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**City of Lynwood
Annual Financial Report of its**

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

**As of and for the Years Ended June 30, 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 Lynwood, California and the
Los Angeles County Metropolitan Transportation Authority**

Report on the Financial Statements

We have audited the accompanying financial statements of the Proposition A Local Return Fund, the Proposition C Local Return Fund, the Measure R Local Return Fund, the Measure M Local Return Fund and the Transportation Development Act Article 3 Fund (collectively, the Funds) of the City of Lynwood, California (the City) which comprise the Funds' balance sheets as of June 30, 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.



An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Proposition A Local Return Fund, the Proposition C Local Return Fund, the Measure R Local Return Fund, the Measure M Local Return Fund and the Transportation Development Act Article 3 Fund of the City of Lynwood, California, as of June 30, 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 Lynwood, 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 8, 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.

A handwritten signature in black ink that reads "Vaguez & Company LLP". The signature is written in a cursive, flowing style.

**Glendale, California
December 8, 2020**

City of Lynwood
 Proposition A Local Return Fund
 Balance Sheets

		June 30	
		2020	2019
ASSETS			
Cash and investments		\$ 3,721,592	\$ 3,954,104
	Total assets	\$ 3,721,592	\$ 3,954,104
LIABILITIES AND FUND BALANCE			
Liabilities			
Accounts payable		\$ 3,250	\$ -
Salaries payable		325	-
	Total liabilities	3,575	-
Fund balance			
Restricted		3,718,017	3,954,104
	Total fund balance	3,718,017	3,954,104
	Total liabilities and fund balance	\$ 3,721,592	\$ 3,954,104

See notes to Funds financial statements.

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

	Years ended June 30	
	2020	2019
Revenues		
Proposition A	\$ 1,396,200	\$ 1,445,419
Proposition A Discretionary Incentive Program grant	60,108	-
Investment income	126,582	91,081
Advertising	-	10,167
Total revenues	1,582,890	1,546,667
 Expenditures		
Various projects	1,818,977	1,181,564
Total expenditures	1,818,977	1,181,564
 Excess (deficiency) of revenues over expenditures	(236,087)	365,103
 Fund balance at beginning of year	3,954,104	3,589,001
 Fund balance at end of year	\$ 3,718,017	\$ 3,954,104

See notes to Funds financial statements.

City of Lynwood
Proposition A Local Return Fund
Supplementary Information
Schedule of Expenditures – Actual and LACMTA Approved Project Budget
Year ended June 30, 2020
(With Comparative Actuals for 2019)

Project Code	Project Name	2020			2019 Actual
		LACMTA Budget	Actual	Variance Positive (Negative)	
110-05	Fixed Bus Route	\$ 1,050,000	\$ 1,052,017	\$ (2,017)	\$ 529,988
110-06	Lynwood Trolley Blue Line Interface	460,000	404,857	55,143	220,109
120-07	Dial-A-Ride	180,000	158,059	21,941	117,571
140-02	Recreational Transit	15,000	11,150	3,850	11,378
150-04	Bus Stop Clean Up	70,000	57,515	12,485	54,524
250-01	MTA Bus Pass Voucher Subsidy	13,000	8,094	4,906	8,704
270-53	Transportation Assessment (Gateway Cities)	-	-	-	8,500
270-61	Engineering Costs	2,000	-	2,000	-
270-63	Fixed Route Transit Assessment and Preparation of Transit Procurement Documents	11,000	10,043	957	43,170
300-58	Bus Shelter Improvement	-	-	-	1,428
300-60	Transit Center Improvement	2,363,966	10,894	2,353,072	50,358
380-59	Transit Center Improvement II	2,363,966	-	2,363,966	-
480-03	Administration and Monitoring	116,000	106,348	9,652	135,834
Total expenditures		\$ 6,644,932	\$ 1,818,977	\$ 4,825,955	\$ 1,181,564

See report of independent auditors.

City of Lynwood
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>
3/31/2017	Bus Shelters	\$ 89,940	\$ -	\$ -	\$ 89,940
3/31/2017	Bus Bench	11,988	-	-	11,988
3/31/2017	Trash Can with Door	11,988	-	-	11,988
	Total	\$ 113,916	\$ -	\$ -	\$ 113,916

See report of independent auditors.

