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November 12, 2010

Employer Code: 0069
Job Number: P10-005

City of Bell
Pedro Carrillo, Interim Chief Administrative Officer
6330 Pine Avenue
Bell, CA 90201

Dear Mr. Carrillo:

Enclosed is CalPERS' final report on the results of the public agency payroll reporting and membership enrollment review completed for the City of Bell (City). The City submitted a written response to the draft report on November 5, 2010,[1] which objected only to the first finding that information deemed necessary to determine the correctness of retirement benefits, reportable compensation, and enrollment in the retirement and health systems was requested but not provided. The City requested that the finding be revised to clarify that the City was responsive to CalPERS' requests. The letter also requested removal of the language suggesting that if the City failed to provide requested information, OAS would recommend that CalPERS consider termination of the City's contract pursuant to Government Code section 20572.[2] In reliance on the assurances given by the City in its response to the draft report that information OAS sought did not exist, revisions to the final report were made.[3] The City's written response is included as appendix E to this report.

---

[1] It should be noted that the CalPERS auditors were on site at the City from July 27, 2010 to July 30, 2010, not from July 27 2010, to August 6, 2010, as stated on page 2 of 5 of your letter.

[2] Your letter asserts, among other things, that to the extent that Office of Audit Services sought, but did not receive documents, it is not the case that those documents exist but were not provided to CalPERS. Rather, you represent that "after diligent and exhaustive searching, it has become apparent that much of the documentation *simply does not exist* at the City."

[3] The City's response to the draft report also included a document titled Declaration of Robert A. Orozco. CalPERS cannot verify the accuracy of certain of the statements made in the Declaration. Furthermore, it is not clear to CalPERS whether the documents did not exist, were not found, or were found but "could not be produced" due to a claim of privilege or for some other reason, based on Declarant's statement that

> "All responsive documents to this demand were produced. However after a diligent search and reasonable inquiry, the City could not produce any documents approving the contracts of [named individuals]."

As to each other finding in the report, City raised no objection and indicated it is committed to working with CalPERS to correct issues on a going-forward basis. We have referred this matter to the appropriate divisions at CalPERS. The appropriate divisions at CalPERS will contact the City for follow-up. Thank you for the timely response to the draft report. We appreciate the time and assistance of you and your staff during this review.

Sincerely,

Original Signed by Margaret Junker

Margaret Junker, CPA, CIA, CIDA
Chief, Office of Audit Services

Enclosure

cc: Finance Committee Members, CalPERS
Peter Mixon, General Counsel, CalPERS
Lori McGartland, Chief, Employer Services Division, CalPERS
Holly Fong, Chief, Employer and Member Health Services, CalPERS
City Council Members, City of Bell

CITY OF BELL

PUBLIC AGENCY REVIEW

CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

OFFICE OF AUDIT SERVICES

EMPLOYER CODE: 0069
JOB NUMBER: P10-005

NOVEMBER 2010

CITY OF BELL

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CITY OF BELL

RESULTS IN BRIEF

The Office of Audit Services (OAS) reviewed the City of Bell's (City) enrolled individuals, member compensation, required health and retirement documentation and other documentation for individuals included in test samples. A detail of the findings is noted in the Results section beginning on page five of this report. Specifically, the following findings were noted during the review:

- Information deemed necessary to determine the correctness of retirement benefits, reportable compensation, and enrollment in the retirement and health systems was requested but was not provided (Government Code Sections 20221, 20222.5 and 22797).
- Payrates reported to CalPERS failed to qualify as compensation earnable (Government Code Sections 20049, 20630, 20635, 20636 and 20899).
- Non-reportable special compensation items were incorrectly reported as compensation earnable (Government Code Section 20636 and California Code of Regulations Section 571).
- The City failed to report earnings and submit retirement contributions on behalf of temporary/part-time employees who qualified to become members with CalPERS (Government Code Section 20630).
- The City failed to complete and submit membership forms to CalPERS to properly establish membership for elected officials (Government Code Section 20322).
- The City erroneously continued the membership of a former City Council member for services performed in an unsubstantiated position (Government Code Sections 20028, 20125).
- Eligibility verifications for dependents enrolled in CalPERS Health Benefits Program were not provided and required health enrollment forms were not maintained on file (Government Code Sections 22775 and 22797 and California Code of Regulations Section 599.500).

The pertinent sections of the Government Code and California Code of Regulations for each finding are described in greater detail under Appendix C.

CITY BACKGROUND

The City was incorporated on November 7, 1927, as a general law city of the State of California. It is located in Los Angeles County, California. In 2006, upon filing the approved City Charter with the California Secretary of State, the City became a Charter City. The City operates under the Council-Administrator form of government. To the extent that the documentation was located, Memoranda of Understanding (MOU), employment agreements and Position and Salary

CITY OF BELL

Schedules generally outline City employees' salaries and benefits and state the terms of employment agreed upon between the City and its employees.

The City contracted with CalPERS effective July 1, 1945, to provide retirement benefits for local miscellaneous and local safety employees. Effective August 1, 1990, the City contracted with CalPERS to provide health benefits to all eligible employees. The City amended its contract for retirement benefits to identify the length of the final compensation period as twelve months for all coverage groups. The City amended its retirement contract for local miscellaneous employees, effective April 16, 2007, to enhance retirement benefits by increasing the benefit formula from 2 percent at 55 years of age to 2.7 percent at 55 years of age.

SCOPE

As part of the Board approved plan for fiscal year 2010/11, the OAS reviewed the City's payroll reporting and member enrollment processes as these processes relate to the City's retirement and health contracts with CalPERS. The review period was limited to the examination of sampled records and processes from January 1, 1993 through June 30, 2010. The on-site fieldwork for this review was conducted over seven days on July 27, 2010 through July 30, 2010 and August 18, 2010 through August 20, 2010. The review objectives and a summary of the procedures performed, sample sizes, sample periods and findings are listed under Appendix B.

CIVIL COMPLAINT

On September 15, 2010, the California Attorney General filed a complaint with the Superior Court of California, County of Los Angeles, against City officials and others, including the Chief Administrative Officer (CAO), Assistant Chief Administrative Officer (Assistant CAO or Assistant to the CAO), Chief of Police, and certain current and prior named members of the City Council alleging waste of public funds, negligence, fraud, conflict of interest, breach of fiduciary duty and violation of public trust (sometimes referred to herein as the "Complaint" or the "Civil Action"). The Complaint alleges, among other facts, that each defendant received excessive and wasteful compensation and that the excessive and wasteful compensation could wrongfully increase retirement benefits. The Complaint seeks a judgment to, among other things (i) require the CAO, Assistant CAO and Chief of Police to make restitution to CalPERS, for any amount of pension benefits received that was in excess of what was reasonable and appropriate, *in an amount to be proven at trial;* (ii) require the CAO, Assistant CAO and Chief of Police to make restitution to the City, for compensation they

approved and/or accepted and which was in excess of what was reasonable and appropriate, *in an amount to be proven at trial;* (iii) declare that all employment contracts and addenda of the CAO, Assistant CAO and Chief of Police executed in and after 2005 are null and void *ab initio;* (iv) declare that compensation paid to each defendant by the City in excess of what was reasonable, *in an amount to be proven at trial*, is not to be considered for determination of CalPERS pensions; and (v) enjoin the City from reporting to CalPERS any salaries of defendants in excess of what is reasonable and appropriate, *in an amount to be proven at trial.*

The Complaint seeks a judgment that the employment contracts of the CAO, Assistant CAO and the Chief of Police executed in and after 2005 are void from the date of their execution and seeks to have the Court determine the level of salaries that are reasonable and appropriate for all defendants, including named City Council members and as yet unnamed individuals. In light of the Complaint, no adjustment of payroll is recommended at this time for amounts that may have been erroneously reported as compensation earnable because the proper amount of compensation earnable may be decided by a ruling in the Civil Action. If any affected City Officer or employee should apply for retirement before conclusion of the Civil Action, the calculation of retirement benefits will take into account only compensation paid that was proper and authorized, pursuant to properly approved and publicly available valid contracts entered into prior to 2005, or pursuant to publicly available pay schedules that can be substantiated as meeting the definition of compensation earnable. Thereafter, if a final judgment in the Civil Action proves an amount of compensation different than that considered by CalPERS, the retirement allowance may be adjusted to reflect any proven increase or decrease in compensation earnable, provided it otherwise meets the requirements of compensation earnable.

TWO CRIMINAL FELONY COMPLAINTS

On September 20, 2010, the District Attorney for the County of Los Angeles filed two criminal felony complaints against certain City employees and City Council members. The complaints allege, among other facts, misappropriation of public funds, conflict of interest, and the falsification of public records by an official custodian.

STATE CONTROLLER'S OFFICE AUDIT OF CITY OF BELL'S ADMINISTRATIVE AND INTERNAL ACCOUNTING CONTROLS SYSTEM

On September 22, 2010, the State Controller released the first of three audits focusing on the City's finances. The audit covered the period from July 1, 2008

through June 30, 2010, and found, among other facts, a lack of oversight by the City Council, that the City's internal control system was virtually non-existent and that the former CAO had, for all intents and purposes, complete control and discretion over how City funds were to be used. The audit also found that the City Council approved exorbitant salary and benefits for the former CAO without any accountability for performance and the former CAO continued this process by allowing enormous salaries for other administrative staff.

CITY OF BELL

OFFICE OF AUDIT SERVICES REVIEW RESULTS

Finding 1: *The City did not provide requested information deemed necessary to determine the correctness of retirement benefits, reportable compensation, and enrollment in the retirement and health systems.*

Recommendations:

The City must provide the specific information deemed necessary by CalPERS in order to determine the correctness of retirement and health benefits, reportable compensation, and enrollment in the retirement and health systems per Government Code Sections 20221, 20222.5 and 22797. While a failure to provide requested information could result in the termination of the City's contract with CalPERS pursuant to Government Code Section 20572, in the City's written response dated November 5, 2010, the City represented that much of the requested documentation does not exist at the City.

The City should work with CalPERS Employer Services Division and Health Benefits Branch to provide supporting documentation as can be located and produced in order to determine the correctness of retirement and health benefits, reportable compensation, and enrollment in the retirement and health systems.

Condition:

Prior to the on-site field visit in July 2010, OAS requested pertinent information to determine whether compensation earnable and enrollment in the retirement and health systems was properly reported to CalPERS. In addition, during and subsequent to our on-site field visit, OAS repeatedly made requests for information. Requests for information included, but were not limited to, the following documents:

- Publicly available pay schedules for the period 1993 - 2010
- Employment contracts and the City Council minutes indicating that the employment contracts were approved and authorized
- Memoranda of Understanding
- Rules and regulations
- The City's Municipal Code
- Job duty statements
- All City Council minutes from 1993 to present
- All documents used to specify compensation earnable

- Payroll journals
- Personnel files
- Payroll records
- *Information pertaining to the creation, duties and service of the* unsubstantiated Assistant to the Food Bank Coordinator position
- Information to support health benefit dependent eligibility

Complete and necessary documentation to support specified employee payrates reported to CalPERS was not provided. While the City provided thousands of pages of documents, many of the documents provided by the City did not pertain to OAS requests. Many documents when provided were either unrelated to the City, or were in a form that would require OAS to find the relevant and requested information.

Due to the lack of clear documentation as to what amount employees were to be paid, and in light of the pending Civil Action in which the Court has been asked to establish the reasonable and appropriate salaries of all defendants, OAS cannot state with certainty what amounts constitute compensation earnable. In the instances where there is a lack of documentation to support the salaries and benefits granted to employees as being compensation earnable, such salaries and benefits will not be considered in the calculation of CalPERS retirement benefits.

For discussion on the missing information pertaining to membership enrollment and health benefits, refer to Findings 4 and 5 below.

CITY OF BELL

Finding 2: *Payrates reported to CalPERS failed to qualify as compensation earnable.*

Recommendation:

Only compensation earnable, as defined under Government Code Section 20636 and corresponding regulations, can be reported to CalPERS and considered in calculating retirement benefits. The City should ensure that all employees' salaries are properly reviewed, authorized and approved by the City Council. The City should also ensure that the reported payrate is set forth in a publicly available pay schedule.

The City should work with the CalPERS Employer Services Division to determine the impact of incorrect reporting and determine what adjustments are needed.

Condition:

OAS reviewed payrates reported to CalPERS for a sample that included, but was not limited to, the individuals who, during the time covered by this review (1993 to 2010), were holding the positions of CAO, Assistant to the CAO or Assistant CAO, Chief of Police, directors of various City departments, City Council members, management and staff. Though hampered by the unavailability of necessary information, based on the information provided by the City and obtained through other sources, OAS reconciled the payrates to the City's available salary information to determine whether payrates for the sampled employees were properly authorized and reported to CalPERS.

Employment Contracts Not Authorized by the City's Governing Board in an Open Public Meeting

The City did not provide responsive documentation showing that employment contracts which contained salary and benefit provisions had been reviewed and authorized by the City Council in a public meeting or were otherwise made publicly available. Consequently, OAS was unable to substantiate that the reported payrates for specified positions were properly authorized by the City Council in a public meeting and in accordance with requirements that the City maintain publicly available salary information.

A declaration dated November 5, 2010, provided by the City's interim City Attorney, (Declaration) stated that after a diligent search and reasonable inquiry,

the City could not produce any documents approving the contracts of the CAO, Assistant to the CAO and Chief of Police.

Payrate Over-Reported: CAO

The compensation for the CAO was established by contracts dated September 1, 1993, September 1, 1994, and September 1, 1996. The City granted a series of increases by addenda to the 1996 contract which ranged from 8.33 percent up to 47.33 percent through July 2008. A summary of the CAO's contracted payrates from 1993 to 2010 is listed in Appendix D.

Because the City did not provide City Council minutes supported by evidence that the CAO employment contracts were properly authorized, OAS has been unable to verify that any of the contracts were properly and validly approved and signed by the City's governing board and publicly available. The Declaration stated that after a diligent search and reasonable inquiry, the City could not produce any documents approving the contracts of the CAO.

Based on the foregoing and the information that is available at the time of this review, OAS recommends that the payrate of the CAO be based upon the City's most recent publicly available pay schedule for the position, which is City Council Resolution No. 92-41 for fiscal year 1992/1993. Resolution No. 92-41 authorized a monthly salary of $7,100 for the CAO position.

At this time, however, no adjustment to payroll is recommended for amounts that may have been erroneously reported as compensation earnable because the determination of the proper amount of compensation earnable is under consideration in the Civil Action. In addition, for 2005 and after, the Civil Action seeks a judgment declaring that all employment contracts and addenda executed for this position are null and void. Therefore, it is recommended that calculation of retirement benefits exclude compensation reported during this time period.

The City should work with CalPERS Employer Services Division and provide pertinent documentation as can be located and produced supporting the determination of proper payrate amounts for the period from September 1, 1993 through year-end of 2004.

Payrate Over-Reported: Assistant to the CAO

Payrates for the Assistant to the CAO cannot be verified as properly approved by the City Council. The Declaration stated that after a diligent search and reasonable inquiry, the City could not produce any documents approving the

CITY OF BELL

Some Contracts were approved by Council & agendized (2003, 2004, 2005) all others after Charter not because not required.

contracts of the Assistant to the CAO. The Assistant to the CAO position at the City was first filled July 1, 2003, in accordance with the terms of an employment contract. While the pay schedule in effect in 2003 included the position title of Assistant to the CAO, no payrate was disclosed; rather the salary was shown as "contract."

A summary of the Assistant to the CAO/Assistant CAO's contracted payrates from 2003 to 2010 is listed in Appendix D.

From the initial contract in 2003 until June 30, 2008, when the Assistant to the CAO was promoted to Assistant CAO, employment contracts provided that the duties of the Assistant to the CAO were "as set forth in the Bell Municipal Code and other applicable laws and regulations, and to perform such other proper duties as assigned by the [CAO]." While OAS requested copies of the pertinent provisions of the Bell Municipal Code describing the duties of the Assistant to the CAO, *the City did not provide that information.*

At this time no adjustment to payroll is recommended for amounts that may have been erroneously reported as compensation earnable because the determination of the proper amount of compensation earnable is under consideration in the Civil Action. In addition, for 2005 and after, the Civil Action seeks a judgment *declaring that all employment contracts and addenda executed for this position* are null and void. Therefore, it is recommended that calculation of retirement benefits exclude compensation reported during this time period.

However, the City should work with CalPERS Employer Services Division and provide pertinent documentation as can be located and produced supporting the determination of proper payrate amounts for the period from July 1, 2003 through year-end of 2004.

Payrate Over-Reported: City Council Members

In light of the pending Civil Action, in which the Court has been asked to establish the reasonable and appropriate salaries of all defendants, and which challenges the validity of City Council pay increases, OAS cannot state with certainty what amounts constitute compensation earnable for City Council members.

However, based on the review of available records, OAS concluded that the City over-reported the compensation earnable of City Council members by erroneously including additional compensation paid for serving on other municipal boards, commissions, or other local authorities with the full-time

compensation received for services rendered as City Council members. In addition, based on factual allegations in the Complaint, it appears that increases in City Council member compensation exceeded statutory limits on city council member salaries for general law cities.

Elected City Council members are "elective officers" as defined by the Government Code. City Council members who have elected CalPERS membership and who are compensated are deemed to be serving on a full-time rather than a part-time basis and receive one year of service credit for each year of tenure in office.

OAS reviewed payroll records, Personnel Action Reports and resolutions and noted that compensation reported to CalPERS reflected payments that City Council members received as full-time City Council members, and additional compensation for serving in positions on up to six different boards. If a City Council member concurrently renders service in two or more positions, one or more of which is full-time, service in any concurrent part-time position is deemed overtime and is not reportable as compensation per Government Code Section 20635. Consequently, service on any additional municipal board, commission, department, committee, or other local authority by a City Council member should be considered overtime and should not be reported to CalPERS.

In 2001, City Council members' salaries for service on the City Council, excluding amounts received for additional service with other boards, commissions, or authorities, were increased from $434 to $673 per month. This appears to be the highest supportable payrate for City Council members, subject to the Court's final determination.

The City should work with CalPERS Employer Services Division and provide documentation as can be located and produced supporting the determination of a proper compensation earnable amount.

