



**Metro**<sup>™</sup>

**City of Lynwood  
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**

	<u>PAGE</u>
<b>FINANCIAL SECTION</b>	
Report of Independent Auditors	1
Proposition A Local Return Fund:	
Basic Financial Statements:	
Balance Sheets	4
Statements of Revenues, Expenditures and Changes in Fund Balance	5
Supplementary Information:	
Schedule of Expenditures – Actual and LACMTA Approved Project Budget	6
Schedule of Capital Assets	7
Proposition C Local Return Fund:	
Basic Financial Statements:	
Balance Sheets	8
Statements of Revenues, Expenditures and Changes in Fund Balance	9
Supplementary Information:	
Schedule of Expenditures – Actual and LACMTA Approved Project Budget	10
Schedule of Capital Assets	11
Measure R Local Return Fund:	
Basic Financial Statements:	
Balance Sheets	12
Statements of Revenues, Expenditures and Changes in Fund Balance	13
Supplementary Information:	
Schedule of Expenditures – Actual and LACMTA Approved Project Budget	14
Schedule of Capital Assets	16
Measure M Local Return Fund:	
Basic Financial Statements:	
Balance Sheets	17
Statements of Revenues, Expenditures and Changes in Fund Balance	18
Supplementary Information:	
Schedule of Expenditures – Actual and LACMTA Approved Project Budget	19
Schedule of Capital Assets	21
Transportation Development Act Article 3 Fund:	
Basic Financial Statements:	
Balance Sheets	22
Statements of Revenues, Expenditures and Changes in Fund Balance	23
Supplementary Information:	
Schedule of Transportation Development Act Allocation for Specific Projects	24
Notes to Funds Financial Statements	25
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 <i>Government Auditing Standards</i>	31

**COMPLIANCE SECTION**

Report of Independent Auditors on Compliance	33
Compliance Matrix	35

<b>SCHEDULE OF FINDINGS AND QUESTIONED COSTS</b>	39
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<b>EXIT CONFERENCE</b>	40
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**FINANCIAL SECTION**

## Report of Independent Auditors

**To the Honorable Members of the City Council of the  
City of Lynwood, 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 Lynwood, 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 Lynwood, 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 Lynwood, 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 30, 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 30, 2019**

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

		June 30	
		2019	2018
<b>ASSETS</b>			
Cash and investments	\$	3,954,104	\$ 3,583,411
Interest receivable		-	5,590
<b>Total assets</b>	<b>\$</b>	<b><u>3,954,104</u></b>	<b><u>\$ 3,589,001</u></b>
<b>LIABILITIES AND FUND BALANCE</b>			
<b>Liabilities</b>			
Accounts payable	\$	-	\$ -
<b>Total liabilities</b>		<u>-</u>	<u>-</u>
<b>Fund balance</b>			
Restricted		<u>3,954,104</u>	<u>3,589,001</u>
<b>Total fund balance</b>		<b><u>3,954,104</u></b>	<b><u>3,589,001</u></b>
<b>Total liabilities and fund balance</b>	<b>\$</b>	<b><u>3,954,104</u></b>	<b><u>\$ 3,589,001</u></b>

*See notes to Funds financial statements.*



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

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	Years ended June 30	
	2019	2018
<b>Revenues</b>		
Proposition A	\$ 1,445,419	\$ 1,352,455
Proposition A Discretionary Incentive Program grant	-	130,191
Investment income	91,081	25,788
Advertising	10,167	-
<b>Total revenues</b>	<b>1,546,667</b>	1,508,434
 <b>Expenditures</b>		
Various projects	1,181,564	1,265,290
<b>Total expenditures</b>	<b>1,181,564</b>	1,265,290
 Excess of revenues over expenditures	<b>365,103</b>	243,144
 Fund balance at beginning of year	<b>3,589,001</b>	3,345,857
 Fund balance at end of year	<b>\$ 3,954,104</b>	\$ 3,589,001

