

***CITY OF BALDWIN PARK
ANNUAL FINANCIAL REPORT OF THE
PROPOSITION A LOCAL RETURN FUND
PROPOSITION C LOCAL RETURN FUND
MEASURE R LOCAL RETURN FUND
TRANSPORTATION DEVELOPMENT ACT
ARTICLE 3 FUND
FOR THE FISCAL YEARS ENDED
JUNE 30, 2015 AND 2014***



CITY OF BALDWIN PARK
TABLE OF CONTENTS

FINANCIAL SECTION	PAGE
Independent Auditor’s Report	1
Proposition A Local Return Fund:	
Basic Financial Statements:	
Balance Sheets	3
Statements of Revenues, Expenditures and Changes in Fund Balance	4
Supplemental Information:	
Schedule of Expenditures – Actual and Metro Approved Project Budget	5
Schedule of Capital Assets	6
Proposition C Local Return Fund:	
Basic Financial Statements:	
Balance Sheets	7
Statements of Revenues, Expenditures and Changes in Fund Balance	8
Supplemental Information:	
Schedule of Expenditures – Actual and Metro Approved Project Budget	9
Schedule of Capital Assets	10
Measure R Local Return Fund:	
Basic Financial Statements:	
Balance Sheets	11
Statements of Revenues, Expenditures and Changes in Fund Balance	12
Supplemental Information:	
Schedule of Expenditures – Actual and Metro Approved Project Budget	13
Schedule of Capital Assets	14
Transportation Development Act Article 3 Fund:	
Basic Financial Statements:	
Balance Sheets	15
Statements of Revenues, Expenditures and Changes in Fund Balance	16
Supplemental Information:	
Schedule of Transportation Development Act Allocation for Specific Projects	17
Notes to Financial Statements	18
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	22
COMPLIANCE SECTION	
Independent Auditor’s Report on Compliance	24
Compliance Matrix	27
Schedule of Findings and Recommendations	30
EXIT CONFERENCE	33

FINANCIAL SECTION



SIMPSON & SIMPSON
CERTIFIED PUBLIC ACCOUNTANTS

FOUNDING PARTNERS
BRAINARD C. SIMPSON, CPA
MELBA W. SIMPSON, CPA

Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the Proposition A Local Return Fund (PALRF), Proposition C Local Return Fund (PCLRF), Measure R Local Return Fund (MRLRF), and Transportation Development Act Article 3 Fund (TDAA3F) of the City of Baldwin Park, California (City) as of and for the years ended June 30, 2015 and 2014, and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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





Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the PALRF, PCLRF, MRLRF, and TDAA3F of the City of Baldwin Park, California, as of June 30, 2015 and 2014, and the respective changes in their financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 2, the financial statements present only the PALRF, PCLRF, MRLRF, and TDAA3F and do not purport to, and do not, present fairly the financial position of the City of Baldwin Park, California, as of June 30, 2015 and 2014, and the changes in financial position thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Baldwin Park, California's PALRF, PCLRF, MRLRF, and TDAA3F Fund financial statements as a whole. The accompanying supplemental information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. The supplemental information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements.

The supplemental information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Governmental Auditing Standards

In accordance with *Government Auditing Standards*, we have issued our report dated December 2, 2015, on our consideration of the City of Baldwin Park's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

A handwritten signature in cursive script that reads "Simpson & Simpson".

Los Angeles, California
December 2, 2015

CITY OF BALDWIN PARK

PROPOSITION A LOCAL RETURN FUND

BALANCE SHEETS

JUNE 30

	<u>2015</u>	<u>2014</u>
ASSETS		
Cash	\$ 1,021,395	\$ 1,076,088
Accounts receivable	84	120
Interest receivable	<u>414</u>	<u>338</u>
Total assets	<u>\$ 1,021,893</u>	<u>\$ 1,076,546</u>
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 73,353	\$ 101,137
Accrued payroll and employee benefits	<u>4,640</u>	<u>3,330</u>
Total liabilities	<u>77,993</u>	<u>104,467</u>
Fund Balance		
Restricted	<u>943,900</u>	<u>972,079</u>
Total fund balance	<u>943,900</u>	<u>972,079</u>
Total liabilities and fund balance	<u>\$ 1,021,893</u>	<u>\$ 1,076,546</u>

The accompanying notes are an integral part of the financial statements.

CITY OF BALDWIN PARK

PROPOSITION A LOCAL RETURN FUND

**STATEMENTS OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE**

For the Fiscal Years Ended June 30

	<u>2015</u>	<u>2014</u>
REVENUES		
Proposition A	\$ 1,349,652	\$ 1,295,202
Proposition A Discretionary Incentive Grant (Note 7)	-	127,970
Interest income	1,916	1,702
Project generated revenue (Note 8)	31,657	30,629
Other revenues (Note 9)	5,551	5,458
Total revenues	<u>1,388,776</u>	<u>1,460,961</u>
EXPENDITURES		
Various projects	<u>1,416,955</u>	<u>1,281,113</u>
Total expenditures	<u>1,416,955</u>	<u>1,281,113</u>
(Deficiency) excess of revenues over expenditures	(28,179)	179,848
Fund balance at beginning of year	<u>972,079</u>	<u>792,231</u>
Fund balance at end of year	<u>\$ 943,900</u>	<u>\$ 972,079</u>

The accompanying notes are an integral part of the financial statements.

