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**City of Inglewood
Annual Financial Report of its**

**Proposition A Local Return Fund
Proposition C Local Return Fund
Measure R Local Return Fund
Measure M Local Return Fund
Transportation Development Act Article 3 Fund**

**As of and for the Years Ended June 30, 2019 and 2018
with Report of Independent Auditors**

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FINANCIAL SECTION

Report of Independent Auditors

**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, the Proposition C Local Return Fund, the Measure R Local Return Fund, the Measure M Local Return Fund and the Transportation Development Act Article 3 Fund (collectively, the Funds) of the City of Inglewood, California (the City) which comprise the Funds' balance sheets as of June 30, 2019 and 2018, and the related statements of revenues, expenditures and changes in fund balances for the years then ended, and the related notes to the financial statements.

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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits 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 audits 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 City'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 City'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 Proposition A Local Return Fund, the Proposition C Local Return Fund, the Measure R Local Return Fund, the Measure M Local Return Fund and the Transportation Development Act Article 3 Fund of the City of Inglewood, California, as of June 30, 2019 and 2018, and the respective changes in 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 Proposition A Local Return Fund, the Proposition C Local Return Fund, the Measure R Local Return Fund, the Measure M Local Return Fund and the Transportation Development Act Article 3 Fund of the City of Inglewood, California, and do not purport to, and do not present fairly the financial position of the City as of June 30, 2019 and 2018, and the changes in its financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Supplementary Information

Our audits were conducted for the purpose of forming opinions on each of the Funds' financial statements as a whole. The supplementary information identified in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information identified in the table of contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the Funds' basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the Funds' basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the Funds' basic financial statements or to the Funds' basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to each of the Funds' basic financial statements as a whole.



Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2019 on our consideration of the City's internal control over the Funds' 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 solely to describe the scope of our testing of internal control over the Funds' financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over the Funds' financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over the Funds' financial reporting and compliance.

Vasquez & Company LLP

**Glendale, California
December 17, 2019**

**City of Inglewood
Proposition A Local Return Fund
Balance Sheets**

		June 30	
		2019	2018
ASSETS			
Cash and investments		\$ 5,436,761	\$ 6,266,326
	Total assets	\$ 5,436,761	\$ 6,266,326
LIABILITIES AND FUND BALANCE			
Liabilities			
Accounts payable		\$ 681,025	\$ 10,169
Retention payable		40,253	2,752
Accrued wages payable		99,631	62,876
	Total liabilities	820,909	75,797
Fund balance			
Restricted		4,615,852	6,190,529
	Total fund balance	4,615,852	6,190,529
	Total liabilities and fund balance	\$ 5,436,761	\$ 6,266,326

See notes to Funds financial statements.

City of Inglewood
Proposition A Local Return Fund
Statements of Revenues, Expenditures and Changes in Fund Balance

	Years ended June 30	
	2019	2018
Revenues		
Proposition A	\$ 2,306,744	\$ 2,175,866
Investment income	128,692	69,592
Total revenues	2,435,436	2,245,458
 Expenditures		
Various projects	4,010,113	1,430,119
Total expenditures	4,010,113	1,430,119
 Excess (deficiency) of revenues over expenditures	(1,574,677)	815,339
 Fund balance at beginning of year	6,190,529	5,375,190
 Fund balance at end of year	\$ 4,615,852	\$ 6,190,529

See notes to Funds financial statements.

City of Inglewood
Proposition A Local Return Fund
Supplementary Information
Schedule of Expenditures – Actual and LACMTA Approved Project Budget
Year ended June 30, 2019
(With Comparative Actuals for 2018)

Project Code	Project Name	2019			2018 Actual
		LACMTA Budget	Actual	Variance Positive (Negative)	
150-08	Transit Stop Improvements	\$ 207,460	\$ 202,458	\$ 5,002	\$ 211,681
150-22	Van Ness Avenue Bus Stop Improvement Project	1	-	1	-
150-23	N La Brea Ave Bus Stop Improvement Project	686,837	669,837	17,000	-
150-24	Imperial Highway Bus Stop Improvement Project	135,213	45,183	90,030	-
150-25	Century Blvd Bus Stop and Mobility Improvement Project	1	-	1	-
220-01	Transit Security	800,000	717,231	82,769	1,218,438
270-01	City Last Mile Transit Connector	3,469,991	2,375,404	1,094,587	-
Total expenditures		\$ 5,299,503	\$ 4,010,113	\$ 1,289,390	\$ 1,430,119

See report of independent auditors.

