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**City of Bell
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, 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, 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 Fund's 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, 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, 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 December 7, 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.

Vasquez & Company LLP

**Glendale, California
December 7, 2020**

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

		June 30	
		2020	2019
ASSETS			
Cash and investments	\$	623,561	\$ 599,912
Accounts receivable		2,429	1,267
Interest receivable		1,644	2,916
Due from general fund		42,521	21,341
Total assets	\$	<u>670,155</u>	<u>\$ 625,436</u>
LIABILITIES AND FUND BALANCE			
Liabilities			
Accounts payable	\$	56,895	\$ 102,061
Accrued payroll and employee benefits		2,749	2,090
Total liabilities		<u>59,644</u>	<u>104,151</u>
Fund balance			
Restricted		610,511	521,285
Total fund balance		<u>610,511</u>	<u>521,285</u>
Total liabilities and fund balance	\$	<u>670,155</u>	<u>\$ 625,436</u>

See notes to Funds financial statements.

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

	Years ended June 30	
	2020	2019
Revenues		
Proposition A	\$ 704,887	\$ 730,931
Interest income	18,461	19,241
Bus pass sales	18,486	27,105
Proposition A Discretionary Incentive Program Grant	-	20,590
Other	-	2,680
Total revenues	741,834	800,547
Expenditures		
Various projects funded by Proposition C	652,608	647,455
Various projects funded by General Fund	9,350	-
Total expenditures	661,958	647,455
Excess of revenues over expenditures	79,876	153,092
Other Financing Sources		
Transfer from General Fund	9,350	-
Total Other Financing Sources	9,350	-
Change in Fund Balance	89,226	153,092
Fund balance at beginning of year	521,285	368,193
Fund balance at end of year	\$ 610,511	\$ 521,285

See notes to Funds financial statements.

City of Bell
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)	
120-01	Dial-A-Ride	\$ 440,000	\$ 328,163	\$ 111,837	\$ 322,562
140-04	Recreational Transit	20,000	13,228	6,772	17,829
170-02	Bus Shelter Maintenance	112,000	105,320	6,680	90,647
200-01	Transit Bus Purchase	180,000	-	180,000	
250-03	Bus Pass Subsidy Program	110,000	50,875	59,125	86,926
270-02	Consultant	24,500	24,500	-	-
480-03	Administration	173,000	130,522	42,478	129,491
500-10	Citywide Street Sign Replacement Project	25,000	-	25,000	-
Total expenditures		\$ 1,084,500	\$ 652,608	\$ 431,892	\$ 647,455

See report of independent auditors.

City of Bell
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>
3/31/2004	Imaginistics Copier	\$ 10,534	\$ -	\$ -	\$ 10,534
6/29/2010	1 2010 Braun Entervan Bus	30,000	-	-	30,000
6/29/2010	2 2010 Goshen Buses	60,000	-	-	60,000
12/01/2014	Class E-27 Ford-550 El Dorado	87,103	-	-	87,103
12/01/2014	Decals for Ford-550 El Dorado	8,041	-	-	8,041
	Total	\$ 195,678	\$ -	\$ -	\$ 195,678

See report of independent auditors.

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

		June 30	
		2020	2019
ASSETS			
Cash and investments	\$	2,300,301	\$ 2,395,963
Interest receivable		6,113	11,733
Total assets	\$	2,306,414	\$ 2,407,696
LIABILITIES AND FUND BALANCE			
Liabilities			
Accounts payable	\$	67,322	\$ 144,966
Retention payable		13,500	1,075
Accrued payroll and employee benefits		633	355
Total liabilities		81,455	146,396
Fund balance			
Restricted - Capital Reserve Project Code 380-03		426,991	415,196
Restricted - Capital Reserve Project Code 380-04		99,562	103,513
Restricted - Capital Reserve Project Code 380-05		136,272	132,497
Restricted - Other		1,562,134	1,610,094
Total fund balance		2,224,959	2,261,300
Total liabilities and fund balance	\$	2,306,414	\$ 2,407,696

See notes to Funds financial statements.

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

	Years ended June 30	
	2020	2019
Revenues		
Proposition C	\$ 584,706	\$ 606,286
Interest income	69,066	83,714
Total revenues	653,772	690,000
Expenditures		
Various projects	690,113	562,018
Total expenditures	690,113	562,018
Excess (deficiency) of revenues over expenditures	(36,341)	127,982
Fund balance at beginning of year	2,261,300	2,133,318
Fund balance at end of year	\$ 2,224,959	\$ 2,261,300

See notes to Funds financial statements.