City of Lynwood
Proposition C Local Return Fund
Balance Sheets

		June 30	
		2020	2019
ASSETS			
Cash and investments	\$	312,590	\$ 612,217
Total assets	\$	312,590	\$ 612,217
LIABILITIES AND FUND DEFICIT			
Liabilities			
Accounts payable	\$	24,912	\$ -
Salaries payable		191	-
Due to Measure M Bonds Fund		398,229	1,047,616
Total liabilities		423,332	1,047,616
Fund deficit			
Restricted		(110,742)	(435,399)
Total fund deficit		(110,742)	(435,399)
Total liabilities and fund deficit	\$	312,590	\$ 612,217

See notes to Funds financial statements.

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

		Years ended June 30	
		2020	2019
Revenues			
Proposition C	\$	1,158,151	\$ 1,198,934
Investment income		21,813	27,820
Total revenues		1,179,964	1,226,754
 Expenditures			
Various projects		855,307	2,105,080
Total expenditures		855,307	2,105,080
Excess (deficiency) of revenues over expenditures		324,657	(878,326)
Fund balance (deficit) at beginning of year		(435,399)	442,927
Fund deficit at end of year		\$ (110,742)	\$ (435,399)

See notes to Funds financial statements.

City of Lynwood
Proposition C Local Return Fund
Supplementary Information
Schedule of Expenditures – Actual and LACMTA Approved Project Budget
Year ended June 30, 2020
(With Comparative Actuals for 2019)

Project Code	Project Name	2020			2019 Actual
		LACMTA Budget	Actual	Variance Positive (Negative)	
270-53	Transportation Assessment (Gateway Cities)	\$ 9,500	\$ 9,000	\$ 500	\$ -
270-56	I-710 Corridor Study	25,000	25,000	-	25,000
270-61	Engineering Costs	2,000	-	2,000	-
380-57	Long Beach Blvd Improvement Project	816,922	186,651	630,271	334,836
380-58	Long Beach Blvd Improvement Project - Phase II	2,108,358	398,229	1,710,129	1,047,616
430-01	Urban Greening Grant - Lynwood Urban Bicycle Trail	43,949	13,563	30,386	68,816
430-02	Long Beach Boulevard Curb Ramps	211,501	27,713	183,788	-
440-03	Lynwood Bike Trail Extension	25,000	-	25,000	-
440-30	Imperial Hwy and Martin Luther King Blvd (MLK) Intersection Improvements	81,813	10,561	71,252	-
440-46	Traffic Signal Improvements	319,173	128,620	190,553	607,966
440-47	Traffic Signal Improvements at Long Beach Blvd and Louise St.	12,223	-	12,223	-
470-01	Pavement Management System	35,000	25,937	9,063	-
480-03	Administration and Monitoring	31,000	30,033	967	20,846
Total expenditures		\$ 3,721,439	\$ 855,307	\$ 2,866,132	\$ 2,105,080

See report of independent auditors.

City of Lynwood
Proposition C 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>
N/A	None	\$ -	\$ -	\$ -	\$ -
	Total	\$ -	\$ -	\$ -	\$ -

See report of independent auditors.

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

		June 30	
		2020	2019
ASSETS			
Cash and investments	\$	2,198,815	\$ 2,533,055
Total assets	\$	2,198,815	\$ 2,533,055
LIABILITIES AND FUND BALANCE			
Liabilities			
Salaries payable	\$	2,935	\$ -
Due to Measure R BANS Fund		-	271,910
Total liabilities		2,935	271,910
Fund balance			
Restricted		2,195,880	2,261,145
Total fund balance		2,195,880	2,261,145
Total liabilities and fund balance	\$	2,198,815	\$ 2,533,055

See notes to Funds financial statements.

City of Lynwood
Measure R Local Return Fund

Statements of Revenues, Expenditures and Changes in Fund Balance

		Years ended June 30	
		2020	2019
Revenues			
Measure R	\$	867,371	\$ 899,459
Investment income		67,344	58,760
Total revenues		934,715	958,219
 Expenditures			
Various projects		999,980	1,759,645
Total expenditures		999,980	1,759,645
Deficiency of revenues over expenditures		(65,265)	(801,426)
Fund balance at beginning of year		2,261,145	3,062,571
Fund balance at end of year	\$	2,195,880	\$ 2,261,145

See notes to Funds financial statements.

