



**Metro**<sup>TM</sup>

**City of Baldwin Park  
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	15
Measure M Local Return Fund:	
Basic Financial Statements:	
Balance Sheets	16
Statements of Revenues, Expenditures and Changes in Fund Balance	17
Supplementary Information:	
Schedule of Expenditures – Actual and LACMTA Approved Project Budget	18
Schedule of Capital Assets	19
Transportation Development Act Article 3 Fund:	
Basic Financial Statements:	
Balance Sheets	20
Statements of Revenues, Expenditures and Changes in Fund Balance	21
Supplementary Information:	
Schedule of Transportation Development Act Allocation for Specific Projects	22
Notes to Funds Financial Statements	23
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>	29

	<u>PAGE</u>
<b>COMPLIANCE SECTION</b>	
Report of Independent Auditors on Compliance	31
Compliance Matrix	34
<b>SCHEDULE OF FINDINGS AND QUESTIONED COSTS</b>	38
<b>EXIT CONFERENCE</b>	52

**FINANCIAL SECTION**

## Report of Independent Auditors

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

### Report on the Financial Statements

We have audited the accompanying financial statements of the Proposition A Local Return Fund, 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 Baldwin Park, 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.



An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 Baldwin Park, 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 Baldwin Park, 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 16, 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 16, 2019**

**City of Baldwin Park  
Proposition A Local Return Fund  
Balance Sheets**

		June 30	
		2019	2018
<b>ASSETS</b>			
Cash and investments	\$	860,484	\$ 813,457
Interest receivable		-	2,319
<b>Total assets</b>	<b>\$</b>	<b>860,484</b>	<b>\$ 815,776</b>
<b>LIABILITIES AND FUND BALANCE</b>			
<b>Liabilities</b>			
Accounts payable	\$	348,480	\$ 195,214
<b>Total liabilities</b>		<b>348,480</b>	<b>195,214</b>
<b>Fund balance</b>			
Restricted		512,004	620,562
<b>Total fund balance</b>		<b>512,004</b>	<b>620,562</b>
<b>Total liabilities and fund balance</b>	<b>\$</b>	<b>860,484</b>	<b>\$ 815,776</b>

*See notes to Funds financial statements.*



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

---

	Years ended June 30	
	2019	2018
<b>Revenues</b>		
Proposition A	\$ 1,516,513	\$ 1,394,108
Proposition A Discretionary Incentive Program Grant	-	131,737
Interest income	14,233	6,323
Project generated revenues	95,921	89,670
Other revenues	67,983	60,605
<b>Total revenues</b>	<b>1,694,650</b>	<b>1,682,443</b>
<b>Expenditures</b>		
Various projects	1,803,208	1,505,196
<b>Total expenditures</b>	<b>1,803,208</b>	<b>1,505,196</b>
Excess (deficiency) of revenues over expenditures	(108,558)	177,247
Fund balance at beginning of year	620,562	443,315
Fund balance at end of year	\$ 512,004	\$ 620,562

*See notes to Funds financial statements.*

**City of Baldwin Park**  
**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)	
110-01	Fixed Route Shuttle Service	\$ 1,200,000	\$ 965,672 *	\$ 234,328	\$ 1,075,517
120-02	Dial-A-Ride Services	146,000	296,979 *	(150,979)	174,126
140-01	Recreational Transit	-	25,405 *	(25,405)	20,241
150-01	Bus Shelter Improvements	195,000	203,841 *	(8,841)	-
200-02	Commuter Express Trolleys Purchase	45,000	-	45,000	560
270-02	Commuter Express Trolley Program Planning	-	72,618 *	(72,618)	-
480-02	Prop A Administration	-	238,693 *	(238,693)	234,752
	<b>Total expenditures</b>	<b>\$ 1,586,000</b>	<b>\$ 1,803,208</b>	<b>\$ (217,208)</b>	<b>\$ 1,505,196</b>

\* See Compliance Matrix and Schedule of Findings and Questioned Costs.

*See report of independent auditors.*

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

<b>Date Acquired</b>	<b>Description</b>	<b>Balance July 1, 2018</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance June 30, 2019</b>
12/1982	Park and Ride Lot	\$ 260,000	\$ -	\$ -	\$ 260,000
06/1993	Commuter Rail	1,192,269	-	-	1,192,269
08/2001	Power Pressure Washer	11,217	-	11,217	-
12/2002	(5) Transit Buses	1,077,500	-	862,000	215,500
12/2004	Additional Cost for Buses	101,809	-	101,809	-
04/2016	(5) El Dorado EZ Rider II Max White CNG Buses	1,027,266	-	-	1,027,266
12/2017	Bus Stop Improvements	6,000	194,000	-	200,000
2018-19	Complete Streets - Main Phase 1A	-	650	-	650
<b>Total</b>		<b>\$ 3,676,061</b>	<b>\$ 194,650</b>	<b>\$ 975,026</b>	<b>\$ 2,895,685</b>

*See report of independent auditors.*

**City of Baldwin Park  
Proposition C Local Return Fund  
Balance Sheets**

---

		June 30	
		2019	2018
<b>ASSETS</b>			
Cash and investments	\$	1,090,085	\$ 2,352,531
Interest receivable		8,014	7,499
<b>Total assets</b>	<b>\$</b>	<b><u>1,098,099</u></b>	<b><u>\$ 2,360,030</u></b>
<b>LIABILITIES AND FUND BALANCE</b>			
<b>Liabilities</b>			
Accounts payable	\$	255,086	\$ 109,728
<b>Total liabilities</b>		<b><u>255,086</u></b>	<b><u>109,728</u></b>
<b>Fund balance</b>			
Restricted		843,013	2,250,302
<b>Total fund balance</b>		<b><u>843,013</u></b>	<b><u>2,250,302</u></b>
<b>Total liabilities and fund balance</b>	<b>\$</b>	<b><u>1,098,099</u></b>	<b><u>\$ 2,360,030</u></b>