CITY OF BALDWIN PARK

PROPOSITION A LOCAL RETURN FUND

**SUPPLEMENTAL INFORMATION
SCHEDULE OF EXPENDITURES
ACTUAL AND METRO APPROVED PROJECT BUDGET**

For the Fiscal Year Ended June 30, 2015
(With Comparative Actual Amount for the Fiscal Year Ended June 30, 2014)

Project Code	Project Name	2015			2014 Actual
		Metro Budget	Actual	Variance Favorable (Unfavorable)	
110-01	Fixed Route Shuttle Service	\$ 1,015,000	\$ 880,409	\$ 134,591	\$ 995,166
110-02	Purchase of Five 30' Transit Buses	20,000	-	20,000	-
120-02	Dial-A-Ride Services	230,000	228,416	1,584	159,822
140-01	Recreational Transit	35,000	25,086	9,914	30,125
200-01	Purchase of Five Clean Air Fixed Route Transit Buses	991,000	-	991,000	-
480-02	Proposition A Administration	330,815	283,044	47,771	96,000
	Total expenditures	<u>\$ 2,621,815</u>	<u>\$ 1,416,955</u>	<u>\$ 1,204,860</u>	<u>\$ 1,281,113</u>

See accompanying independent auditor's report.

CITY OF BALDWIN PARK

PROPOSITION A LOCAL RETURN FUND

**SUPPLEMENTAL INFORMATION
SCHEDULE OF CAPITAL ASSETS**

June 30, 2015

<u>Date</u> <u>Acquired</u>	<u>Description</u>	<u>Balance</u> <u>7/1/2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>6/30/2015</u>
Dec-82	Park & Ride Lot	\$ 260,000	\$ -	\$ -	\$ 260,000
Jan-84	1984 Ford Press Van	22,670	-	-	22,670
Dec-88	Motorola Trunk Portable Radio	1,059	-	-	1,059
Dec-90	HP Laser Jet III Printer	1,703	-	-	1,703
Jun-93	Bus Pad - Puente Avenue	26,675	-	-	26,675
Jun-93	Commuter Rail	1,192,269	-	-	1,192,269
Feb-96	Computer 486 w117" Monitor	1,650	-	-	1,650
Feb-96	HP 4P Printer	1,012	-	-	1,012
May-01	Intec Camera System - Rearview	2,268	-	-	2,268
Aug-01	Power Pressure Washer	11,217	-	-	11,217
Apr-02	Ice Machine	2,305	-	-	2,305
Dec-02	(5) Transit Buses	1,077,500	-	-	1,077,500
Dec-04	Additional Cost for Buses	101,809	-	-	101,809
		<u>Total</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,702,137</u>

See accompanying independent auditor's report.

CITY OF BALDWIN PARK

PROPOSITION C LOCAL RETURN FUND

BALANCE SHEETS

JUNE 30

	<u>2015</u>	<u>2014</u>
ASSETS		
Cash	\$ 2,131,975	\$ 1,292,685
Interest receivable	714	414
Total assets	<u>\$ 2,132,689</u>	<u>\$ 1,293,099</u>
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 16,682	\$ 2,339
Accrued payroll and employee benefits	7,727	4,037
Total liabilities	<u>24,409</u>	<u>6,376</u>
Fund Balance		
Restricted	<u>2,108,280</u>	<u>1,286,723</u>
Total fund balance	<u>2,108,280</u>	<u>1,286,723</u>
Total liabilities and fund balance	<u>\$ 2,132,689</u>	<u>\$ 1,293,099</u>

The accompanying notes are an integral part of the financial statements.

CITY OF BALDWIN PARK

PROPOSITION C LOCAL RETURN FUND

**STATEMENTS OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE**

For the Fiscal Years Ended June 30

	<u>2015</u>	<u>2014</u>
REVENUES		
Proposition C	\$ 1,122,918	\$ 1,077,550
Interest income	<u>2,190</u>	<u>1,782</u>
Total revenues	<u>1,125,108</u>	<u>1,079,332</u>
EXPENDITURES		
Various projects	<u>303,551</u>	<u>809,903</u>
Total expenditures	<u>303,551</u>	<u>809,903</u>
Excess of revenues over expenditures	821,557	269,429
Fund balance at beginning of year	<u>1,286,723</u>	<u>1,017,294</u>
Fund balance at end of year	<u>\$ 2,108,280</u>	<u>\$ 1,286,723</u>

The accompanying notes are an integral part of the financial statements.