City of Lynwood
Measure R Local Return Fund
Supplementary Information

Schedule of Expenditures – Actual and LACMTA Approved Project Budget
Year ended June 30, 2020
(With Comparative Actuals for 2019)

Project Code	Project Name	2020			2019 Actual
		LACMTA Budget	Actual	Variance Positive (Negative)	
1.05	Birch Street, Fir Street, Lugo Avenue, Platt Avenue and Thorson Avenue Street Improvement	\$ 49,679	\$ -	\$ 49,679	\$ 487,110
1.05	Duncan Ave (From Imperial Hwy to Beechwood Ave) (Construction)	670,000	-	670,000	348,923
1.05	Wright Road Improvements (Design and Construction)	490,000	51,005	438,995	29,724
1.05	Long Beach Boulevard Improvement (Phase I)	350,000	-	350,000	148,232
1.05	Long Beach Boulevard Improvement (Phase II)	100,000	-	100,000	-
1.05	Various Street Improvements	20,000	-	20,000	-
1.05	Virginia Ave (from Bullis Rd to Thorson Ave) and Olanda St (from Gibson Ave to Carlin St)	300,000	15,401	284,599	-
1.05	(New Bonds-BANS) Debt Service Principal	-	-	-	135,000
1.05	(New Bonds-BANS) Interest Expense	165,063	165,042	21	77,075
1.05	(New Bonds-BANS) Debt Issuance and Mgmt Cost	5,000	4,673	327	59,835
1.05	Peach Street Improvement	70,000	-	70,000	-
1.20	ATP Cycle II Lynwood Community Linkage (Design and Construction)	265,000	264,727	273	-
1.90	Measure R Bond Debt Service Payment	394,372	394,124	248	392,839
2.29	Traffic Signals Modifications (12 locations)	8,000	-	8,000	-
3.90	Sidewalk Improvement Project - Hulme Avenue and Other Locations	142,000	-	142,000	-
3.90	(New Bonds-Bans) Sidewalk and Street Improvements Project-Hulme and Other Locations	141,200	20,397	120,803	20,922
3.90	Pedestrian Improvements Around Various Schools (HSIP)	6,000	-	6,000	2,992
3.90	Sidewalk & Wheelchair Ramp Repairs	63,100	29,597	33,503	-
7.90	Atlantic Avenue Study on Complete Streets	35,000	-	35,000	-
7.90	Sidewalk Assessment	78,804	30,473	48,331	1,057
7.90	Planning and Engineering Costs (Staff and Consultant Services)	160,011	-	160,011	33,822
8.10	Administration of Measure R Funds	50,219	24,541	25,678	22,114
Total expenditures funded by MRLRF		\$ 3,563,448	\$ 999,980	\$ 2,563,468	\$ 1,759,645

See report of independent auditors.

City of Lynwood
Measure R Local Return Fund
Supplementary Information
Schedule of Expenditures – Actual and LACMTA Approved Project Budget (Continued)
Year ended June 30, 2020
(With Comparative Actuals for 2019)

The following projects were reported in the City's Expenditure Report (Form II). These projects were approved by LACMTA and were funded by the Measure R bonds proceeds (see Note 9). The expenditures were recorded under the City's Capital Projects Fund.

Project Code	Project Name	2020			(as restated)
		LACMTA Budget	Actual	Variance Positive (Negative)	2019 Actual
1.05	(Bonds) Virginia Ave (from Bullis Rd to Thorson Ave) and Olanda St (from Gibson Ave to Carlin St)	\$ 6,000	\$ -	\$ 6,000	\$ 125,522
1.05	(Bonds) Duncan Ave (From Imperial Hwy to Beechwood Ave) (Construction)	65,000	580	64,420	232,395
1.05	(Bonds) Street Improvements	423,000	-	423,000	1,498
1.05	(Bonds) Josephine St, Linden St, Bradfield St.	168,917	44,467	124,450	-
1.20	(Bonds) ATP Cycle II Lynwood Community Linkage (Design and Construction)	156,000	23,454	132,546	52,178
1.90	Measure R Bond Debt Service Payment	247	247	-	-
3.05	(Bonds) Urban Greening Grant - Lynwood Urgan Bicycle Trail	290,000	109,872	180,128	80,235
3.05	(Bonds) Imperial Highway and Martin Luther King Blvd (HSIP Intersection Improvement)	6,000	-	6,000	20,524
3.90	(Bonds) HSIP-Cycle 9 (Alameda/Martin Luther)	21,730	5,466	16,264	-
3.90	(Bonds) HSIP-Cycle 9 (Atlantic/Carlin)	21,730	4,841	16,889	-
3.90	(Bonds) HSIP-Cycle 9 (Imperial/Atlantic)	21,730	4,864	16,866	-
7.90	(Bonds) Design of Various Streets (Pavement Management Plan)	132,000	131,390	610	190,800
7.90	(Bonds) Drone Survey Purchase for the Survey of Streets/Signals/Sidewalks	-	-	-	9,200
7.90	(Bonds) Planning and Engineering Costs (Staff and Consultant Services)	-	-	-	14,322
8.10	(New Bonds-BANs)	1,600	-	1,600	3,483 *
Total expenditures funded by Measure R Bonds		\$ 1,313,954	\$ 325,181	\$ 988,773	\$ 730,157

See report of independent auditors.