City of Bell
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		Variance Positive (Negative)	2019 Actual
		LACMTA Budget	Actual		
270-03	Consultant	\$ 11,732	\$ -	\$ 11,732	\$ -
270-04	Florence Design Study	12,605	-	12,605	-
380-03	Street Intersection, Striping and Landscaped Median Improvements along Atlantic Ave	400,000	-	400,000	-
430-01	Florence Ave Pedestrian Project	985,407	57,920	927,487	140,696
430-02	Sidewalk Repairs	202,500	-	202,500	22,434
430-03	Pedestrian Countdown Signal Head Replacement and Curb Ramp Project	52,500	47,230	5,270	-
430-15	Sidewalk Shaving Project	28,975	2,120	26,855	-
440-08	Eastern Ave Improvement	410,404	315,975	94,429	10,625
440-10	Atlantic Ave Street Improvements	44,008	2,056	41,952	219,641
440-12	Florence Ave and Slauson Ave Bridge Maintenance	130,500	-	130,500	-
440-14	Gage Ave Bridge Replacement	30,000	28,157	1,843	48,220
440-15	Pavement Marking and Striping Project	157,500	57,823	99,677	-
440-16	Florence and Walker Intersection	110,000	110,000	-	-
460-01	Traffic Signal Equipment Upgrades	16,900	6,900	10,000	71,317
470-01	Pavement Management System Update	-	-	-	6,520
480-03	Administration	53,500	28,801	24,699	18,361
480-04	Maintenance and Operations	89,144	33,131	56,013	16,512
500-09	Administrations - Traffic Control and Street Closure for Event	-	-	-	7,692
500-11	Citywide Street Sign Replacement Project	195,000	-	195,000	-
Total expenditures		\$ 2,930,675	\$ 690,113	\$ 2,240,562	\$ 562,018

See report of independent auditors.

**City of Bell
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
6/30/2002	Eastern Avenue Overlay	\$ 229,629	\$ -	\$ -	\$ 229,629
6/30/2002	Florence/Otis	37,022	-	-	37,022
6/30/2002	Eastern/ Bandini Cabinet	50,442	-	-	50,442
6/30/2002	Florence/Otis Signal	17,805	-	-	17,805
6/30/2002	Florence/Walker Signal	36,057	-	-	36,057
6/30/2002	Gage/Orchard Signal	17,550	-	-	17,550
6/30/2002	LED Signal - Citywide	93,198	-	-	93,198
6/30/2003	Florence Atlantic AC Overlay	225,222	-	-	225,222
6/30/2003	Atlantic/Bell/Brompton Signals	52,280	-	-	52,280
6/30/2004	Atlantic at Gage Signal Bus Shelter	81,748	-	-	81,748
6/30/2004	Bus Shelter - Installation and Rehabilitation	47,444	-	-	47,444
6/30/2004	Florence/Walker Signal	173,532	-	-	173,532
6/30/2005	Flora at Florence Signal	23,339	-	-	23,339
6/30/2005	Gage at Orchard Signal	20,205	-	-	20,205
6/30/2006	Florence at Vinevale Signal	91,558	-	-	91,558
6/30/2006	Florence at Wilcox Signal	153,687	-	-	153,687
6/30/2008	Atlantic Avenue at Bell Brompton Signal	23,134	-	-	23,134
6/30/2008	Atlantic Avenue at Bell Plaza Signal	38,238	-	-	38,238
6/30/2008	Atlantic Avenue at Shopping Center Signal	50,720	-	-	50,720
6/30/2008	Wilcox at Acacia Signal	135,771	-	-	135,771
6/30/2009	Slauson at 710 Freeway	20,934	-	-	20,934
6/30/2009	Florence at Otis Traffic Signal	98,205	-	-	98,205
6/30/2014	Florence Avenue-Atlantic-Wilcox	369,787	-	-	369,787
5/21/2015	Pavement Rehabilitation Project (2014/15)	405,176	-	-	405,176
6/17/2016	Florence Ave Overlay West of Atlantic	111,552	-	-	111,552
6/30/2016	Florence Ave Overlay West of Atlantic	488	-	-	488
6/30/2016	Florence Ave Overlay West of Atlantic	3,018	-	-	3,018
11/03/2015	Gage/Walker-Concrete Pavement	1,050	-	-	1,050
12/02/2015	Gage/Walker-Concrete Pavement	459	-	-	459
12/10/2015	Gage/Walker-Concrete Pavement	3,530	-	-	3,530
1/07/2016	Gage/Walker-Concrete Pavement	7,040	-	-	7,040
1/27/2016	Gage/Walker-Concrete Pavement	5,018	-	-	5,018
3/17/2016	Gage/Walker-Concrete Pavement	451	-	-	451
4/04/2016	Gage/Walker-Concrete Pavement	4,088	-	-	4,088
4/06/2016	Gage/Walker-Concrete Pavement	7,934	-	-	7,934
4/08/2016	Gage/Walker-Concrete Pavement	22,425	-	-	22,425
5/05/2016	Gage/Walker-Concrete Pavement	474	-	-	474
5/06/2016	Gage/Walker-Concrete Pavement	3,474	-	-	3,474
6/03/2016	Gage/Walker-Concrete Pavement	5,300	-	-	5,300
6/30/2016	Gage/Walker-Concrete Pavement	10,920	-	-	10,920
6/30/2016	Pavement Rehabilitation - Phase IV	253,886	-	-	253,886
6/30/2017	Pavement Rehabilitation - Phase IV	96,019	-	-	96,019
	Total	\$ 3,029,809	\$ -	\$ -	\$ 3,029,809

