

CITY OF INGLEWOOD
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 INGLEWOOD
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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 Inglewood, 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 Inglewood, 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 Inglewood, 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 Inglewood, 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 Inglewood, 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 November 16, 2015, on our consideration of the City of Inglewood'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
November 16, 2015

CITY OF INGLEWOOD

PROPOSITION A LOCAL RETURN FUND

BALANCE SHEETS

JUNE 30

	<u>2015</u>	<u>2014</u>
ASSETS		
Cash and investments	\$ <u>3,754,778</u>	\$ <u>2,696,350</u>
Total assets	\$ <u><u>3,754,778</u></u>	\$ <u><u>2,696,350</u></u>
 LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 878	\$ -
Wages payable	<u>26,581</u>	<u>36,670</u>
Total liabilities	<u>27,459</u>	<u>36,670</u>
 Fund Balance		
Restricted	<u>3,727,319</u>	<u>2,659,680</u>
Total fund balance	<u>3,727,319</u>	<u>2,659,680</u>
 Total liabilities and fund balance	 \$ <u><u>3,754,778</u></u>	 \$ <u><u>2,696,350</u></u>

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

CITY OF INGLEWOOD

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	\$ 1,966,091	\$ 1,886,771
Interest income	<u>28,993</u>	<u>27,203</u>
Total revenues	<u>1,995,084</u>	<u>1,913,974</u>
EXPENDITURES		
Various projects	<u>927,445</u>	<u>1,177,695</u>
Total expenditures	<u>927,445</u>	<u>1,177,695</u>
Excess of revenues over expenditures	1,067,639	736,279
Fund balance at beginning of year	<u>2,659,680</u>	<u>1,923,401</u>
Fund balance at end of year	<u>\$ 3,727,319</u>	<u>\$ 2,659,680</u>

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

CITY OF INGLEWOOD

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)	
150-08	Transit Stop Improvements	\$ 126,794	\$ 101,247	\$ 25,547	\$ 12,961
220-01	Transit Security	<u>1,100,000</u>	<u>826,198</u>	<u>273,802</u>	<u>1,164,734</u>
	Total expenditures	<u>\$ 1,226,794</u>	<u>\$ 927,445</u>	<u>\$ 299,349</u>	<u>\$ 1,177,695</u>

See accompanying independent auditor's report.

CITY OF INGLEWOOD

PROPOSITION A 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>
1981	Chevy Impala	\$ 10,033	\$ -	\$ -	\$ 10,033
1989	Ford Taurus	13,692	-	-	13,692
1990	Chevy Caprice	16,463	-	-	16,463
1990	Transit Dispatch Facility	168,000	-	-	168,000
1992	Chevy Lumina	12,952	-	-	12,952
2001	Ford GC II Paratran Bus	60,095	-	-	60,095
2001	Ford GC II Paratran Bus	58,889	-	-	58,889
2002	Trolley Vehicle	171,200	-	-	171,200
	Total	\$ <u>511,324</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>511,324</u>

See accompanying independent auditor's report.

CITY OF INGLEWOOD
PROPOSITION C LOCAL RETURN FUND
BALANCE SHEETS
JUNE 30

	<u>2015</u>	<u>2014</u>
ASSETS		
Cash and investments	\$ 4,914,202	\$ 5,015,873
Due from other grants (Note 7)	<u>321,489</u>	<u>219,938</u>
Total assets	<u>\$ 5,235,691</u>	<u>\$ 5,235,811</u>
 LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 342,926	\$ 67,443
Retention payable	47,288	-
Wages payable	<u>20,236</u>	<u>15,836</u>
Total liabilities	<u>\$ 410,450</u>	<u>\$ 83,279</u>
 Fund Balance		
Restricted	<u>4,825,241</u>	<u>5,152,532</u>
Total fund balance	<u>4,825,241</u>	<u>5,152,532</u>
Total liabilities and fund balance	<u>\$ 5,235,691</u>	<u>\$ 5,235,811</u>