*See notes to Funds financial statements.*

**City of Lynwood**  
**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)	
110-05	Fixed Bus Route	\$ 535,000	\$ 529,988	\$ 5,012	\$ 503,204
110-06	Lynwood Trolley Blue Line Interface	222,000	220,109	1,891	208,960
120-07	Dial-A-Ride	135,000	117,571	17,429	140,277
140-02	Recreational Transit	17,000	11,378	5,622	8,533
150-04	Bus Stop Clean Up	195,000	54,524	140,476	243,409
250-01	MTA Bus Pass Voucher Subsidy	43,000	8,704	34,296	6,800
270-53	Transportation Assessment (Gateway Cities)	8,500	8,500	-	-
570-56	I-710 Corridor Study	25,000	-	25,000	-
270-59	Engineering and Traffic Survey/Traffic Counts	1	-	1	-
270-60	Bus Shelter Improvement (Planning)	2,000	-	2,000	-
270-61	Engineering Costs	16,000	-	16,000	-
270-63	Fixed Route Transit Assessment and Preparation of Transit Procurement Documents	62,500	43,170	19,330	-
280-58	Lynwood Trolley Route Brochure	1	-	1	-
300-58	Bus Shelter Improvement	1,500	1,428	72	4,866
300-60	Transit Center Improvement	53,000	50,358	2,642	-
480-03	Administration and Monitoring	130,000	135,834	(5,834)	149,241
<b>Total expenditures</b>		<b>\$ 1,445,502</b>	<b>\$ 1,181,564</b>	<b>\$ 263,938</b>	<b>\$ 1,265,290</b>

*See report of independent auditors.*

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

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<u>Date Acquired</u>	<u>Description</u>	<u>Balance July 1, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2019</u>
3/31/2017	Bus Shelters	\$ 89,940	\$ -	\$ -	\$ 89,940
3/31/2017	Bus Bench	11,988	-	-	11,988
3/31/2017	Trash Can with Door	11,988	-	-	11,988
	<b>Total</b>	<b>\$ 113,916</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 113,916</b>

*See report of independent auditors.*

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

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		June 30	
		2019	2018
<b>ASSETS</b>			
Cash and investments	\$	612,217	\$ 435,623
Interest receivable		-	7,304
<b>Total assets</b>	<b>\$</b>	<b>612,217</b>	<b>\$ 442,927</b>
<b>LIABILITIES AND FUND BALANCE (DEFICIT)</b>			
<b>Liabilities</b>			
Due to Measure M Bonds Fund	\$	1,047,616	\$ -
<b>Total liabilities</b>		<b>1,047,616</b>	<b>-</b>
<b>Fund balance (deficit)</b>			
Restricted		(435,399)	442,927
<b>Total fund balance (deficit)</b>		<b>(435,399)</b>	<b>442,927</b>
<b>Total liabilities and fund balance (deficit)</b>	<b>\$</b>	<b>612,217</b>	<b>\$ 442,927</b>

*See notes to Funds financial statements.*

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

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	Years ended June 30	
	2019	2018
<b>Revenues</b>		
Proposition C	\$ 1,198,934	\$ 1,119,471
Investment income	27,820	37,117
<b>Total revenues</b>	<b>1,226,754</b>	<b>1,156,588</b>
 <b>Expenditures</b>		
Various projects	2,105,080	5,789,062
<b>Total expenditures</b>	<b>2,105,080</b>	<b>5,789,062</b>
Deficiency of revenues over expenditures	(878,326)	(4,632,474)
Fund balance at beginning of year	442,927	5,075,401
Fund balance (deficit) at end of year	\$ (435,399)	\$ 442,927

*See notes to Funds financial statements.*

City of Lynwood  
**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)	
270-53	Transportation Assessment (Gateway Cities)	\$ 8,500	\$ -	\$ 8,500	\$ 8,247
270-56	I-710 Corridor Study	25,000	25,000	-	25,000
270-58	Long Beach Improvement	-	-	-	49,115
270-59	Engineering and Traffic Survey/Traffic Counts	1	-	1	-
270-61	Engineering Costs	50,000	-	50,000	-
270-62	Design for Traffic Signal at Long Beach Blvd and Louise St Intersection	30,000	-	30,000	16,412
380-57	Long Beach Blvd Improvement Project	1,747,000	334,836	1,412,164	1,170,292
380-58	Long Beach Blvd Improvement Project - Phase II	4,500,000	1,047,616	3,452,384	3,477,023
430-01	Urban Greening Greant-Lynwood Urban Bicycle Trail	82,579	68,816	13,763	-
440-30	Imperial Hwy and Martin Luther King Blvd (MLK) Intersection Improvements	330,000	-	330,000	49,635
440-46	Traffic Signal Improvements	1,200,000	607,966	592,034	947,723
440-69	Long Beach Blvd Improvement Project - Phase I and II	2,500,000	-	2,500,000	-
470-01	Pavement Management System	-	-	-	14,264
480-03	Administration and Monitoring	150,000	20,846	129,154	31,351
<b>Total expenditures</b>		<b>\$ 10,623,080</b>	<b>\$ 2,105,080</b>	<b>\$ 8,518,000</b>	<b>\$ 5,789,062</b>

