0.75 miles or greater service change that duplicates/overlays an existing transit service; or 5) a 25 percent or greater change in an approved LR project budget or scope on all operating or capital LR projects."
Condition	<p>The City exceeded LACMTA's approved budget by more than 25 percent without obtaining approval through a revised Form A for PALRF's Project Code 120-01, General Public Transit project. Amount in excess of 25 percent of the approved budget was \$405,277.</p> <p>Projects with greater than 25 percent change from the approved project budget should be amended by submitting a Project Description Form (Form A).</p> <p>The City submitted a Form A to the LACMTA Program Manager and obtained a retroactive approval of the project on September 24, 2020.</p> <p>This is a repeat finding from prior year's audit.</p>
Cause	The City revised the direct cost reporting for the General Public transit project. In previous years, all (100%) direct cost was reported in General Public Transit project. In the last two years, the City allocated 20% of the direct cost to Fixed Route Transit project since the direct cost applies to both Fixed Route Transit and General Public Transit. The finding was caused by an oversight by City staff.
Effect	The City's PALRF project expenditures exceeded 25 percent of the project budget approved by LACMTA without LACMTA's prior approval which resulted in the City's noncompliance with the Guidelines.
Recommendation	We recommend that the City submit a revised Form A to obtain LACMTA's approval for the change in project budget and implement internal controls to ensure compliance with this requirement at all times.

City of Bell Gardens
Schedule of Findings and Questioned Costs
Year ended June 30, 2020

PALRF: Finding #2020-02 (Continued)

Management's Response	The City concurs with the finding and will establish procedures to ensure that any projects exceeding the 25 percent threshold are identified and updated Project Description Form (Form A) is submitted to LACMTA for approval prior to the expenditure of funds.
Finding Corrected During the Audit	LACMTA Program Manager granted retroactive approval of the said project on September 24, 2020. No additional follow up is required.

**City of Bell Gardens
Schedule of Findings and Questioned Costs
Year ended June 30, 2020**

PALRF and PCLRF: Finding #2020-003

Compliance Reference	Section I(C) Annual Project Update (Form B) of the Proposition A and C Local Return Guidelines states that, "Jurisdictions shall submit on or before August 1 st of each fiscal year an Annual Project Update (Form B) to provide current information on all approved on-going and carryover LR projects. LACMTA will review and accept or return the report for changes. Cities shall report the anticipated expenditure cash flow amounts for the covered fiscal year."
Condition	The City submitted its Form B on August 21, 2019, 20 days after the due date of August 1, 2019. This is a repeat finding from prior year's audit.
Cause	The Form B report was submitted late due to an oversight by City staff assigned to complete the task.
Effect	The City was not in compliance with the reporting requirements of the Local Return Guidelines.
Recommendation	We recommend the City establish procedures and controls to ensure that the Annual Project Update (Form B) is submitted by August 1 st as required by the Guidelines.
Management's Response	The City continues to reevaluate the processes that are in place to ensure forms are submitted to LACMTA timely.
Finding Corrected During the Audit	The City subsequently submitted the form. No follow up is required.

City of Bell Gardens
Schedule of Findings and Questioned Costs
Year ended June 30, 2020

MRLRF: Finding #2020-004

Compliance Reference	<p>Section B (II) Expenditure Plan (Form One) of Measure R Local Return Program Guideline states that, "To maintain legal eligibility and meet Measure R LR program compliance requirements, Jurisdiction shall submit to LACMTA an Expenditure Plan (Form One), annually, by August 1st of each year.</p> <p>Expenditure Plan (Form One) provides a listing of projects funded with Measure R LR funds along with estimated expenditures for the year. For both operating and capital projects, Part I is to be filled out. For capital projects (projects over \$250,000), Part II is required. Pursuant to AB2321, LACMTA will provide LR funds to a capital project or program sponsor who submits the required expenditure plan.</p>
Condition	<p>The City claimed expenditures for the following MRLRF projects with no prior approval from LACMTA:</p> <ul style="list-style-type: none"> a. Project code 1.05, Slurry Seal Zone 1 Project, totaling \$37,185; and b. Project Code 1.20, Garfield/Clara Intersection Widening, totaling \$1,650. <p>Although we found the expenditures to be eligible for Local Return funding, the project had no prior approval from LACMTA.</p>
Cause	<p>The finding was caused by an oversight by City staff.</p>
Effect	<p>The City claimed expenditures totaling \$38,835 without prior approval from LACMTA. Lack of prior approvals results in noncompliance which could impact future funding or result in questioned costs that require funding to be returned to LACMTA.</p>
Recommendation	<p>We recommend the City establish procedures and implement internal controls to ensure that approval is obtained from LACMTA prior to spending on any local return-funded projects.</p>