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

CITY OF INGLEWOOD

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	\$ 1,636,820	\$ 1,570,731
Proposition A Discretionary Incentive Grant (Note 8)	200,657	215,783
Interest income	47,658	45,408
Project generated revenue (Note 9)	324,507	331,706
MTA call for projects (Note 10)	13,350	-
ITS deployment and integration project (Note 11)	55,085	-
Total revenues	<u>2,278,077</u>	<u>2,163,628</u>
EXPENDITURES		
Various projects	<u>2,605,368</u>	<u>1,863,841</u>
Total expenditures	<u>2,605,368</u>	<u>1,863,841</u>
(Deficiency) excess of revenues over expenditures	(327,291)	299,787
Fund balance at beginning of year	<u>5,152,532</u>	<u>4,852,745</u>
Fund balance at end of year	<u>\$ 4,825,241</u>	<u>\$ 5,152,532</u>

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

CITY OF INGLEWOOD

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)	
110-05	Market Street Trolley *	\$ 120,000	\$ 80,350	\$ 39,650	\$ 74,987
130-04	Senior Citizen Paratransit *	715,915	723,151	(7,236)	681,222
240-10	Subsidized Taxi Services *	240,000	85,008	154,992	155,836
250-07	Reduced Fare Bus Passes *	145,000	73,477	71,523	62,618
440-16	Traffic Sign Replacement HSIP Cycle 4 Project	350	327	23	665
450-02	Street Geometry Improvement	3,000	2,797	203	10,098
450-09	Century Blvd Corridor Design Project	250,000	250,000	-	-
450-10	La Brea Ave Pavement Reconstruction Phase II	101,323	-	101,323	9,318
450-12	La Brea Street Improvement	136,475	98,988	37,487	111,664
450-13	Crenshaw Blvd 84th Street HSIP	850	818	32	(141)
450-14	Florence Avenue Regional Transportation Corridor Improvement Project	868,057	877,105	(9,048)	53,796
450-15	La Tijera Elementary School SR2S Project	18,187	19,915	(1,728)	-
450-16	North LA Brea Avenue Project	450	448	2	-
450-17	Centinela Avenue Improvement Project	1,500	1,454	46	-
450-18	La Brea Avenue Pavement Reconstruction Phase II	3,000	2,945	55	-
450-613	La Brea TLSP	32,431	33,885	(1,454)	-
450-09	Century Boulevard Corridor Design Project	150,571	90,748	59,823	346,000

See accompanying independent auditor's report.

CITY OF INGLEWOOD

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)

(Continued)

Project Code	Project Name	2015			2014 Actual
		Metro Budget	Actual	Variance Favorable (Unfavorable)	
470-16	Pavement Management System	\$ -	\$ -	\$ -	\$ 53,862
480-01	Transportation Management and Grants Administration	350,000	263,952	86,048	303,916
	Total expenditures	<u>\$ 3,137,109</u>	<u>\$ 2,605,368</u>	<u>\$ 531,741</u>	<u>\$ 1,863,841</u>

* The projects are considered as one project and are partially funded by the project generated revenues earned from the following:

	2015	2014
Proposition A Discretionary Incentive Grant	\$ 200,657	\$ 215,783
Lennox Paratransit Service	59,816	66,603
Hawthorne Paratransit Service	196,979	201,785
Taxi Vouchers	27,265	25,925
	<u>\$ 484,717</u>	<u>\$ 510,096</u>

See accompanying independent auditor's report.