Payrate Over-Reported: Chief of Police

On May 29, 2009, the Chief of Police entered into an employment contract with the City to perform services as the Chief of Police, effective July 27, 2009. This contract compensated the employee $38,083.50 per month, which the City reported to CalPERS. The contract was signed only by the CAO and the Chief of Police. Although OAS requested documentation, the City did not provide documentation to support that the employment contract was properly reviewed and authorized by the City's governing board in an open public meeting and available for public scrutiny. The Declaration stated that after a diligent search

and reasonable inquiry, the City could not produce any documents approving the contracts of the Chief of Police. The City also did not provide a current salary schedule which included the salary range for Chief of Police. The most recent available documentation that CalPERS has been provided in which the City set forth the salary for the Chief of Police position is contained in Resolution No. 95-43 for fiscal year 1995/1996 which provided a monthly salary range for Chief of Police of $5,842 to $7,101.

At this time, however, no adjustment to payroll is recommended for amounts that may have been erroneously reported as compensation earnable for the period of employment because the determination of the proper amount of compensation earnable is under consideration in the Civil Action.

The City should work with CalPERS Employer Services Division and provide pertinent documentation as can be located and produced supporting the determination of proper payrate amounts for the period of employment for the Chief of Police.

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Finding 3: *The City incorrectly reported non-reportable special compensation items to CalPERS including employer payments for employee participation in a deferred compensation plan and extra duty pay.*

Recommendation

The City should only report items of special compensation as defined in California Code of Regulations Section 571.

The City should work with CalPERS Employer Services Division to assess the impact of this incorrect reporting and determine what adjustments are required.

Condition:

<u>Non-Reportable Compensation Reported as Special Compensation</u>

Employer Payments for Employee Participation in a Deferred Compensation Plan

The City incorrectly reported to CalPERS employer payments to a deferred compensation plan as special compensation. Specifically, payroll records obtained from the City indicated the City made payments into 401(a) accounts for the CAO and the Assistant CAO in fiscal years 2006/2007 through 2009/2010. The City erroneously reported these payments to CalPERS. The annual deferred compensation amounts paid ranged from $44,000 in December 2006 to $48,000 in January 2010. Employer payment to a deferred compensation plan is not a reportable item of compensation for CalPERS retirement purposes.

2008/09 and 2009/10 it was not paid into deferred comp. & therefore was received as salary!

Extra Duty Pay

The City erroneously reported additional compensation up to $832.65 per month as special compensation for extra duties performed as the City Clerk, City Treasurer, and Community Liaison. Specifically, the City paid and reported an additional 15 percent of base pay to two employees for duties rendered as City Clerk and City Treasurer in the sampled second pay period of June 2010 and first pay period of September 2008. Since these two employees held and were compensated for other full-time positions with the City, the additional compensation received for services rendered as City Clerk and City Treasurer is considered overtime and not reportable to CalPERS. Compensation received for additional service rendered as City Clerk and City Treasurer does not meet the definition of special compensation.

Also, the City paid and erroneously reported an additional 10 percent of payrate to a Police Officer for service rendered as a Community Liaison. Additional compensation received for service rendered as a Community Liaison is not reportable as special compensation.

Temporary Assignment Pay – Informational Item

Records showed that effective June 21, 2010, the CAO authorized additional compensation as temporary assignment pay ranging from 10 percent to 15 percent of payrate for nine City employees including four Sergeants, two Acting Sergeants, two Police Captains and one Lieutenant. For example, the City's two Police Captains were to receive an additional $1,627.50 per month for temporary assignments performed for neighboring cities. CalPERS has not yet received payroll information from the City covering services provided from June 21, 2010, forward. However, additional compensation for assignments performed for other cities does not meet the definition of special compensation and is not reportable to CalPERS.

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Finding 4: *The City failed to comply with membership enrollment requirements:*

- *(a) The City failed to report earnings and submit retirement contributions on behalf of temporary/part-time employees who qualified to become CalPERS members.*
- *(b) The City failed to complete and submit membership forms to CalPERS to properly establish membership for elected officials.*
- *(c) The City erroneously continued the membership of a former City Council member for services performed in an unsubstantiated position.*

Recommendations:

(a) The City should ensure that compensation earnable is reported and retirement contributions are submitted beginning with the first service period in which an employee becomes a CalPERS member.

(b) The City should ensure elected officials choosing to become CalPERS members file the appropriate election in writing with CalPERS.

(c) The City must provide the specific information deemed necessary to determine the correctness of the continued enrollment in CalPERS for an individual's unsubstantiated services as an Assistant to the Food Bank Coordinator. The City should discontinue reporting to CalPERS individuals who are no longer employed by the City.

The City should work with CalPERS Employer Services Division to assess the impact of and to correct these incorrect reporting issues.

Conditions:

(a) Compensation Not Reported and Retirement Contributions Not Submitted for Temporary/Part-time Employees

OAS sampled four individuals in fiscal year 2008/2009 that were hired by the City as temporary/part-time employees. The City properly enrolled the individuals in CalPERS membership upon meeting the CalPERS membership requirement but failed to report earnings and submit retirement contributions on the members'

behalf from the members' effective enrollment dates through June 30, 2009. Three of the individuals met membership eligibility by working 1,000 hours in fiscal year 2008/2009 and were enrolled effective February 2, 2009, March 16, 2009, and March 30, 2009, respectively. The fourth individual was enrolled in the prior fiscal year, effective June 8, 2008. Earnings should have been reported and contributions should have been submitted to CalPERS beginning with the first service period in which the employees became members.

(b) Required Membership Forms Not Submitted to Properly Establish Membership

Elected City Council members are "elective officers" as defined by the Government Code and, as such, are considered optional members of CalPERS. As optional members, City Council members are excluded from CalPERS membership unless they file a written election to become a member. OAS found that two City Council members had not filed written elections with CalPERS to become optional members even though they were enrolled as CalPERS members and their earnings were being reported. The City should have filed CalPERS form AESD-59 to establish elected officials' optional membership with CalPERS.

(c) The City erroneously continued the membership of a former City Council member for services performed in an unsubstantiated position.

In 2009, a City Council member was hired to fill a position titled Assistant to the Food Bank Coordinator (Assistant Coordinator). The City Council member, who was elected in 2003, resigned as a City Council member on August 17, 2009, and accepted the position of Assistant Coordinator effective that same date. The individual initially was paid $7,666.61 per month as the Assistant Coordinator, which was the same as the monthly salary he had received for serving as a City Council member. The City provided the individual a five percent cost of living increase on September 1, 2009, boosting the monthly salary to $8,050.

OAS sought to substantiate the existence of the Assistant Coordinator position by requesting documentation from the City such as a duty statement describing the nature of the position or Food Bank documentation such as a mission statement, policies, plans, organization chart, or communications between the Assistant Coordinator and the Food Bank Manager evidencing the existence of the position and/or services rendered by the Assistant Coordinator. OAS obtained an employment agreement effective August 17, 2009, between the City and the individual "to perform all duties necessary to assist with the City's efforts to provide food donation services to the community of Bell and to perform such

other proper duties as assigned by the ...CAO." OAS also obtained Personnel Action Reports listing salary information. We requested further information to substantiate the existence of the Assistant Coordinator position or that services were rendered. The Declaration stated that after a diligent search and reasonable inquiry, the City could not locate any documents responsive to this request. Additionally, the payrate for the Assistant Coordinator position was not listed in a publicly available pay schedule and thus would not be compensation earnable for retirement purposes.

OAS concluded that the documentation provided was insufficient to support that the Assistant Coordinator position was an authorized City position and that the individual performed actual services for the City as a common law employee subsequent to resigning from the City Council in August 2009.

Per Government Code Section 20125, CalPERS shall determine who are employees and is the sole judge of the conditions under which individuals may be admitted to CalPERS. Only common law employees of agencies contracting with CalPERS for retirement coverage who also have compensation earnable are eligible for CalPERS membership. Government Code Section 20630 defines compensation as payment for services performed during normal working hours.

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Finding 5: *The City contracted with CalPERS to provide health benefits to all eligible employees effective August 1, 1990. The City is responsible for providing employees with enrollment information and has the authority to request documentation needed to determine the eligibility of family members.*

The City did not provide eligibility verifications for dependents enrolled in CalPERS Health Benefits Program and did not maintain required health forms on file.

Recommendation:

The City must ensure that the proper member and dependent enrollment documentation is on file at the City within 60 days from the date of the final report.

The City should work with CalPERS Health Benefits Branch to obtain the missing documentation and to cancel enrollment of any person who is found to be ineligible to participate in the CalPERS Health Benefits Program.

Condition:

OAS reviewed a sample of nine employees to assess the health benefits eligibility and enrollment of members and their dependents. Sample testing revealed that the City had not properly enrolled individuals in CalPERS Health Benefits Program. OAS was unable to ascertain that enrollments for individuals were proper because the City failed to provide required documentation that was requested such as marriage certificates and various dependent child documents. In addition, the City did not maintain required Declaration of Health Coverage (HB-12A) and Health Benefit Plan Enrollment (HBD-12) forms on file for some sampled employees. Specifically, the following exceptions were noted:

- The City failed to provide a marriage certificate supporting the enrollment of one employee's spouse.

- The City failed to provide birth certificates verifying the eligibility of five dependent children enrolled under four sampled members' health benefits. A non-formal hospital certificate was provided instead for two of these dependent children.

- The City failed to provide and maintain on file a required Affidavit of Eligibility for an economically dependent child.

CITY OF BELL

- The City failed to provide and maintain on file formal adoption documents for an adopted dependent child.
- The City failed to maintain on file copies of HB-12A forms for nine sampled employees. Additionally, the City failed to maintain on file and/or properly authorize HBD-12 forms for five dependents enrolled under two sampled members' health benefits.

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CONCLUSION

OAS limited this review to the areas specified in the scope section of this report and in the objectives as outlined in Appendix B. OAS limited the test of transactions to employee samples selected from the City's payroll and health records. Sample testing procedures provide reasonable, but not absolute, assurance that these transactions complied with the California Government Code except as noted.

The findings and conclusions outlined in this report are based on information made available or otherwise obtained at the time this report was prepared.

Respectfully submitted,

Original Signed by Margaret Junker
Margaret Junker, CPA, CIA, CIDA
Chief, Office of Audit Services

Date: November 2010
Staff: Michael Dutil, CIA, Senior Manager
Jacque Conway, CPA, CIA, Manager
Adeeb Alzanoon
Edward Fama
Karen Harlan

CITY OF BELL

APPENDIX A

BACKGROUND

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BACKGROUND

California Public Employees' Retirement System

The California Public Employees' Retirement System (CalPERS) provides a variety of programs serving members employed by more than 2,500 local public agencies as well as state agencies and state universities. The agencies contract with CalPERS for retirement benefits, with CalPERS providing actuarial services necessary for the agencies to fund their benefit structure. In addition, CalPERS provides services which facilitate the retirement process.

CalPERS Employer Services Division (ERSD) manages contract coverage for public agencies and receives, processes, and posts payroll information. CalPERS Benefit Services Division (BNSD) provides services for eligible members who apply for service or disability retirement. BNSD sets up retirees' accounts, processes applications, calculates retirement allowances, prepares monthly retirement benefit payment rolls, and makes adjustments to retirement benefits. The Office of Employer and Member Health Services (EMHS), as part of the Health Benefits Branch (HBB), provides eligibility and enrollment services to the members and employers that participate in the CalPERS Health Benefits Program, including state agencies, public agencies, and school districts.

Retirement allowances are computed using three factors: years of service, age at retirement, and final compensation. Final compensation is defined as the highest average annual compensation earnable by a member during the last one or three consecutive years of employment, unless the member elects a different period with a higher average. Local public agency members' final compensation period is three years unless the agency contracts with CalPERS for a one-year period.

The employers' knowledge of the laws relating to membership and payroll reporting facilitates the employer in providing CalPERS with appropriate employee information. Appropriately enrolling eligible employees and correctly reporting payroll information is necessary to accurately compute a member's retirement allowance.

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APPENDIX B

OBJECTIVES

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OBJECTIVES

The objectives of this review which covers the period January 1993 through June 30, 2010, were limited to the determination that the City complied with applicable sections of the California Government Code (Sections 20000 et seq.) and Title 2 of the California Code of Regulations and that prescribed reporting and enrollment procedures as they relate to the City's retirement and health benefits contracts with CalPERS were followed. OAS completed a prior review covering the period of time from April 1, 2003 to March 31, 2006. The current review considers additional information that has become available since completion of Job # P05-039, (City of Bell Public Agency Review dated June 2006). The scope of this review did not include assessment of the validity of the City's 2007 amendment of its contract with CalPERS.

SUMMARY

Procedures, Sample Sizes, Sample Periods, and Findings

To accomplish the review objectives, OAS performed the following procedures. Related sample sizes, sample periods and findings are listed.

✓ Reviewed:

- Contracts and subsequent amendments the City had with CalPERS
- Correspondence files maintained at CalPERS
- City Council minutes
- Memoranda of Understanding and those employment agreements provided between the City and its employees.
- Salary, wage and benefit agreements including applicable resolutions
- Personnel files including Personnel Action Reports
- City generated payroll information - Summary Reports and PERS listings
- Other documents used to specify the payrate, special compensation and benefits of represented and unrepresented employees
- Health Benefits Program enrollment and supporting documentation files
- City ordinances
- Various other documents as necessary

- *Finding:* See Finding 1.

✓ Interviewed staff members to obtain an understanding of the City's personnel and payroll procedures. Reviewed the payroll transactions and compared the City's payroll register with the data reported to CalPERS to determine whether the City correctly reported employees' compensation.

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- *Sample Size and Period:* Reviewed payroll transactions for 22 employees. Reviewed the second service period of June 2010 and the first service period of September 2008.
- *Finding:* See Finding 2 and Finding 3.

✓ Reviewed the City's payroll information reported to CalPERS for the sampled employees to determine whether employees' payrates were reported pursuant to publicly available pay schedules.

- *Sample Size and Period:* Reviewed the City's payroll information reported to CalPERS for 22 employees for various time periods from June 1993 through June 2010.
- *Finding:* See Finding 2.

✓ Reviewed the City's process for reporting payroll to CalPERS to determine whether the payroll reporting elements were reported correctly.

- *Sample Size and Period:* Reviewed accuracy in the reporting of various payroll reporting elements in the second service period of June 2010 and the first service period of September 2008.
- *Finding:* None.

✓ Reviewed the City's enrollment practices pertaining to optional members (elected officials), temporary/part-time employees, retired annuitants, and independent contractors to determine whether the individuals met CalPERS membership requirements.

- *Sample Size and Period:* Reviewed the City's enrollment practices for a sample consisting of current City Council members, retired annuitants (there were none), four temporary/part-time employees in fiscal year 2008/2009 and four independent contractors in calendar years 2008 and 2009.
- *Finding:* See Finding 4.

✓ Reviewed records for employees and their dependents to determine whether the City properly enrolled eligible individuals into CalPERS Health Benefits Program.

- *Sample Size and Period:* Reviewed records for nine employees and their dependents for health plan enrollments recorded at CalPERS as of June 2010.
- *Finding:* See Finding 5.

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APPENDIX C

CRITERIA

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CRITERIA

Finding 1: *Failure to Furnish Necessary Information to the Board*

Government Code § 20221, states:

> Each state agency, school employer, and the chief administrative officer of a contracting agency or any other person who its governing body may designate shall furnish all of the following:
> (a) Immediate notice to the board, in the manner prescribed by the system, of the change in status of any member resulting from transfer, promotion, leave of absence, resignation, reinstatement, dismissal, or death.
> (b) Any additional information concerning any member that the board may require in the administration of this system.
> (c) The services of its officer and departments that the board may request in connection with claims by members against this system.

Government Code § 20222.5, states:

> (a) The board may, during the course of an audit, require each state agency, school employer, including each school district represented by a school employer, and contracting agency, to provide information or make available for examination or copying at a specified time and place, or both, books, papers, any data, or records, including, but not limited to, personnel and payroll records, as deemed necessary by the board to determine the correctness of retirement benefits, reportable compensation, enrollment in, and reinstatement to this system.
> (b) The information obtained from an employer under this section shall remain confidential pursuant to Section 20230.

Government Code § 20572, states, in part:

> (a) If a contracting agency ... fails for three months after demand by the board therefore to file any information required in the administration of this system with respect to that agency's employees, or if the board determines that the agency is no longer in existence, the board may terminate that contract by resolution adopted by a majority vote of its members effective 60 days after notice of its adoption has been mailed by registered mail to the governing body of the contracting agency....

Government Code § 20085, states, in part:

> (a) It is unlawful for a person to do any of the following:
> (1) Make, or cause to be made, any knowingly false material statement or material representation, to knowingly fail to disclose a material fact, or to otherwise provide false information with the intent to use it, or allow it to be

did the City fail to provide the Charter and Reso. 2006-42, 2006-39 giving CAO authority to sign Emp. Contracts ?!?!

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used, to obtain, receive, continue, increase, deny, or reduce any benefit administered by this system....
(b) For purposes of this section, "statement" includes, but is not limited to, any oral or written application for benefits, report of family relationship..., or continued eligibility for a benefit or the amount of a benefit administered by this system.
(c) A person who violates any provision of this section is punishable by imprisonment in a county jail not to exceed one year, or by a fine of not more than five thousand dollars ($5,000), or by both that imprisonment and fine.
(d) A person violating any provision of this section may be required by the court in a criminal action to make restitution to this system ... for the amount of the benefit unlawfully obtained.

Government § 22797, states:

The board or an authorized representative may perform audits of each employer and may, at a specified time and place, require the employer to provide information or make available for examination and copying books, papers, data, and records, including, but not limited to, personnel and payroll records, as deemed necessary by the board to determine compliance with the provisions of this part. The information obtained from an employer shall remain confidential.

Finding 2: *Public Salary Information and Payrate Reporting*

Government Code § 20221, states:

Each state agency, school employer, and the chief administrative officer of a contracting agency or any other person who its governing body may designate shall furnish all of the following:
(a) Immediate notice to the board, in the manner prescribed by the system, of the change in status of any member resulting from transfer, promotion, leave of absence, resignation, reinstatement, dismissal, or death.
(b) Any additional information concerning any member that the board may require in the administration of this system.
(c) The services of its officer and departments that the board may request in connection with claims by members against this system.

