

MOTION BY SUPERVISOR GLORIA MOLINA

October 19, 2010

On September 22, 2010 the California State Controller issued an Audit Report detailing “serious and pervasive” deficiencies in the City of Bell’s administrative and internal accounting controls. The State Controller’s findings indicate a systemic lack of oversight and serious mismanagement of City finances, particularly in critical areas, such as the City’s levying of taxes and the fiduciary and financial obligations related to the issuance of bonds as well as compensating employees, and accounting for and disbursing public funds.

These issues appear to be pervasive and longstanding. As the County is the Treasurer and Tax Collector for all cities in the County, including the City of Bell, the County is responsible for issuing tax bills, collecting taxes and issuing refunds of taxes. Bell’s finances raise issues of serious concern for the protection of the County’s interest, as well as the public’s interest in having a clear understanding of the City’s current financial condition, and to obtain independent verification of the City’s actual income, expenses and liabilities.

The County and the public must know if the City is fiscally sound, and receive assurances that the City is now being governed with budgetary integrity and

MOTION

Ridley-Thomas _____

Yaroslavsky _____

Knabe _____

Antonovich _____

Molina _____

transparency. It is also crucial to know whether the City is solvent, and has the financial resources to continue providing basic services, how much those services cost, and how they will be funded. Given the deficiencies identified in the State Controller's report, we cannot rely upon financial records prepared by the City of Bell to answer these questions. The interest of the County and the public must be protected.

The City of Bell has expressed their interest in cooperating with the County and will allow the County to conduct an independent review of the City's finances.

I, THEREFORE, MOVE that the Board of Supervisors direct the Auditor-Controller, with assistance from the Chief Executive Officer:

1) To conduct a comprehensive review of the financial condition of the City of Bell immediately, addressing the following key areas;

- The City's current cash position, including tax collections, investments and other cash-equivalents;
- Current/Outstanding debts, including authorized and issued bonds, and ongoing debt service costs;
- Current City contracts, commitments and other obligations;
- Income and revenue received by the City, and the sources of such income;
- Core services provided by the City, and the cost of such services.
- Other City operating expenses.
- Whether the City has the financial resources to continue as an ongoing concern.

2) Report back to the Board in 30 days with a preliminary review of whether the City of Bell has the resources necessary to continue providing core public services, and a timeline for completion of the full review. Review should include an assessment of

expenditures for each operating budget unit, compared to similar municipalities.

3) Direct the Chief Executive Office and Auditor-Controller to transfer \$100,000 from the First District's Provisional Financing Uses allocation to the Auditor-Controller's Operating Budget.

LO/ld

COUNTY OF LOS ANGELES

REQUEST FOR APPROPRIATION ADJUSTMENT

DEPT'S. NO. 060

DEPARTMENT OF CHIEF EXECUTIVE OFFICE

October 19, 2010

AUDITOR-CONTROLLER:

THE FOLLOWING APPROPRIATION ADJUSTMENT IS DEEMED NECESSARY BY THIS DEPARTMENT. PLEASE CONFIRM THE ACCOUNTING ENTRIES AND AVAILABLE BALANCES AND FORWARD TO THE CHIEF EXECUTIVE OFFICER FOR HIS RECOMMENDATION OR ACTION.

ADJUSTMENT REQUESTED AND REASONS THEREFOR

FY 2010-11

3 - VOTES

SOURCES

USES

PROVISIONAL FINANCING USES - VARIOUS
Services and Supplies
A01-CB-2000-13749-13760

AUDITOR-CONTROLLER
Intrafund Transfers
A01-AU-6800-10700

DECREASE APPROPRIATION

INCREASE APPROPRIATION

SOURCES TOTAL: \$ 100,000

USES TOTAL: \$ 100,000

JUSTIFICATION

As approved by the Board of Supervisors on October 19, 2010.

ADOPTED
OF SUPERVISORS
LOS ANGELES

[Signature]
AUTHORIZED SIGNATURE Gevork Simdjian, Manager CEO

BOARD OF SUPERVISOR'S APPROVAL (AS REQUESTED/REVISED)

40 C

OCT 19 2010

[Signature]
SACHI A. HAMAI
EXECUTIVE OFFICER

REFERRED TO THE CHIEF EXECUTIVE OFFICER FOR --

[] ACTION

[x] RECOMMENDATION

[x] APPROVED AS REQUESTED

[] APPROVED AS REVISED

AUDITOR-CONTROLLER

BY [Signature]

CHIEF EXECUTIVE OFFICER

[Signature]
BY [Signature]
Nov 9 20 10

B.A. NO. 055

Oct 27 20 10