



**Metro**<sup>™</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, 2020 and 2019  
with Report of Independent Auditors**

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**FINANCIAL SECTION**

## Report of Independent Auditors

**To the Honorable Members of the City Council of the  
City of 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, 2020 and 2019, 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, 2020 and 2019, 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, 2020 and 2019, 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 21, 2020 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 21, 2020**

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

		June 30	
		2020	2019
<b>ASSETS</b>			
Cash and investments	\$	414,654	\$ 860,484
Interest receivable		1,482	-
<b>Total assets</b>	<b>\$</b>	<b>416,136</b>	<b>\$ 860,484</b>
<b>LIABILITIES AND FUND BALANCE</b>			
<b>Liabilities</b>			
Accounts payable	\$	209,615	\$ 348,480
<b>Total liabilities</b>		<b>209,615</b>	<b>348,480</b>
<b>Fund balance</b>			
Restricted		206,521	512,004
<b>Total fund balance</b>		<b>206,521</b>	<b>512,004</b>
<b>Total liabilities and fund balance</b>	<b>\$</b>	<b>416,136</b>	<b>\$ 860,484</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**

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	Years ended June 30	
	2020	2019
<b>Revenues</b>		
Proposition A	\$ 1,484,910	\$ 1,516,513
Proposition A Discretionary Incentive Program Grant	102,086	-
Interest income	9,275	14,233
Project generated revenues	77,564	95,921
Other revenues	63,791	67,983
<b>Total revenues</b>	<b>1,737,626</b>	1,694,650
<b>Expenditures</b>		
Various projects	2,043,109	1,803,208
<b>Total expenditures</b>	<b>2,043,109</b>	1,803,208
Deficiency of revenues over expenditures	(305,483)	(108,558)
Fund balance at beginning of year	512,004	620,562
Fund balance at end of year	\$ 206,521	\$ 512,004

*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, 2020**  
**(With Comparative Actuals for 2019)**

Project Code	Project Name	2020		Variance Positive (Negative)	2019 Actual
		LACMTA Budget	Actual		
110-01	Fixed Route Shuttle Service	\$ 1,350,000	\$ 1,219,347	\$ 130,653	\$ 965,672
120-02	Dial-A-Ride Services	280,000	269,645	10,355	296,979
140-01	Recreational Transit	-	-	-	25,405
150-01	Bus Shelter Improvements	-	-	-	203,841
170-01	Bus Shelter Maintenance	-	6,826 *	(6,826)	-
180-01	CNG Station	-	13,712 *	(13,712)	-
270-02	Commuter Express Trolley Program Planning	-	10,595 *	(10,595)	72,618
300-01	Transit Programs - Public Counter And Second Floor Remodel	6,000	5,973	27	-
430-03	Complete Streets - Maine Phase II	-	72,100 *	(72,100)	-
430-05	Walnut Creek NP Restoration	-	13,079 *	(13,079)	-
450-01	SB1 Street Improvements and Rehabilitation	-	42,454 *	(42,454)	-
470-02	Pavement Management Updates	-	29,000 *	(29,000)	-
480-02	Prop A Administration	361,000	360,378	622	238,693
	<b>Total expenditures</b>	<b>\$ 1,997,000</b>	<b>\$ 2,043,109</b>	<b>\$ (46,109)</b>	<b>\$ 1,803,208</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, 2020**

<u>Date Acquired</u>	<u>Description</u>	<u>Balance July 1, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2020</u>
1982-83	Park and Ride Lot	\$ 260,000	\$ -	\$ -	\$ 260,000
1992-93	Commuter Rail	1,192,269	-	-	1,192,269
2002-03	(5) Transit Buses	215,500	-	-	215,500
2015-16	(5) El Dorado EZ Rider II Max White CNG Buses	1,027,266	-	-	1,027,266
2017-18	Bus Stop Improvements	200,000	-	-	200,000
2018-19	Complete Streets - Main Phase 1A	650	-	-	650
2019-20	Walnut Creek NP Phase III	-	13,079	-	13,079
2019-20	SB1 Street Improvement and Rehab	-	42,454	-	42,454
2019-20	Second Floor Remodel Project	-	5,973	-	5,973
Total \$		<u>2,895,685</u>	<u>\$ 61,506</u>	<u>\$ -</u>	<u>\$ 2,957,191</u>

