



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

**City of Maywood  
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**

	<u>PAGE</u>
<b>FINANCIAL SECTION</b>	
Report of Independent Auditors	1
Proposition A Local Return Fund:	
Basic Financial Statements:	
Balance Sheets	4
Statements of Revenues, Expenditures and Changes in Fund Balance	5
Supplementary Information:	
Schedule of Expenditures – Actual and LACMTA Approved Project Budget	6
Schedule of Capital Assets	7
Proposition C Local Return Fund:	
Basic Financial Statements:	
Balance Sheets	8
Statements of Revenues, Expenditures and Changes in Fund Balance	9
Supplementary Information:	
Schedule of Expenditures – Actual and LACMTA Approved Project Budget	10
Schedule of Capital Assets	11
Measure R Local Return Fund:	
Basic Financial Statements:	
Balance Sheets	12
Statements of Revenues, Expenditures and Changes in Fund Balance	13
Supplementary Information:	
Schedule of Expenditures – Actual and LACMTA Approved Project Budget	14
Schedule of Capital Assets	15
Measure M Local Return Fund:	
Basic Financial Statements:	
Balance Sheets	16
Statements of Revenues, Expenditures and Changes in Fund Balance	17
Supplementary Information:	
Schedule of Expenditures – Actual and LACMTA Approved Project Budget	18
Schedule of Capital Assets	19
Transportation Development Act Article 3 Fund:	
Basic Financial Statements:	
Balance Sheets	20
Statements of Revenues, Expenditures and Changes in Fund Balance	21
Supplementary Information:	
Schedule of Transportation Development Act Allocation for Specific Projects	22
Notes to Funds Financial Statements	23
Report of Independent Auditors on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	30

	<u>PAGE</u>
<b>COMPLIANCE SECTION</b>	
Report of Independent Auditors on Compliance	32
Compliance Matrix	34
<b>SCHEDULE OF FINDINGS AND QUESTIONED COSTS</b>	38
<b>EXIT CONFERENCE</b>	42

**FINANCIAL SECTION**

## Report of Independent Auditors

**To the Honorable Members of the City Council of the  
City of Maywood, 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 Maywood, 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 Maywood, 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.

### ***Other Matter***

As discussed in Note 13, the fiscal year 2019 financial statements of Proposition C Local Return Fund, Measure R Local Return Fund, Measure M Local Return Fund and Transportation Development Act Article 3 Fund have been restated to accrue interest income and to reverse the accrual of certain expenditures. Our opinion is not modified with respect to this matter.

### ***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 Maywood, 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 15, 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 "Vasquez &amp; Company LLP". The signature is written in a cursive, flowing style.

**Glendale, California  
December 15, 2020**

City of Maywood  
 Proposition A Local Return Fund  
 Balance Sheets

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		June 30	
		2020	2019
<b>ASSETS</b>			
Cash and investments		\$ 5,014	\$ 10,578
	<b>Total assets</b>	<b>\$ 5,014</b>	<b>\$ 10,578</b>
<b>LIABILITIES AND FUND BALANCE</b>			
<b>Liabilities</b>			
Accounts payable		\$ -	\$ -
	<b>Total liabilities</b>	-	-
<b>Fund balance</b>			
Restricted		5,014	10,578
	<b>Total fund balance</b>	<b>5,014</b>	<b>10,578</b>
	<b>Total liabilities and fund balance</b>	<b>\$ 5,014</b>	<b>\$ 10,578</b>

*See notes to Funds financial statements.*



City of Maywood  
**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	\$ 544,167	\$ 562,452
Interest income	269	470
<b>Total revenues</b>	<b>544,436</b>	562,922
 <b>Expenditures</b>		
Various projects	550,000	950,000
<b>Total expenditures</b>	<b>550,000</b>	950,000
 Deficiency of revenues over expenditures	<b>(5,564)</b>	(387,078)
 Fund balance at beginning of year	<b>10,578</b>	397,656
 Fund balance at end of year	<b>\$ 5,014</b>	\$ 10,578

*See notes to Funds financial statements.*

**City of Maywood**  
**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)**

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Project Code	Project Name	2020		Variance Positive (Negative)	2019 Actual
		LACMTA Budget	Actual		
405-02	Sale of Prop A Funds to West Hollywood	\$ 350,000	\$ 276,027	\$ 73,973	\$ 650,000
405-03	Fund Exchange	200,000	273,973 *	(73,973)	300,000
<b>Total expenditures</b>		<u>\$ 550,000</u>	<u>\$ 550,000</u>	<u>\$ -</u>	<u>\$ 950,000</u>

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

*See report of independent auditors.*

**City of Maywood**  
**Proposition A Local Return Fund**  
**Supplementary Information**  
**Schedule of Capital Assets**  
**Year ended June 30, 2020**

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<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	\$ -	\$ -	\$ -	\$ -
	<b>Total</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