City of Lynwood
Measure R Local Return Fund
Supplementary Information

Schedule of Expenditures – Actual and LACMTA Approved Project Budget (Continued)
Year ended June 30, 2020
(With Comparative Actuals for 2019)

Project Code	Project Name	2020			(as restated)
		LACMTA Budget	Actual	Variance Positive (Negative)	2019 Actual
1.05	(New Bonds-BANS) Louise Avenue Improvements (Design and Construction)	\$ -	\$ -	\$ -	517,215
1.05	(New Bonds) Beechwood Avenue, Louise Street, and Nevada Street Improvement	235,000	-	235,000	296,413 **
1.05	(New Bonds-BANS) Long Beach Boulevard Improvement (Phase I)	-	-	-	99,949
1.05	(New Bonds-BANS) Olanda Street Improvement Project (Design and Construction)	14,000	-	14,000	-
1.05	(New Bonds-BANS) Slurry Project - Various Streets	-	-	-	333,406
1.05	(New Bonds-BANS) Hulme Street Improvement	321,000	215,962	105,038	-
1.05	(New Bonds-BANS) Debt Service Payment	112,578	21	112,557	276,770 *
1.05	(New Bonds-BANS) Debt Service Principal	-	-	-	2,740,000
1.05	Olanda Street Improvements (Design and Construction)	20,000	-	20,000	382,312
1.90	(New Bonds-BANS) Alley Improvements	101,000	-	101,000	-
3.90	Sidewalk Improvement Project - Hulme Avenue and Other Locations	-	-	-	15,044
7.90	(New Bonds-BANS) Planning and Engineering Costs (Staff and Consultant Services)	4,800	-	4,800	15,487
	Total expenditures funded by Measure R BANS	<u>808,378</u>	<u>215,983</u>	<u>592,395</u>	<u>4,676,596</u>
	Total expenditures funded by bond proceeds	\$ 2,122,332	\$ 541,164	\$ 1,581,168	\$ 5,406,753

* Additional expenditures not reported in the City's FY 2018/19 Expenditure Report (Form II)

** Reclassified from Measure R Bonds

See report of independent auditors.

City of Lynwood
Measure R 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>
2012	Retro-Reflectometer	\$ 13,618	\$ -	\$ -	\$ 13,618
	Total	\$ 13,618	\$ -	\$ -	\$ 13,618

See report of independent auditors.

City of Lynwood
Measure M Local Return Fund
Balance Sheets

		June 30	
		2020	2019
ASSETS			
Cash and investments	\$	-	\$ -
Total assets	\$	-	\$ -
LIABILITIES AND FUND DEFICIT			
Liabilities			
Cash overdraft	\$	-	\$ 137,315
Accounts payable		1,750	-
Salaries payable		63	-
Due to Measure M Bonds Fund		107,049	326,185
Due to Capital Improvement Projects Fund		68,196	-
Total liabilities		177,058	463,500
Fund deficit			
Restricted		(177,058)	(463,500)
Total fund deficit		(177,058)	(463,500)
Total liabilities and fund deficit	\$	-	\$ -

See notes to Funds financial statements.

City of Lynwood
Measure M Local Return Fund

Statements of Revenues, Expenditures and Changes in Fund Balance

		Years ended June 30	
		2020	2019
Revenues			
Measure M	\$	975,758	\$ 1,013,628
Investment income		1,285	16,820
	Total revenues	977,043	1,030,448
Expenditures			
Various projects		690,601	2,256,249
	Total expenditures	690,601	2,256,249
Excess (deficiency) of revenues over expenditures		286,442	(1,225,801)
Fund balance (deficit) at beginning of year		(463,500)	762,301
Fund deficit at end of year		\$ (177,058)	\$ (463,500)

See notes to Funds financial statements.