*See notes to Funds financial statements.*

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

---

	Years ended June 30	
	2019	2018
<b>Revenues</b>		
Proposition C	\$ 1,257,884	\$ 1,152,551
Interest income	34,731	24,449
<b>Total revenues</b>	<b>1,292,615</b>	<b>1,177,000</b>
<b>Expenditures</b>		
Various projects	2,699,904	2,071,798
<b>Total expenditures</b>	<b>2,699,904</b>	<b>2,071,798</b>
Deficiency of revenues over expenditures	(1,407,289)	(894,798)
Fund balance at beginning of year	2,250,302	3,145,100
Fund balance at end of year	\$ 843,013	\$ 2,250,302

*See notes to Funds financial statements.*

**City of Baldwin Park**  
**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)	
150-01	Bus Shelter Improvements	\$ 150,000	\$ 150,000	\$ -	\$ 454,756
170-01	Landscaping at Metrolink	64,000	45,898 *	18,102	105,351
170-02	Bus Shelter Maintenance	182,000	211,311 *	(29,311)	164,363
180-01	Purchase of a Pressure Washer for Bus Shelter Maintenance	50,000	45,188	4,812	-
190-01	CNG Station Improvements	-	117,186 *	(117,186)	-
230-02	Park/Ride Lot - Utilities	-	1,619 *	(1,619)	2,217
230-04	Landscaping Along Transit Corridors	-	28,408 *	(28,408)	-
230-05	Elec Parking Permit Desp for Baldwin Park Metrolink Station and P&R Lot	-	-	-	111,000
270-01	Baldwin Park Transit Center	10,700	3,266	7,434	-
300-03	Transit Center Improvements	-	-	-	193,671
300-05	Transit Center/Pedestrian Bridge	-	44,572 *	(44,572)	-
400-01	Maine/Pacific Ave Traffic Signal Project	61,000	29,540	31,460	-
430-01	San Gabriel River Commuter Bikeway Project	500,000	15,186	484,814	-
430-03	Maine Ave Complete Streets Projects	650,000	675,475 *	(25,475)	489,961
430-04	Frazier Improvements	-	57,921 *	(57,921)	-
440-04	Merced Ave Improvements	-	-	-	227,556
440-06	Garvey Ave (Gardenview to Merced Ave)	-	-	-	104,775
440-08	Street Name/Roadway Signs	-	122,132 *	(122,132)	-
450-02	Corak Ave Storm Drain Project	-	52,476 *	(52,476)	-
450-10	Various Street Improvement Projects	-	885,886 *	(885,886)	-
480-02	Prop C Administration	250,000	213,840 *	36,160	218,148
<b>Total expenditures</b>		<b>\$ 1,917,700</b>	<b>\$ 2,699,904</b>	<b>\$ (782,204)</b>	<b>\$ 2,071,798</b>

\* See Compliance Matrix and Schedule of Findings and Questioned Costs.

*See report of independent auditors.*

**City of Baldwin Park**  
**Proposition C 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
1992-93	Commuter Rail	\$ 206,000	\$ -	\$ -	\$ 206,000
2003-04	5 Gallon Shaker	5,950	-	-	5,950
2013-14	Transit Center	2,722,776	-	-	2,722,776
2017-18	Corak Storm Drain Improvements	512,797	52,476	-	565,273
2017-18	Bus Stop Improvements	400,782	150,000	-	550,782
2017-18	Residential Street Rehabilitation	342,487	-	-	342,487
2017-18	Concrete Improvements Project	14,000	-	-	14,000
2018-19	Pressure Washer for Graffiti Abatement	-	45,189	-	45,189
2018-19	Chevalier Street Drainage	-	137,305	-	137,305
2018-19	Transit CTR Cameras and Server Upgrades (SMART PARKING)	-	141,058	-	141,058
2018-19	SMART Parking Project	-	109,352	-	109,352
2018-19	Complete Streets - Main Phase 1A	-	414,708	-	414,708
		-	-	-	414,708
	<b>Total</b>	<b>\$ 4,204,792</b>	<b>\$ 1,050,088</b>	<b>\$ -</b>	<b>\$ 5,254,880</b>

*See report of independent auditors.*

**City of Baldwin Park  
Measure R Local Return Fund  
Balance Sheets**

		<b>June 30</b>	
		<b>2019</b>	<b>2018</b>
<b>ASSETS</b>			
Cash and investments	\$	<b>868,437</b>	\$ 1,202,383
Interest receivable		<b>3,745</b>	3,765
<b>Total assets</b>	<b>\$</b>	<b><u>872,182</u></b>	<b><u>\$ 1,206,148</u></b>
<b>LIABILITIES AND FUND BALANCE</b>			
<b>Liabilities</b>			
Accounts payable	\$	<b>164,084</b>	\$ 175,256
<b>Total liabilities</b>		<b><u>164,084</u></b>	<u>175,256</u>
<b>Fund balance</b>			
Restricted		<b><u>708,098</u></b>	1,030,892
<b>Total fund balance</b>		<b><u>708,098</u></b>	<u>1,030,892</u>
<b>Total liabilities and fund balance</b>	<b>\$</b>	<b><u>872,182</u></b>	<b><u>\$ 1,206,148</u></b>

*See notes to Funds financial statements.*



**City of Baldwin Park**  
**Measure R Local Return Fund**

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

---

		Years ended June 30	
		2019	2018
<b>Revenues</b>			
Measure R	\$	<b>943,685</b>	\$ 866,113
Interest income		<b>14,916</b>	11,731
	<b>Total revenues</b>	<b>958,601</b>	877,844
<b>Expenditures</b>			
Various projects		<b>1,281,395</b>	1,527,537
	<b>Total expenditures</b>	<b>1,281,395</b>	1,527,537
Deficiency of revenues over expenditures		<b>(322,794)</b>	(649,693)
Fund balance at beginning of year		<b>1,030,892</b>	1,680,585
Fund balance at end of year		<b>\$ 708,098</b>	\$ 1,030,892