*See report of independent auditors.*

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

		<b>June 30</b>	
		<b>2020</b>	<b>2019</b>
<b>ASSETS</b>			
Cash and investments	\$	<b>1,037,151</b>	\$ 1,090,085
Interest receivable		<b>3,218</b>	8,014
<b>Total assets</b>	<b>\$</b>	<b><u>1,040,369</u></b>	<b><u>\$ 1,098,099</u></b>
<b>LIABILITIES AND FUND BALANCE</b>			
<b>Liabilities</b>			
Accounts payable	\$	<b>159,523</b>	\$ 255,086
<b>Total liabilities</b>		<b><u>159,523</u></b>	<b><u>255,086</u></b>
<b>Fund balance</b>			
Restricted		<b>880,846</b>	843,013
<b>Total fund balance</b>		<b><u>880,846</u></b>	<b><u>843,013</u></b>
<b>Total liabilities and fund balance</b>	<b>\$</b>	<b><u>1,040,369</u></b>	<b><u>\$ 1,098,099</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**

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	<b>Years ended June 30</b>	
	<b>2020</b>	<b>2019</b>
<b>Revenues</b>		
Proposition C	\$ 1,231,737	\$ 1,257,884
Interest income	11,926	34,731
<b>Total revenues</b>	<b>1,243,663</b>	<b>1,292,615</b>
<b>Expenditures</b>		
Various projects	1,205,830	2,699,904
<b>Total expenditures</b>	<b>1,205,830</b>	<b>2,699,904</b>
Excess (deficiency) of revenues over expenditures	37,833	(1,407,289)
Fund balance at beginning of year	843,013	2,250,302
Fund balance at end of year	\$ 880,846	\$ 843,013

*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, 2020**  
**(With Comparative Actuals for 2019)**

Project Code	Project Name	2020		Variance Positive (Negative)	2019 Actual
		LACMTA Budget	Actual		
120-01	Dial A Ride Service	\$ -	\$ 28,554 *	\$ (28,554)	-
150-01	Bus Shelter Improvements	-	-	-	150,000
170-01	Landscaping at Metrolink	100,000	30,958	69,042	45,898
170-02	Bus Shelter Maintenance	150,000	165,231	(15,231)	211,311
180-01	Purchase of a Pressure Washer for Bus Shelter Maintenance	-	-	-	45,188
180-01	CNG Fuel Station	400,000	267,489	132,511	-
190-01	CNG Station Improvements	-	-	-	117,186
220-01	Graffiti Removal	-	55,529 *	(55,529)	-
230-02	Park/Ride Lot - Utilities	-	2,135 *	(2,135)	1,619
230-04	Landscaping Along Transit Corridors	-	-	-	28,408
270-01	Baldwin Park Transit Center	10,000	-	10,000	3,266
270-02	Citywide Traffic Study	20,000	-	20,000	-
270-03	SGVCOG Dues	-	12,292 *	(12,292)	-
300-01	Transit Programs - Public Counter and Second Floor Remodel	100,000	108,000	(8,000)	-
300-05	Transit Center/Pedestrian Bridge	-	34,212 *	(34,212)	44,572
400-01	Maine/Pacific Ave Traffic Signal Project	61,000	34,624	26,376	29,540
410-01	Maine/Pacific Ave Traffic Signal Project	210,000	-	210,000	-
430-01	San Gabriel River Commuter Bikeway Project	700,000	8,876	691,124	15,186
430-02	First Mile/Last Mile Street Improvements	166,000	75	165,925	-
430-03	Maine Ave Complete Streets Projects	650,000	24,591	625,409	675,475
430-04	Frazier Improvements	10,000	9,665	335	57,921
440-08	Street Name/Roadway Signs	-	75,566 *	(75,566)	122,132
450-02	Corak Ave Storm Drain Project	-	-	-	52,476
450-02	CNG Slow-Fill Fuel Station - City Yard	20,000	-	20,000	-
450-10	Various Street Improvement Projects	-	94,657 *	(94,657)	885,886
470-02	Pavement Management System Update	30,000	12,210	17,790	-
480-02	Prop C Administration	399,200	241,166	158,034	213,840
<b>Total expenditures</b>		<b>\$ 3,026,200</b>	<b>\$ 1,205,830</b>	<b>\$ 1,820,370</b>	<b>\$ 2,699,904</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, 2020**