City of Inglewood
Proposition A Local Return Fund
Supplementary Information
Schedule of Capital Assets
Year ended June 30, 2019

<u>Date Acquired</u>	<u>Description</u>	<u>Balance July 1, 2018</u>	<u>Additions / Adjustments</u>	<u>Deletions / Adjustments</u>	<u>Balance June 30, 2019</u>
2013	Transit Stop Improvement	\$ 84,546	\$ -	\$ 14,919	\$ 69,627
2014	Transit Stop Improvement	80,463	9,373	5,547	84,289
2015	Transit Stop Improvement	20,467	-	20,467	-
2015	Transit Stop Improvement	377,292	179,579	28,739	528,132
2019	N La Brea Avenue Improvement	-	555,230	-	555,230
2019	Transit Stop Improvement FY15	-	7,380	-	7,380
2019	City Last Mile Transit Connector	-	1,854,169	-	1,854,169
Total		\$ 562,768	\$ 2,605,731	\$ 69,672	\$ 3,098,827

See report of independent auditors.

**City of Inglewood
Proposition C Local Return Fund
Balance Sheets**

		June 30	
		2019	2018
ASSETS			
Cash and investments	\$	1,029,418	\$ 5,033,654
Due from LACMTA		-	79,211
Due from other agencies		<u>194,486</u>	<u>107,190</u>
Total assets	\$	<u>1,223,904</u>	<u>\$ 5,220,055</u>
LIABILITIES AND FUND BALANCE			
Liabilities			
Accounts payable	\$	516,078	630,451
Retention payable		147,076	6,991
Accrued wages		<u>30,632</u>	<u>27,704</u>
Total liabilities		<u>693,786</u>	<u>665,146</u>
Fund balance			
Restricted		<u>530,118</u>	<u>4,554,909</u>
Total fund balance		<u>530,118</u>	<u>4,554,909</u>
Total liabilities and fund balance	\$	<u>1,223,904</u>	<u>\$ 5,220,055</u>

See notes to Funds financial statements.

City of Inglewood
Proposition C Local Return Fund
Statements of Revenues, Expenditures and Changes in Fund Balance

	Years ended June 30	
	2019	2018
Revenues		
Proposition C	\$ 1,913,379	\$ 1,798,276
Proposition A Discretionary Incentive Program grant	191,894	196,539
Investment income	60,253	63,273
Project generated revenues	300,424	271,052
Total revenues	2,465,950	2,329,140
Expenditures		
Various projects	6,490,741	3,251,430
Total expenditures	6,490,741	3,251,430
Deficiency of revenues over expenditures	(4,024,791)	(922,290)
Fund balance at beginning of year	4,554,909	5,477,199
Fund balance at end of year	\$ 530,118	\$ 4,554,909

See notes to Funds financial statements.

City of Inglewood
Proposition C Local Return Fund
Supplementary Information
Schedule of Expenditures – Actual and LACMTA Approved Project Budget
Year ended June 30, 2019
(With Comparative Actuals for 2018)

Project Code	Project Name	2019			2018 Actual
		LACMTA Budget	Actual	Variance Positive (Negative)	
110-05	Market Street Trolley	\$ 110,000	\$ 86,947	\$ 23,053	\$ 86,553
130-04	Senior Citizen Paratransit	850,000	782,522	67,478	793,556
240-10	Subsidized Taxi Services	150,000	147,420	2,580	172,693
250-07	Reduced Fare Bus Passes	75,000	72,309	2,691	56,820
270-01	City Last Mile Transit Connector	1,905,988	1,618,628	287,360	957,757
400-03	Intelligent Transportation System - ITS - Phase	6,793	4,650	2,143	29,453
450-02	Street Geometry Improvement	273,003	233,810	39,193	237,545
450-13	Crenshaw Blvd/84th Street HSIP	228	155	73	15,540
450-14	Florence Ave Regional Transportation Corridor Improvement Project	-	-	-	(3,096)
450-15	La Tijera Elementary School SR2S Project	126,708	85,819	40,889	305,963
450-16	N La Brea Ave Project	633,156	778,663	(145,507)	7,734
450-17	Centinela Avenue Improvement Project	23,201	23,188	13	581
450-20	Streets and Alleys Rehabilitation	2,536,321	2,336,114	200,207	250,704
450-21	Imperial Highway Improvement Project	2,325	2,325	-	-
450-22	Pavement Resurfacing & Handicapped Ramps - Crenshaw and Century	1	-	1	-
450-23	Manchester Blvd Project	1	-	1	-
480-01	Transportation Management and Grants	350,000	318,191	31,809	272,715
450-02	Imperial Highway Rehabilitation - Phase I (7905)	-	-	-	66,912
	Total expenditures	\$ 7,042,725	\$ 6,490,741	\$ 551,984	\$ 3,251,430

See report of independent auditors.