*See notes to Funds financial statements.*

City of Baldwin Park  
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	Street Repairs, Maintenance, Street Rehabilitation	\$ 188,400	\$ 173,585 *	\$ 14,815	\$ 256,356
1.05	Street Repair and Median Modifications on Bus Routes	-	-	-	295,386
1.05	Corak Storm Drain Street Rehabilitation	-	-	-	21,855
1.30	Street Improvements Per New Complete Streets Policy	300,000	282,980 *	17,020	141,367
1.90	Street Name Roadway Signs	223,000	224,109 *	(1,109)	101,953
1.90	Landscaping of Complete Streets	-	-	-	36,244
3.05	Safe Routes to School Improvements	350,000	318,154	31,846	45,906
3.05	Downtown Improvements	800,000	30,689	769,311	29,444
4.90	Park and Ride Facility Maintenance	-	-	-	4,725
4.90	Bus Stop/Share Maintenance	30,300	7,252 *	23,048	65,812
5.10	Street Sweeper Replacement	200,000	-	200,000	200,000
5.15	Metrolink Station Maintenance	30,425	28,278 *	2,147	33,122
5.35	Bus Stop Repairs - Repair/Replace Damages Shelter and Benches	10,000	-	10,000	-
5.90	Install Digital Marquees	120,000	-	120,000	-
5.90	Stump Grinder with Trailer	25,000	-	25,000	24,366
5.90	Replace Existing Plotter	10,000	9,652	348	9,883
5.90	Racks and Storage of Street Equipment	10,000	9,815	185	-
6.40	Promote Transportation Program - Outreach Material to Public	7,000	3,000	4,000	-
7.20	SGVCOG Dues and TDM Related Activities Required by the CMP	5,510	5,721	(211)	5,510
7.90	Planning and Engineering for Eligible Projects	60,000	-	60,000	-
7.90	GIS Mapping for Bikeways	-	-	-	3,000
8.10	Administration of Projects and Programs	350,000	188,160 *	161,840	252,608
<b>Total expenditures</b>		<b>\$ 2,719,635</b>	<b>\$ 1,281,395</b>	<b>\$ 1,438,240</b>	<b>\$ 1,527,537</b>

\* See Compliance Matrix and Schedule of Findings and Questioned Costs.

*See report of independent auditors.*

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

<b>Date Acquired</b>	<b>Description</b>	<b>Balance July 1, 2018</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance June 30, 2019</b>
2013-14	Transit Center	\$ 429,599	\$ -	\$ -	\$ 429,599
2017-18	Fork Lift Model C25L Tripple Clark	3,701	-	-	3,701
2017-18	Street Sweeper (TYMCO 600 - CNG/Freightliner)	200,000	-	-	200,000
2017-18	Alleyway Street Improvements Project	100,000	-	-	100,000
2017-18	Residential Street Rehabilitation	656,326	-	-	656,326
2017-18	Center Median Landscape Improvements	806,917	-	-	806,917
2017-18	Corak Storm Drain Improvements	60,766	-	-	60,766
2018-19	64" Latex Printer & Software for Signage (Plotter)	-	9,652	-	9,652
2018-19	Safe Route to School Project	-	418,220	-	418,220
2018-19	Complete Streets - Main Phase 1A	-	96,106	-	96,106
<b>Total</b>		<b>\$ 2,257,309</b>	<b>\$ 523,978</b>	<b>\$ -</b>	<b>\$ 2,781,287</b>

*See report of independent auditors.*

**City of Baldwin Park  
Measure M Local Return Fund  
Balance Sheets**

		June 30	
		2019	2018
<b>ASSETS</b>			
Cash and investments	\$	340,073	\$ 278,140
Interest receivable		2,696	300
<b>Total assets</b>	<b>\$</b>	<b>342,769</b>	<b>\$ 278,440</b>
<b>LIABILITIES AND FUND BALANCE (DEFICIT)</b>			
<b>Liabilities</b>			
Accounts payable	\$	490,100	\$ 5,822
<b>Total liabilities</b>		<b>490,100</b>	<b>5,822</b>
<b>Fund balance (deficit)</b>			
Restricted		(147,331)	272,618
<b>Total fund balance (deficit)</b>		<b>(147,331)</b>	<b>272,618</b>
<b>Total liabilities and fund balance (deficit)</b>	<b>\$</b>	<b>342,769</b>	<b>\$ 278,440</b>

*See notes to Funds financial statements.*

**City of Baldwin Park**  
**Measure M Local Return Fund**

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

---

	Years ended June 30	
	2019	2018
<b>Revenues</b>		
Measure M	\$ 1,061,667	\$ 784,896
Interest income	8,611	619
<b>Total revenues</b>	<b>1,070,278</b>	<b>785,515</b>
<b>Expenditures</b>		
Various projects	1,490,227	512,897
<b>Total expenditures</b>	<b>1,490,227</b>	<b>512,897</b>
Excess (deficiency) of revenues over expenditures	(419,949)	272,618
Fund balance at beginning of year	272,618	-
Fund balance (deficit) at end of year	\$ (147,331)	\$ 272,618

*See notes to Funds financial statements.*

**City of Baldwin Park**  
**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)	
01-001	Bond for Rail Safety Crossing Improvements	\$ 750,000	\$ 549,487 *	\$ 200,513 \$	-
01-002	Street Rehabilitation Project	125,000	139,306 *	(14,306)	399,954
01-003	Various Streets Rehabilitation Project	280,855	295,480	(14,625)	-
01-004	CNG Station Street Repairs	10,000	-	10,000	-
05-001	Bus Stop Maintenance	42,704	37,471 *	5,233	-
05-002	Bus Stop Enhancements	100,000	99,600	400	-
05-003	Sidewalk and Street Improvements Around Morgan Park	12,450	-	12,450	-
05-004	Improvements to a Park and Ride Lot for Bikeway Access	80,000	78,420	1,580	-
07-001	PS and E Design of Street Rehabilitation Project	-	-	-	20,822
08-001	Measure M Administration	277,000	290,463 *	(13,463)	92,121
	<b>Total expenditures</b>	<b>\$ 1,678,009</b>	<b>\$ 1,490,227</b>	<b>\$ 187,782</b>	<b>\$ 512,897</b>

\* See Compliance Matrix and Schedule of Findings and Questioned Costs.