CITY OF BALDWIN PARK

PROPOSITION C LOCAL RETURN FUND

SUPPLEMENTAL INFORMATION

SCHEDULE OF EXPENDITURES

ACTUAL AND METRO APPROVED PROJECT BUDGET

For the Fiscal Year Ended June 30, 2015

(With Comparative Actual Amount for the Fiscal Year Ended June 30, 2014)

Project Code	Project Name	2015			2014 Actual
		Metro Budget	Actual	Variance Favorable (Unfavorable)	
170-01	Landscaping at Metrolink	\$ 80,000	\$ 20,336	\$ 59,664	\$ 40,472
170-02	Bus Shelter Maintenance	90,000	21,818	68,182	29,604
230-01	Park/Ride Lot - Security	1,700	-	1,700	-
230-02	Park/Ride Lot - Utilities	15,000	-	15,000	3,731
230-03	Landscaping I-10, Puente Avenue, Baldwin Park Boulevard	30,000	32,051	(2,051)	19,881
230-04	Graffiti Abatement at Metro Station	74,415	78,078	(3,663)	59,169
250-02	Bus Fare Subsidy Program	20,000	-	20,000	-
280-01	Marketing/Public Outreach (Transit Marketing)	20,000	13,504	6,496	20,101
300-01	Baldwin Park Transit Center Parking Structure et al	-	-	-	394,722
410-01	Two Traffic Signals at Los Angeles Street and La Rica Avenue & Baldwin Park Boulevard and Ohio Street	350,000	-	350,000	-
440-35	Roadway Striping Improvements	40,000	48,770	(8,770)	62,521
440-36	Street Name Signs - Main Streets and Bus Routes, Citywide	100,000	28,571	71,429	17,702
480-01	General Administration Proposition C	160,000	60,423	99,577	162,000
	Total expenditures	<u>\$ 981,115</u>	<u>\$ 303,551</u>	<u>\$ 677,564</u>	<u>\$ 809,903</u>

See accompanying independent auditor's report.

CITY OF BALDWIN PARK

PROPOSITION C LOCAL RETURN FUND

**SUPPLEMENTAL INFORMATION
SCHEDULE OF CAPITAL ASSETS**

June 30, 2015

<u>Date Acquired</u>	<u>Description</u>	<u>Balance 7/1/2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/2015</u>
1992-93	Commuter Rail	\$ 206,000	\$ -	\$ -	\$ 206,000
1992-93	Computer	2,246	-	-	2,246
1999-00	Airless Paint Sprayer	3,895	-	-	3,895
2001-01	Paint Sprayer	3,779	-	-	3,779
2003-04	5 Gallon Shaker	5,950	-	-	5,950
2013-14	Transit Center	<u>2,722,776</u>	<u>-</u>	<u>-</u>	<u>2,722,776</u>
	Total	\$ <u>2,944,646</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>2,944,646</u>

See accompanying independent auditor's report.

CITY OF BALDWIN PARK
MEASURE R LOCAL RETURN FUND
BALANCE SHEETS
JUNE 30

	2015	2014
ASSETS		
Cash	\$ 2,559,334	\$ 2,084,309
Interest receivable	945	574
Total assets	\$ 2,560,279	\$ 2,084,883
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 41,888	\$ 5,051
Wages payable	3,678	2,139
Total liabilities	45,566	7,190
Fund Balance		
Restricted	2,514,713	2,077,693
Total fund balance	2,514,713	2,077,693
Total liabilities and fund balance	\$ 2,560,279	\$ 2,084,883

The accompanying notes are an integral part of the financial statements.

CITY OF BALDWIN PARK

MEASURE R LOCAL RETURN FUND

**STATEMENTS OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE**

For the Fiscal Years Ended June 30

	<u>2015</u>	<u>2014</u>
REVENUES		
Measure R	\$ 839,817	\$ 801,769
Interest income	<u>3,221</u>	<u>2,668</u>
Total revenues	<u>843,038</u>	<u>804,437</u>
EXPENDITURES		
Various projects	<u>406,018</u>	<u>145,976</u>
Total expenditures	<u>406,018</u>	<u>145,976</u>
Excess of revenues over expenditures	437,020	658,461
Fund balance at beginning of year	<u>2,077,693</u>	<u>1,419,232</u>
Fund balance at end of year	<u>\$ 2,514,713</u>	<u>\$ 2,077,693</u>

The accompanying notes are an integral part of the financial statements.