<b>Date Acquired</b>	<b>Description</b>	<b>(as restated)</b>			<b>Balance June 30, 2020</b>
		<b>Balance July 1, 2019</b>	<b>Additions</b>	<b>Deletions</b>	
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
2015-16	GMC Sierra C2500 HD Pickup Truck	15,000 *	-	-	15,000
2017-18	Corak Storm Drain Improvements	565,273	-	-	565,273
2017-18	Bus Stop Improvements	550,782	-	-	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
2018-19	Various Street Improvement Projects	885,887 *	35,039	-	920,926
2019-20	Frazier Improvements	-	24,591	-	24,591
2019-20	Transit Programs - Public Counter and Second Floor Remodel	-	108,000	-	108,000
<b>Total</b>		<b>\$ 6,155,767</b>	<b>\$ 167,630</b>	<b>\$ -</b>	<b>\$ 6,323,397</b>

\* The City conducted a physical inventory count of the City's capital assets during FY 2020. Acquisition of these assets were funded by the Local Return (LR) Funds; however, these were not included in the LR Fund's Schedule of Capital Assets reported in prior years.

*See report of independent auditors.*

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

		June 30	
		2020	2019
<b>ASSETS</b>			
Cash and investments	\$	838,411	\$ 868,437
Interest receivable		2,495	3,745
<b>Total assets</b>	<b>\$</b>	<b><u>840,906</u></b>	<b><u>\$ 872,182</u></b>
<b>LIABILITIES AND FUND BALANCE</b>			
<b>Liabilities</b>			
Accounts payable	\$	185,913	\$ 164,084
<b>Total liabilities</b>		<b><u>185,913</u></b>	<b><u>164,084</u></b>
<b>Fund balance</b>			
Restricted		<u>654,993</u>	708,098
<b>Total fund balance</b>		<b><u>654,993</u></b>	<b><u>708,098</u></b>
<b>Total liabilities and fund balance</b>	<b>\$</b>	<b><u>840,906</u></b>	<b><u>\$ 872,182</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**

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		Years ended June 30	
		2020	2019
<b>Revenues</b>			
Measure R	\$	922,481	\$ 943,685
Interest income		9,984	14,916
<b>Total revenues</b>		<b>932,465</b>	958,601
<b>Expenditures</b>			
Various projects		985,570	1,281,395
<b>Total expenditures</b>		<b>985,570</b>	1,281,395
Deficiency of revenues over expenditures		(53,105)	(322,794)
Fund balance at beginning of year		708,098	1,030,892
Fund balance at end of year	\$	<b>654,993</b>	708,098

*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, 2020**  
**(With Comparative Actuals for 2019)**

Project Code	Project Name	2020		Variance Positive (Negative)	2019 Actual
		LACMTA Budget	Actual		
1.05	Street Repairs, Maintenance, Street Rehabilitation	\$ 188,400	\$ 231,120	\$ (42,720)	\$ 173,585
1.30	Street Improvements Per New Complete Streets Policy	130,000	126,250	3,750	282,980
1.30	Maine Ave Complete Streets Project	100,000	-	100,000	-
1.90	Street Name Roadway Signs	99,800	104,905	(5,105)	224,109
1.90	Landscaping of Complete Streets	50,000	45,586	4,414	-
3.05	Safe Routes to School Improvements			-	318,154
3.05	Downtown Improvements	800,000	167,743	632,257	30,689
4.90	Bus Stop/Share Maintenance	30,300	15,964	14,336	7,252
5.15	Metrolink Station Maintenance	37,425	46,176	(8,751)	28,278
5.15	Transit CNG Fuel Station	34,820	34,703	117	-
5.15	Second Floor Remodeling for Transit Program	12,000	18,795	(6,795)	-
5.35	Bus Stop Repairs - Repair/Replace Damages Shelter and Benches	10,000	-	10,000	-
5.90	Replace Existing Plotter	-	-	-	9,652
5.90	Racks and Storage of Street Equipment	-	-	-	9,815
5.90	Install Digital Marquees	95,000	-	95,000	-
6.40	Promote Transportation Program - Outreach Material to Public	5,000	-	5,000	3,000
7.20	SGVCOG Dues and TDM Related Activities Required by the CMP	5,700	5,980	(280)	5,721
7.90	GIS Mapping for Bikeways	3,000	-	3,000	-
7.90	Planning and Engineering for Eligible Projects	60,000	-	60,000	-
8.10	Administration of Projects and Programs	455,000	188,348	266,652	188,160
	<b>Total expenditures</b>	<b>\$ 2,116,445</b>	<b>\$ 985,570</b>	<b>\$ 1,130,875</b>	<b>\$ 1,281,395</b>