Government Code § 20222.5, states:

(a) The board may, during the course of an audit, require each state agency, school employer, including each school district represented by a school employer, and contracting agency, to provide information or make available for examination or copying at a specified time and place, or both, books, papers, any data, or records, including, but not limited to, personnel and payroll records, as deemed necessary by the board to determine the

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correctness of retirement benefits, reportable compensation, enrollment in, and reinstatement to this system.
(b) The information obtained from an employer under this section shall remain confidential pursuant to Section 20230.

Government Code § 20085, states, in part:

(a) It is unlawful for a person to do any of the following:
(1) Make, or cause to be made, any knowingly false material statement or material representation, to knowingly fail to disclose a material fact, or to otherwise provide false information with the intent to use it, or allow it to be used, to obtain, receive, continue, increase, deny, or reduce any benefit administered by this system....
(b) For purposes of this section, 'statement' includes, but is not limited to, any oral or written application for benefits, report of family relationship..., or continued eligibility for a benefit or the amount of a benefit administered by this system.
(c) A person who violates any provision of this section is punishable by imprisonment in a county jail not to exceed one year, or by a fine of not more than five thousand dollars ($5,000), or by both that imprisonment and fine.
(d) A person violating any provision of this section may be required by the court in a criminal action to make restitution to this system ... for the amount of the benefit unlawfully obtained....

Government Code § 20630, subdivision (b), states, in part:

Compensation shall be reported in accordance with Section 20636 and shall not exceed compensation earnable, as defined in Section 20636.

Government Code § 20636, subdivision (a), defines compensation earnable by a member as, "the payrate and special compensation of the member...."

Government Code § 20636, subdivision (b)(1), defines payrate, in part, as follows:

"Payrate" means the normal monthly rate of pay or base pay of the member paid in cash to similarly situated members of the same group or class of employment for services rendered on a full-time basis during normal working hours, pursuant to publicly available pay schedules....

Government Code § 20636, subdivision (d) states:

Notwithstanding any other provision of law, payrate and special compensation schedules, ordinances, or similar documents shall be public records available for public scrutiny.

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Government Code § 20635, states:

> When the compensation of a member is a factor in any computation to be made under this part, there shall be excluded from those computations any compensation based on overtime put in by a member whose service retirement allowance is a fixed percentage of final compensation for each year of credited service. For the purposes of this part, overtime is the aggregate service performed by an employee as a member for all employers and in all categories of employment in excess of the hours of work considered normal for employees on a full-time basis, and for which monetary compensation is paid. If a member concurrently renders service in two or more positions, one or more of which is full time, service in the part-time position shall constitute overtime. If two or more positions are permanent and full time, the position with the highest payrate or base pay shall be reported to this system. This provision shall apply only to service rendered on or after July 1, 1994.

Government Code § 20899, states:

> In computing the amount of service to be credited to a member who is entitled to credit under this part for service as an elective officer, a year of service shall be credited for each year of tenure in the office. A person serving in the office shall be deemed to be serving on a full-time rather than a part-time basis for all purposes of this part.

Government Code § 20049, states:

> "Labor policy or agreement" means any written policy, agreement, memorandum of understanding, legislative action of the elected or appointed body governing the employer, or any other document used by the employer to specify the payrate, special compensation, and benefits of represented and unrepresented employees.

CalPERS Procedures Manual, Page 70, states, "Pay rate and special compensation must be in written schedules, ordinances, or similar documents that are available for public scrutiny."

Finding 3: *Special Compensation Reporting*

Government Code § 20635, states:

> When the compensation of a member is a factor in any computation to be made under this part, there shall be excluded from those computations any compensation based on overtime put in by a member whose service retirement allowance is a fixed percentage of final compensation for each year of credited service. For the purposes of this part, overtime is the aggregate service performed by an employee as a member for all employers

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and in all categories of employment in excess of the hours of work considered normal for employees on a full-time basis, and for which monetary compensation is paid. If a member concurrently renders service in two or more positions, one or more of which is full time, service in the part-time position shall constitute overtime. If two or more positions are permanent and full time, the position with the highest payrate or base pay shall be reported to this system. This provision shall apply only to service rendered on or after July 1, 1994.

Government Code § 20636, subdivision (c)(1), states:

Special compensation of a member includes a payment received for special skills, knowledge, abilities, work assignment, workdays or hours, or other work conditions.

Government Code § 20636, subdivision (c)(6), states:

The board shall promulgate regulations that delineate more specifically and exclusively what constitutes "special compensation" as used in this section.

California Code of Regulations § 571 provides a list that exclusively identifies and defines special compensation items for members employed by a contracting agency and standards to which compensation must conform in order for items of special compensation to be used to calculate final compensation for an individual member.

Finding 4: *Membership and Enrollment*

Government Code § 20028 (a) defines an employee as, "Any person in the employ of any contracting agency."

Government Code § 20125, states:

The board shall determine who are employees and is the sole judge of the conditions under which persons may be admitted to and continue to receive benefits under this system.

Government Code § 20322, states, in part:

(a) An elective officer is excluded from membership in this system unless the officer files with the board an election in writing to become a member. Upon electing to become a member, the officer may further elect at any time prior to retirement to receive service credit for his or her prior, excluded service by making the contributions as specified in Sections 21050 and 21051.
(b) As used in this part, "elective officer" includes ... persons elected to a city council or a county board of supervisors.

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CalPERS Procedure Manual page 46 through 49 titled Election of Optional Membership, states, "A completed and signed ***Election of "Optional" Membership Form*** (PERS-AESD-59), is required to validate and establish membership for an individual who qualifies as an "optional" member as an elective/appointive officer under G.C. section 20322. The form must be submitted with the ***Member Action Request Form*** (PERS-AESD-1), or after performing an electronic enrollment using ACES to satisfy the legal requirements."

Finding 5: *Health Membership and Enrollment Documentation*

Government Code § 22775, defines family member as:

> "Family member" means an employee's or annuitant's spouse or domestic partner and any unmarried child, including an adopted child, a stepchild, or recognized natural child. The board shall, by regulation, prescribe age limits and other conditions and limitations pertaining to unmarried children.

Government § 22797, states:

> The board or an authorized representative may perform audits of each employer and may, at a specified time and place, require the employer to provide information or make available for examination and copying books, papers, data, and records, including, but not limited to, personnel and payroll records, as deemed necessary by the board to determine compliance with the provisions of this part. The information obtained from an employer shall remain confidential.

Government Code § 20085, states, in part:

> (a) It is unlawful for a person to do any of the following:
> (1) Make, or cause to be made, any knowingly false material statement or material representation, to knowingly fail to disclose a material fact, or to otherwise provide false information with the intent to use it, or allow it to be used, to obtain, receive, continue, increase, deny, or reduce any benefit administered by this system....
> (b) For purposes of this section, "statement" includes, but is not limited to, any oral or written application for benefits, report of family relationship..., or continued eligibility for a benefit or the amount of a benefit administered by this system.
> (c) A person who violates any provision of this section is punishable by imprisonment in a county jail not to exceed one year, or by a fine of not more than five thousand dollars ($5,000), or by both that imprisonment and fine.
> (d) A person violating any provision of this section may be required by the court in a criminal action to make restitution to this system ... for the amount of the benefit unlawfully obtained.

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California Code of Regulations § 599.500, contains definitions that apply to the Public Employees' Medical and Hospital Care Act, including the following pertinent provisions:

> (f) "Enroll" means to file with the employing office a properly completed Health Benefits Plan Enrollment Form electing to be enrolled in a health benefits plan....
> (k) "Eligible" means eligible under the law and this subchapter to be enrolled....
> (n) A child attains the status of "family member" at birth ... "family member" includes any unmarried child who is economically dependent upon the employee or annuitant, when there exists a parent-child relationship with the employee or annuitant....

CalPERS Public Agency Health Benefits Procedures Manual, page 03-03, states, in part, "CalPERS, as well as the contracting agency, have the right to request any documentation needed to support dependent eligibility at the time of enrollment, or any time thereafter."

The Declaration of Health Coverage form (HB-12A) is to ensure compliance with the Health Insurance Portability and Accountability Act (HIPAA). Effective January 1, 1998, each employee must sign the HB-12A when they are first eligible to enroll or when they make any change to their health coverage. This includes open enrollment changes, changing health plans when moving, adding or deleting a dependent, or when canceling health benefits. The employer must provide the HB-12A at the time the employee requests enrollment or with the HBD-12 form. The employer must also provide the employee a copy of the signed form and keep the original in the employee's file.

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APPENDIX D

PAYRATES

Chief Administrative Officer

Assistant to the Chief Administrative Officer

Assistant Chief Administrative Officer

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Chief Administrative Officer (CAO) Payrate

Based on review of documents provided by the City and otherwise obtained, OAS has identified salary (without fringe benefits) for the CAO position.

A summary of the CAO's payrates from 1993 to 2010 is listed in Table 1 below.

Table 1: CAO Payrate

Month/Year	Monthly Payrate	Percent increase	New Monthly Payrate
Sep-93	$6,000.00		$6,500.00
Sep-94	$6,500.00	26.92%	$8,250.00
Sep-96	$8,250.00	33.33%	$11,000.00
Sep-97	$11,000.00	9.09%	$12,000.00
Jul-98	$12,000.00	8.33%	$13,000.00
Aug-00	$13,000.00	15.38%	$14,999.83
Aug-01	$14,999.83	13.33%	$16,999.67
Oct-02	$16,999.67	22.55%	$20,833.35
Sep-03	$20,833.35	10.00%	$22,916.68
Sep-04	$22,916.68	9.09%	$25,000.02
Jul-05	$25,000.02	47.33%	$36,833.33
Jul-06	$36,833.33	11.76%	$41,166.67
Jul-07	$41,166.67	10.53%	$45,500.00
Jul-08	$45,500.00	9.52%	$49,833.33
* Sept-08	$49,833.33	5.00%	$52,325.04
Jul-09	$52,325.04	12.00%	$58,604.04

*In September 2008, terms of the CAO's employment with the City were broken up into five separate employment contracts. The CAO had one primary employment contract with the City to perform full-time duties as a CAO for $18,455.00 per month and four other separate contracts with various authorities within the City. These authorities included Bell Community Housing Authority, Bell Public Financing

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Authority, Bell Surplus Property Authority and Bell Solid Waste and Recycling Authority (the Authorities). Each Authority agreed to compensate the CAO an additional $8,467.51 per month, for a total additional payment of $33,870.04 per month. Contract terms also included a 12 percent annual increase in fiscal year 2009-2010. The language in each Authority's contract described the duties of the Executive Director position "as emanating above and beyond the duties of the CAO for the City of Bell." Please see Table 2 below.

Table 2: Multiple Contracts: CAO Payrate

Month/Year	Aggregate Monthly Payrate	Position	Monthly Payrate Per Contract
Sept-08	$52,325.04	CAO City of Bell	$18,455.00
		Authority Ex. Director	$8,467.51
		Authority Ex. Director	$8,467.51
		Authority Ex. Director	$8,467.51
		Authority Ex. Director	$8,467.51
Jul-09	$58,604.04	CAO City of Bell	$20,669.60
		Authority Ex. Director	$9,483.61
		Authority Ex. Director	$9,483.61
		Authority Ex. Director	$9,483.61
		Authority Ex. Director	$9,483.61

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Assistant to the CAO Payrate
Assistant CAO Payrate

Based on review of documents provided by the City and otherwise obtained, OAS has identified salary (without fringe benefits) for the Assistant to the CAO and Assistant CAO positions.

The Assistant to the CAO was promoted to Assistant CAO June 30, 2008, and granted a 20 percent pay increase on September 1, 2008. A summary of the Assistant to the CAO/Assistant CAO's payrates from 2003 to 2010 is listed in Table 3 below.

Table 3: Assistant to the CAO Payrate

Month/Yr	Monthly Payrate	Percent Increase	New Monthly Payrate	Position
Jul-03			8,525.83	Assistant to CAO
Jul-04	8,525.83	27.06%	10,833.33	Assistant to CAO
Jul-05	10,833.33	42.31%	15,416.70	Assistant to CAO
Jul-06	15,416.70	10.81%	17,083.41	Assistant to CAO
Jul-06	17,083.41	2.54%	17,516.74	Assistant to CAO
Jul-07	17,516.74	11.89%	19,600.01	Assistant to CAO
Jul-08	19,600.01	8.50%	21,266.70	Assistant to CAO
Sep-08	21,266.70	20.00%	25,520.04	Assistant CAO
Jul-09	25,520.04	12.00%	28,582.44	Assistant CAO

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APPENDIX E

CITY'S RESPONSE

This Appendix includes the City's response letter dated November 5, 2010. It does not include additional attachments provided with the response.

CITY OF BELL

November 5, 2010

Margaret Junker, CPA, CIA, CIDA
Chief, Office of Audit Services
CalPERS
P.O. Box 942701
Sacramento, CA 94229-2701

Dear Ms. Junker:

Thank you for the opportunity to comment on the draft report of the Office of Audit Services' (OAS) review of the City of Bell. I have reviewed your letter of October 21, 2010 and the draft report attached to it, and, on behalf of the City of Bell, I thank you for taking the time to closely examine the City's compliance with the laws and regulations that govern the City's membership and participation in the CalPERS program for the benefit of the City's employees, past, present and future.

As you requested, this response will address the City's planned corrective actions to address the recommendations in the report; it will also, however (and with all due respect), point out some deficiencies or misunderstandings in the report. Given that the report is still in draft form, I hope that those misunderstandings can be clarified so that the final report fairly and accurately represents the City's true state of compliance with all applicable laws and regulations governing the City's participation in PERS and the City's current efforts to bring the City into full compliance with all of those laws and regulations.

Introduction: CalPERS Auditors On-Site at City of Bell

To start, I would like to thank you again for the significant deployment of resources CalPERS made with respect to the City of Bell starting around the summer of 2010. As you may recall, in July 2010, the *Los Angeles Times* broke the story about the excessive salaries being drawn by former Bell Chief Administrator [redacted] his Assistant CAO, the Police Chief and several members of the City Council. Soon thereafter, your office dispatched two auditors to the City. City staff made every effort to accommodate the auditors' requests for information and access. Specifically, representatives from OAS were present at Bell City Hall on the following occasions and requested information concerning the time periods as noted:

6330 Pine Avenue Bell, California 90201 • Ph: (323) 588-6211 • Fax: (323) 771-9473

- OAS auditors were initially on-site at Bell City Hall from July 27, 2010 to August 6, 2010. During this portion of the audit, they requested to see various documents and records covering the time period of approximately 2006 through 2010.

- Your auditors returned for a second visit from August 18, 2010 through August 20, 2010). The auditors asked for documents and records from the year 2003 through 2010.

- Finally, though OAS auditors did not return physically to the City, but between September 8, 2010 and October 7, 2010, the City received various requests via email with an expanded scope of documents going all the way back to 1993.

The City's Responses to OAS Requests for Information

Here I note (with some distress) that, in several places, the draft report implies that the City purposefully withheld documents and information from CalPERS. Some specific examples include the following:

- The first bullet on page 1: "Information deemed necessary … was requested but was not provided …"

- At the end of the first paragraph on page 6: "Documents were not forthcoming for weeks, and finally, when provided, were either unrelated to the City, or were in a form that would require OAS to find the relevant and requested information."

- At the beginning of the last paragraph on page 7: "The only authorized salary documents provided by the City were City Council Resolutions rather than contracts."

- At the beginning of the second full paragraph on page 8: "Because the City has failed to provide City Council minutes supported by evidence that the [former] CAO employment contracts were …"

- At the end of the second full paragraph on page 9: "However, despite repeated requests for a copy of a Bell Municipal Code provision describing the duties of the Assistant to the CAO, the City has failed to provide that information."

- Toward the end of the last paragraph on page 10: "The City also failed to provide a current salary schedule which included the salary range for the Chief of Police."

- The second-to-the-last sentence in the top paragraph on page 16: "However, as of the date of the issuance of this report, the City has failed to provide any other requested information to substantiate the existence of the Assistant [Food Bank] Coordinator position or that services were rendered."

Unfortunately, these statements paint an inaccurate picture of a non-responsive City. I was disheartened to read these characterizations, especially in light of the very cooperative and respectful relationship City staff had developed with the OAS investigators who spent so much time at City Hall.

Let me be clear: City of Bell staff spent many hours with OAS staff, providing both copies and access to original files as requested by the investigators. OAS investigators spent approximately a full ten days with unlimited access to all of the City's files, including official documents of the City Clerk (such as City Council agenda, minutes, resolutions and ordinances), payroll and personnel records and other financial and accounting information. When OAS personnel expanded the temporal scope of their investigation – several times – City staff provided access to any and all documents in City Hall that were responsive to the expanded requests.

Additionally, attached for your review and consideration is the Declaration of [redacted], one of the attorneys in the Office of Bell's Interim City Attorney, specifically addressing the individual document requests made by CalPERS and the City's responses.

To the extent that OAS sought but did not receive documents, I emphatically respond that it is not the case that those documents exist but were simply not provided to CalPERS. Rather, after diligent and exhaustive searching, it has become apparent that much of the documentation *simply does not exist* at the City. As the City's Interim Chief Administrative Officer, I am learning that the prior CAO fostered and maintained a culture of secrecy and cloister wholly incompatible with open government in California; contrary to the current administration and city staff, who have made every effort to assist, cooperate and provide any requested information to the extent of existence and knowledge.

I recognize that the position of the City's prior administration is untenable and contrary to the public interest. For that reason, I have taken many real and meaningful steps to open the City of Bell to the sunshine and disinfectant of public scrutiny and media glare. My staff and I are working diligently and earnestly to make the City as open and transparent as any city in this State, consistent with our rights and obligations under the Ralph M. Brown Act, the California Public Records Act and basic principals of public service and ethics. Indeed, Bell is probably one of the most open and exposed cities in California, if not the nation, and I welcome that openness. With it the City will begin to heal and recover from the abuses of the past.

To suggest that the City's inability to provide documents that do not exist is evidence of a continuation of that lamentable tradition, though, is unfair. Moreover, to recommend that the City's contract with CalPERS be "terminated" under Government Code section 20572 as a result of our inability to provide documents that in all likelihood do not exist would be a gross injustice and further punishment for sins of the past.

City's Requested Revisions

In light of the above, I respectfully request that the report be revised to reflect a more accurate description of the City's efforts to provide those documents that do exist and a tenor that recognizes the City's current efforts to correct the mistakes identified.

For example, Finding 1 at the top of page 5 could be re-worded as follows:

> "The City *does not possess and thus could not* provide some of the requested information deemed necessary to determine the correctness of retirement benefits, reportable compensation, and enrollment in the retirement and health systems."