CITY OF BALDWIN PARK

MEASURE R LOCAL RETURN FUND

SUPPLEMENTAL INFORMATION
SCHEDULE OF EXPENDITURES

ACTUAL AND METRO APPROVED PROJECT BUDGET

For the Fiscal Year Ended June 30, 2015

(With Comparative Actual Amount for the Fiscal Year Ended June 30, 2014)

Project Code	Project Name	2015			2014 Actual
		Metro Budget	Actual	Variance Favorable (Unfavorable)	
1.05	Street Repair and Maintenance on Bus Routes and Near Bus Stops	\$ 3,500	\$ 22,290	\$ (18,790)	12,641
1.20	Replace Damaged Street Name and Directional Signs - Citywide	20,000	97,829	(77,829)	34,723
1.30	Street Improvements per New Complete Streets Policy and Walkability Study	28,000	69,229	(41,229)	3,925
1.90	Pavement Restriping and Markings to Improve Multi-Modal Use	20,000	-	20,000	-
2.01	Install New Traffic Signal at Los Angeles Street and Hornbrook	160,000	-	160,000	-
2.05	Synchronize traffic signals on Pacific Avenue and on Maine Avenue	15,000	-	15,000	-
3.05	Pedestrian Sidewalk Improvements to Meet ADA Standards Various Locations	200,000	60,000	140,000	13,397
3.10	Replace/Remove Damaged, Missing Roadway Signs	100,000	-	100,000	-
4.90	Transit Facility Graffiti Abatement	2,000	16,570	(14,570)	17,240
5.15	Metrolink Station Maintenance	10,000	4,245	5,755	-
5.35	Bus Stop Repairs - Repair/Replace Damages Shelter and Benches	10,000	11,506	(1,506)	4,973
5.90	Construct Baldwin Park Transit Station	-	-	-	19,675
6.40	Promote Transportation Program - Outreach Material to Public	4,000	2,204	1,796	5,169
7.20	SGVCOG Dues and TDM Related Activities Required by the CMP	4,903	5,043	(140)	5,021
7.90	Planning and Engineering for Eligible Projects	10,000	36,600	(26,600)	-
8.10	Administration of Projects and Programs	82,481	80,502	1,979	29,212
	Total expenditures	<u>\$ 669,884</u>	<u>\$ 406,018</u>	<u>\$ 263,866</u>	<u>\$ 145,976</u>

See accompanying independent auditor's report.

CITY OF BALDWIN PARK
MEASURE R LOCAL RETURN FUND
SUPPLEMENTAL INFORMATION
SCHEDULE OF CAPITAL ASSETS

June 30, 2015

Date Acquired	Description	Balance 7/1/2014	Additions	Deletions	Balance 6/30/2015
2013-14	Transit Center	\$ 429,599	\$ -	\$ -	\$ 429,599
	Total	\$ <u>429,599</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>429,599</u>

See accompanying independent auditor's report.

CITY OF BALDWIN PARK

**TRANSPORTATION DEVELOPMENT ACT ARTICLE 3 FUND
(PURSUANT TO PUBLIC UTILITIES CODE SECTION 99234)**

**BALANCE SHEETS
JUNE 30**

	<u>2015</u>	<u>2014</u>
ASSETS		
Cash	\$ 8,934	\$ -
Interest receivable	<u>-</u>	<u>3</u>
Total assets	<u>\$ 8,934</u>	<u>\$ 3</u>
LIABILITIES AND FUND BALANCE		
Liabilities		
Due to General Funds	\$ <u>-</u>	\$ <u>54,960</u>
Total liabilities	<u>-</u>	<u>54,960</u>
Fund Balance		
Restricted	<u>8,934</u> *	<u>(54,957)</u>
Total fund balance (deficit)	<u>8,934</u>	<u>(54,957)</u>
Total liabilities and fund balance	<u>\$ 8,934</u>	<u>\$ 3</u>

* Metro granted the City a waiver for the return of the unspent TDA 3 funds until May 31, 2016.

The accompanying notes are an integral part of the financial statements.

CITY OF BALDWIN PARK

TRANSPORTATION DEVELOPMENT ACT ARTICLE 3 FUND

**STATEMENTS OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE**

For the Fiscal Years Ended June 30

	<u>2015</u>	<u>2014</u>
REVENUES		
Payment from prior year reserve	\$ 31,382	\$ 44,836
Interest income	<u>16</u>	<u>48</u>
Total revenues	<u>31,398</u>	<u>44,884</u>
EXPENDITURES		
Various projects	<u>38,038</u>	<u>193,075</u>
Total expenditures	<u>38,038</u>	<u>193,075</u>
Deficiency of revenues over expenditures	<u>(6,640)</u>	<u>(148,191)</u>
Fund balance (deficit) at beginning of year, as previously reported	(54,957)	93,234
Prior period adjustment (Note 10)	<u>70,531</u>	<u>-</u>
Fund Balance at the beginning of year, as restated	<u>15,574</u>	<u>93,234</u>
Fund balance (deficit) at end of year *	<u>\$ 8,934</u>	<u>\$ (54,957)</u>

* Metro granted the City a waiver for the return of the unspent TDA 3 funds until May 31, 2016.

The accompanying notes are an integral part of the financial statements.