*See report of independent auditors.*

**City of Baldwin Park  
Measure R Local Return Fund  
Supplementary Information  
Schedule of Capital Assets  
Year ended June 30, 2020**

<b>Date Acquired</b>	<b>Description</b>	<b>(as restated)</b>			<b>Balance June 30, 2020</b>
		<b>Balance July 1, 2019</b>	<b>Additions</b>	<b>Deletions</b>	
2013-14	Transit Center	\$ 429,599	\$ -	\$ -	\$ 429,599
2015-16	GMC Sierra C2500 HD Pickup Truck	15,000 *	-	-	15,000
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
2018-19	Various Street Improvement Projects	180,000 *	-	-	180,000
2019-20	Second Floor Remodeling Project	-	18,795	-	18,795
<b>Total</b>		<b>\$ 2,976,287</b>	<b>\$ 18,795</b>	<b>\$ -</b>	<b>\$ 2,995,082</b>

\* The City conducted a physical inventory count of the City's capital assets during FY 2020. Acquisition of these assets were funded by the Local Return (LR) Funds; however, these were not included in the LR Fund's Schedule of Capital Assets reported in prior years.

*See report of independent auditors.*

City of Baldwin Park  
Measure M Local Return Fund  
Balance Sheets

		June 30	
		2020	2019
<b>ASSETS</b>			
Cash and investments	\$	-	\$ 340,073
Interest receivable		<u>1,123</u>	<u>2,696</u>
<b>Total assets</b>	<b>\$</b>	<b><u>1,123</u></b>	<b>\$ <u>342,769</u></b>
<b>LIABILITIES AND FUND DEFICIT</b>			
<b>Liabilities</b>			
Accounts payable	\$	52,293	\$ 490,100
Due to General Fund		<u>41,273</u>	<u>-</u>
<b>Total liabilities</b>		<b><u>93,566</u></b>	<b><u>490,100</u></b>
<b>Fund deficit</b>			
Restricted		<u>(92,443)</u>	<u>(147,331)</u>
<b>Total fund deficit</b>		<b><u>(92,443)</u></b>	<b><u>(147,331)</u></b>
<b>Total liabilities and fund deficit</b>	<b>\$</b>	<b><u>1,123</u></b>	<b>\$ <u>342,769</u></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	
	2020	2019
<b>Revenues</b>		
Measure M	\$ 1,039,565	\$ 1,061,667
Interest income	2,912	8,611
<b>Total revenues</b>	<b>1,042,477</b>	<b>1,070,278</b>
<b>Expenditures</b>		
Various projects	1,457,689	1,490,227
<b>Total expenditures</b>	<b>1,457,689</b>	<b>1,490,227</b>
Deficiency of revenues over expenditures	<b>(415,212)</b>	<b>(419,949)</b>
<b>Other financing source</b>		
Transfer in from Measure M Bond Fund	470,100	-
<b>Total other financing source</b>	<b>470,100</b>	<b>-</b>
Change in fund balance	54,888	(419,949)
Fund balance (deficit) at beginning of year	<b>(147,331)</b>	272,618
Fund deficit at end of year	<b>\$ (92,443)</b>	<b>\$ (147,331)</b>

*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, 2020**  
**(With Comparative Actuals for 2019)**

Project Code	Project Name	2020			2019 Actual
		LACMTA Budget	Actual	Variance Positive (Negative)	
01-001	Bond for Rail Safety Crossing Improvements	\$ 590,000	\$ 597,969	\$ (7,969)	\$ 549,487
01-002	Street Rehabilitation Project	125,000	212,423	(87,423)	139,306
01-003	Various Streets Rehabilitation Project	55,000	53,668	1,332	295,480
01-004	CNG Station Street Repairs	112,000	106,197	5,803	-
01-005	First Mile / Last Mile Improvements to and from Transit Center	166,000	-	166,000	-
01-006	Complete Streets - Maine Phase II	-	52,500 *	(52,500)	-
02-001	Traffic Signal at Olive St and Phelan Ave	5,000	4,374	626	-
03-001	Walnut Creek NP Restoration	80,000	80,000	-	-
05-001	Bus Stop Maintenance	42,704	24,353	18,351	37,471
05-002	Bus Stop Enhancements	100,000	-	100,000	99,600
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	-	-	-	78,420
05-004	Second Floor Remodeling Project	50,000	50,000	-	-
08-001	Measure M Administration	277,000	263,755	13,245	290,463
<b>Total expenditures</b>		<b>\$ 1,615,154</b>	<b>\$ 1,457,689</b>	<b>\$ 157,465</b>	<b>\$ 1,490,227</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, 2020**

