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Editor [Renee Schiavone](#) renee.schiavone@patch.com



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Local Voices



Libi Uremovic

Audit XIV - Closing The Books For Year 2011-2012 / Department of Council

Posted on March 21, 2013 at 9:34 am

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Every year government agencies are required to close their books, calculate their revenue and expenses, and report these findings to various government agencies and to the public. A GAAP audit is required to verify information submitted by the city.

The City of Beaumont closed their books on 06/30/12. How long should it take to 'close the books'? It varies; a couple weeks is normal. A well run company will close their in books 7-10 days. Three weeks is too long, even for a large corporation.

California Government Code Section 53891 requires the City Clerk to submit a Financial Transactions Report to the State and to issue a Public Notice within six (6) weeks of the end of the fiscal year. I requested a copy of this report on 02/12/13. On 02/22/13 the City published the Financial Transactions Report in the 'Record Gazette' newspaper and released a copy to the Public.

The accounting firm contracted to perform the GAAP audit should also receive the financial reports within six weeks. A GAAP audit would normally be completed 4-6 weeks after receiving the financial reports. The City of Beaumont 2010-2011 GAAP Audit was dated August 1, 2012 – thirteen months after closing the books.

On February 19, 2013 representatives of the accounting firm Moss, Levy, & Hartzheim GAAP attended the Beaumont City Council meeting and stated that the GAAP audit had been performed, the cost was \$30,000, and aside from lack of funds; the Auditors assured Council that Beaumont was financially sound.

On 03/07/13 I requested from the City Clerk a copy of the GAAP Audit for 2011-2012. On 03/11/12 the City Manager replied: "The 2012 City GAAP Audit is not available."

On 03/19/13 I called the City to request the GAAP Audit from the Beaumont City Manager and Finance Director. I was told: "Everyone's in a meeting". I left a message, but my call was not returned. I called the Auditing Firm of Moss, Levy, & Hartzheim requesting the GAAP Audit they stated was complete. My call was not returned.

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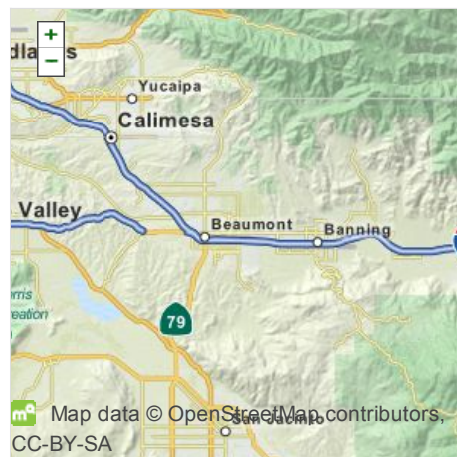
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Year End Audit - Department 1050 – City Council

Page 16 of the 2011-2012 Budget lists the City Council and Charitable Foundation on the same budget. This is incorrect. The City has set up 'Fund 19' which is not listed on the budget to account for all of the charitable revenue and expenses. The Council Department's budget for 2011-12 was \$138,000. The Financial Transactions Report lists Council expenses at \$107,287.

Total expenditures listed on the General Ledger are:

- Salaries \$26,466.11
- Cigna \$49,467.57
- Dental \$3,633.37
- Disability \$158.84
- Unemployment \$731.63
- Deferred Comp \$4,428.76
- Vision Care \$354.34
- Life Insurance \$176.00
- Medicare \$380.74
- FICA \$346.89
- Telephone \$1,280.58
- Telephone Credit \$608.51
- Office Supplies \$198.74
- Discretionary Spending \$2,369.61
- Travel, Training, Meetings \$18,414.56
- Contract Services \$150.00

The Discretionary Spending is from 'Jostens', which the Mayor has stated was for 'Commemorative Pins'.

Of the Travel, Training, Meeting account a total of \$1,800 was used by the individual Councilmen as per diem payouts and individual expenses. Diners Club expenses total \$10,171.76. Over \$2,000 was paid to 'Elan Financial Services', and \$1,385 without identifying the Payee.

\$49,000 Cigna expenses is charged to the Council's \$26,000 salary. It is not mathematically possible to have more deductions than salary. On the Financial Transactions report Summary the City lists 'Health' as \$5,791,430 Expenses and \$8,123,689 Revenue. It seems that the City is attaching additional health care expenses to the department budgets, depositing the money into another account, and calling it revenue.

Based on the General Ledger the Department of the Council expenses are \$58,000 for the fiscal year 2011-2012. An audit of the Charitable Foundation will be separate.

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kim murphy

Flag as inappropriate

8:30 am on Saturday, March 23, 2013

Thanks you, Libi

Reply



Ken

Flag as inappropriate

11:43 am on Saturday, March 23, 2013

Dont they purport to operate the City like a well run business?? This accounting system is like no business Ive ever seen or heard of...

Reply

Ben

Flag as inappropriate

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4:38 pm on Saturday, March 23, 2013

Not alot of that makes sense. If they make a salary consisting of base pay, medical coverage, and a cell phone stipend, which is all Berg said they got on many prior blogs, what the heck is all the extra stuff? Lots of traveling and training going on, too. Most of those conferences and get togethers are a waste of money, for the information learned at any of them could have been easily learned online or in a booklet.