*See report of independent auditors.*

**City of Baldwin Park**  
**Measure M 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</u>	<u>Deletions</u>	<u>Balance June 30, 2019</u>
2017-18	Residential Street Rehabilitation	\$ 374,619	\$ -	\$ -	\$ 374,619
2017-18	Concrete Improvements Project	20,822	-	-	20,822
2018-19	Bus Stop Improvements	-	99,600	-	99,600
2018-19	Safe Route to School Project	-	78,420	-	78,420
<b>Total</b>		<b>\$ 395,441</b>	<b>\$ 178,020</b>	<b>\$ -</b>	<b>\$ 573,461</b>

*See report of independent auditors.*

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

		June 30	
		2019	2018
<b>ASSETS</b>			
Cash	\$	-	\$ 4,552
Due from LACMTA		<b>68,847</b>	-
Interest receivable		-	97
<b>Total assets</b>	<b>\$</b>	<b>68,847</b>	<b>\$ 4,649</b>
<b>LIABILITIES AND FUND BALANCE (DEFICIT)</b>			
<b>Liabilities</b>			
Cash overdraft	\$	<b>21,484</b>	\$ -
Accounts payable		<b>38,386</b>	6,695
<b>Total liabilities</b>		<b>59,870</b>	<b>6,695</b>
<b>Fund balance (deficit)</b>			
Restricted		<b>8,977</b>	(2,046)
<b>Total fund balance (deficit)</b>		<b>8,977</b>	<b>(2,046)</b>
<b>Total liabilities and fund balance (deficit)</b>	<b>\$</b>	<b>68,847</b>	<b>\$ 4,649</b>

*See notes to Funds financial statements.*



**City of Baldwin Park**  
**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
<b>Revenues</b>		
Intergovernmental Allocations:		
Article 3	\$ 68,847	\$ -
Interest income	-	528
<b>Total revenues</b>	<b>68,847</b>	<b>528</b>
<b>Expenditures</b>		
Construction/Maintenance	57,824	106,141
<b>Total expenditures</b>	<b>57,824</b>	<b>106,141</b>
Excess (deficiency) of revenues over expenditures	11,023	(105,613)
Fund balance (deficit) at beginning of year	(2,046)	103,567
Fund balance (deficit) at end of year	\$ 8,977	\$ (2,046)

*See notes to Funds financial statements.*

**City of Baldwin Park**  
**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**

---

<b>Project Description</b>	<u>Program Year</u>	Totals to Date		<u>Unexpended Allocations</u>	<u>Project Status</u>
		<u>Allocations</u>	<u>Expenditures</u>		
<b>Local Allocations:</b>					
San Gabriel River Bikeway Project	2019	\$ 28,847	\$ 19,344	\$ 9,503	On-going
City Sidewalk Improvements	2019	40,000	38,480	1,520	On-going
<b>Totals</b>		\$ 68,847	\$ 57,824	11,023	
Investment income (loss)				-	
Fund balance (deficit) at beginning of year				(2,046)	
Fund balance at end of year				\$ 8,977 *	

\* See Compliance Matrix and Schedule of Findings and Questioned Costs.

**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), 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:

- 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.

**NOTE 5      MEASURE M LOCAL RETURN COMPLIANCE REQUIREMENTS (CONTINUED)**

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 Program 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:

	2019	2018
FY 2013/14 Voluntary NTD Reporting Program Year	\$ -	\$ 131,737
	\$ -	\$ 131,737

The Proposition A Discretionary Incentive Program grants were recorded under PALRF.

**NOTE 9 PROJECT GENERATED REVENUES**

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

		<u>2019</u>		<u>2018</u>
Farebox	\$	65,926	\$	65,867
Other licenses and permits		29,995		23,803
	\$	<u>95,921</u>	\$	<u>89,670</u>

**NOTE 10 OTHER REVENUES**

Other revenues under PALRF for the years ended June 30, 2019 and 2018 consisted of the following:

		<u>2019</u>		<u>2018</u>
Bus shelter maintenance	\$	33,666	\$	33,666
Bus shelter advertising		23,353		23,353
Others		10,964		3,586
	\$	<u>67,983</u>	\$	<u>60,605</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 2015/16 allocation	\$	12,498	\$	-
FY 2016/17 allocation		51,051		-
FY 2017/18 allocation		5,298		-
	\$	<u>68,847</u>	\$	<u>-</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:

		<b>2019</b>		2018
FY 2015/16 allocation	\$	-	\$	12,498
FY 2016/17 allocation		-		51,051
FY 2017/18 allocation		<b>43,376</b>		48,674
FY 2019/20 allocation		<b>51,207</b>		-
	<b>\$</b>	<b>94,583</b>	<b>\$</b>	112,223

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 16, 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 Baldwin Park, 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 Baldwin Park, 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 16, 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 16, 2019**

**COMPLIANCE SECTION**

## Report of Independent Auditors on Compliance

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

### Report on Compliance

We have audited the compliance of the City of Baldwin Park, 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 Guidelines 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 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 Baldwin Park, 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 instances of noncompliance with the requirements, which are described in the accompanying Schedule of Findings and Questioned Costs as Findings #2019-001 through #2019-007. Our opinion is not modified with respect to these matters.

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

### **Report on Internal Control over Compliance**

Management of the City 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as Findings #2019-003, #2019-005 and #2019-006, to be material weaknesses.

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



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.

*Vasquez & Company LLP*

**Glendale, California  
December 16, 2019**

**City of Baldwin Park  
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			See Finding #2019-001
4. Expenditures that exceeded 25% of approved project budget have approved amended Project Description Form (Form A)		X			See Finding #2019-002
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		PALRF – \$262,649 PCLRF – \$429,908	See Finding #2019-003
11. Pavement Management System (PMS) in place and being used for Street Maintenance or Improvement Projects Expenditures.		X			See Finding #2019-004
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 Baldwin Park  
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		\$485,011	See Finding #2019-005
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 Baldwin Park  
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		\$351,493	See Finding #2019-006
2. Funds were used to augment, not supplant, existing local revenues being used for transportation purposes unless there is a fund 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 Baldwin Park  
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>D. Transportation Development Act Article 3 Fund</b>					
1. Timely use of funds.		X			See Finding #2019-007
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 Baldwin Park**  
**Schedule of Findings and Questioned Costs**  
**Year ended June 30, 2019**