*See report of independent auditors.*

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

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

*See report of independent auditors.*

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

		June 30	
		2019	2018
<b>ASSETS</b>			
Cash and investments	\$	2,533,055	\$ 3,081,119
Interest receivable		-	4,429
<b>Total assets</b>	<b>\$</b>	<b>2,533,055</b>	<b>\$ 3,085,548</b>
<b>LIABILITIES AND FUND BALANCE</b>			
<b>Liabilities</b>			
Accounts payable	\$	-	\$ 22,977
Due to Measure R BANS Fund		271,910	-
<b>Total liabilities</b>		<b>271,910</b>	<b>22,977</b>
<b>Fund balance</b>			
Restricted		2,261,145	3,062,571
<b>Total fund balance</b>		<b>2,261,145</b>	<b>3,062,571</b>
<b>Total liabilities and fund balance</b>	<b>\$</b>	<b>2,533,055</b>	<b>\$ 3,085,548</b>

*See notes to Funds financial statements.*



City of Lynwood  
Measure R Local Return Fund

**Statements of Revenues, Expenditures and Changes in Fund Balance**

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		Years ended June 30	
		2019	2018
<b>Revenues</b>			
Measure R	\$	899,459	\$ 840,235
Investment income		58,760	22,902
<b>Total revenues</b>		<b>958,219</b>	<b>863,137</b>
 <b>Expenditures</b>			
Various projects		1,759,645	746,397
<b>Total expenditures</b>		<b>1,759,645</b>	<b>746,397</b>
Excess (deficiency) of revenues over expenditures		<b>(801,426)</b>	116,740
Fund balance at beginning of year		<b>3,062,571</b>	2,945,831
Fund balance at end of year		<b>\$ 2,261,145</b>	<b>\$ 3,062,571</b>

*See notes to Funds financial statements.*

**City of Lynwood**  
**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	Birch Street, Fir Street, Lugo Avenue, Platt Avenue and Thorson Avenue Street Improvement	\$ 607,779	\$ 487,110	\$ 120,669	\$ -
1.05	Duncan Ave (From Imperial Hwy to Beechwood Ave) (Construction)	768,935	348,923	420,012	-
1.05	Louise Avenue Improvements (Design and Construction)	223,533	-	223,533	-
1.05	Wright Road Improvements (Design and Construction)	595,849	29,724	566,125	900
1.05	Long Beach Boulevard Improvement (Phase I)	567,213	148,232	418,981	-
1.05	Long Beach Boulevard Improvement (Phase II)	349,069	-	349,069	-
1.05	Various Street Improvements	-	-	-	21,874
1.05	Birch Street, Lugo Avenue, Platt Avenue Street Improvement	-	-	-	6,028
1.05	Virginia Ave (from Bullis Rd to Thorson Ave) and Olanda St (from Gibson Ave to Carlin St)	345,000	-	345,000	-
1.05	Duncan Avenue Improvements (Design and Construction)	-	-	-	7,049
1.05	Street Improvements	19,631	-	19,631	-
1.05	(New Bonds-BANS) Debt Service Principal	135,000	135,000	-	-
1.05	(New Bonds-BANS) Interest Expense	78,000	77,075	925	-
1.05	(New Bonds-BANS) Debt Issuance and Mgmt Cost	60,000	59,835	165	-
1.20	ATP Cycle II Lynwood Community Linkage (Design and Construction)	281,468	-	281,468	-
1.90	Measure R Bond Debt Service Payment	393,206	392,839	367	390,982
2.29	Traffic Signals Modifications (12 locations)	7,475	-	7,475	-
3.05	ATP Cycle II Lynwood Community Linkage (Design)	-	-	-	238,091
3.90	Sidewalk Improvement Project - Hulme Avenue and Other Locations	-	-	-	34,902
3.90	(New Bonds-Bans) Sidewalk and Street Improvements Project-Hulme and Other Locations	385,587	20,922	364,665	-
3.90	Pedestrian Improvements Around Various Schools (HSIP)	9,206	2,992	6,214	3,570
7.90	Sidewalk Assessment	63,043	1,057	61,986	-
7.90	Planning and Engineering Costs (Staff and Consultant Services)	405,401	33,822	371,579	-
7.90	Planning	-	-	-	24,501
7.90	Review Traffic Roundabout at Los Flores Blvd and State Street and Traffic Near Lincoln Elementary	-	-	-	18,500
8.10	Administration of Measure R Funds	46,423	22,114	24,309	-
<b>Total expenditures funded by MRLRF</b>		<b>\$ 5,341,818</b>	<b>\$ 1,759,645</b>	<b>\$ 3,582,173</b>	<b>\$ 746,397</b>