City of Inglewood
Proposition C Local Return Fund
Supplementary Information
Schedule of Capital Assets
Year ended June 30, 2019

<u>Date Acquired</u>	<u>Description</u>	<u>Balance July 1, 2018</u>	<u>Additions / Adjustments</u>	<u>Deletions / Adjustments</u>	<u>Balance June 30, 2019</u>
2008	Resurfacing of Local Streets P620	\$ 164,258	\$ -	\$ 41,065	\$ 123,193
2008	Street Geometry Improvement Project P615	6,000	-	1,500	4,500
2010	Intersection and Street Reconstruction P622	91,356	-	19,576	71,780
2010	Intersection and Street Reconstruction	127,770	-	27,379	100,391
2010	La Brea - Manchester to Century P636	2,450,493	-	525,106	1,925,387
2010	Arbor Vitae Project East P670	30,095	-	6,449	23,646
2010	Arbor Vitae Project East	29,781	-	6,382	23,399
2010	La Brea - Manchester to Century	127,863	-	27,399	100,464
2011	Crenshaw/Century Installation of Signals	19,651	-	3,930	15,721
2012	La Brea Ave Improvement Project Phase I	8,177	-	1,533	6,644
2012	Annual Street Improvements	242,178	-	45,408	196,770
2013	Street Geometry Improvement Project	67,407	-	11,895	55,512
2013	Resurfacing of Local Streets	380,310	-	67,114	313,196
2013	Pavement Management system	56,800	-	10,024	46,776
2014	Street Geometry Improvement Project	347	-	58	289
2014	La Brea Ave Improvement Project Phase II	470,737	-	78,456	392,281
2014	La Brea Ave Improvement Project Phase II	430	-	72	358
2014	Pavement Management System	1,346	-	224	1,122
2015	Traffic Sign Replacement Project	16,216	-	2,560	13,656
2015	Florence Ave Regional Transportation	1,588,563	-	250,826	1,337,737
2015	La Brea Ave Improvement Project Phase I	2,798	-	442	2,356
2015	Street Improvements at La Cienega	161,506	-	25,501	136,005
2015	La Brea - Intersection Realignment	231,951	-	36,624	195,327
2015	Century Blvd Corridor Design Project	2,492,258	-	393,514	2,098,744
2016	Century Blvd Corridor Design Project	75,502	-	11,325	64,177
2019	Florence Ave Regional Transp	-	5,470	275	5,195
2019	La Brea TLSP-PRO 1B	-	552,016	27,716	524,300
2019	Crenshaw Blvd & 84th Street HSIP	-	64,736	3,251	61,485
2019	La Tijera Elementary School Project	-	441,590	-	441,590
2019	Highway Improvement Project	-	69,237	-	69,237
2019	Centinela Avenue Improvement	-	113,073	-	113,073
2019	N. La Brea Avenue Improvement	-	594,259	-	594,259
2019	Street Geometry Improvement Project	-	563,715	-	563,715
2019	Intelligent Transp System ITS Phase 4b	-	35,843	-	35,843
2019	Street Rehabilitation Project	-	2,334,212	-	2,334,212
2019	City Last Mile Transit Connector	-	2,292,015	-	2,292,015
2019	Stadium Project Planning & Improvement	-	122,382	-	122,382
Total		\$ 8,843,793	\$ 7,188,548	\$ 1,625,604	\$ 14,406,737

See report of independent auditors.

**City of Inglewood
Measure R Local Return Fund
Balance Sheets**

		June 30	
		2019	2018
ASSETS			
Cash and investments		\$ 4,569,404	\$ 4,765,607
	Total assets	\$ 4,569,404	\$ 4,765,607
LIABILITIES AND FUND BALANCE			
Liabilities			
Accounts payable		\$ 530,138	\$ -
Retention payable		61,517	-
Accrued wages payable		-	36,424
	Total liabilities	591,655	36,424
Fund balance			
Restricted		3,977,749	4,729,183
	Total fund balance	3,977,749	4,729,183
	Total liabilities and fund balance	\$ 4,569,404	\$ 4,765,607

See notes to Funds financial statements.

City of Inglewood
Measure R Local Return Fund

Statements of Revenues, Expenditures and Changes in Fund Balance

	Years ended June 30	
	2019	2018
Revenues		
Measure R	\$ 1,435,447	\$ 1,351,794
Investment income	89,759	64,674
Total revenues	1,525,206	1,416,468
 Expenditures		
Various projects	2,276,640	2,297,238
Total expenditures	2,276,640	2,297,238
 Deficiency of revenues over expenditures	(751,434)	(880,770)
 Fund balance at beginning of year	4,729,183	5,609,953
 Fund balance at end of year	\$ 3,977,749	\$ 4,729,183

See notes to Funds financial statements.