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

<b>Compliance Reference</b>	Section I(C) of the Proposition A and C Local Return Guidelines states that, "Jurisdictions shall submit for approval a Project Description Form (Form A) prior to the expenditure of funds for: 1) a new project; 2) a new route; 3) a 25 percent change (increase or decrease) in route or revenue vehicle miles for an established LR funded transit service; 4) a 0.75 miles or greater service change that duplicates/overlays an existing transit service; or 5) a 25 percent or greater change in an approved LR project budget or scope on all operating or capital LR projects."
<b>Condition</b>	<p>The City claimed expenditures under the following projects with no prior approval from LACMTA.</p> <ul style="list-style-type: none"> <li>a. PALRF Project code 140-01, Recreational Transit, totaling \$25,405;</li> <li>b. PALRF Project code 270-02, Commuter Express Trolley Program Planning, totaling \$72,618;</li> <li>c. PALRF Project code 480-02, Fund Administration, totaling \$238,693;</li> <li>d. PCLRF Project code 190-01, CNG Station Improvements, totaling \$117,186;</li> <li>e. PCLRF Project code 230-02, Park/Ride Lot – Utilities, totaling \$1,619;</li> <li>f. PCLRF Project code 230-04, Landscaping Along Transit Corridors, totaling \$28,408;</li> <li>g. PCLRF Project code 300-05, Transit Center/Pedestrian Bridge, totaling \$44,572;</li> <li>h. PCLRF Project code 430-04, Frazier Improvements, totaling \$57,921;</li> <li>i. PCLRF Project code 440-08, Street Name/Roadway Signs, totaling \$122,132;</li> <li>j. PCLRF Project code 450-02, Corak Ave Storm Drain Project totaling \$52,476; and</li> <li>k. PCLRF Project code 450-10, Various Street Improvement Projects, totaling \$885,886.</li> </ul> <p>Although we found the expenditures to be eligible for Local Return funding, these projects had no prior approval from LACMTA.</p>
<b>Cause</b>	This condition was caused by turnover in City staff responsible for completing the appropriate forms.
<b>Effect</b>	Proposition A and Proposition C LR funds were expended towards project expenditures without prior approval by the LACMTA.

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

---

**PALRF and PCLRF: Finding #2019-001 (Continued)**

<b>Recommendation</b>	We recommend for the City to establish procedures and controls to ensure that approval is obtained from LACMTA prior to spending on any Local Return-funded projects.
<b>Management's Response</b>	Staff assigned in ensuring compliance with Proposition A and Proposition C Guidelines have been apprised of the rules governing the use of these funds. In addition, the Public Works Director will verify that all projects have been approved before expending any of these funds. The finance department staff had also implemented procedures to verify approval by LACMTA before issuing any checks for the projects.
<b>Findings Resolved During the Audit</b>	LACMTA Program Manager granted a retroactive approval of projects' budget on October 3 and 7, 2019. No follow up is required.

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

**PALRF: Finding #2019-002**

<b>Compliance Reference</b>	Section I(C) of the Proposition A and C Local Return Guidelines states that, "Jurisdictions shall submit for approval a Project Description Form (Form A) prior to the expenditure of funds for: 1) a new project; 2) a new route; 3) a 25 percent change (increase or decrease) in route or revenue vehicle miles for an established LR funded transit service; 4) a 0.75 miles or greater service change that duplicates/overlays an existing transit service; or 5) a 25 percent or greater change in an approved LR project budget or scope on all operating or capital LR projects."
<b>Condition</b>	<p>The City exceeded LACMTA's approved budget by more than 25% without obtaining approval through a revised Form A for PALRF's Project Code 120-02, Dial-A-Ride Services project. Amount in excess of 25% of the approved budget was \$114,479.</p> <p>Projects with greater than 25% change from the approved project budget should be amended by submitting a revised Project Description Form (Form A).</p>
<b>Cause</b>	This condition was caused by turnover in City staff responsible for completing the appropriate forms.
<b>Effect</b>	The City's PALRF project expenditures exceeded 25 percent of LACMTA's approved budget without LACMTA's approval and the City did not comply with the Guidelines.
<b>Recommendation</b>	We recommend that the City submit a revised Form A to obtain LACMTA's approval for the change in project budget and for the City to implement control to ensure compliance with this requirement at all times.
<b>Management's Response</b>	Staff assigned in ensuring compliance with Proposition A and Proposition C Guidelines have been apprised of the rules governing the use of these funds. In addition, the Public Works Director will ensure that all projects will be reviewed and identified for any thresholds over 25%. A revised Form A will be submitted to LACMTA for any projects over the 25% threshold for approval.
<b>Finding Corrected During the Audit</b>	The City submitted a Form A to the LACMTA Program Manager and was granted a retroactive approval on the amended budget for this project on October 3, 2019. No additional follow up is required.

**PALRF and PCLRF: Finding #2019-003**

<b>Compliance Reference</b>	<p>Proposition A and Proposition C Local Return Guidelines Section II states that, "A proposed expenditure of funds shall be deemed to be for public transit purposes to the extent that it can reasonably be expected to sustain or improve the quality and safety of and/or access to public transit services by the general public or those requiring special public transit assistance". Also, Section V states that, "It is the jurisdictions' responsibility to maintain proper accounting records and documentation to facilitate the performance of the audit as prescribed in these Guidelines".</p> <p>On February 14, 2019, the LACMTA Local Return Program Manager re-affirmed the memo issued on April 29, 2014 addressed to all Jurisdictions to provide clarification for adequate salary and related costs documentations for the audit of the Local Return funds.</p> <p>Below are recommendations to ensure that jurisdictions have adequate evidence to support its compliance with the Local Return Guidelines:</p> <ol style="list-style-type: none"> <li>1. All hours are required to be documented. Develop and/or maintain a system that will keep track of actual hours worked by employees whose salaries and benefits were charged to the LACMTA project. Expenditures claimed based solely on budgeted amounts is not considered adequate documentation because it does not reflect actual expenditures incurred on the LACMTA project and do not provide adequate evidence that labor hours charged has transit/transportation purpose. The record of hours worked must: a) identify the LACMTA project, b) be authenticated by the employee and approved by his/her immediate supervisor, and c) tie to hours reported in the payroll records.</li> <li>2. Provide adequate support for indirect costs. For indirect expenditures allocated to LACMTA projects, develop and/or maintain a system that distributes allowable expenditures to projects based on causal or beneficial relationships. Expenditures cannot be claimed on LACMTA project if the expenditures are not allowable (i.e., not transportation or transit related) or not allocable to the LACMTA project (i.e., LACMTA project did not cause the incurrence of the expenditure or LACMTA project did not benefit from the expenditure).</li> </ol>
-----------------------------	---