*See report of independent auditors.*

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

The following projects were reported in the City's Expenditure Report (Form II). These projects were approved by LACMTA during the fiscal year 2018/19 and were funded by the bonds proceeds (see Note 10). The expenditures were recorded under the City's Capital Projects Fund.

Project Code	Project Name	2019			2018 Actual
		LACMTA Budget	Actual	Variance Positive (Negative)	
1.05	(New Bonds-BANs) Louise Avenue Improvements (Design and Construction)	\$ 594,797	\$ 517,215	\$ 77,582	\$ -
1.05	(New Bonds-BANs) Long Beach Boulevard Improvement (Phase I)	498,136	99,949	398,187	-
1.05	(New Bonds-BANs) Olanda Street Improvement Project (Design and Construction)	332,236	-	332,236	-
1.05	(New Bonds-BANs) Slurry Project - Various Streets	383,417	333,406	50,011	-
1.05	(New Bonds-BANs) Debt Service Payment	70,000	-	70,000	-
1.05	(New Bonds-BANs) Debt Service Principal	2,740,000	2,740,000	-	-
1.05	Olanda Street Improvements (Design and Construction)	15,372	382,312	(366,940)	-
1.90	(New Bonds-BANs) Alley Improvements	287,500	-	287,500	-
3.90	Sidewalk Improvement Project - Hulme Avenue and Other Locations	69,844	15,044	54,800	-
7.90	(New Bonds-BANs) Planning and Engineering Costs (Staff and Consultant Services)	74,955	15,487	59,468	-
	<b>Total expenditures funded by Measure R BANs</b>	<b>\$ 5,066,257</b>	<b>\$ 4,103,413</b>	<b>\$ 962,844</b>	<b>\$ -</b>
1.05	(Bonds) Virginia Ave (from Bullis Rd to Thorson Ave) and Olanda St (from Gibson Ave to Carlin St)	\$ 150,902	\$ 125,522	\$ 25,380	\$ -
1.05	(New Bonds) Beechwood Avenue, Louise Street, and Nevada Street Improvement	620,551	296,413	324,138	-
1.05	(Bonds) Duncan Ave (From Imperial Hwy to Beechwood Ave) (Construction)	267,254	232,395	34,859	-
1.05	(Bonds) Street Improvements	488,490	1,498	486,992	-
1.20	(Bonds) ATP Cycle II Lynwood Community Linkage (Design and Construction)	230,000	52,178	177,822	-
3.05	(Bonds) Urban Greening Grant-Lynwood Urgan Bicycle Trail	364,550	80,235	284,315	-
3.05	(Bonds) Imperial Highway and Martin Luther King Blvd (HSIP Intersection Improvement)	26,611	20,524	6,087	-
7.90	(Bonds) Design of Various Streets (Pavement Management Plan)	517,500	190,800	326,700	-
7.90	(Bonds) Drone Survey Purchase for the Survey of Streets/Signals/Sidewalks	12,000	9,200	2,800	-
7.90	(Bonds) Planning and Engineering Costs (Staff and Consultant Services)	47,554	14,322	33,232	-
	<b>Total expenditures funded by Measure R Bonds</b>	<b>\$ 2,725,412</b>	<b>\$ 1,023,087</b>	<b>\$ 1,702,325</b>	<b>\$ -</b>
	<b>Total expenditures funded by bond proceeds</b>	<b>\$ 7,791,669</b>	<b>\$ 5,126,500</b>	<b>\$ 2,665,169</b>	<b>\$ -</b>