<u>Date Acquired</u>	<u>Description</u>	<u>(as restated) Balance July 1, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2020</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
2018-19	Various Street Improvement Projects	295,480 *	88,924	-	384,404
2019-20	Walnut Creek NP Restoration	-	80,000	-	80,000
2019-20	Second Floor Remodeling Project	-	50,000	-	50,000
2019-20	Sidewalk and street improvements around Morgan Park	-	12,450	-	12,450
<b>Total</b>		<b>\$ 868,941</b>	<b>\$ 231,374</b>	<b>\$ -</b>	<b>\$ 1,100,315</b>

\* The City conducted a physical inventory count of the City's capital assets during FY 2020. Acquisition of these assets were funded by the Local Return (LR) Funds; however, these were not included in the LR Fund's Schedule of Capital Assets reported in prior years.

*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	
		2020	2019
<b>ASSETS</b>			
Cash	\$	329	\$ -
Due from LACMTA		-	68,847
<b>Total assets</b>	<b>\$</b>	<b>329</b>	<b>\$ 68,847</b>
<b>LIABILITIES AND FUND BALANCE</b>			
<b>Liabilities</b>			
Cash overdraft	\$	-	\$ 21,484
Accounts payable		-	38,386
<b>Total liabilities</b>		<b>-</b>	<b>59,870</b>
<b>Fund balance</b>			
Restricted		329	8,977
<b>Total fund balance</b>		<b>329</b>	<b>8,977</b>
<b>Total liabilities and fund balance</b>	<b>\$</b>	<b>329</b>	<b>\$ 68,847</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	
	2020	2019
<b>Revenues</b>		
Intergovernmental Allocations:		
Article 3	\$ -	\$ 68,847
Interest income	88	-
Other income - refund on project cost	6,630	-
<b>Total revenues</b>	<b>6,718</b>	68,847
<b>Expenditures</b>		
Construction/Maintenance	15,366	57,824
<b>Total expenditures</b>	<b>15,366</b>	57,824
Excess (deficiency) of revenues over expenditures	(8,648)	11,023
Fund balance (deficit) at beginning of year	8,977	(2,046)
Fund balance at end of year	\$ 329	\$ 8,977

*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, 2020**

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<b>Project Description</b>	<u>Program Year</u>	Totals to Date			<u>Project Status</u>
		<u>Allocations</u>	<u>Expenditures</u>	<u>Unexpended Allocations</u>	
<b>Local Allocations:</b>					
San Gabriel River Bikeway Project	2020	\$ -	\$ 15,366	\$ (15,366)	On-going
<b>Totals</b>		\$ -	\$ 15,366	\$ (15,366)	
Investment income				88	
Other income				6,630	
Fund balance at beginning of year				8,977	
Fund balance at end of year				\$ 329 *	

\* 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 (CAFR) 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, 2020 and 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 CAFR.

**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, 2020 and 2019, 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 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, 2020 and 2019 consisted of the following:

	2020	2019
FY 2016/17 Voluntary NTD Reporting Program Year	\$ <u>102,086</u>	\$ -
	\$ <u>102,086</u>	\$ -

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, 2020 and 2019 consisted of the following:

		<u>2020</u>		<u>2019</u>
Farebox	\$	57,218	\$	65,926
Other licenses and permits		20,346		29,995
	\$	<u>77,564</u>	\$	<u>95,921</u>

**NOTE 10 OTHER REVENUES**

Other revenues under PALRF for the years ended June 30, 2020 and 2019 consisted of the following:

		<u>2020</u>		<u>2019</u>
Bus shelter maintenance	\$	33,666	\$	33,666
Bus shelter advertising		23,353		23,353
Others		6,772		10,964
	\$	<u>63,791</u>	\$	<u>67,983</u>