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

**PALRF and PCLRF: Finding #2019-003 (Continued)**

<p><b>Condition</b></p>	<p>The City claimed salaries and benefits expenditures under the following projects:</p> <p><b><u>PALRF:</u></b></p> <ul style="list-style-type: none"> <li>a) Project code 110-01, Fixed Route Shuttle Service, total amount of \$15,054;</li> <li>b) Project code 120-02, Dial-A-Ride Services, total amount of \$24,087;</li> <li>c) Project code 150-01, Bus Shelter Improvements, total amount of \$3,154; and</li> <li>d) Project code 480-02, Prop A Administration, total amount of \$220,354</li> </ul> <p><b><u>PCLRF:</u></b></p> <ul style="list-style-type: none"> <li>a) Project code 170-01, Landscaping at Metrolink, total amount of \$19,636;</li> <li>b) Project code 170-02, Bus Shelter Maintenance, total amount of \$142,031;</li> <li>c) Project code 230-04, Landscaping along Transit Corridors, total amount of \$8,790;</li> <li>d) Project code 430-03, Maine Ave Complete Street Projects, total amount of \$43,301;</li> <li>e) Project Code 440-08, Street Name/Roadway Signs, total amount of \$51,360; and</li> <li>f) Project Code 480-02 Prop C Administration, total amount of \$164,790</li> </ul> <p>The salaries and benefits claimed under PALRF and PCLRF of \$262,649 and \$429,908, respectively, are based on budget and are not supported by actual time charges and documented time study or indirect cost allocation plan for administrative charges. The City historically claimed those salaries in the previous years based on actual time charges and those claims were supported by time sheets. However, because of the change in the City's payroll and time reporting system during the fiscal year, auditor was not able to verify the reasonableness of the payroll charges under the Local Return Guidelines. This was due to the City's transition to the new time reporting system.</p>
<p><b>Cause</b></p>	<p>The City changed its payroll system during FY 2018-19. Employees started entering their timesheet electronically that replaced the manual timesheet (hard copy). The system automatically allocates the amounts charged by each employee to these funds based on the budgeted percentages.</p>



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

**PALRF and PCLRF: Finding #2019-003 (Continued)**

<b>Effect</b>	If the labor charges are not supported by actual time charges and documented time study or indirect cost allocation plan, LACMTA will require the City to return the money to the Local Return Funds.
<b>Recommendation</b>	We recommend that the City provide documentation to support the salaries and benefits charges to PALRF and PCLRF prior to FY 2019/20 year end audit. If these documents are not provided, the City is required to reimburse its PALRF and PCLRF accounts the amount of \$262,649 and \$429,908, respectively. In addition, we recommend that the City establish controls to ensure that the salaries and benefits charged to the Local Return funds are adequately supported by timesheets, payroll registers, personnel action forms with job descriptions, or similar documentation as required by the Guidelines.
<b>Management's Response</b>	<p>The City changed its payroll system during FY 2018-19. Employees started entering their timesheet electronically to replace the manual timesheet. The salaries and benefits costs are the actual amounts from the City's payroll which is based on the estimated percentage of work assigned by Public Works for allocated hours per the prior year's projections and related projects in FY 2018-19. The percentage allocation is entered in Tyler Incode 10 financial system. The system allocates the charges for each employee to those funds.</p> <p><u>Corrective Action Plan</u>  The City will implement a new internal control procedure. The electronic time entry will be based on the actual hours worked on each project. We will also prepare reconciliation/adjustments as needed and/or at year-end. The time entries will be submitted by employees electronically and reviewed/approved by their supervisors. The City will also establish controls to ensure that all salaries and benefits charged to the Local Return funds are adequately supported in the future. The City considers the allocations and the charges mentioned above to be reasonable and eligible expenses under the local return guidelines.</p>

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

**PALRF and PCLRF: Finding #2019-004**

<b>Compliance Reference</b>	<p>Under Section II(C)(7) of the Proposition A and Proposition C Local Return Guidelines, Jurisdictions are required to certify that they have conducted and maintain Pavement Management Systems (PMS) when proposing “Street Repair and Maintenance” or “Bikeway” projects.</p> <p>Self-certifications executed by the Jurisdiction’s Engineer or designated, registered civil engineer, must be submitted with Form A for new street maintenance or bikeway projects, or Form B (biannually) for ongoing projects, to satisfy “Street Repair and Maintenance” and “Bikeway” project eligibility criteria.</p>
<b>Condition</b>	<p>The City has not submitted a signed Pavement Management System (PMS) certification in FY 2018/19, which is required to be conducted and maintained every 3 years. The City’s latest certification submitted to LACMTA in June 2016 had an August 2015 inventory update and review of pavement condition completion date which was over 3 years already.</p>
<b>Cause</b>	<p>Due to circumstances beyond the City’s control, the City was delayed in retaining a consultant to update the City’s PMS prior to the audit report.</p>
<b>Effect</b>	<p>The City was not in compliance with respect to the certification of PMS in conformance with the criteria stipulated in the Local Return Guidelines. As such, any local return funds spent may be required to be returned to the Local Return Funds.</p>
<b>Recommendation</b>	<p>The City should submit to LACMTA a signed certification that it has a PMS for eligibility of its new or ongoing street maintenance or bikeway projects and keep it on file.</p>
<b>Management’s Response</b>	<p>The City of Baldwin Park has budgeted \$30,000 in the fiscal year 2019-20 to update its Pavement Management System (PMS). The City has anticipated that the PMS will be fully updated by April 2020. The City will notify LACMTA once the PMS update has been completed.</p>