*See report of independent auditors.*

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

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<u>Date Acquired</u>	<u>Description</u>	<u>Balance July 1, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2019</u>
2012	Retro-Reflectometer	\$ 13,618	\$ -	\$ -	\$ 13,618
	<b>Total</b>	<b>\$ 13,618</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 13,618</b>

*See report of independent auditors.*

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

		June 30	
		2019	2018
<b>ASSETS</b>			
Cash and investments	\$	-	\$ 761,489
Interest receivable		-	812
<b>Total assets</b>	<b>\$</b>	<b>-</b>	<b>\$ 762,301</b>
<b>LIABILITIES AND FUND BALANCE (DEFICIT)</b>			
<b>Liabilities</b>			
Cash overdraft	\$	137,315	\$ -
Due to Measure M Bonds Fund		326,185	
<b>Total liabilities</b>		<b>463,500</b>	<b>-</b>
<b>Fund balance (deficit)</b>			
Restricted		(463,500)	762,301
<b>Total fund balance (deficit)</b>		<b>(463,500)</b>	<b>762,301</b>
<b>Total liabilities and fund balance (deficit)</b>	<b>\$</b>	<b>-</b>	<b>\$ 762,301</b>

*See notes to Funds financial statements.*

**City of Lynwood**  
**Measure M Local Return Fund**  
**Statements of Revenues, Expenditures and Changes in Fund Balance**

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	Years ended June 30	
	2019	2018
<b>Revenues</b>		
Measure M	\$ 1,013,628	\$ 761,446
Investment income	16,820	855
<b>Total revenues</b>	<b>1,030,448</b>	<b>762,301</b>
<b>Expenditures</b>		
Various projects	2,256,249	-
<b>Total expenditures</b>	<b>2,256,249</b>	<b>-</b>
Excess (deficiency) of revenues over expenditures	(1,225,801)	762,301
Fund balance at beginning of year	762,301	-
Fund balance (deficit) at end of year	\$ (463,500)	\$ 762,301

*See notes to Funds financial statements.*

City of Lynwood  
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)	
1.05	Debt Service Principal	\$ 490,000	\$ 490,000	\$ -	-
1.05	Debt Service Interest	172,000	171,468	532	-
1.05	(Bonds) Debt Issuance and Management Costs	322,000	326,185	(4,185)	-
1.05	Birch St, Fir St, Lugo Ave, Thorson Ave and Platt Ave Street Improvement	265,932	228,010	37,922	-
1.05	Duncan Avenue Street Improvement (From Imperial Hwy to Beechwood Ave)	145,962	125,939	20,023	-
1.05	(Bonds) Bullis Road and Harriet Tubman Way Street Improvement	950,000	5,956	944,044	-
1.05	Virginia Ave (from Bullis Rd to Thorson Ave) and Olanda St (from Gibson Ave to Carlin St) Street Improvement	908,193	854,909	53,284	-
7.90	State Street and Los Flores Blvd Traffic Improvement Project (Design)	96,071	9,133	86,938	-
7.90	Engineering Costs	103,015	20,018	82,997	-
8.10	Administration and Monitoring	168,577	24,631	143,946	-
<b>Total expenditures funded by MMLRF</b>		<b>\$ 3,621,750</b>	<b>\$ 2,256,249</b>	<b>\$ 1,365,501</b>	<b>\$ -</b>

*See report of independent auditors.*

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

The following projects were reported in the City's Expenditure Report (Form M-Two). These projects were approved by LACMTA during the fiscal year 2018/19 and were funded by the bonds proceeds (see Note 10). The expenditures were recorded under the City's Capital Projects Fund.