City of Lynwood
Measure M Local Return Fund
Supplementary Information
Schedule of Expenditures – Actual and LACMTA Approved Project Budget
Year ended June 30, 2020
(With Comparative Actuals for 2019)

Project Code	Project Name	2020			2019 Actual
		LACMTA Budget	Actual	Variance Positive (Negative)	
1.05	Debt Service Principal	\$ 560,000	\$ 557,300	\$ 2,700	\$ 490,000
1.05	Debt Service Interest	100,000	100,000	-	171,468
1.05	(Bonds) Debt Issuance and Management Costs	4,990	6,165	(1,175)	326,185
1.05	Birch St, Fir St, Lugo Ave, Thorson Ave and Platt Ave Street Improvement	4,300	-	4,300	228,010
1.05	Duncan Avenue Street Improvement (from Imperial Hwy to Beechwood Ave)	-	-	-	125,939
1.05	(Bonds) Bullis Road and Harriet Tubman Way Street Improvement	-	-	-	5,956
1.05	Virginia Ave (from Bullis Rd to Thorson Ave) and Olanda St (from Gibson Ave to Carlin St) Street Improvement	130,000	-	130,000	854,909
7.90	State Street and Los Flores Blvd Traffic Improvement Project (Design)	50,000	-	50,000	9,133
7.90	State Street and Los Flores Blvd Traffic Improvement Project	30,000	-	30,000	-
7.90	Engineering Costs	10,000	-	10,000	20,018
8.10	Administration and Monitoring	100,000	27,136	72,864	24,631
Total expenditures funded by MMLRF		\$ 989,290	\$ 690,601	\$ 298,689	\$ 2,256,249

See report of independent auditors.

City of Lynwood
Measure M Local Return Fund
Supplementary Information
Schedule of Expenditures – Actual and LACMTA Approved Project Budget (Continued)
Year ended June 30, 2020
(With Comparative Actuals for 2019)

The following projects were reported in the City's Expenditure Report (Form M-Two). These projects were approved by LACMTA and were funded by the Measure M bonds proceeds (see Note 9). The expenditures were recorded under the City's Capital Projects Fund.

Project Code	Project Name	2020			2019 Actual
		LACMTA Budget	Actual	Variance Positive (Negative)	
1.05	(Bonds) Bullis Rd Improvement Project	\$ 1,045,000	\$ -	\$ 1,045,000	\$ -
1.05	(Bonds) Brewster Ave Improvement from Harris Ave to Atlantic	1,200,000	18,322	1,181,678	-
1.05	(Bonds) Bullis Road Improvement Project	801,000	321,780	479,220	-
1.05	(Bonds) Cape Seal/Slurry	375,000	9,972	365,028	-
1.05	(Bonds) Capistrano Street Improvement	700,000	281,890	418,110	-
1.05	(Bonds) Clark St, Halo Dr, Millrace Ave And Minnesota Ave	1,099,269	34	1,099,235	-
1.05	(Bonds) Debt Issuance and Management Costs	10	10	-	-
1.05	LeSage Street Improvement	65,000	-	65,000	-
1.05	(Bonds) Fertile Ave Improvement from Wright Rd	273,000	202,998	70,002	-
1.05	(Bonds) LeSage Street Improvement	234,000	23,679	210,321	-
1.05	(Bonds) Slurry Seal Various Locations	380,000	5,475	374,525	309,881
1.05	(Bonds) Peach Street Improvement	365,000	73,200	291,800	-
1.05	(Bonds) Street Improvement Various Locations (PMP)	2,200,000	589,157	1,610,843	56,663
1.05	(Bonds) Long Beach Blvd Phase II	1,800,000	-	1,800,000	-
1.05	(Bonds) Wright Road Street Improvement	26,000	-	26,000	-
1.05	(Bonds) Louise Avenue Street Improvement	590,000	1,240	588,760	292,521
1.05	(Bonds) Virginia Ave Street Improvement	552,686	-	552,686	-
1.20	(Bonds) State Street and Los Flores Blvd Traffic Improvement Project	510,000	21,263	488,737	-
1.90	(Bonds) Alley Improvements - Various Locations	426,000	22,217	403,783	-
3.05	(Bonds) Urban Bike Trail	43,000	-	43,000	-
3.05	(Bonds) Sidewalk and Wheelchair Ramp Repairs	220,000	-	220,000	-
3.05	(Bonds) Long Beach Blvd Curb Ramps	236,000	-	236,000	-
7.90	(Bonds) Street Design Various Streets (PMP)	1,800,000	380,805	1,419,195	60,451
7.90	(Bonds) Design of Lynwood Urban Bike Trail	140,000	-	140,000	-
Total expenditures funded by Measure M Bonds		\$ 15,080,965	\$ 1,952,042	\$ 13,128,923	\$ 719,516

See report of independent auditors.

City of Lynwood
Measure M 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>
N/A	None	\$ -	\$ -	\$ -	\$ -
	Total	\$ -	\$ -	\$ -	\$ -

See report of independent auditors.