See report of independent auditors.

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

		June 30	
		2020	2019
ASSETS			
Cash and investments	\$	644,836	\$ 975,545
Interest receivable		1,456	4,737
Accounts receivable		-	4,052
Prepaid expense		4,400	4,400
Total assets	\$	650,692	\$ 988,734
LIABILITIES AND FUND BALANCE			
Liabilities			
Accounts payable	\$	50,643	\$ 414,592
Retention payable		-	19,469
Accrued payroll and employee benefits		442	343
Total liabilities		51,085	434,404
Fund balance			
Restricted		599,607	554,330
Total fund balance		599,607	554,330
Total liabilities and fund balance	\$	650,692	\$ 988,734

See notes to Funds financial statements.

City of Bell
Measure R Local Return Fund

Statements of Revenues, Expenditures and Changes in Fund Balance

	Years ended June 30	
	2020	2019
Revenues		
Measure R	\$ 437,902	\$ 454,846
Interest income	11,919	30,447
Reimbursements from Gateway Cities Council of Governments	-	8,241
Total revenues	449,821	493,534
Expenditures		
Various projects	404,544	560,909
Total expenditures	404,544	560,909
Excess (deficiency) of revenues over expenditures	45,277	(67,375)
Fund balance at beginning of year	554,330	621,705
Fund balance at end of year	\$ 599,607	\$ 554,330

See notes to Funds financial statements.

City of Bell
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	Pavement Management System Update	\$ -	\$ -	\$ -	8,995
1.05	Street Name Signs	50,000	24,268	25,732	3,484
1.05	Street Rehabilitation Project	92,180	83,770	8,410	65,315
1.05	Street Repair and Maintenance	48,500	21,103	27,397	31,544
1.05	Signal Housing Painting	35,000	33,575	1,425	-
1.05	Street Rehabilitation Project 19-20	15,000	-	15,000	-
1.05	Citywide Street Lights Project	177,000	-	177,000	-
1.90	Fishburn Ave Improvement	116,000	94,729	21,271	409,779
3.05	Sidewalk Assessment/Concrete Shaving	111,000	112,944	(1,944)	12,433
3.05	Sidewalk Repair	130,000	15,605	114,395	-
3.05	Clarkson Sidewalk Improvements	55,000	18,550	36,450	-
7.10	Eco Rapid Transit Membership	5,100	-	5,100	5,100
8.10	Fund Administration (20% cap)	31,500	-	31,500	24,259
	Total expenditures	\$ 866,280	\$ 404,544	\$ 461,736	\$ 560,909

See report of independent auditors.

City of Bell
Measure R 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>
5/21/2015	Pavement Rehabilitation Project	\$ 563,167	\$ -	\$ -	\$ 563,167
8/30/2015	Pavement Rehabilitation Project	500,000	-	-	500,000
	Total	\$ 1,063,167	\$ -	\$ -	\$ 1,063,167

See report of independent auditors.

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

		June 30	
		2020	2019
ASSETS			
Cash and investments	\$	788,041	\$ 767,578
Interest receivable		1,944	3,600
Total assets	\$	<u>789,985</u>	<u>\$ 771,178</u>
LIABILITIES AND FUND BALANCE			
Liabilities			
Accounts payable	\$	1,162	\$ 45,402
Retention payable		-	427
Accrued payroll and employee benefits		512	297
Total liabilities		<u>1,674</u>	<u>46,126</u>
Fund balance			
Restricted		788,311	725,052
Total fund balance		<u>788,311</u>	<u>725,052</u>
Total liabilities and fund balance	\$	<u>789,985</u>	<u>\$ 771,178</u>

See notes to Funds financial statements.