CITY OF BALDWIN PARK

**TRANSPORTATION DEVELOPMENT ACT ARTICLE 3 FUND
SUPPLEMENTAL INFORMATION**

**SCHEDULE OF TRANSPORTATION DEVELOPMENT ACT
ALLOCATION FOR SPECIFIC PROJECTS**

For the Fiscal Year Ended June 30, 2015

<u>Project Description</u>	<u>Program Year</u>	<u>Allocations</u>	<u>Expenditures</u>	<u>Unexpended Allocations</u>	<u>Project Status</u>
Local allocations					
Various Projects	2014-15	\$ <u>31,382</u>	\$ <u>38,038</u>	\$ <u>(6,656)</u>	Complete
	Total	\$ <u><u>31,382</u></u>	\$ <u><u>38,038</u></u>	(6,656)	
Unexpended interest accumulated to date				16	
Prior year adjustment (Note 10)				70,531	
Fund balance at beginning of year				<u>(54,957)</u>	
Fund balance at end of year				\$ <u><u>8,934</u></u>	*

* Metro granted the City a waiver for the return of the unspent TDA 3 funds until May 31, 2016.

See accompanying independent auditor's report.

CITY OF BALDWIN PARK

NOTES TO FINANCIAL STATEMENTS
For the Fiscal Years Ended June 30, 2015 and 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fund Accounting

The operations of the Proposition A Local Return Fund (PALRF) and Proposition C Local Return Funds (PCLRF), Measure R Local Return Fund (MRLRF), and Transportation Development Act Article 3 Fund (TDAA3F) are accounted for in separate sets of self-balancing accounts that comprise their assets, liabilities, fund balance, revenues, and expenditures.

PALRF and PCLRF represent 25% and 20% respectively, of the ½ cent Proposition A and ½ cent Proposition C sales taxes which are distributed to the jurisdictions within Los Angeles County based on population and must be used exclusively for transportation related programs and projects.

MRLRF represents 15% of the ½ cent sales tax which is distributed to the jurisdictions within Los Angeles County based on a per capita basis and must be used exclusively for transportation purposes.

Transportation Development Act Article 3 Fund (TDAA3F) is a Special Revenue Fund that accounts for the City's share of the Transportation Development Act Article 3 allocations which are legally restricted for specific purposes.

Basis of Accounting

PALRF, PCLRF, MRLRF, and TDAA3F are accounted for using the modified accrual basis of accounting whereby revenues are recognized when they become both measurable and available to finance expenditures of the current period and expenditures are generally recognized when the related fund liabilities are incurred.

Budgets and Budgetary Accounting

The budgeted amounts presented in this report for comparison to the actual amounts are presented in accordance with accounting principles generally accepted in the United States of America.

Unrealized Gain (Loss)

In accordance with GASB Statement No. 31, Accounting and Financial Reporting for Certain Investments and External Investment Pools, local governments are required to use fair value (instead of amortized costs) for financial reporting purposes. As a result of such implementation, the City recognizes the unrealized gain (loss).

CITY OF BALDWIN PARK

NOTES TO FINANCIAL STATEMENTS
For the Fiscal Years Ended June 30, 2015 and 2014
(Continued)

NOTE 2 – ANNUAL FINANCIAL STATEMENTS

The financial statements reflect only the financial position and results of operations of the PALRF, PCLRF, MRLRF, and TDAA3F and their compliance with the Proposition A and Proposition C Local Return Program Guidelines, Measure R Local Return Program Guidelines, Transportation Development Act Article 3, and the Los Angeles County Metropolitan Transportation Authority Funding and Allocation Guidelines for Transportation Development Act Article 3 Bicycle and Pedestrian Funds.

NOTE 3 – PROPOSITION A AND PROPOSITION C LOCAL RETURN COMPLIANCE REQUIREMENTS

In accordance with Proposition A and Proposition C Local Return Program Guidelines, funds received pursuant to these guidelines may only be used for Proposition A and Proposition C Local Return approved programs.

NOTE 4 – MEASURE R LOCAL RETURN COMPLIANCE REQUIREMENTS

In accordance with Measure R Local Return Program Guidelines, funds received pursuant to these guidelines may only be used for Measure R Local Return approved programs.

NOTE 5 – TRANSPORTATION DEVELOPMENT ACT COMPLIANCE REQUIREMENTS

In accordance with Public Utilities Code Section 99234, funds received pursuant to this Code's section may only be used for activities relating to pedestrians and bicycle facilities.

NOTE 6 – CASH AND INVESTMENTS

The PALRF, PCLRF, MRLRF, and TDAA3F cash balances were pooled with various other City funds for deposit and investment purposes. The share of each fund in the pooled cash account was separately maintained and interest income was apportioned to the participating funds based on the relationship of their average quarterly balances to the total of the pooled cash and investments.