City of Inglewood
Measure R Local Return Fund
Supplementary Information
Schedule of Expenditures – Actual and LACMTA Approved Project Budget
Year ended June 30, 2019
(With Comparative Actuals for 2018)

Project Code	Project Name	2019			2018 Actual
		LACMTA Budget	Actual	Variance Positive (Negative)	
1.05	Resurfacing of Local Streets	\$ 21,134	\$ 6,569	\$ 14,565	\$ 1,021,172
1.05	Street Lighting and Roadway Safety Improvements	151,956	49,348	102,608	475,075
1.05	N La Brea Avenue Improvements	396,555	523,978	(127,423)	22,837
1.05	South Prairie Improvement Project	274,594	217,260	57,334	95,560
1.05	Imperial Highway Improvement Project	-	(1,080)	1,080	3,480
1.05	Streets Rehabilitation Project	960,920	776,137	184,783	3,480
1.05	Sidewalk and Ramp Rehabilitation Project	449,149	431,349	17,800	177,592
1.10	Century Blvd Mobility Improvement Project	1,067,653	19,855	1,047,798	-
2.04	Traffic Safety Sign Project	50,000	-	50,000	-
2.09	ITS Master Plan	28,105	62,557	(34,452)	136,004
2.29	Annual Traffic Signal Improvement Program	1,262,307	190,667	1,071,640	362,038
5.90	City Last Mile Transit Connector	1,340,000	-	1,340,000	-
Total expenditures		\$ 6,002,373	\$ 2,276,640	\$ 3,725,733	\$ 2,297,238

See report of independent auditors.

City of Inglewood
Measure R Local Return Fund
Supplementary Information
Schedule of Capital Assets
Year ended June 30, 2019

Date Acquired	Description	Balance July 1, 2018	Additions / Adjustments	Deletions / Adjustments	Balance June 30, 2019
2013	Resurfacing of Local Streets	\$ 218,772	\$ -	\$ 38,607	\$ 180,165
2014	Street Lighting and Roadway Safety Improvement	33,191	-	5,532	27,659
2014	Resurfacing of Local Streets	819	-	138	681
2014	Resurfacing of Local Streets	460,796	-	76,800	383,996
2014	Annual Traffic Signal Improvement	61,298	-	10,215	51,083
2014	Traffic Signal Improvement Program	882,482	-	147,081	735,401
2016	Resurfacing of Local Streets	48,540	-	7,281	41,259
2016	Traffic Signal Improvement Program	22,794	-	3,420	19,374
2018	Resurfacing of Local Streets	375,450	-	4,692	370,758
2018	Traffic Signal Improvement Program	223,925	-	2,799	221,126
2018	Resurfacing of Local Streets FY16	-	174	9	165
2018	Resurfacing of Local Streets FY17	-	1,767,462	87,290	1,680,172
2018	Sidewalk and Ramp Rehabilitation	-	583,587	29,179	554,408
2018	Imperial Hwy Project	3,480	-	-	3,480
2018	N LA Brea Ave Improvements	6,535	-	-	6,535
2018	Street Lighting and Roadway Improvement	475,075	-	-	475,075
2018	Resurfacing of Local Streets	775,383	-	-	775,383
2018	Annual Traffic Signal Improvements	319,920	-	-	319,920
2018	ITS Master Plan	131,594	-	-	131,594
2018	South Praire Improvement Project	94,802	-	-	94,802
2018	Sidewalk and Ramp Rehabilitation	176,833	-	-	176,833
2018	Streets Rehabilitation	3,480	-	-	3,480
2019	Century Blvd Mobility Improvement Project	-	8,100	-	8,100
2019	ITS PHASE IV	-	753	-	753
2019	Van Ness Avenue Improvement	-	7,200	-	7,200
2019	Imperial Highway Improvement Project	-	3,480	-	3,480
2019	N La Brea Ave Improvement	-	160,177	-	160,177
2019	Annual Traffic Signal Improvement	-	525,225	-	525,225
2019	Street Lighting & Roadway Safety Imp	-	480,578	-	480,578
2019	ITS Master Plan	-	203,230	-	203,230
2019	South Praire Improvement Project	-	303,211	-	303,211
2019	Resurfacing of Local Street FY17	-	1,822	-	1,822
2019	Sidewalk and Ramp Rehabilitation	-	25,354	-	25,354
2019	Streets Rehabilitation Project	-	764,206	-	764,206
Total		\$ 4,315,169	\$ 4,834,559	\$ 413,043	\$ 8,736,685

See report of independent auditors.