City of Bell Gardens
Schedule of Findings and Questioned Costs
Year ended June 30, 2020

MRLRF: Finding #2020-004 (Continued)

Management's Response	The City concurs with the finding that an updated Form One should have been submitted to LACMTA for approval. The City continues to reevaluate the processes that are in place to ensure forms are submitted to LACMTA timely.
Finding Corrected During the Audit	LACMTA Program Manager granted a retroactive approval of said projects on September 24, 2020. No additional follow up is required.

**City of Bell Gardens
Schedule of Findings and Questioned Costs
Year ended June 30, 2020**

MRLRF: Finding #2020-005

Compliance Reference	<p>Section B (II) Expenditure Plan (Form One) of Measure R Local Return Program Guidelines states that, "To maintain legal eligibility and meet Measure R LR program compliance requirements, Jurisdiction shall submit to LACMTA an Expenditure Plan (Form One), annually, by August 1st of each year.</p> <p>Expenditure Plan (Form One) provides a listing of projects funded with Measure R LR funds along with estimated expenditures for the year. For both operating and capital projects, Part I is to be filled out. For capital projects (projects over \$250,000), Part II is required. Pursuant to AB2321, LACMTA will provide LR funds to a capital project or program sponsor who submits the required expenditure plan.</p>
Condition	<p>The City submitted its Expenditure Plan (Form One) on August 21, 2019, 20 days after the due date of August 1, 2019.</p> <p>This is a repeat finding from prior year's audit.</p>
Cause	<p>The Form One report was submitted late due to an oversight by City staff assigned to complete the task.</p>
Effect	<p>The City was not in compliance with the reporting requirements of the Local Return Guidelines.</p>
Recommendation	<p>We recommend the City establish procedures and implement internal controls to ensure that the Expenditure Plan (Form One) is submitted by August 1st as required by the Guidelines.</p>
Management's Response	<p>The City is going to reevaluate the processes that are in place to ensure forms are submitted to LACMTA timely.</p>
Finding Corrected During the Audit	<p>The City subsequently submitted the form. No follow up is required.</p>

City of Bell Gardens
Schedule of Findings and Questioned Costs
Year ended June 30, 2020

MMLRF: Finding #2020-006

Compliance Reference	<p>Measure M Local Return Program Guidelines, Section XXV, Local Return, Administrative Reporting Requirements, Expenditure Plan (Form M-One) states that, "To maintain legal eligibility and meet Measure M LR program compliance requirements, Jurisdiction shall submit to LACMTA an Expenditure Plan (Form M-One), annually, by August 1st of each year.</p> <p>Expenditure Plan (Form M-One) provides a listing of projects funded with Measure M LR funds along with estimated expenditures for the year. For both operating and capital projects, Part I is to be filled out. Part II is to be filled out for capital projects (projects over \$250,000). LACMTA will provide LR funds to a capital project or program sponsor who submits the required expenditure plan.</p>
Condition	<p>The City claimed expenditures for MMLRF project code 1.05, Measure M Slurry Seal Zone 1 Project, totaling \$14,300, with no prior approval from LACMTA:</p> <p>The City submitted a revised Expenditure Plan (Form M-One) to the LACMTA Program Manager and obtained a retroactive approval of said project on September 24, 2020.</p>
Cause	<p>The finding was caused by an oversight by City staff.</p>
Effect	<p>The City claimed expenditures totaling \$14,300 without prior approval from LACMTA. Lack of prior approval results in non-compliance which could impact future funding or result in questioned costs that require funding to be returned to LACMTA.</p>
Recommendation	<p>We recommend the City establish procedures and implement internal controls to ensure that approval is obtained from LACMTA prior to spending on Measure M-funded projects.</p>
Management's Response	<p>The City is going to reevaluate the processes that are in place to ensure forms are submitted to LACMTA timely.</p>
Finding Corrected During the Audit	<p>LACMTA Program Manager granted retroactive approval of said project on September 24, 2020. No additional follow up is required.</p>