Additionally, the City respectfully requests that the recommendation to consider termination of the contract in Finding 1 be removed. The requirements of Government Code Section 20572 justifying termination are not met here. The City has not "failed for three months after demand by the board ... to file any information ..." Additionally, as noted above, the City is in the process of instituting best practices and operational controls that will address the issues OAS has identified in its report. The City cannot, however, turn back the clock or create documentation that simply does not exist. Again, to punish the organization and its employees for the mistakes and misdeeds of [redacted] would be entirely unfair and uncalled for.

City's General Response to Findings and Recommendations

The City recognizes that many of the findings in the report related to reporting issues and administrative matters such as proper completion of forms and reports are important to the smooth and accurate administration of the City's participation in the Program.

The City is committed to working closely with CalPERS to correct the identified issues on a going-forward basis, and welcomes CalPERS' offered assistance. Specifically, all of the Recommendations provide that the "City should work with CalPERS Employer Services Division" and/or "Health Benefits Branch" to address and correct the identified issues. Does this mean that representatives of either or both of those CalPERS divisions will be contacting

staff at the City to recommend specific actions by certain dates? Or, should the City take it upon itself to contact the Employer Services Division and the Health Benefits Branch to arrange the appropriate next steps? Either way, the City will do whatever is necessary to achieve compliance as soon as practicable; I need only to know whether the City should contact CalPERS or CalPERS will contact the City.

Conclusion

In conclusion, I reiterate my and the City's commitment to a new system of best practices and open government that should adequately address many of the issues identified in your report. I respectfully ask that the OAS reconsider its recommendation that the Board consider terminating its contract with the City, and that the report fairly characterize the City's inability to produce certain documents as a result of the past Chief Administrative Officer's approach to record keeping and municipal administration, not a willful failure to turn over documents that exist.

Thank you for your consideration.

Sincerely,

Pedro Carrillo
Interim Chief Administrative Officer

Attachment
c: Peter Mixon, General Counsel, CalPERS
Lori McGartland, Chief, ERSD, CalPERS
Holly Fong, Chief, CalPERS
Lourdes Garcia, Director of Administrative Services
Robert A. Orozco, Meyers Nave
James M. Casso, Interim City Attorney, Meyers

1544366.2

June 27, 2011

RECEIPTS EVIDENCING THE WHEREABOUTS OF

ANGELA SPACCIA ON JULY 17, 2010

The attached documents indicate her activities on July 17, 2011, thereby evidencing she could not have possibly been at Robert Rizzo's Washington Ranch.

Chevron Station in Newhall, CA around 10am

Forever 21 Store in Simi Valley, CA around 11am

Nine West Store in Simi Valley, CA around 11:30am

Apple Store in Simi Valley, CA around Noon

Islands (lunch) in Simi Valley, CA around 12:45pm

Padri's (dinner) in Agoura Hills, CA from 7pm to 10pm

Attachment H
Respondents Exhibit # 33
Page 2 of 9

Account Details

Alaska Airlines Signature Visa - 9192

Account: Alaska Airlines Signature Visa - 9192

Alaska Airlines

Balance Summary
08/20/2011

$7,487.12	**Current Balance**
$0.00	**Temporary Authorization (rounded)**

Account Past Due

07/12/2011	**Payment due date**
$177.00	**Current payment due**
$628.00	**Past due amount**
$805.00	**Total minimum payment due**
	Pay now >>
$7,487.12	**Balance as of your last statement**
$7,200.00	**Credit Limit**
$287.12	**Amount over the limit**

Payment Summary

Account Activity | My Statements | Services

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Go to: August 16, 2010 View: All Transactions

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Transaction Printable Download

Posted	Transaction	Type	Amount	Balance
08/16/2010	Interest Charged on Purchases		$0.00	$2,483.87
08/16/2010	Interest Charged on Cash Advances		$0.00	$2,483.87
08/16/2010	Interest Charged on Balance Transfers		$0.00	$2,483.87
08/18/2010	ADT*SECURITY SERVICES - 4724505805512481		$39.86	$2,483.87
08/14/2010	AURORA VISTA DELMAR - 091010		$949.90	$2,444.01
08/12/2010	FEDEX 466638815804521 - 0222220011037 1167		$10.43	$1,494.11
08/10/2010	FEDEX OFFICE #1901		$62.99	$1,483.68
08/07/2010	BORIS D RATNER MD INC		$50.00	$1,420.69
08/06/2010	PORTER RANCH PHARMACY		$5.00	$1,370.69
08/05/2010	WILSHIRE BARBY		$16.50	$1,365.69
08/04/2010	UNION 76 00069120		$49.85	$1,349.19
07/30/2010	PORTER RANCH PHARMACY		$27.39	$1,299.33
07/29/2010	WILSHIRE BARBY		$16.50	$1,271.94
07/29/2010	PAYMENT - THANK YOU		-$4,169.26	$1,255.44
07/26/2010	UCPS 0504610182600567 3 - 000		$98.26	$5,424.72
07/26/2010	MAN PLCAFE		$31.84	$5,326.36
07/25/2010	ISLANDS RESTAURANT 045		$26.30	$5,294.52
07/23/2010	VALERO 3 HOLLYWOOD - 0301201435300VCVF0000020303		$46.28	$5,268.22
07/21/2010	LA CANTAMERENA		$66.98	$5,211.94
07/21/2010	WHITE HOUSE BLACK MARKET		$95.26	$5,144.96
07/19/2010	[illegible]		$31.76	$5,049.70
Transaction Date:	07/17/2010			
Card Type:	Visa			
Transaction Type:	Purchase			
Merchant Description:	AUTOMATED FUEL DISPENSER			
Merchant Information:	NEWHALL CA			
07/19/2010	FOREVER 21 [illegible]		$35.31	$5,017.94
07/19/2010	HMS WEST [illegible]		$117.98	$4,981.63
07/19/2010	APPLE STORE [illegible] - 0008171[illegible]		$231.80	$4,863.65
07/19/2010	[illegible]		$30.32	$4,631.45

2

Attachment H
Respondents Exhibit # 33
Page 3 of 9

Account Details

Alaska Airlines Signature Visa - 9192

Account: Alaska Airlines Signature Visa - 9192

Alaska Airlines

Balance Summary
08/20/2011

$7,487.12	**Current Balance**
$0.00	**Temporary Authorization (rounded)**

Account Past Due

07/12/2011	**Payment due date**
$177.00	**Current payment due**
$628.00	**Past due amount**
$805.00	**Total minimum payment due**
	Pay now >>
$7,487.12	**Balance as of your last statement**
$7,200.00	**Credit Limit**
$287.12	**Amount over the limit**

Payment Summary

Account Activity | My Statements | Services

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Transaction Printable Download

Posted	Transaction	Type	Amount	Balance
08/16/2010	Interest Charged on Purchases		$0.00	$2,483.87
08/16/2010	Interest Charged on Cash Advances		$0.00	$2,483.87
08/16/2010	Interest Charged on Balance Transfers		$0.00	$2,483.87
08/16/2010	ADT*SECURITY SERVICES - 4734506605513431		$39.86	$2,483.87
08/14/2010	AURORA VISTA DELMAR - 031510		$949.90	$2,444.01
08/12/2010	FEDEX 468626315004621 - 022200119371107		$10.43	$1,494.11
08/10/2010	FEDEX OFFICE 81901		$62.99	$1,483.68
08/07/2010	BORIS D PATHER MD INC		$50.00	$1,420.69
08/06/2010	PORTER RANCH PHARMACY		$5.00	$1,370.69
08/05/2010	WILSHIRE BARRY		$16.50	$1,365.69
08/04/2010	UNION 76 00089120		$49.86	$1,349.19
07/30/2010	PORTER RANCH PHARMACY		$27.39	$1,299.33
07/29/2010	WILSHIRE BARRY		$16.50	$1,271.94
07/26/2010	PAYMENT - THANK YOU		-$4,169.26	$1,255.44
07/23/2010	USPS 09548131503005874 - 026		$96.35	$5,424.72
07/28/2010	[illegible] CAFE		$31.84	$5,328.36
07/26/2010	ORLANDO RESTAURANT 016		$35.30	$5,294.52
07/23/2010	VALERO HAYWOOD - 0201001426SANVYF0009283345		$46.26	$5,258.22
07/21/2010	LA CARITA MEXICANA		$96.96	$5,211.94
07/21/2010	WHITE HOUSE BLUE [illegible]		$95.35	$5,144.93
07/19/2010	CHEVRON 0093787		$31.76	$5,049.70
07/19/2010	FOREVER 21 [illegible]		$36.91	$5,017.94
07/19/2010	BLUE AGEAT [illegible]		$117.36	$4,981.03
07/19/2010	APPLE STORE [illegible]		$231.50	$4,863.05
07/19/2010	[illegible]		$30.32	$4,631.45

Transaction Date	07/17/2010
Card Type	Visa
Transaction Type	Purchase
Merchant Description	EATING PLACES, RESTAURANTS
Merchant Information	SIMI VALLEY CA

Attachment H
Respondents Exhibit # 33
Page 4 of 9

Account Details

Alaska Airlines Signature Visa - 9192

Account: Alaska Airlines Signature Visa - 9192

Alaska Airlines

Balance Summary
08/20/2011

$7,487.12	Current Balance
$0.00	Temporary Authorization (rounded)

Account Past Due

07/12/2011	Payment due date
$177.00	Current payment due
$628.00	Past due amount
$805.00	Total minimum payment due

Pay now >>

$7,487.12	Balance as of your last statement
$7,200.00	Credit Limit
$287.12	Amount over the limit

Payment Summary

Account Activity | My Statements | Services

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Go to: August 16 2010 View: All Transactions

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Transaction Print this Download

Posted	Transaction	Type	Amount	Balance
08/16/2010	Interest Charged on Purchases		$0.00	$2,483.87
08/16/2010	Interest Charged on Cash Advances		$0.00	$2,483.87
08/16/2010	Interest Charged on Balance Transfers		$0.00	$2,483.87
08/16/2010	ADT SECURITY SERVICES - 4734505805513431		$39.86	$2,483.87
08/14/2010	AURORA VISTA DELMAR - 081310		$949.90	$2,444.01
08/12/2010	FEDEX 456636315004621 - 0222200116371167		$10.43	$1,494.11
08/10/2010	FEDEX OFFICE #1901		$62.99	$1,453.68
08/07/2010	BORIS D RATINER MD INC		$50.00	$1,420.69
08/06/2010	PORTER RANCH PHARMACY		$5.00	$1,370.69
08/05/2010	WILSHIRE BARRY		$16.50	$1,365.69
08/04/2010	UNION 76 00069120		$49.86	$1,349.19
07/30/2010	PORTER RANCH PHARMACY		$27.39	$1,299.33
07/29/2010	WILSHIRE BARRY		$16.50	$1,271.94
07/29/2010	PAYMENT - THANK YOU		-$4,169.26	$1,255.44
07/28/2010	USPS 05540101636005576 - 028		$96.36	$5,424.72
07/28/2010	MAKALCAFE		$31.84	$5,326.36
07/26/2010	ISLANDS RESTAURANT 045		$36.30	$5,294.52
07/23/2010	VALERO MAYWOOD - 0201201436SMV21F0000020505		$46.38	$5,258.22
07/21/2010	LA CASITA MEXICANA		$66.96	$5,211.94
07/21/2010	WHITE HOUSE BLK MKT #2		$95.26	$5,144.98
07/19/2010	CHEVRON 00090787		$31.76	$5,049.70
07/19/2010	FOREVER 21 #201		$35.91	$5,017.94
07/19/2010	NINE WEST #7404		$117.98	$4,981.03
07/19/2010	[illegible]		$231.80	$4,863.05
Transaction Date	07/17/2010			
Card Type	Visa			
Transaction Type	Purchase			
Merchant Description	ELECTRONIC STORES			
Merchant Information	SIMI VALLEY CA			
07/19/2010	ISLANDS RESTAURANT #[illegible]		$20.82	$4,631.45

4

Apple Store, Simi Valley
1555 Simi Town Center Way, Space #535
Simi Valley, CA 93065
simivalley@apple.com
805-416-5520

www.apple.com/retail/simivalley

July 17, 2010 12:14 PM

Pierangela Spaccia
pierangelas1@yahoo.com

iPod touch 8GB	**$ 199.00**
Part Number: MC086LL/A	
Serial Number: 8L024P4W75J	
Warranty effective through: Jul. 16, 2011	
Return Date: Jul. 31, 2010	
$ 19.90 fee if opened	
For Support, Visit: APPLE.COM/SUPPORT	
PS Anti Glare Film touch 2G	**$ 14.95**
Part Number: TU300LL/B	
Warranty effective through: Jan. 12, 2011	
Return Date: Jul. 31, 2010	
For Support: customerservice@powersupportus	

Sub-Total	$ 213.95
Tax@8.25%	$ 17.65
Total	**$ 231.60**
Amount Paid Via Visa (A)	$ 231.60
xxxxxxxxxxxx4643	
01538C	

R171602227 7

http://www.apple.com/legal/sales_policies/retail.html
Tell us about your experience at the Apple Store.
Visit www.apple.com/feedback/retail.html

Attachment H
Respondents Exhibit # 33
Page 6 of 9

Account Details

Alaska Airlines Signature Visa - 9192

Account: Alaska Airlines Signature Visa - 9192

Alaska Airlines

Balance Summary
08/20/2011

$7,487.12	**Current Balance**
$0.00	**Temporary Authorization (rounded)**

Amount Past Due

07/12/2011	**Payment due date**
$177.00	**Current payment due**
$628.00	**Past due amount**
$805.00	**Total minimum payment due**

Pay now >>

$7,487.12	**Balance as of your last statement**
$7,200.00	**Credit Limit**
$287.12	**Amount over the limit**

Payment Summary

Account Activity **My Statements** **Services**

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Go to: August 16, 2010 View: All Transactions

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Transaction

Posted	Transaction	Type	Amount	Purchase Balance
08/16/2010	Interest Charged on Purchases		$0.00	$2,483.87
08/16/2010	Interest Charged on Cash Advances		$0.00	$2,483.87
08/16/2010	Interest Charged on Balance Transfers		$0.00	$2,483.87
08/16/2010	ADT*SECURITY SERVICES - 4735569805512431		$39.86	$2,483.87
08/14/2010	AURORA VISTA DELNRP - 081010		$949.90	$2,444.01
08/12/2010	FEDEX 4626061500462 1 - 022220011637116 7		$10.43	$1,494.11
08/10/2010	FEDEX OFFICE #1901		$62.99	$1,483.68
08/07/2010	BORIS D RATNER MD INC		$50.00	$1,420.69
08/06/2010	PORTER RANCH PHARMACY		$5.00	$1,370.69
08/05/2010	WILSHIRE BARRY		$16.50	$1,365.69
08/04/2010	UHION 76 06030120		$49.86	$1,349.19
07/30/2010	PORTER RANCH PHARMACY		$27.39	$1,299.33
07/29/2010	WILSHIRE BARRY		$16.50	$1,271.94
07/29/2010	PAYMENT - THANK YOU		-$4,169.26	$1,255.44
07/28/2010	USPS 0504610150005576 - 026		$98.36	$5,424.72
07/28/2010	LAKE ALCARE		$31.84	$5,326.36
07/26/2010	ISLANDS RESTAURANT 040		$26.30	$5,294.52
07/22/2010	VALERO MAYWOOD - 0201301105MV10F00100005		$46.28	$5,268.22
07/21/2010	LA CASITA MEXICANA		$56.98	$5,211.94
07/21/2010	WHITE HOUSE BLK BRKT 03		$95.26	$5,144.96
07/19/2010	CHEVRON 0090737		$31.73	$5,049.70
07/19/2010	FOREVER 21 0301		$36.91	$5,017.94
07/19/2010	[illegible]		$117.98	$4,981.03
Transaction Date:	07/17/2010			
Card Type	Visa			
Transaction Type	Purchase			
Merchant Description	SHOE STORES			
Merchant Information	SIMI VALLEY CA			
07/19/2010	APPLE STORE #R151 0028171807317 16		$231.60	$4,863.05
07/19/2010	ISLANDS RESTAURANTS 0		$30.52	$4,631.45

6

Attachment H
Respondents Exhibit # 33
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Sign Off

Home-Bills Locations Mail Help

Accounts Bill Pay Transfers Investments Customer Service

Enter keyword(s)

Accounts Overview Account Details Alerts Open an Account

Alaska Airlines Signature Visa - 9192

Account: Alaska Airlines Signature Visa - 9192 Go

Alaska Airlines

Balance Summary
06/20/2011

$7,487.12	Current Balance
$0.00	Temporary Authorization (rounded) ?