**City of Inglewood
Measure M Local Return Fund
Balance Sheets**

		June 30	
		2019	2018
ASSETS			
Cash and investments		\$ <u>2,888,285</u>	\$ <u>1,231,078</u>
	Total assets	\$ <u>2,888,285</u>	\$ <u>1,231,078</u>
LIABILITIES AND FUND BALANCE			
Liabilities			
Accounts payable		\$ <u>-</u>	\$ <u>-</u>
	Total liabilities	\$ <u>-</u>	\$ <u>-</u>
Fund balance			
Restricted		<u>2,888,285</u>	<u>1,231,078</u>
	Total fund balance	<u>2,888,285</u>	<u>1,231,078</u>
	Total liabilities and fund balance	\$ <u>2,888,285</u>	\$ <u>1,231,078</u>

See notes to Funds financial statements.

City of Inglewood
Measure M Local Return Fund

Statements of Revenues, Expenditures and Changes in Fund Balance

		Years ended June 30	
		2019	2018
Revenues			
Measure M		\$ 1,618,916	\$ 1,225,034
Investment income		38,291	6,044
	Total revenues	1,657,207	1,231,078
Expenditures			
Various projects		-	-
	Total expenditures	-	-
Excess of revenues over expenditures		1,657,207	1,231,078
Fund balance at beginning of year		1,231,078	-
Fund balance at end of year		\$ 2,888,285	\$ 1,231,078

See notes to Funds financial statements.

City of Inglewood
Measure M Local Return Fund
Supplementary Information
Schedule of Expenditures – Actual and LACMTA Approved Project Budget
Year ended June 30, 2019
(With Comparative Actuals for 2018)

Project Code	Project Name	2019			2018 Actual
		LACMTA Budget	Actual	Variance Positive (Negative)	
None		\$ -	\$ -	\$ -	-
	Total expenditures	\$ -	\$ -	\$ -	-

See report of independent auditors.

City of Inglewood
Measure M Local Return Fund
Supplementary Information
Schedule of Capital Assets
Year ended June 30, 2019

Date Acquired	Description	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019
	None	\$ -	\$ -	\$ -	\$ -
	Total	\$ -	\$ -	\$ -	\$ -

See report of independent auditors.

City of Inglewood
Transportation Development Act Article 3 Fund
Pursuant to Public Utilities Code Section 99234
Balance Sheets

		June 30	
		2019	2018
ASSETS			
Due from LACMTA		\$ -	\$ 122,358
	Total assets	\$ -	\$ 122,358
LIABILITIES AND FUND BALANCE (DEFICIT)			
Liabilities			
Due to General Fund		\$ -	\$ 171,873
Retention payable		-	7,400
	Total liabilities	-	179,273
Fund balance (deficit)			
Restricted		-	(56,915)
	Total fund balance (deficit)	-	(56,915)
	Total liabilities and fund balance (deficit)	\$ -	\$ 122,358

See notes to Funds financial statements.

City of Inglewood
 Transportation Development Act Article 3 Fund
 Pursuant to Public Utilities Code Section 99234
Statements of Revenues, Expenditures and Changes in Fund Balance

		Years ended June 30	
		2019	2018
Revenues			
Intergovernmental Allocations:			
Article 3	\$	56,915	\$ 122,358
Total revenues		56,915	122,358
 Expenditures			
Sidewalk Replacement Project		-	174,754
Total expenditures		-	174,754
Excess (deficiency) of revenues over expenditures		56,915	(52,396)
Fund balance (deficit) at beginning of year		(56,915)	(4,519)
Fund balance (deficit) at end of year	\$	-	\$ (56,915)

See notes to Funds financial statements.

City of Inglewood
Transportation Development Act Article 3 Fund
Pursuant to Public Utilities Code Section 99234
Supplementary Information
Schedule of Transportation Development Act Allocation for Specific Projects
Year ended June 30, 2019

Project Description	Program Year	Totals to Date		Unexpended Allocations	Project Status
		Allocations	Expenditures		
Local Allocations:					
Sidewalk Replacement Project	2019	\$ 56,915	\$ -	\$ 56,915	Completed
Totals		<u>\$ 56,915</u>	<u>\$ -</u>	56,915	
Fund deficit at beginning of year				(56,915)	
Fund balance at end of year				<u>\$ -</u>	

See report of independent auditors.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fund Accounting

The operations of the Proposition A Local Return Fund (PALRF), the Proposition C Local Return Fund (PCLRF), the Measure R Local Return Fund (MRLRF), the Measure M Local Return Fund (MMLRF) and the Transportation Development Act Article 3 Fund (TDAA3F) (collectively, the Funds) 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 is derived from 15% of the county-wide ½ cent Measure R 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.

MMLRF is derived from 17% of the county-wide ½ cent Measure M 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.

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 and Measurement Focus

The PALRF, PCLRF, MRLRF, MMLRF and TDAA3F are reported as Special Revenue Funds of the City and are accounted for using the modified accrual basis of accounting. Revenues are recognized when they become "susceptible to accrual", that is, measurable and available to finance expenditures of the current period. Expenditures are recorded when the liability is incurred.