City of Bell
Measure M Local Return Fund

Statements of Revenues, Expenditures and Changes in Fund Balance

	Years ended June 30	
	2020	2019
Revenues		
Measure M	\$ 492,553	\$ 512,649
Interest income	20,598	21,191
Total revenues	513,151	533,840
Expenditures		
Various projects	449,892	189,361
Total expenditures	449,892	189,361
Excess of revenues over expenditures	63,259	344,479
Fund balance at beginning of year	725,052	380,573
Fund balance at end of year	\$ 788,311	\$ 725,052

See notes to Funds financial statements.

City of Bell
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			2019 Actual
		LACMTA Budget	Actual	Variance Positive (Negative)	
1.05	Fishburn Ave Improvement	\$ 205,031	\$ 115,244	\$ 89,787	\$ 48,963
1.05	Traffic Signs	135,705	129,705	6,000	34,826
1.05	Street Name Signs	93,760	85,036	8,724	14,199
1.05	Street Curb Painting	30,000	1,028	28,972	23,484
1.05	Pavement Markings/Striping	10,000	-	10,000	34,938
1.05	Citywide Street Lights Project	514,000	-	514,000	-
3.05	Sidewalk Assessment and Repair	123,000	106,789	16,211	11,401
8.10	Fund Administration	50,001	12,090	37,911	21,550
Total expenditures		\$ 1,161,497	\$ 449,892	\$ 711,605	\$ 189,361

See report of independent auditors.

City of Bell
Measure M 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>
N/A	None	\$ -	\$ -	\$ -	\$ -
Total		\$ -	\$ -	\$ -	\$ -

See report of independent auditors.

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

		June 30	
		2020	2019
ASSETS			
Cash and cash equivalents	\$	13,117	\$ -
Due from LACMTA		19,793	64,479
Interest receivable		35	-
Total assets	\$	<u>32,945</u>	<u>\$ 64,479</u>
LIABILITIES AND FUND BALANCE			
Liabilities			
Accounts payable	\$	208	\$ 4,762
Due to other funds		-	27,431
Total liabilities		<u>208</u>	<u>32,193</u>
Fund balance			
Restricted		<u>32,737</u>	<u>32,286</u>
Total fund balance		<u>32,737</u>	<u>32,286</u>
Total liabilities and fund balance	\$	<u>32,945</u>	<u>\$ 64,479</u>

See notes to Funds financial statements.

City of Bell
 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	\$ 19,793	\$ 64,479
Interest income	658	119
Total revenues	20,451	64,598
Expenditures		
Various projects	20,000	61,586
Total expenditures	20,000	61,586
Excess of revenues over expenditures	451	3,012
Fund balance at beginning of year	32,286	29,274
Fund balance at end of year	\$ 32,737	\$ 32,286

See notes to Funds financial statements.

City of Bell
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			Project Status
		Allocations	Expenditures	Unexpended Allocations	
Local Allocations:					
Florence Avenue Pedestrian Improvement	2020	\$ 4,793	\$ 5,000	\$ (207)	Completed
Pedestrian Countdown Signal Head Construction	2020	15,000	15,000	-	Completed
Totals		\$ 19,793	\$ 20,000	(207)	
Interest income				658	
Fund balance at beginning of year				32,286	
Fund balance at end of year				\$ 32,737 *	

* The remaining fund balance of \$32,737 was encumbered as of June 30, 2020.

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), the 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.

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.

NOTE 5 MEASURE M LOCAL RETURN COMPLIANCE REQUIREMENTS (CONTINUED)

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 CAFR for a full description of risks relating to cash and investments.

NOTE 8 PROPOSITION A DISCRETIONARY INCENTIVE PROGRAM GRANTS

The City received Proposition A Discretionary Incentive Grant amounting to \$0 and \$20,590 for the years ended June 30, 2020 and 2019, respectively, which represents additional funds received from LACMTA for participating in the sub-regional paratransit services program.

The Proposition A Discretionary Incentive Program Grants were recorded in PALRF.