Account Past Due

07/12/2011	Payment due date
$177.00	Current payment due
$628.00	Past due amount
$805.00	Total minimum payment due

Pay now >>

$7,487.12	Balance as of your last statement ?
$7,200.00	Credit Limit
$287.12	Amount over the limit

Payment Summary

[illegible]

Account Activity **My Statements** **Services**

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Transaction Printable Download

Posted	Transaction	Type	Amount	Balance
08/16/2010	Interest Charged on Purchases		$0.00	$2,483.87
08/16/2010	Interest Charged on Cash Advances		$0.00	$2,483.87
08/16/2010	Interest Charged on Balance Transfers		$0.00	$2,483.87
08/16/2010	ADT*SECURITY SERVICES - 4734505805513481		$39.86	$2,483.87
08/14/2010	AURORA VISTA DELMAR - 081010		$949.90	$2,444.01
08/12/2010	FEDEX 468636815004621 - 0222200116371167		$10.43	$1,494.11
08/10/2010	FEDEX OFFICE #1901		$62.99	$1,483.68
08/07/2010	BORIS D RATINER MD INC		$50.00	$1,420.69
08/06/2010	PORTER RANCH PHARMACY		$5.00	$1,370.69
08/05/2010	WILSHIRE BARRY		$16.50	$1,365.69
08/04/2010	UNION 76 00069120		$49.86	$1,349.19
07/30/2010	PORTER RANCH PHARMACY		$27.39	$1,299.33
07/29/2010	WILSHIRE BARRY		$16.50	$1,271.94
07/29/2010	PAYMENT - THANK YOU		-$4,169.28	$1,255.44
07/28/2010	USPS 0554610163600567 8 - 026		$98.36	$5,424.72
07/28/2010	MAKAI CAFE		$31.84	$5,326.36
07/26/2010	ISLANDS RESTAURANT 045		$36.30	$5,294.52
07/23/2010	VALERO MAYWOOD - 02012014355MVZYF000025503		$46.28	$5,258.22
07/21/2010	LA CASITA MEXICANA		$66.98	$5,211.94
07/21/2010	WHITE HOUSE BLK MKT #3		$95.26	$5,144.96
07/19/2010	CHEVRON 00003757		$31.76	$5,049.70
07/19/2010	FOREVER 21 #201		$36.91	$5,017.94

Transaction Date:	07/17/2010
Card Type:	Visa
Transaction Type:	Purchase
Merchant Description	WOMEN'S READY TO WEAR STORES
Merchant Information:	SIMI VALLEY CA

07/19/2010	NINE WEST #7494		$117.98	$4,981.03
07/19/2010	APPLE STORE #R171 - 000R171502227716		$231.60	$4,863.05
07/19/2010	ISLANDS RESTAURANTS #0		$30.82	$4,631.45

Attachment H
Respondents Exhibit # 33
Page 8 of 9

Account Details

Alaska Airlines Signature Visa - 9192

Account: Alaska Airlines Signature Visa - 9192

Alaska Airlines

Balance Summary
08/20/2011

$7,487.12	**Current Balance**
$0.00	**Temporary Authorization (rounded)**

Amount Past Due

07/12/2011	**Payment due date**
$177.00	**Current payment due**
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$805.00	**Total minimum payment due**
	Pay now >>
$7,487.12	**Balance as of your last statement**
$7,200.00	**Credit Limit**
$287.12	**Amount over the limit**

Payment Summary

Account Activity **My Statements** **Services**

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Transaction Functions Descriptions

Posted	Transaction	Type	Amount	Balance
08/16/2010	Interest Charge on Purchases		$0.00	$2,483.87
08/16/2010	Interest Charge on Cash Advances		$0.00	$2,483.87
08/16/2010	Interest Charge on Balance Transfers		$0.00	$2,483.87
08/16/2010	ADT SECURITY SERVICES - 472450830512491		$39.86	$2,483.87
08/14/2010	AUSOPS VISTA DELMAR - 081310		$949.60	$2,444.01
08/12/2010	FEDEX 4836269150046 21 - 0332200116371167		$10.43	$1,494.11
08/10/2010	FEDEX OFFICE #1901		$62.99	$1,483.68
08/07/2010	BORIS D PATINER MD INC		$50.00	$1,420.69
08/08/2010	PORTER RANCH PHARMACY		$5.00	$1,370.69
08/05/2010	WILSHIRE BARRY		$16.50	$1,365.69
08/04/2010	UNION 76 00059120		$49.86	$1,349.19
07/30/2010	PORTER RANCH PHARMACY		$27.59	$1,299.33
07/29/2010	WILSHIRE BARRY		$16.50	$1,271.94
07/29/2010	PAYMENT - THANK YOU		-$4,169.28	$1,255.44
07/28/2010	USPS 0554011162600563 - 005		$98.30	$5,424.72
07/28/2010	[illegible] CAFE		$31.84	$5,326.36
07/28/2010	ISLANDS RESTAURANT 046		$36.30	$5,294.52
07/23/2010	VALERO MAYWOOD - 0301201135MV2TE0000025005		$46.28	$5,258.22
07/21/2010	LA CASITA MEXICANA		$66.98	$5,211.94
07/21/2010	WHITE HOUSE BLACK BRT 02		$95.35	$5,144.96
07/19/2010	CHEVRON 0009378		$31.78	$5,049.70
07/19/2010	FOREVER 21 4201		$35.91	$5,017.94
07/19/2010	BLUE WEST 47194		$117.68	$4,981.03
07/19/2010	APPLE STORE BRIDGE - 0018131527271		$551.60	$4,863.05
07/19/2010	ISLANDS RESTAURANTS 30		$30.62	$4,931.45
07/19/2010	[illegible] RESTAURANT		$301.33	$4,900.83

Transaction Date	07/17/2010
Card Type:	Visa
Transaction Type	Purchase
Merchant Description	EATING PLACES RESTAURANTS

8

Assembly Bill No. 719

CHAPTER 838

An act to add Section 20909 to the Government Code, relating to public employees' retirement, and making an appropriation therefor.

[Approved by Governor October 11, 2003. Filed with Secretary of State October 12, 2003.]

LEGISLATIVE COUNSEL'S DIGEST

AB 719, Negrete McLeod. Public employees' retirement: retirement benefit enhancement.

Under the Public Employees' Retirement Law, service retirement allowances are calculated, in part, based on years of credited service. Members of that retirement system may receive service credit for public service not otherwise subject to credit, upon payment of specified additional contributions.

This bill would authorize specified members of that system, including employees or officers of the state, the university, a school employer, or a contracting agency and certain legislative employees, to elect to make additional contributions and receive up to 5 years of additional retirement service credit, as defined, subject to specified limitations. Contributions are deposited in the Public Employees' Retirement Fund, a continuously appropriated fund. By increasing member contributions to that fund, this bill would make an appropriation.

Appropriation: yes.

The people of the State of California do enact as follows:

SECTION 1. Section 20909 is added to the Government Code, to read:

20909. (a) A member who has at least five years of credited state service, may elect, by written notice filed with the board, to make contributions pursuant to this section and receive not less than one year, nor more than five years, in one-year increments, of additional retirement service credit in the retirement system.

(b) A member may elect to receive this additional retirement service credit at any time prior to retirement by making the contributions as specified in Sections 21050 and 21052. A member may not elect additional retirement service credit under this section more than once.

(c) For purposes of this section, "additional retirement service credit" means time that does not qualify as public service, military

LEGISLATIVE INTENT SERVICE (800) 666-1917

service, leave of absence, or any other time recognized for service credit by the retirement system.

(d) Additional retirement service credit elected pursuant to this section may not be counted to meet the minimum qualifications for service or disability retirement or for health care benefits, or any other benefits based upon years of service credited to the member.

(e) This section only applies to the following members:

(1) A member while he or she is employed in state service at the time of the additional retirement service credit election.

(2) A member of the system defined in Section 20324.

(f) For purposes of this section, "state service" means service as defined in Section 20069.

O

LEGISLATIVE INTENT SERVICE (800) 666-1917

SENATE RULES COMMITTEE
Office of Senate Floor Analyses
1020 N Street, Suite 524
(916) 445-6614 Fax: (916) 327-4478

AB 719

THIRD READING

Bill No: AB 719
Author: Negrete McLeod (D)
Amended: 8/18/03 in Senate
Vote: 21

SENATE PUBLIC EMP. & RET. COMMITTEE: 4-1, 6/23/03
AYES: Soto, Ashburn, Escutia, Karnette
NOES: Oller

ASSEMBLY FLOOR: 74-2, 5/27/03 - See last page for vote

SUBJECT: Public employees' retirement: retirement benefit enhancement

SOURCE: California Professional Firefighters
California Independent Public Employees Legislative Council

DIGEST: This bill allows various State Public Employees' Retirement System (PERS) members, including employees or officers of the state, the university, a school employer or a contracting agency and certain legislative employees, to be eligible to purchase up to five years of non-qualified service in PERS.

ANALYSIS: Existing law under the Public Employees' Retirement Law (PERL), service retirement allowances are calculated, in part, based on years of credited service. Members of that retirement system may receive service credit for public service not otherwise subject to credit, upon payment of specified additional contributions.

CONTINUED

LEGISLATIVE INTENT SERVICE (800) 666-1917

This bill:

1. Allows a specified member of PERS, including employees or offers of the state, the university, a school employer or a contracting agency, and certain legislative employees, to be eligible to purchase up to five years of non-qualified service in PERS. (Air-time)

2. Specifies that "additional retirement credit" means time that does not qualify as county service, public service, military service, medical leave of absence, or any other time the system recognizes for service credit.

3. Specifies that "air time" service credit for additional retirement credit may not be used to meet the minimum qualifications for service or disability retirement or for establishing eligibility for various specified benefits and any service credit based benefits.

4. Specifies that the cost of the "air time" service credit will be fully paid by the member, with no employer contribution permitted.

Comments

There are several types of service credit that may be purchased by a member in PERS. The types of service credit include military service, service as a volunteer in Peace Corps or AmeriCorps, certain types of service prior to membership, and others.

In general, there are two ways of paying for the increase in retirement benefit that results from the crediting of the additional service credit. One method of payment requires the member to pay the portion that is normally attributable to the member's contributions and interest, and the employer to pay the balance. This method most commonly applies when the employer directly benefited from the service being purchased, such as when a member worked for the employer before the agency came into CalPERS, or worked part-time or seasonally prior to full time PERS, covered employment.

The other type of payment is known as the "full present value" payment. In this case, the member pays for the full cost of the increase in benefit that results from the service credit purchase. This cost method generally applies when an employer does not directly benefit from the member's service, such as with military or Peace Corps service.

CONTINUED

LEGISLATIVE INTENT SERVICE (800) 666-1917

Federal tax-qualification laws allow a member of a tax-qualified defined benefit program, such as CalPERS, to purchase up to five years of nonqualified time. Nonqualified time is sometimes referred to as "air time" because it does not correspond to any service actually performed. The only requirements for purchasing nonqualified time are that the amount purchased cannot exceed five years, and a member purchasing nonqualified time must have earned at least five years of service credit before being eligible to purchase the nonqualified time. At this time, there is no provision in PERL to allow a member to purchase nonqualified time.

FISCAL EFFECT: Appropriation: Yes Fiscal Com.: Yes Local: No

According to PERS, this benefit is cost neutral to employers, as the member pays the full present value cost of the additional service credit. The full present value cost is calculated to be equivalent to the cost of the increased benefit due to the additional service credit.

SUPPORT: (Verified 6/23/03)

California Independent Public Employees Legislative Council (co-source)
California Professional Firefighters (co-source)
California Federation of Teachers
California Fraternal Order of Police
California School Employees Association
California State Employees Association
California State University
Long Beach Police Officers Association
Santa Ana Police Officers Association
Service Employees International Union
State Public Employees Retirement System

OPPOSITION: (Verified 6/23/03)

State Department of Finance

ARGUMENTS IN SUPPORT: Supporters argue that the option to purchase nonqualified time allows members of PERS to increase their retirement benefits at no cost to employers. Many members take breaks in employment to raise children, advance their education, or work in the private sector for a time. Members who enter PERS covered employment later in

CONTINUED

LEGISLATIVE INTENT SERVICE (800) 666-1917

life or who have breaks in service, will find that purchasing nonqualified time can contribute to providing a livable retirement income.

Supporters also contend that recent changes in federal tax laws allow people to roll over funds from personal tax-qualified savings accounts (such as 401(k), 403 (b), and 457) in order to purchase service credit in defined benefit plans. This practice makes the purchase of nonqualified time easier for those who have accumulated personal savings.

ARGUMENTS IN OPPOSITION: The State Department of Finance states its opposition to this bill:

> "It is inappropriate to set in statute employee benefits that are subject to negotiation through the collective bargaining process. To the extent this type of benefit is negotiated through collective bargaining, appropriate legislation to conform to those negotiations should then be sought, but not before the negotiations have begun."

ASSEMBLY FLOOR:

AYES: Aghazarian, Bates, Benoit, Berg, Bermudez, Bogh, Calderon, Canciamilla, Chan, Chavez, Chu, Cohn, Corbett, Correa, Cox, Daucher, Diaz, Dutra, Dutton, Dymally, Firebaugh, Frommer, Garcia, Goldberg, Hancock, Harman, Jerome Horton, Shirley Horton, Houston, Jackson, Keene, Kehoe, Koretz, La Malfa, Laird, Leno, Leslie, Levine, Lieber, Liu, Longville, Lowenthal, Maddox, Maldonado, Matthews, Maze, McCarthy, Montanez, Mullin, Nakanishi, Nakano, Nation, Negrete McLeod, Nunez, Oropeza, Parra, Pavley, Plescia, Reyes, Richman, Ridley-Thomas, Runner, Salinas, Samuelian, Simitian, Spitzer, Steinberg, Strickland, Vargas, Wiggins, Wolk, Wyland, Yee, Wesson

NOES: Haynes, Mountjoy

TSM:mel 9/12/03 Senate Floor Analyses

SUPPORT/OPPOSITION: SEE ABOVE

**** **END** ****

LEGISLATIVE INTENT SERVICE (800) 666-1917

SENATE PUBLIC EMPLOYMENT & RETIREMENT BILL NO: AB 719
Nell Soto, Chair Hearing date: June 23, 2003
AB 719 (Negrete McLeod) as amended March 24, 2003 FISCAL: YES

PERS: MEMBER PURCHASE OF UP TO 5 YEARS OF "AIR TIME" (NON-QUALIFIED SERVICE)

HISTORY:

Sponsor: Service Employees International Union (SEIU)
California Professional Firefighters (CPF)

Prior legislation: AB 55 (Correa) 2003
Set today in this Committee
SB 2126 (Senate PE&R Committee)
Chapter 1076 of 1998

ASSEMBLY VOTES:

PER & SS	8-0	4/23/03
Appropriations	23-1	4/30/03
Assembly Floor	74-2	5/27/03

SUMMARY:

Would authorize a member of the California Public Employees Retirement System (PERS) the retirement system to purchase up to 5 years of service credit for additional retirement credit.

BACKGROUND AND ANALYSIS:

1) Existing federal law provides special rules relating to the portability of permissive service credit under government plans under the Taxpayer Relief Act of 1997. "Permissive service" was defined and limitations on "nonqualified service" were established. The limitations include requiring members to have 5 years of participation in the plan in order to purchase nonqualified service, and specify that only 5 years of nonqualified service can be purchased.

2) Existing PERS law:

a) does not authorize PERS members (state, school or local) to purchase additional service credit in the system that is not linked with any actual service performed, and

b) pursuant to Chapter 1076 of 1998, authorizes vested members of the State Teachers' Retirement System (STRS) to purchase up to 5 years of additional STRS service credit for "nonqualified service" in the retirement system.

LEGISLATIVE INTENT SERVICE (800) 666-1917

2) This bill:

a) allows active PERS members with at least 5 years of service to purchase up to 5 additional years of PERS retirement service (nonqualified service or "air time"),

b) specifies that "additional retirement credit" means time that does not qualify as county service, public service, military service, medical leave of absence, or any other time the system recognizes for service credit,

c) specifies that "air time" service credit for additional retirement credit may not be used to meet the minimum qualifications for service or disability retirement or for establishing eligibility for various specified benefits and any service credit based benefits, and

d) specifies that the cost of the "air time" service credit will be fully paid by the member, *with no employer contribution permitted*.

FISCAL EFFECT:

According to PERS, this benefit is cost neutral to employers, as the member pays the full present value cost of the additional service credit. The full present value cost is calculated to be equivalent to the cost of the increased benefit due to the additional service credit.

COMMENTS:

1) What Is "Air Time"?

Federal tax-qualification laws allow a member of a tax-qualified defined benefit program, such as PERS, to purchase up to 5 years of nonqualified time. Nonqualified time is sometimes referred to as "air time" because it does not correspond to any service actually performed.

The only federal requirements for purchasing "air time" are that the amount purchased cannot exceed 5 years, and a member purchasing nonqualified time must have earned at least 5 years of service credit before being eligible to purchase the nonqualified time. At this time there is no provision in PERS Law to allow a member to purchase nonqualified time.

2) PERS Service Credit - Who Pays For It?

The Committee is advised that there are several types of service credit that may be purchased by a member in PERS. These types of service credit include military service, service as a volunteer in Peace Corps or AmeriCorps, certain types of service prior to membership, and others.

LEGISLATIVE INTENT SERVICE (800) 666-1917

In general, there are two ways of paying for the additional PERS service credit:

a) one method of payment requires the member to pay the portion that would normally be attributable to the member's contributions and interest, *and the employer pays the balance* (this method most commonly applies when the employer directly benefits from the service being purchased, such as when a member worked for the employer before the agency came into PERS, or worked part-time or seasonally prior to full time PERS-covered employment), or

b) the other type of payment is known as the "full present value" payment, in which *the member pays for the full cost of the service credit purchase* (this cost method generally applies when an employer does not directly benefit from the member's service, such as with military or Peace Corps service).

3) Arguments in support

Supporters argue that the option to purchase nonqualified time allows members of PERS to increase their retirement benefits at no cost to employers. Many members take breaks in employment to raise children, advance their education, or work in the private sector for a time. Members who enter PERS-covered employment later in life, or who have breaks in service, will find that purchasing nonqualified time can contribute to providing a livable retirement income.

Supporters also contend that recent changes in federal tax laws allow people to roll over funds from personal tax-qualified savings accounts (such as 401(k), 403 (b), and 457) in order to purchase service credit in defined benefit plans. This practice makes the purchase of nonqualified time easier for those who have accumulated personal savings and want to invest these savings in order to increase their PERS retirement benefits.

4) AB 55 (Correa) 2003, a bill providing a similar "air time" optional benefits in the County Employees Retirement Act of 1937 ('37 Act), is to be heard today in this Committee.

5) **SUPPORT:**

California State University (CSU)
California State Employees' Association (CSEA)
Long Beach Police Officers Association
Santa Ana Police Officers Association
California Fraternal Order of Police
PERS Board of Administration

6) **OPPOSITION:**

None to date

# # # # #

LEGISLATIVE INTENT SERVICE (800) 666-1917

CalPERS
Employer Services Division
P.O. Box 942709
Sacramento, CA 94229-2709
Telecommunications Device for the Deaf - (916) 795-3240
888 CalPERS (or 888-225-7377) FAX (916) 795-3005

October 13, 2006

ER# 0069
Reply to: 115/ah

Pier' Angela Spaccia
Assistant to the Chief Administrative Officer
City of Bell
6330 Pine Ave.
Bell, CA 90201

Dear Ms. Spaccia:

This letter is in response to your letter dated October 2, 2006 regarding a one time compensation adjustment provided to the Chief Administrative Officer (47%), the Assistant to Chief Administrative Officer (42%) and City Council members (38%). Due to the documentation the City provided and the documentation in the June 2006 audit, the request is hereby granted.

Additionally, since the City desires to eliminate the medical reimbursement program and increase the salary schedule for the whole group by $5,000, it is so noted. As far as the deferred compensation portion of the salaries, the gross salary should be reported and as long as the deferred compensation is not employer paid and the employee portion is deducted from gross wages, the corrections can be effective January 1, 2006.