Special Revenue Funds are reported on a spending or "financial flow" measurement focus. This means that generally, only current assets, current liabilities and deferred inflows and outflows of resources are included on their balance sheets. Statements of revenues, expenditures and changes in fund balances for Special Revenue Funds generally present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

Budgets and Budgetary Accounting

The budgeted amounts presented in this report for comparison to the actual amounts are based on budgets approved by LACMTA and are presented in accordance with accounting principles generally accepted in the United States of America.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurement

In accordance with GASB Statement No. 72, *Fair Value Measurement and Application*, the City categorizes its fair value measurement within the fair value hierarchy that is based on the valuation inputs used to measure the fair value of the investment. Level 1 inputs are quoted prices in active markets for identical investments; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Accordingly, the City reports its investments at fair value and recognizes unrealized gain (loss) on investments.

Refer to the City's Comprehensive Annual Financial Report for detailed disclosures regarding the City's investments policy and fair value measurement disclosures.

Fund Balance Reporting

Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, establishes the fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

The PALRF, PCLRF, MRLRF, MMLRF and TDAA3F report the following fund balance classification as of June 30, 2019 and 2018:

- Restricted - Amounts that are constrained for specific purposes, which are externally imposed by providers, such as creditors, or amounts constrained due to constitutional provisions or enabling legislation. The use of the Funds' remaining fund balances is restricted for projects approved by LACMTA.

Information regarding the fund balance reporting policy adopted by the City is described in the City's Comprehensive Annual Financial Report.

NOTE 2 ANNUAL FINANCIAL STATEMENTS

The financial statements reflect only the financial position and results of operations of the PALRF, PCLRF, MRLRF, MMLRF and TDAA3F, and do not purport to, and do not present fairly the City's financial position as of June 30, 2019 and 2018, and the changes in its financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

NOTE 3 PROPOSITION A AND PROPOSITION C LOCAL RETURN COMPLIANCE REQUIREMENTS

The Proposition A Ordinance requires that Local Return (LR) funds be used exclusively to benefit public transit. Expenditures related to fixed route and paratransit services, Transportation Demand Management, Transportation Systems Management and fare subsidy programs that exclusively benefit transit are all eligible uses of Proposition A LR funds. Proposition A LR funds may also be traded with other Jurisdictions in exchange for general or other funds.

The Proposition C Ordinance directs that LR funds also be used to benefit public transit, as described above, but provides an expanded list of eligible project expenditures including Congestion Management Programs, bikeways and bike lanes, street improvements supporting public transit service, and Pavement Management System projects. Proposition C LR funds cannot be traded.

Proposition A and Proposition C LR funds must be expended within three years of the last day of the fiscal year in which funds were originally allocated.

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. See accompanying Compliance Matrix.

NOTE 4 MEASURE R LOCAL RETURN COMPLIANCE REQUIREMENTS

The Measure R Ordinance specifies that LR funds be used exclusively for transportation purposes.

Measure R LR funds must be expended within five years of the first day of the fiscal year in which funds were originally allocated or received.

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. See accompanying Compliance Matrix.

NOTE 5 MEASURE M LOCAL RETURN COMPLIANCE REQUIREMENTS

Measure M was approved by the voters of Los Angeles County on November 8, 2016 to improve transportation and ease traffic congestion consistent with the Los Angeles County Traffic Improvement Plan Ordinance approved by the Metro Board of Directors on June 23, 2016. The Measure M Ordinance specifies that LR funds be used exclusively for transportation purposes.

Measure M LR funds must be expended within five years of the first day of the fiscal year in which funds were originally allocated or received.

NOTE 5 MEASURE M LOCAL RETURN COMPLIANCE REQUIREMENTS (CONTINUED)

In accordance with *Measure M Local Return Program Guidelines*, funds received pursuant to these guidelines may only be used for Measure M Local Return approved programs. See accompanying Compliance Matrix.

NOTE 6 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. See accompanying Compliance Matrix.

NOTE 7 CASH AND INVESTMENTS

The PALRF, PCLRF, MRLRF, MMLRF 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.

Please refer to the City's Comprehensive Annual Financial Report (CAFR) for a full description of risks relating to cash and investments.

NOTE 8 DUE FROM OTHER AGENCIES – PCLRF

Due from other agencies as of June 30, 2019 and 2018 consisted of the following:

		2019		2018
Hawthorne Paratransit	\$	120,940	\$	78,883
Lennox Paratransit		73,546		28,307
	\$	194,486	\$	107,190

NOTE 9 PROPOSITION A DISCRETIONARY INCENTIVE PROGRAM GRANTS

The City received Proposition A Discretionary Incentive Program grant amounting to \$191,894 and \$196,539 for the years ended June 30, 2019 and 2018, respectively, which represents additional funds received from LACMTA for participating in the sub-regional paratransit services program. The City used this grant to operate a demand-response paratransit Dial-A-Ride program available to eligible disabled residents.