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

		June 30	
		2020	2019
ASSETS			
Due from LACMTA	\$	27,675	\$ 26,339
	Total assets	\$ 27,675	\$ 26,339
LIABILITIES AND FUND BALANCE (DEFICIT)			
Liabilities			
Cash overdraft	\$	8,880	\$ 27,871
Due to other fund		17,771	-
	Total liabilities	26,651	27,871
Fund balance (deficit)			
Restricted		1,024	(1,532)
	Total fund balance (deficit)	1,024	(1,532)
	Total liabilities and fund balance	\$ 27,675	\$ 26,339

See notes to Funds financial statements.

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

	Years ended June 30	
	2020	2019
Revenues		
Intergovernmental Allocations:		
Article 3	\$ 27,675	\$ 26,339
Investment income	-	282
Total revenues	27,675	26,621
Expenditures		
Sidewalk Improvements	25,119	28,037
Total expenditures \$	25,119	\$ 28,037
Excess (deficiency) of revenues over expenditures	2,556	(1,416)
Fund deficit at beginning of year	(1,532)	(116)
Fund balance (deficit) at end of year	\$ 1,024	\$ (1,532)

See notes to Funds financial statements.

City of Lynwood
Transportation Development Act Article 3 Fund
Pursuant to Public Utilities Code Section 99234
Supplementary Information
Schedule of Transportation Development Act Allocation for Specific Projects
Year ended June 30, 2020

Project Description	<u>Program Year</u>	Totals to Date		<u>Unexpended Allocations</u>	<u>Project Status</u>
		<u>Allocations</u>	<u>Expenditures</u>		
Local Allocations:					
Sidewalk Improvements	2020	\$ 27,675	\$ 25,119	\$ 2,556	Ongoing
Totals		\$ 27,675	\$ 25,119	2,556	
Investment income				-	
Change in fund balance				2,556	
Fund deficit at beginning of year				(1,532)	
Fund deficit at end of year				\$ 1,024 *	

* The remaining fund balance of \$1,024 is encumbered as of June 30, 2020.

See report of independent auditors.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fund Accounting

The operations of the Proposition A Local Return Fund (PALRF), the Proposition C Local Return Fund (PCLRF), the Measure R Local Return Fund (MRLRF), the Measure M Local Return Fund (MMLRF) and the Transportation Development Act Article 3 Fund (TDAA3F) (collectively, the Funds) of the City of Lynwood (the City) are accounted for in separate sets of self-balancing accounts that comprise their assets, liabilities, fund balance, revenues and expenditures.

PALRF and PCLRF represent 25% and 20%, respectively, of the ½ cent Proposition A and ½ cent Proposition C sales taxes which are distributed to the jurisdictions within Los Angeles County based on population and must be used exclusively for transportation related programs and projects.

MRLRF is derived from 15% of the county-wide ½ cent Measure R sales tax which is distributed to the jurisdictions within Los Angeles County based on a per capita basis and must be used exclusively for transportation purposes.

MMLRF is derived from 17% of the county-wide ½ cent Measure M sales tax which is distributed to the jurisdictions within Los Angeles County based on a per capita basis and must be used exclusively for transportation purposes.

TDAA3F is a Special Revenue Fund that accounts for the City's share of the Transportation Development Act Article 3 allocations which are legally restricted for specific purposes.

Basis of Accounting and Measurement Focus

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

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

Budgets and Budgetary Accounting

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurement

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

Refer to the City's Comprehensive Annual Financial Report (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.

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 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 Voluntary NTD Reporting Program Year	\$ <u>60,108</u>	\$ -
	\$ <u>60,108</u>	\$ -

The Proposition A Discretionary Incentive Grants were recorded under PALRF.

NOTE 9 LIMITED PUBLIC FINANCING AUTHORITY SALES TAX REVENUE CERTIFICATES AND BONDS (LIMITED TAX BONDS)

In December 2012, the City issued \$6,850,000 Measure R Sales Tax Revenue Certificates, Series 2012. The proceeds were used to finance the costs of the acquisition, construction, installation and equipping of certain public capital improvements for the City, fund a reserve account and pay cost of issuance of the bonds. Interest on the bonds is payable semi-annually each June 1 and December 1, beginning June 1, 2013. Principal matures each June 1 beginning 2014 and maturing in 2039. Interest rates on the bonds vary between 1.75% and 4.00%. Proceeds from the issuance was recorded under Measure R Bond Fund. The principal balance outstanding at June 30, 2020 and 2019 was \$5,525,000 and \$5,735,000, respectively.