*See report of independent auditors.*

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

		<b>June 30</b>	
		<b>2020</b>	(as restated) 2019
<b>ASSETS</b>			
Cash and investments	\$	275,489	\$ 294,058
Interest receivable		1,296	-
<b>Total assets</b>	<b>\$</b>	<b>276,785</b>	\$ 294,058
<b>LIABILITIES AND FUND BALANCE</b>			
<b>Liabilities</b>			
Accounts payable	\$	40,993	\$ 38,699
Accrued payroll and employee benefits		243	283
<b>Total liabilities</b>		<b>41,236</b>	38,982
<b>Fund balance</b>			
Restricted		235,549	255,076
<b>Total fund balance</b>		<b>235,549</b>	255,076
<b>Total liabilities and fund balance</b>	<b>\$</b>	<b>276,785</b>	\$ 294,058

*See notes to Funds financial statements.*

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

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	Years ended June 30	
	2020	(as restated) 2019
<b>Revenues</b>		
Proposition C	\$ 451,388	\$ 466,538
Interest income	9,609	4,139
Bus pass sales	6,300	9,224
LACMTA Rapid Bus Station Implementation Grant	-	5,432
<b>Total revenues</b>	<b>467,297</b>	<b>485,333</b>
<b>Expenditures</b>		
Expenditures funded by PCLRF	486,824	956,492
Expenditures funded by LACMTA Rapid Bus Station Implementation Grant	-	5,432
<b>Total expenditures</b>	<b>486,824</b>	<b>961,924</b>
Deficiency of revenues over expenditures	(19,527)	(476,591)
Fund balance at beginning of year	255,076	731,667
Fund balance at end of year	\$ 235,549	\$ 255,076

*See notes to Funds financial statements.*

City of Maywood  
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			(as restated) 2019 Actual
		LACMTA Budget	Actual	Variance Positive (Negative)	
110-01	Maywood Area Transit	\$ 212,000	\$ 162,219	\$ 49,781	\$ 207,594
120-01	Maywood Dial-A-Ride	54,000	162,218 *	(108,218)	165,077
120-02	Emergency Transportation Service	101,110	-	101,110	-
160-03	New Bus Shelters	71,500	71,500	-	-
170-01	Bus Shelter Maintenance	24,000	28,290	(4,290)	24,000
250-01	Bus Pass Subsidy Program	55,000	32,103	22,897	50,184
470-01	Pavement Rehabilitation - Slauson Ave	130,000	-	130,000	488,954
480-130	Administrative Costs for Prop C Approved Projects	52,800	30,494	22,306	20,683
<b>Total expenditures</b>		<b>\$ 700,410</b>	<b>\$ 486,824</b>	<b>\$ 213,586</b>	<b>\$ 956,492</b>

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

*See report of independent auditors.*

**City of Maywood**  
**Proposition C Local Return Fund**  
**Supplementary Information**  
**Schedule of Capital Assets**  
**Year ended June 30, 2020**

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<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	\$ -	\$ -	\$ -	\$ -
	<b>Total</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

*See report of independent auditors.*

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

		<b>June 30</b>	
		<b>2020</b>	(as restated) 2019
<b>ASSETS</b>			
Cash and investments	\$	852,204	\$ 529,642
Interest receivable		1,907	-
<b>Total assets</b>	<b>\$</b>	<b>854,111</b>	<b>\$ 529,642</b>
<b>LIABILITIES AND FUND BALANCE</b>			
<b>Liabilities</b>			
Accrued payroll	\$	-	\$ 232
Retention payable		-	26,194
<b>Total liabilities</b>		<b>-</b>	<b>26,426</b>
<b>Fund balance</b>			
Restricted		854,111	503,216
<b>Total fund balance</b>		<b>854,111</b>	<b>503,216</b>
<b>Total liabilities and fund balance</b>	<b>\$</b>	<b>854,111</b>	<b>\$ 529,642</b>

*See notes to Funds financial statements.*



City of Maywood  
Measure R Local Return Fund

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

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	Years ended June 30	
	2020	(as restated) 2019
<b>Revenues</b>		
Measure R	\$ 338,057	\$ 350,004
Interest income	13,517	5,889
<b>Total revenues</b>	<b>351,574</b>	355,893
 <b>Expenditures</b>		
Various projects	679	631,246
<b>Total expenditures</b>	<b>679</b>	631,246
 Excess (deficiency) of revenues over expenditures	<b>350,895</b>	(275,353)
 Fund balance at beginning of year	<b>503,216</b>	778,569
 Fund balance at end of year	<b>\$ 854,111</b>	\$ 503,216

*See notes to Funds financial statements.*

**City of Maywood**  
**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)**

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Project Code	Project Name	2020			(as restated) 2019 Actual
		LACMTA Budget	Actual	Variance Positive (Negative)	
1.05	Local Street Improvement Project	\$ 270,000	\$ 679	\$ 269,321	\$ 542,437
1.05	Slurry Seal	-	-	-	61,383
8.10	Administration costs	33,700	-	33,700	27,426
	<b>Total expenditures</b>	<b>\$ 303,700</b>	<b>\$ 679</b>	<b>\$ 303,021</b>	<b>\$ 631,246</b>

*See report of independent auditors.*

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

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<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	\$ -	\$ -	\$ -	\$ -
	<b>Total</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