The Proposition A Discretionary Incentive Grants were recorded in PCLRF.

NOTE 10 PROJECT GENERATED REVENUES

Project generated revenues under PCLRF for the years ended June 30, 2019 and 2018 consisted of the following:

		<u>2019</u>		<u>2018</u>
Hawthorne Paratransit	\$	175,575	\$	151,837
Lennox Paratransit		61,613		48,090
Subsidized Taxi Vouchers		25,785		31,960
Reduced Fare Bus Passes		32,210		32,070
Fare Donation		3,920		4,426
Other		1,321		2,669
	\$	<u>300,424</u>	\$	<u>271,052</u>

NOTE 11 TRANSPORTATION DEVELOPMENT ACT ARTICLE 3 FUND REVENUE ALLOCATION

The revenue allocations for the years ended June 30, 2019 and 2018 consisted of the following:

		<u>2019</u>		<u>2018</u>
FY 2016/17 allocation	\$	-	\$	46,398
FY 2017/18 allocation		-		75,960
FY 2018/19 allocation		56,915		-
	\$	<u>56,915</u>	\$	<u>122,358</u>

NOTE 12 TRANSPORTATION DEVELOPMENT ACT ARTICLE 3 FUNDS RESERVED

In accordance with TDA Article 3 (SB821) Guidelines, funds which will not be 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 LACMTA. As of June 30, 2019 and 2018, the City has funds on reserve as follows:

		<u>2019</u>		<u>2018</u>
FY 2018/19 allocation	\$	20,968	\$	-
	\$	<u>20,968</u>	\$	<u>-</u>

For FY 2018/19, any TDA Article 3 funds left on reserve for FY 2014/15 or prior, are subject to lapse if not claimed by the City by June 30, 2019. There were no funds that lapsed in FY 2018/19.

NOTE 13 SUBSEQUENT EVENTS

The City has evaluated subsequent events through December 17, 2019, the date the financial statements were available to be issued, and concluded no events have occurred that require disclosure or adjustments to the financial statements.

**Report of Independent Auditors 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 Transportation Authority**

We have audited, in accordance with the 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, the Proposition C Local Return Fund, the Measure R Local Return Fund, the Measure M Local Return Fund and the Transportation Development Act Article 3 Fund (collectively, the Funds) of the City of Inglewood, California (the City) as of and for the year ended June 30, 2019, and the related notes to the financial statements, and have issued our report thereon dated December 17, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the Funds' financial statements, we considered the City's internal control over the Funds' financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the Funds' 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 Funds' 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 Proposition A Local Return Fund, Proposition C Local Return Fund, Measure R Local Return Fund, Measure M Local Return Fund and Transportation Development Act Article 3 Fund 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 results of that testing, and not to provide an opinion on the effectiveness of the City'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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

**Glendale, California
December 17, 2019**

COMPLIANCE SECTION

Report of Independent Auditors on Compliance

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

Report on Compliance

We have audited the compliance of the City of Inglewood, California (the City) with the Proposition A and Proposition C Local Return Guidelines, Measure R Local Return Guidelines, Measure M Local Return Guidelines, Transportation Development Act Article 3, and the Los Angeles County Metropolitan Transportation Authority's Funding and Allocation Guidelines for Transportation Development Act Article 3 Bicycle and Pedestrian Funds (collectively, the Guidelines) for the year ended June 30, 2019.

Management's Responsibility

Management is responsible for the City's compliance with the Guidelines.

Auditors' Responsibility

Our responsibility is to express an opinion on the City's compliance with the Guidelines based on our audit. We conducted our audit of compliance in accordance with the 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. Those standards and the Guidelines require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on the Proposition A Local Return Program, Proposition C Local Return Program, Measure R Local Return Program, Measure M Local Return Program and Transportation Development Act Article 3 Program 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 with the Guidelines. However, our audit does not provide a legal determination of the City's compliance with the Guidelines.

Opinion

In our opinion, the City of Inglewood, California complied, in all material respects, with the compliance requirements of the Guidelines for the year ended June 30, 2019.



Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance, 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 on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with the requirements, such that there is a reasonable possibility that material noncompliance will not be prevented, or detected and corrected, on a timely basis. 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.

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

A handwritten signature in black ink that reads "Vaguez & Company LLP".