Project Code	Project Name	2019			2018 Actual
		LACMTA Budget	Actual	Variance Positive (Negative)	
1.05	Bullis Rd Improvement Project	\$ 120,000	\$ -	\$ 120,000	-
1.05	LeSage Street Improvement	165,055	-	165,055	-
1.05	(Bonds) LeSage Street Improvement	400,000	-	400,000	-
1.05	(Bonds) Slurry Seal Various Locations	800,000	309,881	490,119	-
1.05	(Bonds) Peach Street Improvement	300,000	-	300,000	-
1.05	(Bonds) Street Improvement Various Locations (PMP)	8,094,510	56,663	8,037,847	-
1.05	Hulme Avenue Street Improvement	63,019	-	63,019	-
1.05	(Bonds) Olanda Street Improvement Project	121,900	-	121,900	-
1.05	(Bonds) Long Beach Blvd Phase II	2,000,000	-	2,000,000	-
1.05	(Bonds) Wright Road Street Improvement	662,000	-	662,000	-
1.05	(Bonds) Louise Avenue Street Improvement	618,000	292,521	325,479	-
1.20	(Bonds) State Street and Los Flores Blvd Traffic Improvement Project	500,000	-	500,000	-
1.90	(Bonds) Alley Improvements- Various Locations	500,000	-	500,000	-
7.90	(Bonds) Street Design Various Streets (PMP)	2,000,000	60,451	1,939,549	-
7.90	(Bonds) Design of Lynwood Urban Bike Trail	25,000	-	25,000	-
<b>Total expenditures funded by Measure M Bonds</b>		<b>\$ 16,369,484</b>	<b>\$ 719,516</b>	<b>\$ 15,649,968</b>	<b>\$ -</b>

*See report of independent auditors.*



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

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<u>Date Acquired</u>	<u>Description</u>	<u>Balance July 1, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2019</u>
	None	\$ -	\$ -	\$ -	\$ -
	<b>Total</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

*See report of independent auditors.*

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

		June 30	
		2019	2018
<b>ASSETS</b>			
Cash and investments	\$	-	\$ 963
Interest receivable		-	76
Due from LACMTA		<u>26,339</u>	<u>-</u>
<b>Total assets</b>	<b>\$</b>	<b><u>26,339</u></b>	<b>\$ <u>1,039</u></b>
<b>LIABILITIES AND FUND DEFICIT</b>			
<b>Liabilities</b>			
Cash overdraft	\$	<u>27,871</u>	\$ -
<b>Total liabilities</b>		<b><u>27,871</u></b>	<b><u>-</u></b>
<b>Fund deficit</b>			
Restricted		<u>(1,532)</u>	<u>(116)</u>
<b>Total fund deficit</b>		<b><u>(1,532)</u></b>	<b><u>(116)</u></b>
<b>Total liabilities and fund deficit</b>	<b>\$</b>	<b><u>26,339</u></b>	<b>\$ <u>1,039</u></b>

*See notes to Funds financial statements.*

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

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	Years ended June 30	
	2019	2018
<b>Revenues</b>		
Intergovernmental Allocations:		
Article 3	\$ 26,339	\$ 94,398
Investment income (loss)	282	(116)
<b>Total revenues</b>	<b>26,621</b>	94,282
<b>Expenditures</b>		
Sidewalk Improvements	28,037	94,398
<b>Total expenditures \$</b>	<b>28,037</b>	\$ 94,398
Deficiency of revenues over expenditures	<b>(1,416)</b>	(116)
<b>Other financing use</b>		
Funds returned to LACMTA	-	(1,155)
<b>Total other financing use</b>	<b>-</b>	(1,155)
Change in fund balance	<b>(1,416)</b>	(1,271)
Fund balance (deficit) at beginning of year	<b>(116)</b>	1,155
Fund deficit at end of year	<b>\$ (1,532)</b>	\$ (116)

*See notes to Funds financial statements.*

**City of Lynwood**  
**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**

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<b>Project Description</b>	Program Year	Totals to Date		Unexpended Allocations	Project Status
		Allocations	Expenditures		
<b>Local Allocations:</b>					
Sidewalk Improvements	2019	\$ 26,339	\$ 28,037	\$ (1,698)	Completed
<b>Totals</b>		\$ 26,339	\$ 28,037	(1,698)	
Investment income				282	
Change in fund balance				(1,416)	
Fund deficit at beginning of year				(116)	
Fund deficit at end of year				\$ (1,532)	

*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) of the City of Lynwood (the City) 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 are 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.