NOTE 9 LIMITED PUBLIC FINANCING AUTHORITY SALES TAX REVENUE CERTIFICATES AND BONDS (LIMITED TAX BONDS) (CONTINUED)

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

Measure M Series 2019A. Issued \$13,060,000 on February 14, 2019 with interest rate ranges from 3.0% to 5.0% with annual principal and interest payments ranging from \$650,000 to \$1,330,000. Principal and interest is payable each June 1 and December 1, commencing June 1, 2019; maturing on June 1, 2048. Proceeds from the issuance was recorded under Measure M Bonds Fund. The principal balance outstanding at June 30, 2020 and 2019 was \$12,470,000 and \$12,570,000, respectively.

Measure R Series 2019B. Issued \$2,395,000 on February 14, 2019 with interest rate ranges from 3.0% to 5.0% with annual principal and interest payments ranging from \$160,000 to \$170,000. Principal and interest is payable each June 1 and December 1, commencing June 1, 2019; maturing on June 1, 2039. Proceeds from the issuance was recorded under Measure R BANS Fund. The principal balance outstanding at June 30, 2020 and 2019 was \$2,185,000 and \$2,260,000, respectively.

In FY2018/19, the City has various projects funded by the bonds proceeds amounting to \$6,126,269 which includes payment applied to prepayment of principal amounting to \$2,740,000.

In FY2019/20, the City has various projects funded by the bonds proceeds amounting to \$2,493,206.

The following is the movement in the bonds outstanding balance and interest payable for the years ended June 30, 2020 and 2019:

Measure R Series 2012

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Oustanding balance as of June 30, 2018	\$ 5,940,000	\$ 2,323,700	\$ 8,263,700
Principal and interest payment	(205,000)	(188,206)	(393,206)
Oustanding balance as of June 30, 2019	5,735,000	2,135,494	7,870,494
Principal and interest payment	(210,000)	(184,619)	(394,619)
Oustanding balance as of June 30, 2020	\$ 5,525,000	\$ 1,950,875	\$ 7,475,875

NOTE 9 LIMITED PUBLIC FINANCING AUTHORITY SALES TAX REVENUE CERTIFICATES AND BONDS (LIMITED TAX BONDS) (CONTINUED)

Measure M Series 2019A

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Total principal and interest	\$ 13,060,000	\$ 12,690,124	\$ 25,750,124
Principal and interest payment	<u>(490,000)</u>	<u>(171,468)</u>	<u>(661,468)</u>
Outstanding balance as of June 30, 2019	12,570,000	12,518,656	25,088,656
Principal and interest payment	<u>(100,000)</u>	<u>(557,300)</u>	<u>(657,300)</u>
Outstanding balance as of June 30, 2020	\$ <u>12,470,000</u>	\$ <u>11,961,356</u>	\$ <u>24,431,356</u>

Measure R Series 2019B

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Total principal and interest	\$ 2,395,000	\$ 1,061,647	\$ 3,456,647
Principal and interest payment	<u>(135,000)</u>	<u>(27,972)</u>	<u>(162,972)</u>
Outstanding balance as of June 30, 2019	2,260,000	1,033,675	3,293,675
Principal and interest payment	<u>(75,000)</u>	<u>(90,063)</u>	<u>(165,063)</u>
Outstanding balance as of June 30, 2020	\$ <u>2,185,000</u>	\$ <u>943,612</u>	\$ <u>3,128,612</u>

The following is the movement in the bonds' cash balance for the years ended June 30, 2020 and 2019 under the respective Bonds and BANS Fund:

	<u>Measure R Bonds</u>	<u>Measure M Bonds</u>	<u>Measure R BANS</u>
Cash balance as of June 30, 2018	\$ 1,662,622	\$ -	\$ 2,623,071
Proceeds from issuance of bonds	-	13,999,762	2,564,134
Net change in due to (from) other funds	216,780	(310,158)	1,770,275
Interest income earned	28,810	78,462	13,200
Expenditures during the year	<u>(730,157)</u>	<u>(719,516)</u>	<u>(4,676,596)</u>
Cash balance as of June 30, 2019	\$ 1,178,055	\$ 13,048,550	\$ 2,294,084
Net change in due to (from) other funds	(253,398)	(195,120)	(1,555,746)
Interest income earned	7,448	157,861	9,862
Expenditures during the year	<u>(325,181)</u>	<u>(1,952,042)</u>	<u>(215,983)</u>
Cash balance as of June 30, 2020	\$ <u>606,924</u>	\$ <u>11,059,249</u>	\$ <u>532,217</u>

The Measure R BANS cash balance as of June 30, 2018 is composed of the proceeds from the issuance of the Bond Anticipation Notes Series 2018 on February 27, 2018. The proceeds were used to finance the costs of the acquisition, construction, installation and equipping of certain capital improvements for the City, fund a reserve account and pay cost of issuance of the bonds. The principal balance of the Bond Anticipation Notes Series 2018 amounting \$2,740,000 was repaid when the Measure R Bonds Series 2019B was issued in Fiscal Year 2018/19.