CITY OF BALDWIN PARK

NOTES TO FINANCIAL STATEMENTS
For the Fiscal Years Ended June 30, 2015 and 2014
(Continued)

NOTE 7 – PROPOSITION A DISCRETIONARY INCENTIVE GRANT - PALRF

The City entered into various Memorandum of Understanding (MOU) agreements with the Los Angeles County Metropolitan Transportation Authority (Metro) to receive Proposition A discretionary incentive grants for participating in the Consolidated National Transit Database (NTD) Voluntary Reporting. The amounts received for the years ended June 30, 2015 and 2014 consisted of the following:

Agreement Date	Period	NTD Voluntary Reporting	MOU Amount	Amount Received	
				2015	2014
May 22, 2013	7/1/12 – 6/30/14	FY 2010-11	\$ 127,970	\$ -	\$ 127,970
Total			\$	\$ -	\$ 127,970

The Proposition A discretionary incentive grants were recorded under PALRF.

NOTE 8 – PROJECT GENERATED REVENUE - PALRF

The project-generated revenues for PALRF for the years ended June 30, 2015 and 2014 amounted to \$31,657 and \$30,629, respectively. These revenues consisted of Dial-A-Ride and Metrolink parking permits.

NOTE 9 – OTHER REVENUES - PALRF

The other revenues for PALRF for the years ended June 30, 2015 and 2014 amounting to \$5,551 and \$5,458, respectively. These revenues consisted of outdoor advertising and other licenses.

NOTE 10 – PRIOR PERIOD ADJUSTMENT - TDAA3F

The prior period adjustment reported under TDAA3F represents the adjustment of the fund’s expenditures incurred on the TDA Sidewalk project on Main Avenue in fiscal year ended June 30, 2014 for a total amount of \$70,531. The City received reimbursement from the State of California in fiscal year ended June 30, 2014. The result is a restatement of the beginning fund balance in the financial statement adjusted to \$15,574 for the year ended June 30, 2015

CITY OF BALDWIN PARK

NOTES TO FINANCIAL STATEMENTS
For the Fiscal Years Ended June 30, 2015 and 2014
(Continued)

NOTE 11 – TRANSPORTATION DEVELOPMENT ACT FUND REVENUE ALLOCATION

The revenue allocation for the years ended June 30, 2015 and 2014 consisted of the following:

	2015		2014
FY 2011-12 allocation	\$ -	\$	29,557
FY 2012-13 allocation	31,382		15,279
Total	\$ 31,382	\$	44,836

NOTE 12 – TRANSPORTATION DEVELOPMENT ACT FUNDS RESERVED

In accordance with TDA Article 3 (SB821) Guidelines, funds not spent during the fiscal year have been placed on reserve in the Local Transportation Fund (LTF) account with the County Auditor-Controller to be drawn down whenever the funds become eligible for a specific project and an approved drawdown request is received by Metro. As of June 30, 2015 and 2014, the City has funds on reserve as follows:

	2015		2014
FY 2012-13 allocation	\$ 11,406	\$	42,788
FY 2013-14 allocation	61,842		61,842
FY 2014-15 allocation	50,366		-
Available reserve balance	\$ 123,614	\$	104,630

NOTE 13 – SUBSEQUENT EVENTS

The City has evaluated events or transactions that occurred subsequent to June 30, 2015 through December 2, 2015, the date the accompanying financial statements were available to be issued, for potential recognition or disclosure in the financial statements and determined no subsequent matters require disclosure or adjustment to the accompanying financial statements.



SIMPSON & SIMPSON
CERTIFIED PUBLIC ACCOUNTANTS

FOUNDING PARTNERS
BRAINARD C. SIMPSON, CPA
MELBA W. SIMPSON, CPA

**Independent Auditor's Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards***

To the Honorable Members of the City Council of the
City of Baldwin Park, California and the
Los Angeles County Metropolitan Transit Authority

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Proposition A Local Return Fund (PALRF), Proposition C Local Return Fund (PCLRF), Measure R Local Return Fund (MRLRF), and Transportation Development Act Article 3 (TDAA3F) Fund of the City of Baldwin Park, California (City), as of and for the year ended June 30, 2015, and the related notes to the financial statements, and have issued our report thereon dated December 2, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's local return funds and TDAA3F financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose e described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.





Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that is required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Simpson & Simpson".

Los Angeles, California
December 2, 2015

COMPLIANCE SECTION



SIMPSON & SIMPSON
CERTIFIED PUBLIC ACCOUNTANTS

FOUNDING PARTNERS
BRAINARD C. SIMPSON, CPA
MELBA W. SIMPSON, CPA

Independent Auditor's Report on Compliance

To the Honorable Members of the City Council of the
City of Baldwin Park, California and the
Los Angeles County Metropolitan Transit Authority

Report on Compliance

We have audited the compliance of the City of Baldwin Park, California (City) with the Proposition A and Proposition C Local Return Guidelines, Measure R Local Return Guidelines, Transportation Development Act Article 3, and the Los Angeles County Metropolitan Transportation Authority's Funding and Allocation Guidelines for the Transportation Development Act Article 3 Bicycle and Pedestrian Funds (collectively, the Guidelines) for the year ended June 30, 2015.

Management's Responsibility

Management is responsible for the City's compliance with those guidelines.