CITY OF INGLEWOOD

PROPOSITION C 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
Various	Land	\$ 1,348,821	\$ -	\$ -	\$ 1,348,821
Aug-88	Ford Mini Bus	9,700	-	-	9,700
Aug-88	Ford Mini Bus	49,318	-	-	49,318
Jan-90	Ford Mini Bus	53,124	-	-	53,124
Oct-92	Ford Mini Bus	52,424	-	-	52,424
Jun-94	Ford Club Wagon	19,500	-	-	19,500
Jun-94	Ford Aerostar	15,550	-	-	15,550
Oct-95	Ford Aerostar	19,900	-	-	19,900
Sep-08	Ford E250 SD	36,855	-	-	36,855
Sep-08	Ford E250	36,684	-	-	36,684
Sep-08	Ford E250	36,684	-	-	36,684
Feb-09	Ford E450HD	110,924	-	-	110,924
Feb-09	Ford E450HD	110,924	-	-	110,924
Apr-10	Ford E450SD	97,910	-	-	97,910
Apr-10	Ford E450SD	97,910	-	-	97,910
Sep-10	Chevy 4500	141,981	-	-	141,981
Total		\$ 2,238,209	\$ -	\$ -	\$ 2,238,209

See accompanying independent auditor's report.

CITY OF INGLEWOOD
MEASURE R LOCAL RETURN FUND
BALANCE SHEETS
JUNE 30

	2015	2014
ASSETS		
Cash and investments	\$ 4,480,380	\$ 3,792,804
Total assets	\$ 4,480,380	\$ 3,792,804
 LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 3,148	\$ 241,818
Retention payable	31,887	20,403
Wages payable	-	1,075
Total liabilities	35,035	263,296
 Fund Balance		
Restricted	4,445,345	3,529,508
Total fund balance	4,445,345	3,529,508
Total liabilities and fund balance	\$ 4,480,380	\$ 3,792,804

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

CITY OF INGLEWOOD

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	\$ 1,223,393	\$ 1,167,968
Interest income	<u>31,877</u>	<u>28,509</u>
Total revenues	<u>1,255,270</u>	<u>1,196,477</u>
EXPENDITURES		
Various projects	<u>339,433</u>	<u>710,352</u>
Total expenditures	<u>339,433</u>	<u>710,352</u>
Excess of revenues over expenditures	915,837	486,125
Fund balance at beginning of year	<u>3,529,508</u>	<u>3,043,383</u>
Fund balance at end of year	<u>\$ 4,445,345</u>	<u>\$ 3,529,508</u>

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

CITY OF INGLEWOOD

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	North La Brea Avenue Improvements	\$ 1,300	\$ 155	\$ 1,145	\$ -
1.05	Resurfacing of Local Streets	489,700	281,338	208,362	467,443
1.05	Street Lighting and Roadway Safety Improvements	4,850	4,473	377	11,862
2.09	La Brea Traffic Light Synchronization Program	12,000	-	12,000	-
2.29	Annual Traffic Signal Improvement Program	60,000	53,467	6,533	231,047
	Total expenditures	<u>\$ 567,850</u>	<u>\$ 339,433</u>	<u>\$ 228,417</u>	<u>\$ 710,352</u>

See accompanying independent auditor's report.

CITY OF INGLEWOOD
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
9/30/2009	Resurfacing of Local Streets	\$ 18,870	\$ -	\$ -	\$ 18,870
9/30/2013	Resurfacing of Local Streets	257,379	-	-	257,379
	Total	\$ 276,249	\$ -	\$ -	\$ 276,249

See accompanying independent auditor's report.

CITY OF INGLEWOOD

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

**BALANCE SHEETS
JUNE 30**

	<u>2015</u>	<u>2014</u>
ASSETS		
Due from Metro	\$ 4,970	\$ -
Total assets	\$ <u>4,970</u>	\$ <u>-</u>
 LIABILITIES AND FUND BALANCE		
Liabilities		
Due to General Funds	\$ 5,699	\$ -
Accounts payable	730	
Wages payable	<u>217</u>	<u>-</u>
Total liabilities	<u>6,646</u>	<u>-</u>
 Fund Balance		
Restricted	<u>(1,676)</u>	<u>-</u>
Total fund balance	<u>(1,676)</u>	<u>-</u>
 Total liabilities and fund balance	 \$ <u>4,970</u>	 \$ <u>-</u>