**NOTE 11 MUNICIPAL FINANCING AUTHORITY REVENUE BONDS SERIES 2019**

In February 2019, the City issued the Baldwin Park Municipal Financing Authority Measure M Revenue Bonds (Rail Safety Improvements Project), Series 2019 in the amount of \$6,460,000 to (i) finance the design, acquisition, and construction of certain local roadway and street improvement projects (collectively, the "Project") in the City of Baldwin Park (the "City"), (ii) purchase a debt service reserve policy to satisfy the reserve requirement for the Bonds and (iii) pay the costs incurred in connection with the issuance of the Bonds. Interest on the Bonds of 5% is payable semiannually on June 1 and December 1 of each year, commencing June 1, 2019, until maturity or earlier redemption. The Bonds are payable from and secured by Measure M Receipts, which generally consist of certain amounts received by the City from a 0.5 % retail transactions and use tax that is collected by the County of Los Angeles, California and allocated annually by the Los Angeles County Metropolitan Transportation Authority. Proceeds from the issuance was recorded under Measure M Bond Fund. The principal balance outstanding at June 30, 2020 and 2019 was \$6,460,000 and \$6,160,000, respectively.

In FY2019/20, the City has various projects funded by the bonds proceeds amounting to \$470,100.

**NOTE 11      MUNICIPAL FINANCING AUTHORITY REVENUE BONDS SERIES 2019  
(CONTINUED)**

The following is the movement in the bond's cash balance for the years ended June 30, 2020 and 2019 under the Measure M Bond Fund:

Proceeds from issuance of bonds	\$	7,170,348
Increase in:		
Accounts payable		613
Accrued interest payable		23,539
Due to other funds		3,504
Interest income earned		826
Expenditures during the year		(273,749)
Net transfer in (out) during the year		79,248
<b>Cash balance as of June 30, 2019</b>	<b>\$</b>	<b>7,004,329</b>
Decrease in accounts payable		(613)
Interest income earned		205,792
Expenditures during the year		(587,294)
Net transfer in (out) during the year		112,369
<b>Cash balance as of June 30, 2020</b>	<b>\$</b>	<b>6,734,583</b>

**NOTE 12      TRANSPORTATION DEVELOPMENT ACT ARTICLE 3 FUND REVENUE ALLOCATION**

The revenue allocations for the years ended June 30, 2020 and 2019 consisted of the following:

		<u>2020</u>		<u>2019</u>
FY 2015/16 allocation	\$	-	\$	12,498
FY 2016/17 allocation		-		51,051
FY 2017/18 allocation		-		5,298
	<b>\$</b>	<b>-</b>	<b>\$</b>	<b>68,847</b>

**NOTE 13      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, 2020 and 2019, the City has funds on reserve as follows:

		<u>2020</u>		<u>2019</u>
FY 2016/17 allocation	\$	43,376	\$	43,376
FY 2017/18 allocation		51,207		51,207
FY 2019/20 allocation		55,267		-
Total reserve	<b>\$</b>	<b>149,850</b>	<b>\$</b>	<b>94,583</b>



**NOTE 13      TRANSPORTATION DEVELOPMENT ACT ARTICLE 3 FUNDS RESERVED  
(CONTINUED)**

For FY 2019/20, any TDA Article 3 funds left on reserve for FY 2015/16 or prior, are subject to lapse if not claimed by the City by June 30, 2020. There were no funds that lapsed in FY 2019/20.

**NOTE 14      SUBSEQUENT EVENTS**

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, and quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries. To date, it is unknown how long these conditions will last and what the complete financial effect will be to businesses and other affected organizations, including local governmental entities.

The City has evaluated events subsequent to June 30, 2020 to assess the need for potential recognition or disclosure in the financial statements. Such events were evaluated through December 21, 2020, the date the financial statements were available to be issued. Based upon this evaluation, it was determined that no other subsequent events occurred that require recognition or additional disclosure in 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, 2020, and the related notes to the financial statements, and have issued our report thereon dated December 21, 2020.

**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) as a basis for designing 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 financial statements. 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 21, 2020**

**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, 2020.

### ***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, 2020.



### **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 #2020-001 through #2020-003. 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.

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. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be a material weakness and a significant deficiency.

*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. We consider the deficiency in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as Finding #2020-001 to be a material weakness.

*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. We consider the deficiency in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as Finding #2020-003 to be a significant deficiency.