Auditor's Responsibility

Our responsibility is to express an opinion on the City's compliance based on our audit. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the Guidelines referred to in the preceding paragraph. Those standards and the Guidelines require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a local return program and the Transportation Development Act Article 3 occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance. Our audit does not provide a legal determination of the City's compliance with those requirements.

Opinion on Each Local Return Program and Transportation Development Act Article 3

In our opinion, the City of Baldwin Park complied, in all material respects, with the compliance requirements referred to above that apply to Proposition A Local Return Fund, Proposition C Local Return Fund, Measure R Local Return Fund, and Transportation Development Act Article 3 Fund (TDAA3F) for the year ended June 30, 2015.





Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Guidelines and which are described in the accompanying Schedule of Findings and Recommendations as Findings Nos. 15-01, 15-02, and 15-03. Our opinion on Proposition A and Proposition C Local Return Funds is not modified with respect to these matters.

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

Report on Internal Control Over Compliance

Management of the City of Baldwin Park, California is responsible for establishing and maintaining effective internal control over compliance with the Requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the Requirements that could have a direct and material effect on the Local Return programs and the TDAA3F to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance and to test and report on internal control over compliance in accordance with the Requirements, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance under the Requirements on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance under the Requirements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified a certain deficiency in internal control over compliance that we consider to be a significant deficiency as described in the accompanying Schedule of Findings and Recommendations as Finding number 15-01. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with the Requirements that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

The City's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Recommendations. We did not audit the City's response and, accordingly, we express no opinion on the response.



This report is intended solely for the information and use of the City and the Los Angeles County Metropolitan Transportation Authority and is not intended to be and should not be used by anyone other than these specified parties.

Simpson & Simpson

Los Angeles, California
December 2, 2015

CITY OF BALDWIN PARK
COMPLIANCE MATRIX
Year Ended June 30, 2015

Compliance Requirement	In Compliance		Questioned Costs	If no, provide details and management response.	
	Yes	No			
A. Proposition A and Proposition C Local Return Funds					
1.	Timely use of funds.	X		None	
2.	Expenditures were approved before being incurred.		X	None	See Finding No.15-01 at the Schedule of Findings and Recommendations.
3.	Funds were used on approved projects only and expenditures were supported and allowable per Guidelines.	X		None	
4.	Expenditures did not exceed 25% of Metro's approved budget.		X	None	See Finding No.15-02 at the Schedule of Findings and Recommendations.
5.	Administrative expenses were within the 20% cap.	X		None	
6.	All on-going and carryover projects were reported in Form B.	X		None	
7.	Annual Project Summary Report (Form B) was submitted on time.	X		None	
8.	Annual Expenditure Report (Form C) and listing of Recreational Transit Services, if applicable, were submitted on time.		X	None	See Finding No.15-03 at the Schedule of Findings and Recommendations.
9.	Cash or cash equivalents were maintained.	X		None	
10.	Accounting procedures, record keeping and documentation were adequate.	X		None	

CITY OF BALDWIN PARK
COMPLIANCE MATRIX
Year Ended June 30, 2015
(Continued)

Compliance Requirement		In Compliance		Questioned Costs	If no, provide details and management response.
		Yes	No		
11.	Revenues received including allocations, project generated revenues, and interest income were properly credited to the PALRF and PCLRF accounts.	X		None	
B. Measure R Local Return Fund					
1.	Timely use of funds.	X		None	
2.	Expenditures were approved before being incurred.	X		None	
3.	Funds were used on approved projects only and expenditures were supported and allowable per Guidelines.	X		None	
4.	Fund were not substituted for property tax.	X		None	
5.	Administrative expenses were within the 20% cap.	X		None	
6.	Expenditure Plan (Form One) was submitted on time.	X		None	
7.	Expenditure Report (Form Two) was submitted on time.	X		None	
8.	Cash or cash equivalents were maintained.	X		None	
9.	Accounting procedures, record keeping and documentation were adequate.	X		None	
10.	Revenues received including allocations, project generated revenues, and interest income were properly credited to the Measure R account.	X		None	

CITY OF BALDWIN PARK
COMPLIANCE MATRIX
Year Ended June 30, 2015
(Continued)

Compliance Requirement		In Compliance		Questioned Costs	If no, provide details and management response.
		Yes	No		
11.	Funds were not used to supplant existing local revenues being used for transportation purpose.	X		None	
C. Transportation Development Act Article 3 Fund					
1.	Timely use of funds.	X		None	
2.	Expenditures were incurred for activities relating to pedestrian and bicycle facilities and amenities.	X		None	

CITY OF BALDWIN PARK

SCHEDULE OF FINDINGS AND RECOMMENDATIONS

June 30, 2015

Finding No. 15-01 - Fund: PALRF

Criteria:

According to Proposition A and C Local Return Guidelines, Section I (B.3), “If Local Return Funds have been expended prior to Metro approval and/or used for ineligible purposes, Jurisdictions will be required to reimburse their Proposition A or C Local Return account...”