Reply

Nancy Gall

Flag as inappropriate

8:51 pm on Saturday, March 23, 2013

The Charitable Foundation not only shouldn't be mixed with Council budget, it isn't a Charitable Foundation. It is not registered with the IRS. If you make a donation to this Foundation, you cannot deduct it from your taxes, They finally filed for one after I raised a stink and filed a complaint with the IRS. It's never been acted upon. What Beaumont Charitable Foundation is is a slush funds where they can spend money that would normally not be allowed by the Council.

Reply



Libi Uremovic

Flag as inappropriate

6:20 am on Sunday, March 24, 2013

i've glanced at the charity stuff...even if everything was 'legal'.... the whole theory of running non profits through the city is insanity.....

non profits organizations already receive tax exemption and government subsidies.....the city is using taxpayer money and manpower to work on non profits.....

beaumont has taken the 'option to give' choice out of the hands of the people...now every citizen is forced to pay for any and all non profit the city chooses ...and since the city is running up bond debt it 'really cost' the taxpayer...

i don't know what kind of country/government forces the people to give to charities....but it's sounds more like china than the usa...

Judy Bingham

Flag as inappropriate

10:00 am on Sunday, March 24, 2013

In my complaint to the IRS, and describing the nature of the City's violations:

1. City refused to disclose or provide a copy of form 990 in my public record request.
 2. City failed to file required federal tax returns and forms
 3. City employees are not legitimate charities. A policeman, Officer Chad Devlin, was given \$5,989 to run in an Iron Man Competition in Utah. Brittany Ramos, daughter of a policeman was given \$3000 to fund a trip to Europe.
- Check out Agenda of Tuesday, February 1, 2011, for their so-called 501c3 Charity. Yet another blatant fraud on the taxpayers of Beaumont. Beaumont's policemen are employees and I hope they claimed this income when they filed their taxes for 2011 .



Libi Uremovic

Flag as inappropriate

8:01 am on Sunday, March 24, 2013

the attachment is a copy of the general ledger showing a \$478,628.62 payment to the 'los angeles county auditor/controller'...

there's a lot of payouts to the county and state auditor/controllers...i assumed that people knew, but when i looked on the check warrants this expense isn't recorded....

but i also looked for the transaction on the general fund bank statement and it's not there either... which leaves two choices - it's either a plugged number or the money came from another bank account...the transaction above is where jeff fox was cut a check on the same date and that shows up on the 01/17/12 check warrants....

the transaction above is a \$397,751.26 check plugged with no description and a 06/30/11 date - which is 6 months after the books close...

i'll do a records request in the morning to track the transaction...

Reply



Libi Uremovic

Flag as inappropriate

8:29 am on Sunday, March 24, 2013

i found the \$478,000 transaction to the l.a. auditor backed out on another page of the general ledger....i don't know what's up...



Libi Uremovic

Flag as inappropriate

8:50 am on Sunday, March 24, 2013

\$5,000 to the 'beaumont interact club'...does anyone know who's hand is on the other side of this check...???

Reply

a little justice

Flag as inappropriate

1:40 pm on Sunday, March 24, 2013

Beaumont Interact Club is the High School version of Rotary. The Rotary Club is the Beaumont Cherry Valley Rotary Club.



Washy

Flag as inappropriate

3:29 pm on Sunday, March 24, 2013

<http://rotary.org/en/studentsandyouth/youthprograms/interact/pages/ridefault.aspx>

Basically the kids do "volunteer" work at events and the club gets the money. It is a great program and sad if that is all Beaumont is spending on those kids!



Libi Uremovic

Flag as inappropriate

9:16 am on Sunday, March 24, 2013

02/10/12 - \$2,842.50 paid to 'kreative kubes office furniture'...does anyone remember what this 'necessity was for..?

i know i'm an urber-conservative, but seeing things like this on government books grinds my nerves...

Reply

Monty

Flag as inappropriate

3:30 pm on Monday, March 25, 2013

Here you go everyone with questions. The Patch has an article about how the City is starting a meet and greet to question city council members. Go to this and ask Castoldo all your questions. Maybe find out if he is, or ever will, finish paying off his city loan.

Reply

Nancy Gall

Flag as inappropriate

4:11 pm on Tuesday, March 26, 2013

This is alot of money. Why would we be paying the LA controller? Maybe somebody in LA needs to look into this.

Reply



Libi Uremovic

Flag as inappropriate

4:17 pm on Tuesday, March 26, 2013

the pay to the l.a. audit/controller was backed out and i looked for in in the next few months and didn't see it in the bank statements...i'll look into it after i finish this audit on the deposits...it's probably going to anger the residence, but it's going to make prosecution very happy...

Nancy Gall

Flag as inappropriate

4:24 pm on Tuesday, March 26, 2013

Bruce Murrow is the head of Interact. He's definately on the side of city mnagement. I've heard mixed reviews on Interact. Why this club and not the others?

Reply



Washy

4:25 pm on Tuesday, March 26, 2013

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Other clubs are asked to send students and get money from the city. Band has done is several times

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