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            PROPOSITION A DISCRETIONARY INCENTIVE PROGRAM GRANT**

The Proposition A Discretionary Incentive Grant represents additional funds received from LACMTA for participating in the Voluntary NTD Program. The amounts received for the years ended June 30, 2019 and 2018 consisted of the following:

	<b>2019</b>	<b>2018</b>
FY 2014/15 Voluntary NTD Reporting Program Year	\$ -	\$ 66,178
FY 2013/14 Voluntary NTD Reporting Program Year	-	64,013
	\$ -	\$ 130,191

The Proposition A Discretionary Incentive Grants were recorded under PALRF.

**NOTE 9            CAPITAL RESERVE – PCLRF**

On June 9, 2013, LACMTA and the City entered into an agreement to establish a capital reserve account (Account) in the amount of \$1,747,000 for the Project Code 380-57, Long Beach Boulevard Improvement Project (the Project). In June 2016, LACMTA and the City amended the agreement to extend the term of the reserve agreement to June 30, 2018. In June 2017, the City requested LACMTA to further amend the agreement to increase the capital reserve amount to \$4,255,275 and extend the term to June 30, 2021.

The Account is to be funded with the Proposition C Local Return funds allocated to the City. All interest is to be accrued and placed in the Account for use exclusively for the Project.



**NOTE 9 CAPITAL RESERVE (CONTINUED)**

For the years ended June 30, 2019 and 2018, details of the capital reserve amounts for PCLRF are as follows:

	2019	2018
Capital reserve, beginning balance	\$ -	\$ 441,773
Additional reserve during the fiscal year	-	4,205,542
Expenditures during the fiscal year	-	(4,647,315)
Capital reserve, ending balance	\$ -	\$ -

**NOTE 10 LIMITED PUBLIC FINANCING AUTHORITY SALES TAX REVENUE CERTIFICATES AND BONDS (LIMITED TAX BONDS)**

In December 2012, the City issued \$6,850,000 Measure R Sales Tax Revenue Certificates, Series 2012. The proceeds were used to finance the costs of the acquisition, construction, installation and equipping of certain public capital improvements for the City, fund a reserve account and pay cost of issuance of the bonds. Interest on the bonds is payable semi-annually each June 1 and December 1, beginning June 1, 2013. Principal matures each June 1 beginning 2014 and maturing in 2039. Interest rates on the bonds vary between 1.75% and 4.00%. Proceeds from the issuance was recorded under Measure R Bond Fund. The principal balance outstanding at June 30, 2019 and 2018 was \$5,735,000 and \$5,940,000, respectively.

Moreover, in 2019, the City issued the following Measure R and Measure M Limited Tax Bonds for the purpose of financing the design, acquisition, and construction of certain roadway and street improvement projects in the City of Lynwood, pay cost of issuance of the bonds, purchase a municipal bond insurance policy and purchase a reserve surety for the debt service reserve fund. The bonds are secured and payable solely from the City's annual Proposition C, Measure R and Measure M Sales Tax receipts.

*Measure M Series 2019 A.* Issued \$13,060,000 on February 14, 2019 with interest rate ranges from 3.0% to 5.0% with annual principal and interest payments ranging from \$650,000 to \$1,330,000. Principal and interest is payable each June 1 and December 1, commencing June 1, 2019; maturing on June 1, 2048. Proceeds from the issuance was recorded under Measure M Bonds Fund. The principal balance outstanding at June 30, 2019 was \$12,570,000.

*Measure R Series 2019 B.* Issued \$2,395,000 on February 14, 2019 with interest rate ranges from 3.0% to 5.0% with annual principal and interest payments ranging from \$160,000 to \$170,000. Principal and interest is payable each June 1 and December 1, commencing June 1, 2019; maturing on June 1, 2039. Proceeds from the issuance was recorded under Measure R BANS Fund. The principal balance outstanding at June 30, 2019 was \$2,260,000.