Condition:

The expenditures for PALRF’s Administration project in the amount of \$283,044 were incurred prior to the approval from LACMTA for fiscal year 2014-15. However, the City subsequently received LACMTA’s approval on the PALRF project on October 16, 2015.

This is a repeat finding of FY 2014.

Cause:

The oversight was caused by staff shortage.

Effect:

The City did not comply with the Guidelines when expenditures for PALRF projects are incurred without LACMTA’s approval.

Questioned Costs:

None

Recommendation:

We recommend that the City establish procedures to ensure that it obtains approval from LACMTA prior to implementing any Proposition A and Proposition C Local Return projects, and Form B (Annual Project Summary Report) is properly prepared and submitted before the due date of August 1st so that the City’s expenditures of Proposition A and Proposition C Local Return Funds are in accordance with LACMTA’s approval and the Guidelines. In accordance with the Guidelines, the City should include all approved on-going and carryover Local Return projects in Form B.

Management Response:

The City staff has and will continue to budget the administrative costs and request approval from LACMTA prior to incurring expenditures. Also, the City staff will ensure that the administrative costs are within the allowable twenty percent of the total PALRF’s expenditures.

CITY OF BALDWIN PARK

SCHEDULE OF FINDINGS AND RECOMMENDATIONS

June 30, 2015

(Continued)

Finding No. 15-02 - Fund: PCLRF

Criteria:

According to Proposition A and C Local Return Guidelines, Section I (C), Project Description Form (Form A), Item 5: "Jurisdictions shall submit for approval a Project Description Form prior to the expenditure of funds for: a 25 percent or greater change in an approved Local Return project budget or scope on all operating or capital Local Return projects."

Condition:

The City exceeded more than 25 percent of Metro's approved budget on PCLRF Project Code 230-04, Graffiti Abatement at Metro Station in the amount of \$15,578. However, the City filed the Project Description Form (Form A) to obtain approval on the budget amendment for the project from LACMTA. The Form A was subsequently approved by LACMTA on October 16, 2015.

Cause:

This is a demand driven program and the variable (crime in the City) is difficult to arrive at a reasonable budget that would accurately reflect the true expense of the project at the end of the fiscal year.

Effect:

The City's PALRF project expenditures exceeded 25 percent of LACMTA's approved budget without LACMTA's approval and the City did not comply with the Guidelines.

Questioned Costs:

None

Recommendation:

We recommend that the City establish procedures to ensure that project expenditures are within the 25 percent cap of the LACMTA's approved budget and an amended Form A (Project Description Form) is properly prepared and submitted prior to the expenditure of funds which would result in a 25 percent or greater change in an approved Local Return project budget or scope on all operating or capital Local Return projects.

Management Response:

The City staff will review the mid-year budget in January of each year for the project's expenditures and revenues. Also, the City will obtain proper LACMTA approvals when the expenditures exceeded 25 percent of the LACMTA's approved budget.

CITY OF BALDWIN PARK

SCHEDULE OF FINDINGS AND RECOMMENDATIONS

June 30, 2015

(Continued)

Finding No. 15-03 - Fund: PALRF

Criteria:

According to Proposition A & C Guidelines, Section II, A, 1.3, Recreational Transit Service: “Jurisdictions shall submit a listing of Recreational Transit Services no later than October 15th after the fiscal year.”

Condition:

The City did not meet the October 15, 2014 deadline for submission of the listing. However, the City submitted the listing on November 17, 2014.

Cause:

Due to staff shortage, the reporting deadline submittal of the Recreational Transit Listing was missed.

Effect:

The City’s listing of Recreational Transit Services was not submitted timely.

Questioned Costs:

None

Recommendation:

We recommend that the City establish procedures to ensure that the Recreational Transit Service listing is properly prepared and submitted before the due date of October 15th so that the City’s expenditures of the Proposition A Local Return Fund will be in accordance with LACMTA’s approval and the guidelines. Furthermore, we recommend that the City retain a confirmation of receipt by LACMTA to indicate the form was submitted on a timely manner.

Management Response:

The City staff will setup task reminders of the required due dates for the submission of Recreational Transit Services form to LACMTA before October 15, 2015.

EXIT CONFERENCE

CITY OF BALDWIN PARK

PROPOSITION A, PROPOSITION C, MEASURE R LOCAL RETURN FUNDS, AND
TRANSPORTATION DEVELOPMENT ACT ARTICLE 3 FUND
EXIT CONFERENCE
June 30, 2015

An exit conference was held on December 18, 2015 via telephone conference. Those in attendance were:

Simpson & Simpson Representative:

Teresita Anson, Senior Auditor

City's Representative:

Rose Tam, Accounting Manager

Matters Discussed:

Results of the audit disclosed one (1) significant control deficiency and three (3) non-compliance issues with LACMTA's Guidelines.

A copy of this report was forwarded to the following City representative(s) for their comments prior to the issuance of the final report:

Terry Shea, Interim Finance Director

Rose Tam, Accounting Manager

Ron Broellos, Accountant