City of Bell Gardens
Schedule of Findings and Questioned Costs
Year ended June 30, 2020

MMLRF: Finding #2020-007

Compliance Reference	<p>Measure M Local Return Program Guidelines, Section XXV, Local Return, Administrative Reporting Requirements, Expenditure Plan (Form M-One) states that, "To maintain legal eligibility and meet Measure M LR program compliance requirements, Jurisdiction shall submit to LACMTA an Expenditure Plan (Form M-One), annually, by August 1st of each year.</p> <p>Expenditure Plan (Form M-One) provides a listing of projects funded with Measure M LR funds along with estimated expenditures for the year. For both operating and capital projects, Part I is to be filled out. Part II is to be filled out for capital projects (projects over \$250,000). LACMTA will provide LR funds to a capital project or program sponsor who submits the required expenditure plan.</p>
Condition	<p>The City submitted its Expenditure Plan (Form M-One) on August 21, 2019, 20 days after the due date of August 1, 2019.</p> <p>This is a repeat finding from prior year's audit.</p>
Cause	<p>The Form M-One report was submitted late due to an oversight by City staff assigned to complete the task.</p>
Effect	<p>The City was not in compliance with the reporting requirements of the Local Return Guidelines.</p>
Recommendation	<p>We recommend the City establish procedures and controls to ensure that the Expenditure Plan (Form M-One) is submitted by August 1st as required by the Guidelines.</p>
Management's Response	<p>The City is going to reevaluate the processes that are in place to ensure forms are submitted to LACMTA timely.</p>
Finding Corrected During the Audit	<p>The City subsequently submitted the form. No follow up is required.</p>

EXIT CONFERENCE

An exit conference was held on November 19, 2020 with the City of Bell Gardens representatives. Those in attendance were:

Vasquez and Company LLP representatives:
 Marialyn Salvador – Audit Senior Manager
 Brandon De Castro – Audit Senior (BCA Watson Rice)

City of Bell Gardens representatives:
 Anthony Rainey – Interim Director of Finance and Administration Services
 Rimo Hanson – Accounting Manager

Matters discussed:

Results of the audit disclosed instances of noncompliance with the Guidelines.

A copy of this report was forwarded to the following City of Bell Gardens representatives for comments prior to the issuance of the final report:

Anthony Rainey – Interim Director of Finance and Administration Services
Rimo Hanson – Accounting Manager



www.vasquezcpa.com

Vasquez & Company LLP has 50 years of experience in performing audit, accounting & consulting services for all types of nonprofit organizations, for-profit companies, governmental entities and publicly traded companies. Vasquez is a member of the RSM US Alliance. RSM US Alliance provides its members with access to resources of RSM US LLP. RSM US Alliance member firms are separate and independent businesses and legal entities that are responsible for their own acts and omissions, and each are separate and independent from RSM US LLP. RSM US LLP is the U.S. member firm of RSM International, a global network of independent audit, tax, and consulting firms. Members of RSM US Alliance have access to RSM International resources through RSM US LLP but are not member firms of RSM International. Visit rsmus.com/about-us for more information regarding RSM US LLP and RSM International. The RSM™ logo is used under license by RSM US LLP. RSM US Alliance products and services are proprietary to RSM US LLP.