**Glendale, California
December 17, 2019**

**City of Inglewood
Compliance Matrix
Year ended June 30, 2019**

Compliance Requirements	In Compliance			Questioned Costs	If no, provide details and management response.
	Yes	No	N/A		
A. Proposition A and Proposition C Local Return Funds					
1. Uses the State Controller's Uniform System of Accounts and Records.	X				
2. Timely use of funds.	X				
3. Funds expended were approved and have not been substituted for property tax.	X				
4. Expenditures that exceeded 25% of approved project budget have approved amended Project Description Form (Form A)			X		
5. Administrative expenses are within the 20% cap of the total annual Local Return Expenditures.	X				
6. All on-going and carryover projects were reported in Form B.	X				
7. Annual Project Summary Report (Form B) was submitted timely.	X				
8. Annual Expenditure Report (Form C) was submitted timely.	X				
9. Cash or cash equivalents are maintained.	X				
10. Accounting procedures, record keeping and documentation are adequate.	X				
11. Pavement Management System (PMS) in place and being used for Street Maintenance or Improvement Projects Expenditures.	X				
12. Local Return Account is credited for reimbursable expenditures.	X				
13. Self-Certification was completed and submitted for Intelligent Transportation Systems projects or elements.			X		
14. Assurances and Understandings form was on file.	X				
15. Recreational Transit Form was submitted timely.	X				

See report of independent auditors on compliance.

**City of Inglewood
Compliance Matrix
Year ended June 30, 2019**

Compliance Requirements	In Compliance			Questioned Costs	If no, provide details and management response.
	Yes	No	N/A		
B. Measure R Local Return Fund					
1. Funds were expended for transportation purposes.	X				
2. Funds were used to augment, not supplant, existing local revenues being used for transportation purposes unless there is a funding shortfall.	X				
3. Signed Assurances and Understandings on file.	X				
4. Separate Measure R Local Return Account was established.	X				
5. Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure R Local Return Account.	X				
6. Funds were expended with LACMTA's approval.	X				
7. Expenditure Plan (Form One) was submitted timely.	X				
8. Expenditure Report (Form Two) was submitted timely.	X				
9. Timely use of funds.	X				
10. Administrative expenses are within the 20% cap.	X				
11. Fund exchanges were approved by LACMTA.			X		
12. A separate account was established for Capital reserve funds and Capital reserve was approved by LACMTA.			X		
13. Recreational transit form was submitted timely.			X		

See report of independent auditors on compliance.

**City of Inglewood
Compliance Matrix
Year ended June 30, 2019**

Compliance Requirements	In Compliance			Questioned Costs	If no, provide details and management response.
	Yes	No	N/A		
C. Measure M Local Return Fund					
1. Funds were expended for transportation purposes.			X		There were no expenditures in FY 2018/19.
2. Funds were used to augment, not supplant, existing local revenues being used for transportation purposes unless there is a fund shortfall.			X		There were no expenditures in FY 2018/19.
3. Signed Assurances and Understandings on file.	X				
4. Separate Measure M Local Return Account was established.	X				
5. Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure M Local Return Account.	X				
6. Funds were expended with LACMTA's approval.			X		There were no expenditures in FY 2018/19.
7. Expenditure Plan (Form M-One) was submitted timely.			X		There were no expenditures in FY 2018/19.
8. Expenditure Report (Form M-Two) was submitted timely.	X				
9. Timely use of funds.	X				
10. Administrative expenses are within the 20% cap.			X		There were no expenditures in FY 2018/19.
11. Fund exchanges were approved by LACMTA.			X		
12. A separate account was established for Capital reserve funds and Capital reserve was approved by LACMTA.			X		
13. Recreational transit form was submitted timely.			X		

See report of independent auditors on compliance.

**City of Inglewood
Compliance Matrix
Year ended June 30, 2019**

Compliance Requirements	In Compliance			Questioned Costs	If no, provide details and management response.
	Yes	No	N/A		
D. Transportation Development Act Article 3 Fund					
1. Timely use of funds.	X				
2. Expenditures were incurred for activities relating to pedestrian and bicycle facilities and amenities.			X		There were no expenditures in FY 2018/19.

See report of independent auditors on compliance.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**City of Inglewood
Schedule of Findings and Questioned Costs
Year ended June 30, 2019**

There were no findings noted.

EXIT CONFERENCE

An exit conference was held on December 17, 2019 with the City of Inglewood representative. Those in attendance were:

Vasquez and Company LLP representative:
Marialyn Salvador – Audit Senior Manager

City of Inglewood representative:
Luisana Gomez – Accounting Manager

Matters discussed:

Results of the audit disclosed no significant compliance or financial statement issues.

A copy of this report was forwarded to the following City of Inglewood representatives for comments prior to the issuance of the final report:

Sharon Koike – Assistant Finance Director
Luisana Gomez – Accounting Manager
Aleathia Scott – Senior Accountant



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