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

CITY OF INGLEWOOD

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	\$ 4,970	\$ 6,813
Total revenues	<u>4,970</u>	<u>6,813</u>
EXPENDITURES		
Sidewalk Replacement Project	<u>6,646</u>	<u>24,871</u>
Total expenditures	<u>6,646</u>	<u>24,871</u>
(Deficiency) of revenues over expenditures	<u>(1,676)</u>	<u>(18,058)</u>
Fund balance at beginning of year	<u>-</u>	<u>18,058</u>
Fund balance at end of year	<u>\$ (1,676)</u>	<u>\$ -</u>

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

CITY OF INGLEWOOD

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					
Sidewalk Replacement Project	2014-15	\$ 4,970	\$ 6,646	\$ (1,676)	On-going
Total		<u>\$ 4,970</u>	<u>\$ 6,646</u>	<u>(1,676)</u>	
Fund balance at beginning of year				<u>-</u>	
Fund balance at end of year				<u>\$ (1,676)</u>	

See accompanying independent auditor's report.

CITY OF INGLEWOOD

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) on its external investment pools.

CITY OF INGLEWOOD

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 INGLEWOOD

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

NOTE 7 – DUE FROM OTHER GRANTS - PCLRF

Due from Other Grants for the years ended June 30, 2015 and 2014 consisted of the following:

	2015	2014
Hawthorne Paratransit	\$ 136,513	\$ 106,804
Lennox Paratransit	29,279	32,423
Proposition A Discretionary Incentive Grant	155,697	80,171
Reduced Fare Bus Passes	-	490
Taxi Vouchers	-	30
Fare Donation	-	20
Total	\$ <u>321,489</u>	\$ <u>219,938</u>

NOTE 8 – PROPOSITION A DISCRETIONARY INCENTIVE GRANT - PCLRF

Proposition A Discretionary Incentive Grant for the years ended June 30, 2015 and 2014 consisted of the following:

	2015	2014
Sub-regional paratransit services	\$ 200,657	\$ 215,783
Total	\$ <u>200,657</u>	\$ <u>215,783</u>

The Proposition A Discretionary Incentive Grants were additional funds received from Metro for participating in the sub-regional paratransit services program.

The Proposition A Discretionary Incentive Grants were recorded under PCLRF.

NOTE 9 – PROJECT GENERATED REVENUE - PCLRF

Project generated revenue for the years ended June 30, 2015 and June 30, 2014 consisted of the following:

	2015	2014
Hawthorne Paratransit	\$ 196,979	\$ 201,785
Lennox Paratransit	59,816	66,603
Subsidized Taxi Vouchers	27,265	25,925
Other revenues	-	1,361
Reduced Fare Bus Passes	36,537	30,751
Fare Donation	3,910	5,281
Total	\$ <u>324,507</u>	\$ <u>331,706</u>

CITY OF INGLEWOOD

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

NOTE 10 – MTA CALL FOR PROJECTS - PCLRF

On April 20, 2015 and April 22, 2015, the City received payments in the amounts of \$7,481 and \$5,869, respectively, for a total amount of \$13,350. The payment was for door-through-door transportation service provided to the residents of Inglewood, Lennox, and Hawthorne from July 2012 to September 2012. The amount was withheld by Los Angeles County Metropolitan Transportation Authority (MTA) due to the findings related to the drugs and alcohol review.

NOTE 11 – ITS DEPLOYMENT AND INTEGRATION PROJECT - PCLRF

On June 30, 2015, the City received a payment from MTA in the amount of \$55,085 for the retention withheld from the work performed on the ITS Deployment and Integration Project, Phase III in fiscal years ended June 30, 2005 to June 30, 2011.