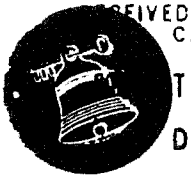
If you have any other questions, please don't hesitate to contact me at (916) 795-2204.

Yours truly,

Alinda Heringer, RPS II
Compensation Review Unit
Actuarial and Employer Services Branch

Cc: ER file

Hernandez - *Mayor*
ictor Bello - *Vice Mayor*
orge Cole - *Councilman*
resa Jacobo - *Councilwoman*
eorge Mirabal - *Councilman*



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CALPERS
T 11 AM 6:56
DDC - 5

6330 Pine Avenue
Bell, California 90201
(323) 588-6211
(323) 771-9473 Fax

CITY OF BELL

October 2, 2006

Alinda Heringer
CalPERS – AESB Branch
Unit 115
400 'P' Street
Sacramento, CA. 94229

Re: City of Bell # 0069
Exception for Compensation Adjustments

Dear Ms. Heringer,
This letter is to request your consideration and approval for an Exception related to one-time compensation adjustments provided to the individuals of the Executive and Administrative Management classifications.

The City of Bell's recent audit by CalPERS has provided us with some "much needed" valuable education and understanding of the CalPERS Retirement system.

In July, 2005, the City Council initiated a comprehensive review of the City's overall performance since the current Chief Administrative Officer's (CAO) hire (1993). It was determined that the City's deficit General Fund balance of approximately $6 million at the time of the CAO's hire had been replenished and has consistently continued to accumulate an excess of $1 to $2 million annually. As a result, the Chief Administrative Officer's annual compensation was adjusted to reflect his contributions to the City (see Attachment A). Further, the Assistant to the Chief Administrative Officer's position was reclassified from Administrative Management to Executive Management (see Attachments B and C) and similar compensation provided to reward her for her efforts and new responsibilities (see Attachment D). It should also be noted that the City Council, also members of the Executive Management classification were compensated accordingly for their contributions and efforts toward the City's dramatic financial recovery.

To summarize the annual compensation increases, the CAO received a 47% increase, the Assistant to the CAO received a 42% increase, and the City Council received 38%. Contracts reflecting the changes for the CAO and the Assistant to the CAO are enclosed (see Attachments E and F).

Additionally, a number of reviews conducted by independent counsel have recently identified a couple of items inadvertently reported incorrectly by the City. First, we were recently informed that our current medical reimbursement program, provided to the Executive and Administrative classifications should be taxable and reflected on the employees W-2s. To simplify matters, we would like to eliminate the program, and increase the affected individual's compensation by $5,000 annually. The medical reimbursement program guidelines currently in effect are enclosed for your understanding (see Attachment G). Secondly, deferred compensation contributions for the Executive Management classification was not reported on payroll as part of the gross reportable salary of the employee. This reporting will be corrected on the payroll, effective January 1, 2006. Please advise if further corrective action is necessary to comply with CalPERS requirements.

Please review the enclosed information, and let me know if you need further information to support the request for an Exception. I look forward to your consideration of the above matters. I can be reached at (323) 923-2642.

Sincerely,

Pier'Angela Spaccia

Pier'Angela Spaccia
Assistant to the Chief Administrative Officer

Attachment H

GENERAL FUND ANALYSIS

Purpose:

To provide information to the City Council to assess the financial performance of the General Fund and its correlation with the performance of the Chief Administrative Officer (CAO) since his first year of employment with the City.

Objective:

To determine the City's General Fund position during the periods prior and after the the employment of the present CAO. The analysis focuses on assessing the value-added to City's financial stability as a result of the CAO's financial and management strategy.

Sources used:

- Comprehensive Annual Financial Reports

Computation:

- Period: Fiscal years 1987-1988 through 2004-2005.
- Financial data:General Fund audited revenues and expenditures for the period specified

1. Data was extracted from 2002-2003 CAFR page 13 for fiscal years 1987-88 through 2001-2002.
2. Data was retrieved from 2004-2005 CAFR page 25 for fiscal years 2002-2003 through 2004-2005.
3. The base year was 1993-1994, which is the first year of full-time employment of the CAO.
4. Revenues for the years 1993 through 2005 were added to determine the total cumulative revenue for the selected period.
5. Expenditures for the years 1993 through 2005 were added to determine the total cumulative expenditures for the selected period.
6. The difference of revenues over expenditures (dollar value) was calculated to determine the cumulative net profit/(deficit) results obtained over the selected period.
7. The difference of revenues over expenditures (percentage value) was calculated to determine the cumulative net profit/(deficit) results obtained over the selected period.
8. The net profit amount (dollar value - step 6) was multiplied by the net profit percentage (percentage value - step 7) to determine the total growth value achieved over the selected period.
9. Compensation increase was determined as 2.475% of total growth value amounting to $142,075.27.
10. The final amount was rounded to the nearest thousand yielding $142,000.

PER586

GENERAL FUND ANALYSIS
FISCAL YEARS 1987-1988 THRU 2004-2005

	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	1999-2000	2000-01	2001-02	2002-03	2003-04	2004-05	TO
	10.93%	-23.16%	11.57%	9.46%	-8.69%	7.77%	4.39%	12.90%	-7.76%	17.14%	7.59%	5.50%	12.67%	5.69%	13.69%	4.93%	122.
19	7,166,307	5,508,462	6,143,366	6,724,673	6,276,779	6,764,680	7,060,723	7,871,580	7,351,116	8,611,381	9,280,882	9,802,235	11,044,380	11,694,600	13,285,461	13,951,102	
89	7,377,752	5,870,000	6,513,663	6,595,938	6,209,082	5,728,615	5,526,994	5,782,541	6,239,339	6,323,367	7,174,431	7,820,933	8,400,479	10,169,328	10,751,357	12,079,398	
P%	-11.99%	-20.44%	10.97%	1.28%	-6.09%	-7.80%	-3.52%	4.62%	7.90%	1.35%	13.46%	9.01%	7.41%	21.02%	5.75%	12.35%	94.
70)	(211,445)	(363,538)	(370,488)	128,735	76,713	1,036,065	1,533,729	2,189,039	1,111,777	2,288,014	2,116,461	1,981,302	2,643,901	1,528,274	2,544,124	1,871,704	20,

	Actual Expenditures		Sum of 94 thru
s	2004-05	Growth	05
75	13,951,102	122.27%	113,114,945
92	12,079,398	94.53%	92,193,842
		27.44%	20,921,103

Net excess FY 1993-94 - 2004-05		20,921,103.00
% of growth above expend		27.44%
Total growth value	$	5,740,414.60
Proposed % for salary adj		2.475%
	$	142,075.27
Rounded to the nearest thousand		142,000.00

5,74

18/24/2010

Attachment B

RESOLUTION NO. 2003-31

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF BELL, CALIFORNIA DESIGNATING THE FOLLOWING FULL-TIME OFFICERS AND EMPLOYEES OF THE CITY TO BE UNREPRESENTED EMPLOYEES PURSUANT TO MUNICIPAL CODE SECTION 2.84.030(B) AND RESCINDING RESOLUTION NUMBERED 2002-41.

THE CITY COUNCIL OF THE CITY OF BELL DOES RESOLVE AS FOLLOWS:

SECTION 1. That Resolution Number 2002-41 is hereby rescinded.

SECTION 2. That pursuant to Bell Municipal Code Section 2.84.030(B) the following full-time officers and employees shall be designated unrepresented employees

EXECUTIVE MANAGEMENT
Chief Administrative Officer
City Council Members

ADMINISTRATIVE MANAGEMENT
Assistant to the Chief Administrative Officer
Chief of Police
Deputy Chief of Police
Deputy City Engineer
Director of Administrative Services
Director of Community Services
Director of General Services/Prosecutor

MANAGEMENT
Management Analyst
Office Coordinator
Senior Accountant

CONFIDENTIAL
Account Clerk
Office Assistant

MISCELLANEOUS
Business License Officer
Code Enforcement Officer
Community Services Technician
Customer Relations Representative
Filing Officer
Housing Coordinator
Housing Rehabilitation Technician
Housing Specialist
Parking Enforcement Officer
Police Dispatcher
Recreation Programmer
Recreation Supervisor
Senior Code Enforcement Officer
Senior Parking Enforcement Officer

SECTION 3. The City Clerk shall certify to the adoption of this Resolution.
PASSED AND APPROVED THIS 30th day of June 2003.

Teresa Jacobo
Mayor

ATTEST:

Theresa Diaz
City Clerk

I certify that the foregoing Resolution No. 2003-31 was adopted by the City Council of the City of Bell at a regular meeting held June 30, 2003, by the following vote.

AYES: Councilmember Bello, Hernandez, Mirabal, Mayor Pro Tem Cole, Mayor Jacobo
NOES: None

ABSTAIN: None

ABSENT: None

Theresa Diaz
City Clerk

Attachment C

RESOLUTION NO. 2004-24

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF BELL, CALIFORNIA DESIGNATING THE FOLLOWING FULL-TIME OFFICERS AND EMPLOYEES OF THE CITY TO BE UNREPRESENTED EMPLOYEES PURSUANT TO MUNICIPAL CODE SECTION 2.84.030(B) AND RESCINDING RESOLUTION NUMBERED 2003-31.

THE CITY COUNCIL OF THE CITY OF BELL DOES RESOLVE AS FOLLOWS:

SECTION 1. That Resolution Number 2003-31 is hereby rescinded.

SECTION 2. That pursuant to Bell Municipal Code Section 2.84.030(B) the following full-time officers and employees shall be designated unrepresented employees.

EXECUTIVE MANAGEMENT
City Council Members
Chief Administrative Officer
Assistant to the Chief Administrative Officer

ADMINISTRATIVE MANAGEMENT
Chief of Police
Deputy Chief of Police
Police Lieutenant
Deputy City Engineer
Director of Administrative Services
Director of Community Services
Director of General Services/Prosecutor

MANAGEMENT
Management Analyst
Office Coordinator
Senior Accountant

CONFIDENTIAL
Account Clerk
Office Assistant

MISCELLANEOUS
Business License Officer
Code Enforcement Officer
Community Services Technician
Customer Relations Representative
Filing Officer
Housing Coordinator
Housing Rehabilitation Technician
Housing Specialist
Parking Enforcement Officer
Police Dispatcher
Recreation Programmer
Recreation Supervisor
Senior Code Enforcement Officer

Senior Parking Enforcement Officer

SECTION 3. The City Clerk shall certify to the adoption of this Resolution. **PASSED AND APPROVED THIS** 28th day of June 2004.

George Cole
Mayor

ATTEST:

Theresa Diaz
City Clerk

I certify that the foregoing Resolution No. 2004-24 was adopted by the City Council of the City of Bell at a regular meeting held June 28, 2004, by the following vote.

AYES: **COUNCILMEMBERS BELLO, JACOBO, MAYOR PRO TEM MIRABAL AND MAYOR COLE**
NOES: **NONE**

ABSTAIN: **NONE**

ABSENT: **COUNCILMAN HERNANDEZ**

Theresa Diaz
City Clerk

Attachment D

GENERAL FUND ANALYSIS

Purpose:

To provide information to the City Council to analyze the financial performance of the General Fund revenues and assess the contributing role of the Assistant to the Chief Administrative Officer (CAO) in the CAO's financial and management strategy since her first year of employment with the City.

Objective:

To determine the City's General Fund revenue position during the last three years. The analysis focuses on on assessing the General Fund revenue growth in order to determine a salary adjustment percentage equitable for the position of the Assistant to the CAO in the Executive Management category.

Sources used:

- Comprehensive Annual Financial Reports

Computation:

- Period: Fiscal years 1987-1988 through 2004-2005.
- Financial data:General Fund audited revenues and expenditures for the period specified

1. Data was extracted from 2002-2003 CAFR page 13 for fiscal years 1987-88 through 2001-2002.
2. Data was retrieved from 2004-2005 CAFR page 25 for fiscal years 2002-2003 through 2004-2005.
3. The base year was 2002-2003, which is the first year of full-time employment of the Assistant to the CAO.
4. Revenues for the fiscal year 2004-2005 was divided by the fiscal year 2002-2003 to determine the percentage change from the base year to the most current fiscal year.
5. The percentage change was divided by three to obtain an average three-year percentage change to be possibly use as the salary adjustment multiplying factor.
6. Net excess for the fiscal year 2004-2005 was divided by the fiscal year 2002-2003 to determine the percentage change from the base year to the most current fiscal year.
7. The percentage change was divided by three to obtain an average three-year percentage change to be possibly use as the salary adjustment multiplying factor.
8. The smallest of the three-year revenue percentage change and the three-year net excess percentage change was selected as the salary adjustment multiplying factor.
9. The net excess for the fiscal year 2004-2005 was multiplied by the three-year revenue percentage change.
9. Compensation increase was determined as 6.43% of the 2004-2005 net excess value amounting to $120,383.31
10. The final amount obtained in step 9 was rounded to the nearest thousand yielding $120,000, which was. to be spread over the next four years.
11. In order to have equitable salary adjustment percentages within the Executive Management group, the salary adjustment shall be as follows:fiscal year FY 2005-2006 $55,000, FY 2006-2007 $20,0000, FY 2007-2008 $25,000, and FY 2008-2009 $20,000.

GENERAL FUND ANALYSIS

8-89	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	1999-2000	2000-01	2001-02	2002-03	2003-04	2004-05
60%	10.93%	-23.16%	11.57%	9.46%	-8.66%	7.77%	4.38%	12.90%	-7.78%	17.14%	7.69%	5.50%	12.67%	5.89%	13.69%	4.93%
50,319	7,166,307	5,506,462	6,143,365	6,724,673	6,276,775	6,764,680	7,060,723	7,971,580	7,351,118	8,611,381	9,290,892	9,802,235	11,044,360	11,694,600	13,295,481	13,951,10
13,069	7,377,752	5,870,000	6,513,853	6,595,938	6,200,082	5,728,615	5,526,994	5,782,541	6,239,339	6,323,387	7,174,431	7,620,933	8,400,479	10,166,326	10,751,357	12,079,39
12.29%	-11.99%	-20.44%	10.97%	1.28%	-6.00%	-7.60%	-3.52%	4.62%	7.90%	1.35%	13.46%	9.01%	7.41%	21.02%	5.75%	12.35
2,770)	(211,445)	(363,538)	(370,488)	128,735	76,713	1,036,065	1,533,729	2,189,039	1,111,777	2,288,014	2,116,461	1,981,302	2,643,901	1,528,274	2,544,124	1,871,70

Year	Most recent	Total %	Average 3 yr %
ues	audited FY	Change	Change
4,600	13,951,102	19.30%	6.43%
8,274	1,871,704	22.47%	7.49%

Most recent Net Excess	$ 1,871,704.00
Avg 3 yr % change	6.43%
	120,383.31
Roundest to the nearest thousand	120,000.00
be spread in the next 4 fiscal years)	

Attachment E

ADDENDUM NUMBER FIVE TOAGREEMENT

This FIFTH ADDENDUM TO AGREEMENT FOR EMPLOYMENT (hereinafter the "Fifth Addendum") is made this 1st day of July 2005, by and between the CITY OF BELL a general law city (the "City") and Robert A. Rizzo, an individual (the "Employee") pursuant to the following terms and conditions:

A. The City is a general law city located in the County of Los Angeles, State of California: and

B. City and Employee have entered into that certain Agreement for Employment dated September 1, 1996 and modified by Addendum Number One through Addendum Number Four (altogether the "Agreement"); and

C. City desires to adjust the Agreement as provided in Section 6 of the Agreement.

NOW, **THEREFORE, CITY AND EMPLOYEE** agree to the following:

1. Section 6 of the Agreement is hereby modified to provide that the Basic Salary of Employee shall be adjusted as follows:

   a) Effective July 1, 2005, $17,000.00 per pay period.
   b) Effective July 1, 2006, $19,000.00 per pay period.
   c) Effective July 1, 2007, $21,000.00 per pay period.
   d) Effective July 1, 2008, $23,000.00 per pay period.

   Each adjustment to the Basic Salary as provided in this Section shall be subject to the condition that the City's Audited Statement of the General Fund Balance for the immediate past fiscal year prior to the adjustment evidences a positive cash position. In the event said Fund Balance for such fiscal year results in a negative cash position, the salary adjustment provided herein shall not take effect and employee shall receive the previous amount of Basic Salary in effect prior to the adjustment as provided in the Agreement.

2. City and Employee hereby acknowledge and agree that except as expressly modified by this Fifth addendum, the Agreement is in full force and effect. All capitalized terms not specifically defined herein, shall have the same meaning ascribed to them in the Agreement.

IN WITNESS WHEREOF, the parties have caused this Fifth Addendum to Agreement for Employment to be executed as follows:

"City"
CITY OF BELL, CALIFORNIA

By: _____
George Mirabal, Mayor

Attest:

City Clerk

Approved as to Form:
City Attorney

By: _____
City Attorney

"Employee"

_____
Robert A. Rizzo

Attachment F

ADDENDUM NUMBER TWO TO AGREEMENT

THIS SECOND ADDENDUM TO AGREEMENT FOR EMPLOYMENT, ("Agreement") is made this 1st day of July, 2005, by and between the CITY OF BELL, a general law city (the "City") and Pierangela Spaccia, an individual (the "Employee") pursuant to the following terms and conditions:

RECITALS

A. The City is a general law city located in the County of Los Angeles, State of California; and
B. The City desires the employment for services of Employee as the Assistant to the Chief Administrative Officer of City; and
C. City desires to adjust the Agreement as provided in Section 5 of this Agreement.
D. City desires to adjust the Agreement as provided in Section 6 of this Agreement.

NOW, THEREFORE, CITY AND EMPLOYEE agree to the following:

1. Basic Salary. Section 5 is hereby modified to provide that the Basic Salary of Employee shall be adjusted as follows:

a. Effective July 1, 2005, $7,115.40 per pay period.
b. Effective July 1, 2006, $7,884.65 per pay period.
c. Effective July 1, 2007, $8,846.16 per pay period.
d. Effective July 1, 2008, $9,615.40 per pay period.

Each adjustment to the Basic Salary as provided in this Section shall be subject to the condition that the City's Audited Statement of the General Fund Balance for the immediate past fiscal year prior to the adjustment evidences a positive cash position. In the event said Fund Balance for such fiscal year results in a negative cash position, the salary adjustment provided herein shall not take effect and Employee shall receive the previous amount of Basic Salary in effect prior to the adjustment as provided in the Agreement.