**MRLRF: Finding #2019-005**

<b>Compliance Reference</b>	<p>Measure R Local Return Guidelines Section (A) (I) states that, “The Measure R Ordinance specifies that LR funds are to be used for transportation purposes. No net revenues distributed to Jurisdictions may be used for purposes other than transportation purposes”. Also, Section VII states that, “It is the jurisdictions’ responsibility to maintain proper accounting records and documentation to facilitate the performance of the audit as prescribed in these Guidelines”.</p> <p>On February 14, 2019, the LACMTA Local Return Program Manager re-affirmed the memo issued on April 29, 2014 addressed to all Jurisdictions to provide clarification for adequate salary and related costs documentations for the audit of the Local Return funds.</p> <p>Below are recommendations to ensure that jurisdictions have adequate evidence to support its compliance with the Local Return Guidelines:</p> <ol style="list-style-type: none"> <li>1. All hours are required to be documented. Develop and/or maintain a system that will keep track of actual hours worked by employees whose salaries and benefits were charged to the LACMTA project. Expenditures claimed based solely on budgeted amounts is not considered adequate documentation because it does not reflect actual expenditures incurred on the LACMTA project and do not provide adequate evidence that labor hours charged has transit/transportation purpose. The record of hours worked must: a) identify the LACMTA project, b) be authenticated by the employee and approved by his/her immediate supervisor, and c) tie to hours reported in the payroll records.</li> <li>2. Provide adequate support for indirect costs. For indirect expenditures allocated to LACMTA projects, develop and/or maintain a system that distributes allowable expenditures to projects based on causal or beneficial relationships. Expenditures cannot be claimed on LACMTA project if the expenditures are not allowable (i.e., not transportation or transit related) or not allocable to the LACMTA project (i.e., LACMTA project did not cause the incurrence of the expenditure or LACMTA project did not benefit from the expenditure).</li> </ol>
-----------------------------	--

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

**MRLRF: Finding #2019-005 (Continued)**

<b>Condition</b>	<p>The City claimed salaries and benefits expenditures under the following projects:</p> <ul style="list-style-type: none"> <li>a) Project code 1.05, Street Repairs, Maintenance, Street Rehabilitation, total amount of \$141,655;</li> <li>b) Project code 1.30, Street Improvements Per New Complete Streets Policy, total amount of \$75,666;</li> <li>c) Project code 1.90, Street Name Roadway Signs, total amount of \$107,593;</li> <li>d) Project code 4.90, Bus Stop Share Maintenance, total amount of \$2,858;</li> <li>e) Project code 5.15, Metrolink Station Maintenance, total amount of \$10,846; and</li> <li>f) Project code 8.10, Administration of Projects and Programs, total amount of \$146,393.</li> </ul> <p>The salaries and benefits claimed under MRLRF amounting to \$485,011 are based on budget and are not supported by actual time charges and documented time study or indirect cost allocation plan for administrative charges. The City historically claimed those salaries in the previous years based on actual time charges and those claims were supported by time sheets. However, because of the change in the City's payroll and time reporting system during the fiscal year, auditor was not able to verify the reasonableness of the payroll charges under the Local Return Guidelines. This was due to the City's transition to the new time reporting system.</p>
<b>Cause</b>	<p>The City changed its payroll system during FY 2018-19. Employees started entering their timesheet electronically that replaced the manual timesheet (hard copy). The system automatically allocates the amounts charged by each employee to these funds based on the budgeted percentages.</p>
<b>Effect</b>	<p>If the labor charges are not supported by actual time charges and documented time study or indirect cost allocation plan, LACMTA will require the City to return the money to the Local Return Funds.</p>

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

**MRLRF: Finding #2019-005 (Continued)**

<p><b>Recommendation</b></p>	<p>We recommend that the City provide documentation to support the salaries and benefits charges to MRLRF prior to FY 2019/20 year end audit. If these documents are not provided, the City is required to reimburse its MRLRF accounts the amount of \$485,011. In addition, we recommend that the City establish controls to ensure that the salaries and benefits charged to the Local Return funds are adequately supported by timesheets, payroll registers, personnel action forms with job descriptions, or similar documentation as required by the Guidelines.</p>
<p><b>Management's Response</b></p>	<p>The City changed its payroll system during FY 2018-19. Employees started entering their timesheet electronically to replace the manual timesheet. The salaries and benefits costs are the actual amounts from the City's payroll which is based on the estimated percentage of work assigned by Public Works for allocated hours per the prior year's projections and related projects in FY 2018-19. The percentage allocation is entered in Tyler Incode 10 financial system. The system allocates the charges for each employee to those funds.</p> <p><u>Corrective Action Plan</u>  The City will implement a new internal control procedure. The electronic time entry will be based on the actual hours worked on each project. We will also prepare reconciliation/adjustments as needed and/or at year-end. The time entries will be submitted by employees electronically and reviewed/approved by their supervisors. The City will also establish controls to ensure that all salaries and benefits charged to the Local Return funds are adequately supported in the future. The City considers the allocations and the charges mentioned above to be reasonable and eligible expenses under the local return guidelines.</p>

**MMLRF: Finding #2019-006**

<b>Compliance Reference</b>	<p>Measure M Local Return Guidelines Section (A) (I) states that, “The Measure M Ordinance specifies that LR funds are to be used for transportation purposes. No net revenues distributed to Jurisdictions may be used for purposes other than transportation purposes”. Also, Section VII states that, “It is the jurisdictions’ responsibility to maintain proper accounting records and documentation to facilitate the performance of the audit as prescribed in these Guidelines”.</p> <p>On February 14, 2019, the LACMTA Local Return Program Manager re-affirmed the memo issued on April 29, 2014 addressed to all Jurisdictions to provide clarification for adequate salary and related costs documentations for the audit of the Local Return funds.</p> <p>Below are recommendations to ensure that jurisdictions have adequate evidence to support its compliance with the Local Return Guidelines:</p> <ol style="list-style-type: none"> <li>1. All hours are required to be documented. Develop and/or maintain a system that will keep track of actual hours worked by employees whose salaries and benefits were charged to the LACMTA project. Expenditures claimed based solely on budgeted amounts is not considered adequate documentation because it does not reflect actual expenditures incurred on the LACMTA project and do not provide adequate evidence that labor hours charged has transit/transportation purpose. The record of hours worked must: a) identify the LACMTA project, b) be authenticated by the employee and approved by his/her immediate supervisor, and c) tie to hours reported in the payroll records.</li> <li>2. Provide adequate support for indirect costs. For indirect expenditures allocated to LACMTA projects, develop and/or maintain a system that distributes allowable expenditures to projects based on causal or beneficial relationships. Expenditures cannot be claimed on LACMTA project if the expenditures are not allowable (i.e., not transportation or transit related) or not allocable to the LACMTA project (i.e., LACMTA project did not cause the incurrence of the expenditure or LACMTA project did not benefit from the expenditure).</li> </ol>
-----------------------------	--