In FY2018/19, the City has various projects funded by the bonds proceeds amounting to \$9,370,861 which includes payment applied to prepayment of principal amounting to \$2,740,000.

**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 2014/15 allocation	\$	-	\$	1,625
FY 2015/16 allocation		-		45,231
FY 2016/17 allocation		-		47,298
FY 2017/18 allocation		<b>26,339</b>		244
	<b>\$</b>	<b><u>26,339</u></b>	<b>\$</b>	<b><u>94,398</u></b>

**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 2017/18 reserve	\$	<b>20,638</b>	\$	46,977
FY 2018/19 allocation		<b>48,808</b>		-
	<b>\$</b>	<b><u>69,446</u></b>	<b>\$</b>	<b><u>46,977</u></b>

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 30, 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 Lynwood, 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 Lynwood, 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 30, 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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

**Glendale, California  
December 30, 2019**

## **COMPLIANCE SECTION**

## Report of Independent Auditors on Compliance

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

### Report on Compliance

We have audited the compliance of the City of Lynwood, 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 Lynwood, California complied, in all material respects, with the compliance requirements of the Guidelines for the year ended June 30, 2019.



### **Other Matters**

The results of our auditing procedures disclosed an instance of noncompliance with the requirements, which is described in the accompanying Schedule of Findings and Questioned Costs as Finding #2019-001. Our opinion is not modified with respect to this matter.

The City's response to the noncompliance finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. 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 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.

**Glendale, California  
December 30, 2019**

**City of Lynwood  
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>A. Proposition A and Proposition C Local Return Funds</b>					
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 Finding #2019-001

*See report of independent auditors on compliance.*



**City of Lynwood  
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>B. Measure R Local Return Fund</b>					
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 Lynwood  
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>C. Measure M Local Return Fund</b>					
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 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				
7. Expenditure Plan (Form M-One) was submitted timely.	X				
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				
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 Lynwood  
Compliance Matrix  
Year ended June 30, 2019**

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

*See report of independent auditors on compliance.*

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

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

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**PALRF and PCLRF: Finding #2019-001**

<b>Compliance Reference</b>	Under Section III (A) of the Proposition A and Proposition C Local Return Guidelines, for Jurisdictions with Recreational Transit projects, Jurisdictions are required to annually submit an accounting of Recreational Transit trips, destinations and costs. This information should be submitted along with the Form C, no later than October 15 after the fiscal year.
<b>Condition</b>	The Recreational Transit report was submitted on October 24, 2019, 9 days beyond the due date of October 15, 2019.
<b>Cause</b>	<p>The Recreation Transit Trips and Schedule of Trips were completed prior to the deadline. However, staff inadvertently missed the deadline to submit the Recreational Transit Form and Schedule of Trips by October 15, 2019 to LACMTA. This has not been an issue in the previous years. Staff was trying to focus on the reconciliation of the other submittals (Form C and Form II).</p> <p>The forms were submitted immediately the following week on October 24, 2019 before the audit commenced.</p>
<b>Effect</b>	The City was not in compliance with the reporting requirements of the Local Return Guidelines.
<b>Recommendation</b>	We recommend for the City to establish procedures and controls to ensure that the Annual Recreational Transit Report is submitted by October 15 as required by the Guidelines.
<b>Management's Response</b>	A reminder has been set up on the calendar of the Director to ensure that the report is completed and submitted to the LACMTA in a timely fashion.
<b>Finding Corrected During the Audit</b>	The City subsequently submitted the form. No follow up is required.

## **EXIT CONFERENCE**

An exit conference was held on December 19, 2019 with the City of Lynwood representatives. Those in attendance were:

Vasquez and Company LLP representatives:  
Cristy Canieda – Audit Partner  
Marialyn Salvador – Audit Senior Manager  
Erica Ong – Audit Senior

City of Lynwood representatives:  
Lorry Hempe – Public Works Special Projects Manager  
Ash Hassan – Senior Accountant  
Angel Castellanos – Senior Accountant

Matters discussed:

Results of the audit disclosed an instance of noncompliance with the Local Return Guidelines.

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

John Downs – Finance Director  
Lorry Hempe – Public Works Special Projects Manager  
Ash Hassan – Senior Accountant



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