NOTE 9 CAPITAL RESERVE AGREEMENTS – PCLRF

Street Intersection, Striping and Landscaped Median Improvements along Atlantic Avenue (Project Code 380-03)

On June 30, 2017, LACMTA and the City entered into a capital reserve agreement to establish a capital reserve account (Account) of \$400,000 for the Street Intersection, Striping and Landscaped Median Improvements along Atlantic Avenue Project.

The account is funded with the Proposition C Local Return funds allocated to the City. All interest is accrued in the Account for use exclusively for the said project. If the project is not completed by June 30, 2021, any unexpended funds shall lapse and be returned to LACMTA.

NOTE 9 CAPITAL RESERVE AGREEMENTS – PCLRF (CONTINUED)

Traffic Signal Equipment Upgrades (Project Code 380-04)

In June 2019, LACMTA and the City entered into a capital reserve agreement to establish a capital reserve account (Account) of \$100,000 for the Traffic Signal Equipment Upgrades Project.

The Account is funded with the Proposition C Local Return funds allocated to the City. All interest is accrued in the Account for use exclusively for the said project. If the project is not completed by June 30, 2024, any unexpended funds shall lapse and be returned to LACMTA.

Florence Avenue and Slauson Avenue Bridge Maintenance (Project code 380-05)

In June 2019, LACMTA and the City entered into a capital reserve agreement to establish a capital reserve account (Account) of \$128,000 for the Florence Avenue and Slauson Avenue Bridge Maintenance Project.

The Account is funded with the Proposition C Local Return funds allocated to the City. All interest is accrued in the Account for use exclusively for the said project. If the project is not completed by June 30, 2024, any unexpended funds shall lapse and be returned to LACMTA.

Following are the transactions and the balances reported for the reserve accounts as of and for the years ended June 30, 2020 and 2019:

	Project Code		
	380-03	380-04	380-05
Capital reserve, June 30, 2018	\$ 401,143	\$ -	\$ -
Set-up of capital reserve account	-	100,000	128,000
Interest income earned	14,053	3,513	4,497
Capital reserve, June 30, 2019	415,196	103,513	132,497
Interest income earned	11,795	2,949	3,775
Expenditures during the year	-	(6,900)	-
Capital reserve, June 30, 2020	\$ <u>426,991</u>	\$ <u>99,562</u>	\$ <u>136,272</u>

NOTE 10 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 2014/15 allocation	\$	-	\$	4,011
FY 2015/16 allocation		-		22,931
FY 2016/17 allocation		-		23,952
FY 2017/18 allocation		10,335		13,585
FY 2018/19 allocation		9,458		-
	\$	<u>19,793</u>	\$	<u>64,479</u>

NOTE 11 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:

		<u>2020</u>		<u>2019</u>
FY 2017/18 allocation	\$	-	\$	10,335
FY 2018/19 allocation		15,231		24,689
FY 2019/20 allocation		26,243		-
Total reserve	\$	<u>41,474</u>	\$	<u>35,024</u>

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 12 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.

NOTE 12 SUBSEQUENT EVENTS (CONTINUED)

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 December 7, 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, 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, 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 December 7, 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.

**Glendale, California
December 7, 2020**

COMPLIANCE SECTION

Report of Independent Auditors on Compliance

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

Report on Compliance

We have audited the compliance of the City of Bell, 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, California 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 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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses or significant deficiencies 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 black ink that reads "Vasquez & Company LLP". The signature is written in a cursive, flowing style.

**Glendale, California
December 7, 2020**

**City of Bell
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					
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				
4. Expenditures that exceeded 25% of approved project budget have approved amended Project Description Form (Form A)	X				
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 in Form B.	X				
7. Annual Project Summary Report (Form B) was submitted timely.	X				
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) 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
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				
7. Expenditure Plan (Form One) was submitted timely.	X				
8. Expenditure Report (Form Two) was submitted timely.	X				
9. Timely use of funds.	X				
10. Administrative expenses are within the 20% cap.	X				
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
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				
7. Expenditure Plan (Form M-One) was submitted timely.	X				
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				
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
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
Schedule of Findings and Questioned Costs
Year ended June 30, 2020

There were no findings noted.

EXIT CONFERENCE

An exit conference was held on December 7, 2020 with the City of Bell representatives. Those in attendance were:

Vasquez and Company LLP representative:
Marialyn Salvador – Audit Senior Manager

City of Bell representatives:
Tineke Norrdin – Finance Director
Elisa Gratil – Finance Manager

Matters discussed:

Results of the audit disclosed no significant compliance or financial statement issues.

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

Tineke Norrdin – Finance Director
Elisa Gratil – Finance Manager



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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.