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 21, 2020**

**City of Baldwin Park  
Compliance Matrix  
Year ended June 30, 2020**

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 #2020-001
4. Expenditures that exceeded 25% of approved project budget have approved amended Project Description Form (Form A)	X				
5. Administrative expenses are within the 20% cap of the total annual Local Return Expenditures.	X				
6. All on-going and carryover projects were reported in Form B.	X				
7. Annual Project Summary Report (Form B) was submitted timely.	X				
8. Annual Expenditure Report (Form C) was submitted timely.	X				
9. Cash or cash equivalents are maintained.	X				
10. Accounting procedures, record keeping and documentation are adequate.	X				
11. Pavement Management System (PMS) in place and being used for Street Maintenance or Improvement Projects Expenditures.	X				
12. Local Return Account is credited for reimbursable expenditures.	X				
13. Self-Certification was completed and submitted for Intelligent Transportation Systems projects or elements.			X		
14. Assurances and Understandings form was on file.	X				
15. Recreational Transit Form was submitted timely.	X				

*See report of independent auditors on compliance.*



**City of Baldwin Park  
Compliance Matrix  
Year ended June 30, 2020**

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 Baldwin Park  
Compliance Matrix  
Year ended June 30, 2020**

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 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			See Finding #2020-002
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, 2020**

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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			See Finding #2020-003
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, 2020**

**PALRF and PCLRF: Finding #2020-001**

<p><b>Compliance Reference</b></p>	<p>Section I(C) Project Description Form (Form A) 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."</p>
<p><b>Condition</b></p>	<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 170-01, Bus Shelter Maintenance, totaling \$6,826;</li> <li>b. PALRF Project code 180-01, CNG Station, totaling \$13,712;</li> <li>c. PALRF Project code 270-02, Commuter Express Trolley Program Planning, totaling \$10,595;</li> <li>d. PALRF Project code 430-03, Complete Streets - Maine Phase II, totaling \$72,100;</li> <li>e. PALRF Project code 430-05, Walnut Creek NP Restoration, totaling \$13,079;</li> <li>f. PALRF Project code 450-01, SB1 Street Improvements and Rehabilitation, totaling \$42,454;</li> <li>g. PALRF Project code 470-02, Pavement Management Updates, totaling \$29,000;</li> <li>h. PCLRF Project code 120-01, Dial A Ride Service, totaling \$28,554;</li> <li>i. PCLRF Project code 220-01, Graffiti Removal, totaling \$55,529</li> <li>j. PCLRF Project code 230-02, Park/Ride Lot - Utilities, totaling \$2,135;</li> <li>k. PCLRF Project code 270-03, SGVCOG Dues, totaling \$12,292;</li> <li>l. PCLRF Project code 300-05, Transit Center/Pedestrian Bridge, totaling \$34,212;</li> <li>m. PCLRF Project code 440-08, Street Name/Roadway Signs, totaling \$75,566; and</li> <li>n. PCLRF Project code 450-10, Various Street Improvement Project, totaling \$94,657;</li> </ul> <p>Although we found the expenditures to be eligible for Local Return funding, these projects had no prior approval from LACMTA.</p> <p>This is a repeat finding from prior years' audits.</p>

**City of Baldwin Park**  
**Schedule of Findings and Questioned Costs**  
**Year ended June 30, 2020**

**PALRF and PCLRF: Finding #2020-001 (Continued)**

<b>Cause</b>	The City continued transitioning of various reporting requirements among several staff members and departments throughout this year. Although the coordination among the various departments has greatly improved, staff is still adjusting to the newly implemented procedures that resulted from the previous year's findings. A combination of new staff positions and new procedures led to an oversight on the timely completion of the forms. This has been addressed and discussed with staff and should not re-occur moving forward.
<b>Effect</b>	Proposition A and Proposition C LR funds were expended towards project expenditures without prior approval by the LACMTA. The City did not comply with the Guidelines.
<b>Recommendation</b>	We recommend that the City establish procedures and internal controls to ensure that approval is obtained from LACMTA prior to spending on any Local Return-funded projects.
<b>Management's Response</b>	Procedures implemented in the most recent audit year have addressed hurdles in the preparation and submittal of the appropriate information in order to meet compliance with Proposition A and Proposition C Local Return Guidelines. Further, staff has been trained in the use of LACMTA's new Local Return Management System (LRMS) portal "Smartsheet" system which is expected to greatly improve the City's reporting submittal requirements. In addition, the City implemented a two-step verification process that includes both Finance and Public Works department staff obtaining verification of approval by LACMTA before issuing any checks and expending any funds for the projects.
<b>Findings Resolved During the Audit</b>	LACMTA Program Manager granted a retroactive approval of projects' budget on October 22 and 29, 2020. No follow up is required.