2. Employment Fringe Benefits. Section 6 is hereby modified to provide that the Employment Fringe Benefits of Employee shall be adjusted as follows:

a. Employee shall, as of the effective date of this Agreement, accrue vacation leave as an unrepresented employee, in such amounts commensurate with the Employee's PERS service credit.

3. City and Employee hereby acknowledge and agree that except as expressly modified by this Second Addendum, the Agreement is in full force and effect. All capitalized terms not specifically defined herein, shall have the same meaning ascribed to them in the Agreement.

IN WITNESS WHEREOF, the parties have caused this Agreement for Employment to be executed as follows:

("City")
CITY OF BELL, CALIFORNIA

By: _____
George Mirabal, Mayor

Attest:

By: _____
Rebecca Valdez, City Clerk

Approved as to Form:
City Attorney

By: _____

"Employee"

By: _____
Pierangela Spaccia

"G"

RESOLUTION NO 2003-29

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF BELL IDENTIFYING THE EMPLOYEE COMPENSATION PLAN AND RESCINDING RESOLUTIONS 2002-40, 2001-26, 2000-14, 98-42 and 97-01.

Whereas, Resolution 2002-40, 2001-26, 2000-14, 98-42 and Resolution 97-01 have become obsolete and are hereby rescinded effective July 1, 2003; and

Whereas, the Civil Service Rules and Regulations, Article XVII Salaries, requires the City Council to adopt by resolution a basic compensation plan; and

Whereas, the compensation plan is to identify terms and conditions of employment for all unrepresented (non-safety) employees, and all other full-time employees of the City of Bell; however, in situations where any provision herein is in conflict with any applicable memorandum of understanding or employment agreement, the provision in the memorandum of understanding, or employment agreement shall prevail; and

Whereas, under California State law the City Council is granted the authority to designate the following classifications: Executive Management, Administrative Management, Management, Confidential, and Miscellaneous as Unrepresented, hereinafter referred to as Employees, and to acknowledge all other recognized employee representation units as of this date; and

Whereas, Part-time hourly employees shall not be eligible for any of the compensation plan terms and conditions, or any other rights not specifically granted them by the City of Bell Civil Service Rules and Regulations unless expressly required by City Contract, State Law, or Federal Law; and

Now, Therefore, the City Council of the City Of Bell does resolve as follows:

SECTION 1. COMPENSATION

A. OVERTIME PAY

1. *Executive Management/Administrative Management, Management*
   Employees who heretofore have been designated, pursuant to Resolution 2003-31, as "Executive Management", "Administrative Management" and "Management" are henceforth declared "exempt" in accordance with the Fair Labor Standards Act and will not receive compensation for working overtime.
2. *Other Employees*
   All other employees shall be compensated for overtime in accordance with the Fair Labor Standards Act.

B. BILINGUAL PAY

1. Confidential/Unrepresented (Non-Police Dispatch Personnel)
The City shall pay one hundred dollars ($100.00) per month effective July 1, 2002 increasing to one hundred fifty dollars ($150.00) per month effective on the first pay period in July 2004 to any employee who has passed a proficiency test, to be conducted in a manner determined by the City. Such pay shall apply for speaking the Spanish language, or any other language approved by the City.

2. Confidential/Unrepresented (Police Dispatch Personnel)
The City shall pay one hundred sixteen and 67/100 dollars ($116.67) per month effective July 1, 2002 increasing to one hundred fifty dollars ($150.00) per month effective on the first pay period in July 2003, and then increasing to one hundred seventy five dollars ($175.00) per month effective on the first pay period in July 2005 to any employee who has passed a proficiency test, to be conducted in a manner determined by the City. Such pay shall apply for speaking the Spanish language, or any other language approved by the City.

3. Bilingual Pay Request
Employee shall make a written request for bilingual pay to the Personnel Department, and shall be scheduled for a test within 90 day of receipt. If test has not been scheduled during this period, bilingual pay shall become effective.

4. Employee reimbursed-costs for bilingual schooling
The City shall reimburse the employee for bilingual schooling provided the employee receives prior approval in writing for the study program and passes the proficiency test.

C. SHIFT DIFFERENTIAL PAY

The City shall increase the base salary of those employees assigned to swing and graveyard shift of the Dispatch Department by five percent for any hours worked between 3 p.m. and 7 a.m. Such increase shall only apply for hours worked.

D. TRAINING DUTIES PAY

The City shall pay two thousand dollars ($2,000) annually no later than the first pay period in May of each year to not more than two (2) dispatchers for training duties assigned by the Chief of Police. The Chief of Police may develop an annually training program for dispatchers and assignment of the Dispatchers shall take place by September 1st of each year. Appointed dispatchers must have a minimum of seven (7) years of service.

E. EXTRA TRAINING DUTIES PAY

The City shall increase the base salary of each full-time employee assigned to the Dispatch Department by ten percent (10%) when he/she is engaged in the training of a new employee. Such increase shall apply only while the assignment is in place.

F. SPECIAL ASSIGNMENT PAY

1. *Management employees*
   Certain positions under this category may require special assigned duties. The City Council may assign special functions to the Management Analyst as deemed necessary in the course of business. In the event of such appointment the Management Analyst shall receive an additional compensation not to exceed five hundred eighty dollars ($580.00) per month.

G. COURT PAY

The City shall pay each full-time employee assigned to the Dispatch Department the sum of one hundred twenty dollars ($120.00) for each day the employee is required to appear and does appear in court. In addition, the employee shall receive seventy-five dollars ($75.00) for each day of stand-by relating to such court appearance where the employee does not appear in court.

H. UNIFORM PAY/UNIFORMS PROVISION

1. *Police Dispatch*
   Full-time employees assigned to the Dispatch Department shall receive an annual allowance of six hundred dollars ($600.00) no later than the first pay period in September of each year to maintain or purchase their uniforms if necessary. Such allowance shall only be pay to those employees who are required to wear uniforms while on active duty in the employment of the City.

2. *Police Records*
   Full-time employees assigned to the Records Department shall receive an annual allowance of five hundred dollars ($500.00) no later than the first pay period in September of each year to maintain or purchase their uniforms if necessary. Such allowance shall only be pay to those employees who are required to wear uniforms while on active duty in the employment of the City.

3. *Other Departments*
   The City shall provide uniforms to all other employees, who are required to wear uniforms while on active duty in the employment of the City and who do not fall in any of the groups prescribed in paragraphs (1) and (2) above.

I. JURY DUTY

Employees summoned to jury duty will receive their regular pay up to forty hours annually. In the event the employee receives any reimbursement from the pertaining judicial jurisdiction, court, and/or government agency, such reimbursement shall be reimburse to the City excluding mileage received for said jury duty.

J. MILEAGE REIMBURSEMENT

Employees who are requested to use their personal vehicles in the conduct of City business will be compensated for all miles traveled for business-related purposes at the effective standard mileage rate under the Internal Revenue Service Regulations (i.e. 2002 standard mileage rate is $0.365).

K. TUITION REIMBURSEMENT

Non-safety employees, who successfully complete job-related classes, shall be reimbursed for tuition and supplies. Said reimbursement shall be paid subsequent to completion of the school term and not to exceed:

1. $250 per school term or $600 per year for a four-year college
2. $100 per school term or $250 per year for two-year college.
3. The Chief Administrative Officer may authorize additional reimbursement related to specifically job-related classes that would enhance or develop the current employee's position. Employee must request an interview with the Chief Administrative Officer to discuss the applicability and appropriateness of the classes. The interview and approval must occur prior to employee's enrollment in order to qualify for reimbursement.

L. PROFESSIONAL CERTIFICATION/LICENSING REIMBURSEMENT

Non-safety employees, who possess a professional certification or license related with their employment with the City of Bell, shall be reimbursed for the fees associated with the renewal of the aforementioned professional licensing. Some continuing education expenses may be reimbursed at the sole discretion of the Chief Administrative Officer; employee must request an interview with the Chief Administrative to obtain approval.

M. COMPENSATION FOR INJURY ON DUTY

Employees who are disabled by injury or illness arising during the course of employment will be entitled to benefits as provided under the Workers Compensation Law of the State of California.

N. ELECTED OFFICIAL PAY

1. *City Clerk*
The City Council of the City Bell shall rescind Resolution No 92-43 and establish a new compensation plan for the position of City Clerk for the City of Bell. Such position shall be compensated in the amount of one dollar ($1.00) per month.

2. *City Treasurer*
The City Council of the City Bell shall rescind Resolution No 92-44 and establish a new compensation plan for the position of City Treasurer for the City of Bell. Such position shall be compensated in the amount of one dollar ($1.00) per month.

SECTION 2. RETIREMENT

A. CONTRIBUTION

1. The City will pay the entire contribution for employees towards the Public Employees Retirement System (PERS) and the Supplemental Retirement Plan (SRP). The latter applies for those employees classified as non-safety only.

B. BENEFITS

1. Miscellaneous -3% at 55 Plan (2% from PERS and 1% from SRP)
2. Safety -3% at 50 Plan;
3. 1959 Survivor Benefit -Third Level (Safety only);
4. Sick Leave Conversion;
5. One year Final Compensation;
6. Military Service Credit.

SECTION 3. HOLIDAYS

A. NON-POLICE DISPATCH PERSONNEL
Employees will be entitled to a total of thirteen (13) holidays each fiscal year. This includes one (1) discretionary holiday. In order to maximize the hours of service to the community, and allow a total of thirteen holidays each fiscal year, the City Council will set a holiday schedule that will establish the holidays to be observed by the City during the corresponding fiscal year and its respective floating holidays, which shall total thirteen (13) days. Holidays may include the following:

New Years Day
Martin Luther King Day
Presidents Birthday
Memorial Day
Independence Day
Labor Day
Admission Day

Columbus Day
Veterans Day
Thanksgiving Day
Day After Thanksgiving
Christmas Day

B. POLICE DISPATCH PERSONNEL

The City recognizes that the police department functions every day of the year, twenty-four hours per day, and does not close for holidays. Police Dispatch Personnel are given certain paid holidays during the year on the day the City Hall is closed. Therefore, the first pay period (pay period shall mean the first full pay period in the corresponding month not the first pay date) in each November and June of every year, each employee assigned to the Dispatch Department shall be paid an additional amount for ten hours for each City-recognized holiday occurring in the prior six-month period. This shall be paid separate from regular payroll.

1. *Observed Holidays*. The following days shall be paid holidays:

To be paid the first pay period in June (70 hours)

Thanksgiving Day
The Day After Thanksgiving
Christmas Day
New Years Day
Martin Luther King Day
Washington's Birthday
Memorial Day

To be paid the first pay period in November (50 hours)

Fourth of July
Labor Day
Admissions Day
Columbus Day
Veteran's Day

2. *Floating Holiday*. In addition, each employee shall accrue one floating holiday per fiscal year. The said holiday shall be taken at the employee's discretion with the approval of the employee's supervisor. Permission to take the floating holiday will not be unreasonably withheld. The floating holiday must be taken prior to the ending of the applicable fiscal year; it may not be carried over to the following fiscal year.

SECTION 4. INSURANCE BENEFITS

Employees, as authorized in 2.840.030(B) of the Bell Municipal Code and designated in Resolution 2002-41 shall be eligible for the following insurance benefits according to the group category and the hire date:

A. PROVISIONS OF INSURANCE DURING EMPLOYMENT WITH THE CITY. The City shall make available medical, dental, vision and life insurance for all employees and their dependents based on their category and hire date. Coverage shall be as follows:

A.1. *Executive Management*

1. The City shall provide medical dental, vision, and life insurance to the employee and his/her dependants at no cost to the employee.

2. Employees identified under this category by Resolution 2003-31 shall be fully reimbursed for co-payments and deductible costs charged by their medical, dental and/or vision providers.

A.2. *Administrative Management*

1. The City shall provide medical dental, vision, and life insurance to the employee and his/her dependants at no cost to the employee.

2. Employees identified under this category by Resolution 2003-31 shall be reimbursed for co-payments and deductible costs charged by their medical, dental and/or vision providers, not to exceed five thousand dollars ($5,000) per annum.

A.3. *Management/Confidential/Miscellaneous*

1. Employees hired after July 1, 2000 shall receive medical coverage for the employee and one dependant. Dental, vision, and life insurance coverage shall become effective after completion of initial probationary period and shall be paid entirely by the City.

2. Employees with a commencement date prior to June 30, 2000 shall have medical, dental, vision and life insurance coverage for the employee and their dependants at no cost to the employee.

A.4. *Other elected officials*

1. The position of City Clerk shall be a non-benefit position. The City of Bell shall provide no medical coverage for the incumbent and/or his/her dependants.

2. The position of City Treasurer shall be a non-benefit position. The City of Bell shall provide no medical coverage for the incumbent and/or his/her dependants.

B. PROVISIONS OF INSURANCE BENEFITS AFTER TERMINATION FROM CITY.

B.1. *Qualifying employee*
The City shall make available only medical coverage through PERS CARE for employees who were last employed with the City, have reached retirement age, have retired from the City of Bell, and have been vested in the PERS system prior to their retirement date.

B.2. Provision of Insurance benefits at no Cost
The City shall provide medical, dental, vision and life insurance for certain terminated employees and their dependents at no cost. The following employees shall be eligible for medical, dental, vision and life insurance:

1. Full- Time Employees (non-safety) who have terminated in good standing from the City after January 1, 1997, with not less than thirty (30) years of PERS service credit with the City of Bell.

2. Elected Officials whose first term of office was prior to January 1, 1995, and who have terminated from the City after January 1, 1997, with not less than twelve (12) years of service credit with the City of Bell. In addition to said insurance, recipient shall be fully reimbursed for medical, dental, and vision co- payments and deductibles.

B.3. Elected Officials whose term commenced after January 1, 1995.
Pursuant to State Laws the City shall make available insurance benefit coverage for Elected Officials who were first elected after January 1, 1995 as follows:

1. Less than five years of service shall be eligible to participate on a self-pay basis.

2. Five or more years service (vested in PERS) and not attained the minimum PERS retirement age shall be eligible to participate on a self-pay basis until reaching retirement age.

SECTION 5. VACATION/SICK LEAVE

A. VACATION LEAVE
Employees are eligible for vacation leave after completing one year of employment.
1. *Accrual Rate*

Years of Service	Accrued Vacation Hours biweekly
Less than 4	3.6960
4 and less than 6	4.6160
6 and less than 13	6.46.40
13 and less than 20	8.3040
More than 20	9.8480

Copy Consul

11/2/1998	575.00		
7/5/1999	1,054.00	83.30%	
7/2/2001	1,293.00	22.68%	
7/1/2003	3,333.33	157.80%	
7/12/2004	3,750.44	12.51%	
4/4/2005	4,409.04	17.56%	
7/11/2005	5,166.70	17.18%	37.76%

CITY OF BELL

EXECUTIVE MANAGEMENT
ANNUAL COMPENSATION CHANGES
FISCAL YEAR 2003-2005

Assistant to the Chief Executive Officer

	Eff Date	Monthly Comp	% change	Annual Comp	Annual Incr (decr)
Agreement	1-Jul-03	8,525.83		102,310.00	
Add # 1	1-Jul-04	10,833.33	27.06%	130,000.00	27,690.00
Add # 2	1-Jul-05	15,416.70	42.31%	185,000.40	55,000.40

Chief Executive Officer

	Eff Date	Monthly Comp	% change	Annual Comp	Annual Incr (decr)
Add # 4	9-Sep-02	20,833.35		250,000.14	
	8-Sep-03	22,916.68	10.00%	275,000.18	25,000.04
	6-Sep-04	25,000.02	9.09%	300,000.22	25,000.04
Add # 5	1-Jul-05	36,833.33	47.33%	442,000.00	141,999.78

City Council

	Eff Date	Monthly Comp	% change	Annual Comp	Annual Incr (decr)
	7/1/2003	3,333.33		39,999.96	
	7/12/2004	3,750.44	12.51%	45,005.28	5,005.32
	7/11/2005	5,166.70	37.76%	62,000.40	16,995.12

ASSUMPTIONS

Employee group
Employees within this category play key roles in the leadership and policy-making process of the organization.

Performance Evaluation
Employees within this group are evaluated individually by reviewing annual or long-term performance.

Compensation
Salary changes are determined by the employee's performance and the City's financial resources. Under favorable performance conditions, compensation changes are set commensurable to the employee's performance, economic trends, employment attraction and retention trends, City's financial position, and other agencies' salary ranges. Under no circumstances, compensation changes excludes certain employees or promotes disparity within the group.

Void ☐	a Employee's social security number [redacted]	OMB No. 1545-0008
b Employer identification number (EIN) 95-6000677	1 Wages, tips, other compensation 310623.55	2 Federal income tax withheld 10205.00
c Employer's name, address, and ZIP code CITY OF BELL 6330 PINE AVE. BELL, CA 90201	3 Social security wages 97500.00	4 Social security tax withheld 6045.00
	5 Medicare wages and tips 361136.50	6 Medicare tax withheld 5236.49
	7 Social security tips	8 Allocated tips
d Control number [redacted]	9 Advance EIC payment	10 Dependent care benefits
e Employee's name, address, and ZIP code PIER'ANGELA SPACCIA [redacted]	11 Nonqualified plans	12a See instructions for box 12 Code
	13 Statutory employee / Retirement plan X / Third-party sick pay	12b Code C 90.00
	14 Other S125 5512.95 ER 1000.00 PKUP 44000.00	12c Code
		12d Code

15 State	Employer's state ID number	16 State wages, tips, etc.	17 State income tax	18 Local wages, tips, etc.	19 Local income tax	20 Locality name
CA	800-9716-5	310623.55	2275.00			

Form **W-2** Wage and Tax Statement **2007**

Department of the Treasury—Internal Revenue Service

For Privacy Act and Paperwork Reduction Act Notice, see the back of Copy D.

Copy D - For Employer.