Please refer to the City's CAFR for a full description of the bonds.

NOTE 10 TRANSPORTATION DEVELOPMENT ACT ARTICLE 3 FUND REVENUE ALLOCATION

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

		2020		2019
FY 2017/18 allocation	\$	20,638	\$	26,339
FY 2018/19 allocation		7,037		-
	\$	27,675	\$	26,339

NOTE 11 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:

		2020		2019
FY 2017/18 allocation	\$	-	\$	20,638
FY 2018/19 allocation		41,771		48,808
FY 2019/20 allocation		51,966		-
Total reserve	\$	93,737	\$	69,446

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 12 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 8, 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 Lynwood, California and the
Los Angeles County Metropolitan Transportation Authority**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Proposition A Local Return Fund, the Proposition C Local Return Fund, the Measure R Local Return Fund, the Measure M Local Return Fund and the Transportation Development Act Article 3 Fund (collectively, the Funds) of the City of Lynwood, California (the City) as of and for the year ended June 30, 2020, and the related notes to the financial statements, and have issued our report thereon dated December 8, 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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Vasquez & Company LLP". The signature is written in a cursive, flowing style.

**Glendale, California
December 8, 2020**

COMPLIANCE SECTION

Report of Independent Auditors on Compliance

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

Report on Compliance

We have audited the compliance of the City of Lynwood, California (the City) with the Proposition A and Proposition C Local Return Guidelines, Measure R Local Return Guidelines, Measure M Local Return Guidelines, Transportation Development Act Article 3, and the Los Angeles County Metropolitan Transportation Authority's Funding and Allocation Guidelines for Transportation Development Act Article 3 Bicycle and Pedestrian Funds (collectively, the Guidelines) for the year ended June 30, 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 with the Guidelines based on our audit. We conducted our audit of compliance in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the Guidelines. Those standards and the Guidelines require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on the Proposition A Local Return Program, Proposition C Local Return Program, Measure R Local Return Program, Measure M Local Return Program and Transportation Development Act Article 3 Program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance with the Guidelines. However, our audit does not provide a legal determination of the City's compliance with the Guidelines.

Opinion

In our opinion, the City of Lynwood, California complied, in all material respects, with the compliance requirements of the Guidelines for the year ended June 30, 2020.



Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with the requirements, such that there is a reasonable possibility that material noncompliance will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with the requirements that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

A handwritten signature in black ink that reads "Vasquez & Company LLP". The signature is written in a cursive, flowing style.

**Glendale, California
December 8, 2020**

**City of Lynwood
Compliance Matrix
Year ended June 30, 2020**

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

See report of independent auditors on compliance.

**City of Lynwood
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. Measure R Local Return Fund					
1. Funds were expended for transportation purposes.	X				
2. Funds were used to augment, not supplant, existing local revenues being used for transportation purposes unless there is a funding shortfall.	X				
3. Signed Assurances and Understandings on file.	X				
4. Separate Measure R Local Return Account was established.	X				
5. Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure R Local Return Account.	X				
6. Funds were expended with LACMTA's approval.	X				
7. Expenditure Plan (Form One) was submitted timely.	X				
8. Expenditure Report (Form Two) was submitted timely.	X				
9. Timely use of funds.	X				
10. Administrative expenses are within the 20% cap.	X				
11. Fund exchanges were approved by LACMTA.			X		
12. A separate account was established for Capital reserve funds and Capital reserve was approved by LACMTA.			X		
13. Recreational transit form was submitted timely.			X		

See report of independent auditors on compliance.

**City of Lynwood
Compliance Matrix
Year ended June 30, 2020**

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

See report of independent auditors on compliance.

**City of Lynwood
Compliance Matrix
Year ended June 30, 2020**

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

See report of independent auditors on compliance.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

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

There were no findings noted.

EXIT CONFERENCE

An exit conference was held on December 8, 2020 with the City of Lynwood representatives. Those in attendance were:

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

City of Lynwood representatives:
Shirley Tung – Accounting Manager
Angel Castellanos – Senior Accountant
Lorry Hempe – Public Works Special Projects Manager

Matters discussed:

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

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

Shirley Tung – Accounting Manager
Angel Castellanos – Senior Accountant
Lorry Hempe – Public Works Special Projects Manager



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