**City of Baldwin Park**  
**Schedule of Findings and Questioned Costs**  
**Year ended June 30, 2020**

**MMLRF: Finding #2020-002**

<b>Compliance Reference</b>	<p>Section XXV Administrative, Expenditure Plan (Form M-One) of the Measure M Local Return Program Guidelines state that, "To maintain legal eligibility and meet Measure M LR program compliance requirements, Jurisdiction shall submit to LACMTA an Expenditure Plan (Form M-One), annually, by August 1<sup>st</sup> of each year".</p> <p>"Expenditure Plan (Form M-One) provides a listing of projects funded with Measure M LR funds along with estimated expenditures for the year. For both operating and capital projects, Part I is to be filled out. Part II is to be filled out for capital projects (projects over \$250,000). LACMTA will provide LR funds to a capital project or program sponsor who submits the required expenditure plan".</p>
<b>Condition</b>	<p>The City claimed expenditures under MMLRF Project code 01-006 Complete Streets - Maine Phase II, totaling \$52,500, with no prior approval from LACMTA.</p>
<b>Cause</b>	<p>The City continued transitioning of various reporting requirements among several staff members and departments throughout this year. Although the coordination among the various departments has greatly improved, staff is still adjusting to the newly implemented procedures that resulted from the previous year's findings. A combination of new staff positions and new procedures led to an oversight on the timely completion of the forms. This has been addressed and discussed with staff and should not re-occur moving forward.</p>
<b>Effect</b>	<p>The City claimed expenditures totaling \$52,500 without prior approval from LACMTA. Lack of prior approval results in noncompliance which could impact future funding or result in questioned costs that require funding to be returned to LACMTA.</p>
<b>Recommendation</b>	<p>We recommend that the City establish procedures and internal controls to ensure that approval is obtained from LACMTA prior to spending on Measure M-funded projects.</p>

**City of Baldwin Park**  
**Schedule of Findings and Questioned Costs**  
**Year ended June 30, 2020**

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**MMLRF: Finding #2020-002 (Continued)**

<b>Management's Response</b>	Procedures implemented in the most recent audit year have addressed hurdles in the preparation and submittal of the appropriate information in order to meet compliance with Measure M Local Return Program Guidelines. Further, staff has been trained in the use of LACMTA's new Local Return Management System (LRMS) portal "Smartsheet" system which is expected to greatly improve the City's reporting submittal requirements. In addition, the City implemented a two-step verification process that includes both Finance and Public Works department staff obtaining verification of approval by LACMTA before issuing any checks and expending any funds for the projects.
<b>Finding Corrected During the Audit</b>	LACMTA Program Manager granted a retroactive approval of projects' budget on October 22, 2020. No follow up is required.



**City of Baldwin Park**  
**Schedule of Findings and Questioned Costs**  
**Year ended June 30, 2020**

**TDAA3F: Finding #2020-003**

<b>Compliance Reference</b>	TDA Article 3 Bicycle and Pedestrian Funds Funding Allocation Guidelines, Funding, Lapsing and Accounting 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 \$329 as of June 30, 2020.  This is a repeat finding from prior year's audit.
<b>Cause</b>	The City continued transitioning of various reporting requirements among several staff members and departments throughout this year. Although the coordination among the various departments has greatly improved, staff is still adjusting to the newly implemented procedures that resulted from the previous year's findings. A combination of new staff positions and new procedures led to an oversight on the timely completion of the forms. This has been addressed and discussed with staff and should not re-occur moving forward.
<b>Effect</b>	The City was not in compliance with the TDA Article 3 Guidelines and is required to return the amount of \$329 that is neither expended nor encumbered as of June 30, 2020.
<b>Recommendation</b>	We recommend 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 2020-21. A waiver has been granted and the funds will be used for the San Gabriel Bikeway Project in FY 2020/21.
<b>Findings Resolved During the Audit</b>	On November 18, 2020, LACMTA granted an extension of the use of the funds remaining with the City through June 30, 2021. No follow up is required.

**EXIT CONFERENCE**

An exit conference was held on November 25, 2020 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



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