Void ☐	a Employee's social security number [redacted]	OMB No. 1545-0008
b Employer identification number (EIN) 95-6000677	1 Wages, tips, other compensation [redacted]	2 Federal income tax withheld [redacted]
c Employer's name, address, and ZIP code CITY OF BELL 6330 PINE AVE. BELL, CA 90201	3 Social security wages [redacted]	4 Social security tax withheld [redacted]
	5 Medicare wages and tips [redacted]	6 Medicare tax withheld [redacted]
	7 Social security tips	8 Allocated tips
d Control number [redacted]	9 Advance EIC payment	10 Dependent care benefits
e Employee's name, address, and ZIP code [redacted]	11 Nonqualified plans	12a See instructions for box 12 Code
	13 Statutory employee / Retirement plan / Third-party sick pay	12b Code
	14 Other	12c Code
		12d Code

15 State	Employer's state ID number	16 State wages, tips, etc.	17 State income tax	18 Local wages, tips, etc.	19 Local income tax	20 Locality name
CA	800-9716-5	[redacted]	[redacted]			

Form **W-2** Wage and Tax Statement **2007**

Department of the Treasury—Internal Revenue Service

For Privacy Act and Paperwork Reduction Act Notice, see the back of Copy D.

Copy D - For Employer.

Void ☐	a Employee's social security number [redacted]	OMB No. 1545-0008
b Employer identification number (EIN) 95-6000677	1 Wages, tips, other compensation [redacted]	2 Federal income tax withheld [redacted]
c Employer's name, address, and ZIP code CITY OF BELL 6330 PINE AVE. BELL, CA 90201	3 Social security wages [redacted]	4 Social security tax withheld [redacted]
	5 Medicare wages and tips [redacted]	6 Medicare tax withheld [redacted]
	7 Social security tips	8 Allocated tips
d Control number [redacted]	9 Advance EIC payment	10 Dependent care benefits
e Employee's name, address, and ZIP code [redacted]	11 Nonqualified plans	12a See instructions for box 12 Code
	13 Statutory employee / Retirement plan / Third-party sick pay	12b Code
	14 Other	12c Code
		12d Code

15 State	Employer's state ID number	16 State wages, tips, etc.	17 State income tax	18 Local wages, tips, etc.	19 Local income tax	20 Locality name
CA	800-9716-5	[redacted]	[redacted]			

Form **W-2** Wage and Tax Statement **2008**

Department of the Treasury—Internal Revenue Service

Copy D - For Employer.

For Privacy Act and Paperwork Reduction Act Notice, see the back of Copy D.

Void ☐	a Employee's social security number [redacted]	OMB No. 1545-0008
b Employer identification number (EIN) 95-6000677	1 Wages, tips, other compensation 410734.53	2 Federal income tax withheld 15150.96
c Employer's name, address, and ZIP code CITY OF BELL 6330 PINE AVE. BELL, CA 90201	3 Social security wages 102000.00	4 Social security tax withheld 6324.00
	5 Medicare wages and tips 465276.60	6 Medicare tax withheld 6746.57
	7 Social security tips	8 Allocated tips
d Control number [redacted]	9 Advance EIC payment	10 Dependent care benefits
e Employee's name, address, and ZIP code PIER ANGELA SPACCIA [redacted]	11 Nonqualified plans	12a See instructions for box 12 Code
	13 Statutory employee / Retirement plan X / Third-party sick pay	12b Code C 138.00
	14 Other S125 8542.07 ER 1000.00 PKUP 45000.00	12c Code
		12d Code

15 State	Employer's state ID number	16 State wages, tips, etc.	17 State income tax	18 Local wages, tips, etc.	19 Local income tax	20 Locality name
CA	800-9716-5	410734.53	4568.36			

Form **W-2** Wage and Tax Statement **2008**

Department of the Treasury—Internal Revenue Service

Copy D - For Employer.

For Privacy Act and Paperwork Reduction Act Notice, see the back of Copy D.

2

Void ☐	a Employee's social security number [redacted]	OMB No. 1545-0008	
b Employer identification number (EIN) 95-6000677	1 Wages, tips, other compensation 561481.29	2 Federal income tax withheld 83356.94	
c Employer's name, address, and ZIP code CITY OF BELL 6330 PINE AVE. BELL, CA 90201	3 Social security wages 106800.00	4 Social security tax withheld 6621.60	
	5 Medicare wages and tips 562538.23	6 Medicare tax withheld 8156.86	
	7 Social security tips	8 Allocated tips	
d Control number [redacted]	9 Advance EIC payment	10 Dependent care benefits	
e Employee's name, address, and ZIP code PIER'ANGELA SPACCIA [redacted]	11 Nonqualified plans	12a See instructions for box 12 Code	
	13 Statutory employee / Retirement plan X / Third-party sick pay	12b Code C 138.00	
	14 Other 8125 711.84	12c Code	
		12d Code	

15 State	Employer's state ID number	16 State wages, tips, etc.	17 State income tax	18 Local wages, tips, etc.	19 Local income tax	20 Locality name
CA	800-9716-9	561481.29	7704.30			

Form **W-2** Wage and Tax Statement **2009** Department of the Treasury—Internal Revenue Service

Copy D - For Employer. For Privacy Act and Paperwork Reduction Act Notice, see the back of Copy D.

Void ☐	a Employee's social security number [redacted]	OMB No. 1545-0008	
b Employer identification number (EIN) 95-6000677	1 Wages, tips, other compensation [redacted]	2 Federal income tax withheld [redacted]	
c Employer's name, address, and ZIP code CITY OF BELL 6330 PINE AVE. BELL, CA 90201	3 Social security wages [redacted]	4 Social security tax withheld [redacted]	
	5 Medicare wages and tips [redacted]	6 Medicare tax withheld [redacted]	
	7 Social security tips	8 Allocated tips	
d Control number [redacted]	9 Advance EIC payment	10 Dependent care benefits	
e Employee's name, address, and ZIP code [redacted]	11 Nonqualified plans	12a See instructions for box 12 Code	
	13 Statutory employee / Retirement plan X / Third-party sick pay	12b Code	
	14 Other	12c Code	
		12d Code	

15 State	Employer's state ID number	16 State wages, tips, etc.	17 State income tax	18 Local wages, tips, etc.	19 Local income tax	20 Locality name
CA	800-9716-9	[redacted]	[redacted]			

Form **W-2** Wage and Tax Statement **2009** Department of the Treasury—Internal Revenue Service

Copy D - For Employer. For Privacy Act and Paperwork Reduction Act Notice, see the back of Copy D.

22222	Void ☐	a Employee's social security number [redacted]	For Official Use Only ▷ OMB No. 1545-0008
b Employer identification number (EIN) 95-6000677		1 Wages, tips, other compensation [redacted]	2 Federal income tax withheld [redacted]
c Employer's name, address, and ZIP code CITY OF BELL 6330 PINE AVE. BELL, CA 90201		3 Social security wages [redacted]	4 Social security tax withheld [redacted]
		5 Medicare wages and tips [redacted]	6 Medicare tax withheld [redacted]
		7 Social security tips	8 Allocated tips
d Control number [redacted]		9 Advance EIC payment	10 Dependent care benefits
e Employee's first name and initial [redacted]	Last name [redacted] Suff.	11 Nonqualified plans	12a See instructions for box 12 Code
[redacted]		13 Statutory employee ☐ Retirement plan ☒ Third-party sick pay ☐	12b Code C [redacted]
		14 Other	12c Code
			12d Code
f Employee's address and ZIP code			

15 State	Employer's state ID number	16 State wages, tips, etc.	17 State income tax	18 Local wages, tips, etc.	19 Local income tax	20 Locality name
CA	800-9716-5	[redacted]	[redacted]			

Form W-2 Wage and Tax Statement 2010

Department of the Treasury—Internal Revenue Service
For Privacy Act and Paperwork Reduction Act Notice, see back of Copy D.

Copy A For Social Security Administration — Send this entire page with Form W-3 to the Social Security Administration; photocopies are not acceptable. 41-0852411

Do Not Cut, Fold, or Staple Forms on This Page — Do Not Cut, Fold, or Staple Forms on This Page

22222	Void ☐	a Employee's social security number [redacted]	For Official Use Only ▷ OMB No. 1545-0008
b Employer identification number (EIN) 95-6000677		1 Wages, tips, other compensation 388504.15	2 Federal income tax withheld 22400.00
c Employer's name, address, and ZIP code CITY OF BELL 6330 PINE AVE. BELL, CA 90201		3 Social security wages 106800.00	4 Social security tax withheld 6621.60
		5 Medicare wages and tips 388505.50	6 Medicare tax withheld 5631.99
		7 Social security tips	8 Allocated tips
d Control number [redacted]		9 Advance EIC payment	10 Dependent care benefits
e Employee's first name and initial PIER'ANGELA	Last name SPACCIA Suff.	11 Nonqualified plans	12a See instructions for box 12 Code
[redacted]		13 Statutory employee ☐ Retirement plan ☒ Third-party sick pay ☐	12b Code C 92.00
		14 Other	12c Code
			12d Code
f Employee's address and ZIP code			

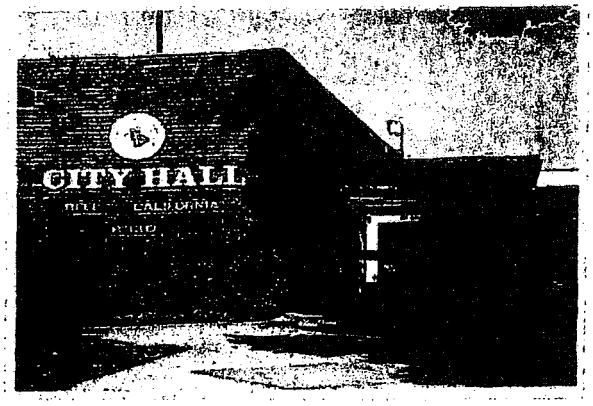
15 State	Employer's state ID number	16 State wages, tips, etc.	17 State income tax	18 Local wages, tips, etc.	19 Local income tax	20 Locality name
CA	800-9716-5	388504.15	8000.00			

Form W-2 Wage and Tax Statement 2010

Department of the Treasury—Internal Revenue Service
For Privacy Act and Paperwork Reduction Act Notice, see back of Copy D.

Copy A For Social Security Administration — Send this entire page with Form W-3 to the Social Security Administration; photocopies are not acceptable. 41-0852411

CITY OF BELL
CALIFORNIA



COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

CITY COUNCIL
George Cole, Mayor
Victor Bello, Councilmember
Oscar Hernandez, Councilmember
Teresa Jacobo, Councilmember
George Mirabal, Councilmember

CITY TREASURER
Ana L. Hernandez

CITY CLERK
Rebecca Valdez

CHIEF ADMINISTRATIVE OFFICER
Robert A. Rizzo

PREPARED BY
Finance Department

George Cole • *Mayor*
George Mirabal • *Mayor Pro Tem*
Victor Bello • *Councilman*
Oscar Hernandez • *Councilman*
Teresa Jacobo • *Councilwoman*

6330 Pine Avenue
Bell, CA 90201-1291
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December 2, 2004

The Honorable Mayor and City Council
City of Bell, California

The Comprehensive Annual Financial Report of the City of Bell for the fiscal year ended June 30, 2004 is submitted herewith. The report was prepared by the City's Finance Department. Responsibility for both the accuracy of the printed data and the completeness and fairness of the presentation including all the disclosures rests with the City. We believe the data, as presented, is accurate in all material aspects; that it is presented in a manner designed to fairly set forth the financial position and results of operations of the City as measured by the financial activity of its various funds; and that all disclosures necessary to enable the readers to gain the maximum understanding of the City's financial affairs have been included.

With the pronouncement of GASB Statement 34 in June 1999, State and Local government agencies ought to change their Financial Reporting Model. The objective of this model is to establish and improve standards of state and local governmental and financial reporting that will result in useful information for users of financial reports. The City of Bell implemented the new Financial Reporting Model in the fiscal year ended June 2003. This year's financial statements provide a prior year comparison.

The new Financial Reporting Model does not eliminate the governmental fund financial presentation. It additionally includes government-wide financial statements. The government-wide financial statements mirror the reporting format of the private sector. This format focuses on converting data presented in the basic governmental fund financial statements from the *current financial resources measurement* focus and *modified accrual basis* of accounting to the *economic resources measurement* focus and the *accrual basis* of accounting.

The government-wide financial statements consist of a Statement of Net Assets that provides the total net equity of the City including infrastructure and a Statement of Activities that shows the cost of providing government services and eliminates interfund receivables and payables. A reconciliation report is provided as a key to understand the changes between the two reporting methods. In addition, the new reporting model includes an emphasis on the City's major funds as shown in the Governmental Fund Statements. These new statements combined with other information are further analyzed in a new

narrative section titled Management's Discussion and Analysis (MD&A). This section provides a financial analysis of the City's overall financial position and results of operations. It further explains significant changes and economic factors affecting the entity.

City policy requires its financial statements be audited by a Certified Public accountant selected by the City Council. This requirement has been satisfied and the unqualified auditor's opinion is included in the financial section of this report.

Generally Accepted Accounting Principles (GAAP) requires that Management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

City Profile

The City of Bell, California, incorporated in 1927, is located in the greater metropolitan Los Angeles area, approximately 10 miles southeast of downtown Los Angeles. The City occupies a land area of 2.81 square miles and serves a population of 37,549. It is located at an altitude of 160 feet above sea level. The City's climate is characterized as mild with a mean temperature of 70 degrees in the summer months and 55 degrees in the winter months.

The City continues to deliver services that enhance the quality of life of its citizens by providing a safe community. Families and children of the community continue to be the core of the City's initiatives. Economic and human resources are deployed into aggressive programs to meet the needs of the community. These initiatives have positioned Bell to become one of the safest, cleanest, and most youth-oriented cities in the southeast area of Los Angeles.

The City's primary goal is to gradually revitalize the city as whole. As part of the revitalization process, the City continues to seek for properties in dilapidated areas to create opportunities for business development and bring major business chains into the city. Resources are set out to maintain very high standards in property maintenance and street cleanness. The City proudly has a no graffiti policy within city boundaries and immediate removal of bulky objects from city streets.

The City provides an array of programs and services for its citizens. Progress of the community is a top priority. In the area of recreation and community services, the City intends to expand park space, replace obsolete park equipment, and augment recreational, cultural, sports facilities. With the approval of General Obligation Bonds, the City will undergo major sports and cultural facilities construction at different phases over the next 10 years. The City intends to maximize the use of state and federal grants in order to reduce the amount of debt. Comprehensive recreational, educational and sports programs are developed to serve all age groups of the community. Public Works maintains an on-

going street repair program. The City will be renewing its sewer lines, underground lighting and signalization as grant funding becomes available. Public safety complements the City's vision. The City enforces community policing. Its mission is to continuously improve response time and to lower crime statistics. State and federal funds are fully utilized to keep abreast with technological challenges and to maintain an optimal police fleet as well as an adequate police force. As programs are implemented, the City continually assesses their effectiveness and adjusts them accordingly.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City operates.

Local Economy – The City of Bell continues in a solid financial position. The 2004 Annual Report released on July 29, 2004 by the Los Angeles County Assessor's Office indicates that Bell was ranked third on the ten top cities with the greatest percent change within Los Angeles County. Property valuations increased by 12.4% from the previous year. In comparison to the neighboring cities, Bell experienced a double digit increase as opposed to a single digit increase shown in the nearby cities. Sales tax revenue continues to show an upward movement despite of the unstable economic trends.

Long-term Financial Planning – The City plans to provide the community with excellence in service through enhancements in the area of public safety, park facilities, infrastructure improvements, and quality moderate and low-income housing. The City intends to seek for available Federal and State grants, which feature shared funding in order to minimize the issuance of debt on the City. Some city park projects have shifted from a refurbish plan to an expansion/new facility status. Long-term future plans include a new library, a sports complex for youth, a new public safety/civic center, and expansion of the community center.

Cash Management – The City's investment policy is to maximize safety and liquidity while maintaining a competitive yield on its portfolio. As the City's portfolio is not that large, it is primarily maintained in the State of California's Local Agency Investment Fund (LAIF) and Certificates of Deposit to allow for the greatest liquidity for the City's cash flow needs and also to earn a competitive yield. The city also uses an overnight sweep account for funds maintained in the general checking account. This allows the City to maximize the interest earned on monies deposited daily that have not yet been transferred to the State Pool.

Risk Management – The City has a comprehensive risk management program. The program is comprised of workers' compensation, general liability and loss control. The City is a member of the Independent Cities Risk Management Authority (ICRMA). ICRMA is an insurance purchase group as well as a risk sharing pool, which allows the City to obtain the necessary insurance for the excess insurance coverage.

The overall effectiveness of the City's risk management program has enabled the City to improve its ability to control or eliminate its exposure to risk, thereby enhancing the City's financial ability to carry out its mission.

Pension and Other Post-employment Benefits – The City contributes to the California Public Employees Retirement System, an agent multiple-employer public employee defined benefit pension plan for its employees. Each year, an independent actuary engaged by the pension plan calculates the amount of the annual contribution that the City must make to the pension plan to ensure that the plan will be able to fully meet its obligations to retired employees on a timely basis. As a matter of policy, the City fully funds each year's annual required contribution to the pension plan as determined by this funding policy. The unfunded actuarial liability associated with employee services rendered to date is being systematically funded over 17 years as part of the annual required contribution calculated by the actuary.

The City also provides postretirement health and dental care benefits for certain retirees and their dependents. GAAP does not require governments to report a liability in the financial statement in connection with an employer's obligation to provide these benefits.

Additional information regarding the City's pension arrangements and post-employment benefits can be found in the notes to the financial statements.

Accounting System and Budgetary Control – In developing and evaluating the City's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition; and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived, and (2) the evaluation of costs and benefits requires estimates and judgments by management.

All internal control evaluation occurs within the above framework. We believe that the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions. The City will continue in its efforts to monitor controls and change procedures as necessary to ensure the controls are working properly.

Awards and Acknowledgments

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Bell for its comprehensive annual financial report for the fiscal year ended June 30, 2003. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both Generally Accepted Accounting Principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our

current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The City submitted and received the Certificate of Award for Outstanding Financial Reporting from the California Society of Municipal Finance Officers (CSMFO) for its Comprehensive Annual Report for the fiscal year ended June 30, 2003. We will again submit this current report to the CSMFO and anticipate receiving the award for the fiscal year ended June 30, 2004.

The preparation of this report could not have been accomplished without the efficient and dedicated service of the entire Finance Department staff. Additionally we want to acknowledge Conrad & Associates for their technical assistance in the preparation of this report.

Respectfully submitted,

Robert A. Rizzo,
Chief Administrative Officer

Pier' Angela Spaccia,
Assistant to CAO