NOTE 12 – TRANSPORTATION DEVELOPMENT ACT FUND REVENUE ALLOCATION

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

	2015	2014
FY 2011-12 allocation	\$ 4,970	\$ 6,813
Total	\$ 4,970	\$ 6,813

NOTE 13 – 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 2011-12 allocation	\$ 31,558	\$ 36,528
FY 2012-13 allocation	84,709	84,709
FY 2013-14 allocation	90,082	90,082
FY 2014-15 allocation	73,362	-
Available reserve balance	\$ 279,711	\$ 211,319

CITY OF INGLEWOOD

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

NOTE 14 – SUBSEQUENT EVENTS

The City has evaluated events or transactions that occurred subsequent to June 30, 2015 through November 16, 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 Inglewood, 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 Inglewood, 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 November 16, 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 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 are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the 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
November 16, 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 Inglewood, California and the
Los Angeles County Metropolitan Transit Authority

Report on Compliance

We have audited the compliance of the City of Inglewood, 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 Inglewood 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 an instance of noncompliance, which is required to be reported in accordance with the Guidelines and which is described in the accompanying Schedule of Findings and Recommendations as Finding No. 15-01. Our opinion on Proposition C Local Return Funds is not modified with respect to these matters.

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

Report on Internal Control Over Compliance

Management of the City of Inglewood, California (City) 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 No. 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.



The purpose of this report on internal control over compliance is solely to describe the scope of our testing on internal control over compliance and the results of that testing based on the Guidelines. Accordingly, this report is not suitable for any other purpose.

Simpson & Simpson

Los Angeles, California
November 16, 2015

CITY OF INGLEWOOD
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	
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. 15-01 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) was submitted on time.	X		None	
9.	Cash or cash equivalents were maintained.	X		None	
10.	Accounting procedures, record keeping and documentation were adequate.	X		None	
11.	Revenues received including allocations, project generated revenues, and interest income were properly credited to the PALRF and PCLRF accounts.	X		None	

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

Compliance Requirement	In Compliance		Questioned Costs	If no, provide details and management response.	
	Yes	No			
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.	Funds 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	
11.	Funds were not used to supplant existing local revenues being used for transportation purpose.	X		None	

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

Compliance Requirement	In Compliance		Questioned Costs	If no, provide details and management response.
	Yes	No		
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 INGLEWOOD

SCHEDULE OF FINDINGS AND RECOMMENDATIONS
June 30, 2015

Finding No. 15-01 - 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 MTA approved budget for the following PCLRF projects:

Project Code	Project Name	2015
440-16	Traffic Sign Replacement HSIP Cycle 4 Project	\$ 55
450-02	Street Geometry Improvement	441
450-16	North LA Brea Avenue Project	11
450-17	Centinela Avenue Improvement Project	79
Total		\$ <u>586</u>

However, the City filed a Project Description Form (Form A) to obtain approval for these projects from MTA. The Form A’s were subsequently approved by MTA on October 22, 2015.

This condition was noted in fiscal year ended June 30, 2014.

Cause:

Project Managers of Public Works verified the June 30, 2015 expenditure paid in subsequent months. However, staff omitted one vendor from their reconciliation.

Effect:

The City’s PCLRF project expenditures exceeded 25 percent of MTA approved budget without MTA 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 MTA 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.

CITY OF INGLEWOOD

SCHEDULE OF FINDINGS AND RECOMMENDATIONS

June 30, 2015

(Continued)

Management's Response:

Three revisions to FY 2015 Forms A were submitted: June 25, 2015, July 30, 2015, and October 21, 2015. Going forward, Public Works staff will be more diligent in reconciling all project costs to allow any Form A adjustments for fiscal year end expenditures, be submitted to Metro by the required deadlines.

EXIT CONFERENCE

CITY OF INGLEWOOD

**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 16, 2015 via telephone conference. Those in attendance were:

Simpson & Simpson Representative:

Teresita Anson, Senior Auditor

John Longoria, Staff Auditor

City's Representative:

Aleathia Scott, Senior Accountant

Matters Discussed:

Results of the audit disclosed one (1) significant control deficiency and one (1) 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:

Sharon Koike, Assistant Finance Director

Aleathia Scott, Senior Accountant