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

**MMLRF: Finding #2019-006 (Continued)**

<b>Condition</b>	<p>The City claimed salaries and benefits expenditures under the following projects:</p> <ul style="list-style-type: none"> <li>a) Project code 01-001, Bond for Rail Safety Crossings Improvements, total amount of \$23;</li> <li>b) Project code 01-002, Street Rehabilitation Project, total amount of \$47,388;</li> <li>c) Project code 05-001, Bus Stop Maintenance, total amount of \$34,696; and</li> <li>d) Project code 08-001, Measure M Administration, total amount of \$269,386.</li> </ul> <p>The salaries and benefits claimed under MMLRF amounting to \$351,493 are based on budget and are not supported by actual time charges and documented time study or indirect cost allocation plan for administrative charges. The City historically claimed those salaries in the previous years based on actual time charges and those claims were supported by time sheets. However, because of the change in the City's payroll and time reporting system during the fiscal year, auditor was not able to verify the reasonableness of the payroll charges under the Local Return Guidelines. This was due to the City's transition to the new time reporting system.</p>
<b>Cause</b>	<p>The City changed its payroll system during FY 2018-19. Employees started entering their timesheet electronically that replaced the manual timesheet (hard copy). The system automatically allocates the amounts charged by each employee to these funds based on the budgeted percentages.</p>
<b>Effect</b>	<p>If the labor charges are not supported by actual time charges and documented time study or indirect cost allocation plan, LACMTA will require the City to return the money to the Local Return Funds.</p>
<b>Recommendation</b>	<p>We recommend that the City provide documentation to support the salaries and benefits charges to MMLRF prior to FY 2019/20 year end audit. If these documents are not provided, the City is required to reimburse its MMLRF accounts the amount of \$351,493. In addition, we recommend that the City establish controls to ensure that the salaries and benefits charged to the Local Return funds are adequately supported by timesheets, payroll registers, personnel action forms with job descriptions, or similar documentation as required by the Guidelines.</p>

**MMLRF: Finding #2019-006 (Continued)**

<b>Management's Response</b>	<p>The City changed its payroll system during FY 2018-19. Employees started entering their timesheet electronically to replace the manual timesheet. The salaries and benefits costs are the actual amounts from the City's payroll which is based on the estimated percentage of work assigned by Public Works for allocated hours per the prior year's projections and related projects in FY 2018-19. The percentage allocation is entered in Tyler Incode 10 financial system. The system allocates the charges for each employee to those funds.</p> <p><u>Corrective Action Plan</u></p> <p>The City will implement a new internal control procedure. The electronic time entry will be based on the actual hours worked on each project. We will also prepare reconciliation/adjustments as needed and/or at year-end. The time entries will be submitted by employees electronically and reviewed/approved by their supervisors. The City will also establish controls to ensure that all salaries and benefits charged to the Local Return funds are adequately supported in the future. The City considers the allocations and the charges mentioned above to be reasonable and eligible expenses under the local return guidelines.</p>
------------------------------	--



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

---

**TDAA3F: Finding #2019-007**

<b>Compliance Reference</b>	TDA Article 3 Guidelines states that, "Agencies may only draw down the funds that they can spend during the fiscal year in which they were allocated. Agencies are not allowed to have a fund balance at the end of the fiscal year. Any funds drawn down and that remain unspent after the end of the fiscal year must be returned to LACMTA to be placed on reserve for the City under the fiscal year in which they were originally allocated. Agencies must also fully spend any interest accumulated by these funds by the end of the fiscal year in which the funds were allocated".
<b>Condition</b>	The City has remaining funds unexpended and unencumbered amounting to \$8,977 as of June 30, 2019.
<b>Cause</b>	There appears to be a lack of timely review of the available funding to be spent and/or returned for TDA Article 3 Fund.
<b>Effect</b>	The City was not in compliance with the TDA Article 3 Guidelines and is required to return the amount of \$8,977 that is neither expended nor encumbered as of June 30, 2019.
<b>Recommendation</b>	We recommend that the City return the unexpended funds to LACMTA consistent with the TDA Article 3 Guidelines.
<b>Management's Response</b>	The City has requested a waiver from LACMTA to expend all the funds during Fiscal Year 2019-20. A waiver has been granted and the funds will be used for the Pacific Pedestrian and Transportation Improvement Project in FY 2019/20.
<b>Findings Resolved During the Audit</b>	On November 20, 2019, LACMTA granted an extension of the funds remaining with the City through June 30, 2020. No follow up is required.

**EXIT CONFERENCE**

An exit conference was held on December 16, 2019 with the City of Baldwin Park 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 Baldwin Park representatives:  
Rose Tam – Finance Director  
Sam Gutierrez – Public Works Director  
Shao Yin Wei – Accounting Manager  
Sharon Rivera – Management Assistant

Matters discussed:

Results of the audit disclosed instances of noncompliance with the Guidelines.

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

Rose Tam – Finance Director  
Sam Gutierrez – Public Works Director  
Shao Yin Wei – Accounting Manager  
Sharon Rivera – Management Assistant



[www.vasquezcpa.com](http://www.vasquezcpa.com)

Vasquez & Company LLP has 50 years of experience in performing audit, accounting & consulting services for all types of nonprofit organizations, for-profit companies, governmental entities and publicly traded companies. Vasquez is a member of the RSM US Alliance. RSM US Alliance provides its members with access to resources of RSM US LLP. RSM US Alliance member firms are separate and independent businesses and legal entities that are responsible for their own acts and omissions, and each are separate and independent from RSM US LLP. RSM US LLP is the U.S. member firm of RSM International, a global network of independent audit, tax, and consulting firms. Members of RSM US Alliance have access to RSM International resources through RSM US LLP but are not member firms of RSM International. Visit [rsmus.com/about us](http://rsmus.com/about-us) for more information regarding RSM US LLP and RSM International. The RSM™ logo is used under license by RSM US LLP. RSM US Alliance products and services are proprietary to RSM US LLP.