*See report of independent auditors.*

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

		<b>June 30</b>	
		<b>2020</b>	(as restated) 2019
<b>ASSETS</b>			
Cash and investments	\$	<b>873,310</b>	\$ 481,597
Interest receivable		<b>1,798</b>	-
<b>Total assets</b>	<b>\$</b>	<b><u>875,108</u></b>	<b><u>\$ 481,597</u></b>
<b>LIABILITIES AND FUND BALANCE</b>			
<b>Liabilities</b>			
Accounts payable	\$	-	\$ -
<b>Total liabilities</b>		<b><u>-</u></b>	<b><u>-</u></b>
<b>Fund balance</b>			
Restricted		<b><u>875,108</u></b>	<u>481,597</u>
<b>Total fund balance</b>		<b><u>875,108</u></b>	<u>481,597</u>
<b>Total liabilities and fund balance</b>	<b>\$</b>	<b><u>875,108</u></b>	<b><u>\$ 481,597</u></b>

*See notes to Funds financial statements.*

City of Maywood  
Measure M Local Return Fund

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

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	Years ended June 30	
	2020	(as restated) 2019
<b>Revenues</b>		
Measure M	\$ 380,294	\$ 394,438
Interest income	13,217	5,364
<b>Total revenues</b>	<b>393,511</b>	399,802
<b>Expenditures</b>		
Various projects	-	214,765
<b>Total expenditures</b>	-	214,765
Excess of revenues over expenditures	393,511	185,037
Fund balance at beginning of year	481,597	296,560
Fund balance at end of year	\$ 875,108	\$ 481,597

*See notes to Funds financial statements.*

**City of Maywood**  
**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)**

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Project Code	Project Name	2020			2019 Actual
		LACMTA Budget	Actual	Variance Positive (Negative)	
1.05	Pavement Rehabilitation - Slauson Ave	\$ -	\$ -	\$ -	214,765
1.05	Street Repair and Maintenance	45,000	-	45,000	-
1.90	Other Streets and Roads	350,000	-	350,000	-
7.90	Other Planning	26,800	-	26,800	-
	<b>Total expenditures</b>	<b>\$ 421,800</b>	<b>\$ -</b>	<b>\$ 421,800</b>	<b>\$ 214,765</b>

*See report of independent auditors.*

**City of Maywood**  
**Measure M Local Return Fund**  
**Supplementary Information**  
**Schedule of Capital Assets**  
**Year ended June 30, 2020**

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<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	\$ -	\$ -	\$ -	\$ -
	<b>Total</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

*See report of independent auditors.*

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

		June 30	
		2020	(as restated) 2019
<b>ASSETS</b>			
Cash and investments	\$	35,324	\$ 7,008
Interest receivable		15	-
<b>Total assets</b>	<b>\$</b>	<b>35,339</b>	<b>\$ 7,008</b>
<b>LIABILITIES AND FUND BALANCE</b>			
<b>Liabilities</b>			
Accounts payable	\$	-	\$ 3,380
<b>Total liabilities</b>		<b>-</b>	<b>3,380</b>
<b>Fund balance</b>			
Restricted		35,339	3,628
<b>Total fund balance</b>		<b>35,339</b>	<b>3,628</b>
<b>Total liabilities and fund balance</b>	<b>\$</b>	<b>35,339</b>	<b>\$ 7,008</b>

*See notes to Funds financial statements.*



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

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	Years ended June 30	
	2020	(as restated) 2019
<b>Revenues</b>		
Intergovernmental Allocations:		
Article 3	\$ 37,390	\$ -
Interest income	106	52
<b>Total revenues</b>	<b>37,496</b>	<b>52</b>
<b>Expenditures</b>		
Construction/Maintenance	5,785	11,220
<b>Total expenditures</b>	<b>5,785</b>	<b>11,220</b>
Excess (deficiency) of revenues over expenditures	31,711	(11,168)
Fund balance at beginning of year	<b>3,628</b>	14,796
Fund balance at end of year	<b>\$ 35,339</b>	<b>\$ 3,628</b>

*See notes to Funds financial statements.*

**City of Maywood**  
**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>	Program <u>Year</u>	Totals to Date		Unexpended	<u>Project Status</u>
		Allocations	Expenditures	Allocations	
<b>Local Allocations:</b>					
Bicycle Mater Plan	2020	\$ <u>37,390</u>	\$ <u>5,785</u>	\$ <u>31,605</u>	Ongoing
<b>Totals</b>		\$ <u><u>37,390</u></u>	\$ <u><u>5,785</u></u>	<u>31,605</u>	
Interest income				106	
Fund balance at beginning of year (as restated)				<u>3,628</u>	
Fund balance at end of year				\$ <u><u>35,339</u></u> *	

\* The remaining fund balance of \$35,339 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) 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.

**NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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.

**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 FUND EXCHANGE**

As permitted by the Local Return Guidelines and as approved by LACMTA, the City entered into the following fund exchange agreements:

- On June 24, 2020 with the City of West Hollywood to exchange the Proposition A fund monies amounting to \$276,027 for \$195,979 or \$1 PALRF monies per \$0.71 of general fund monies.
- On January 8, 2020 with the City of Manhattan Beach to exchange the Proposition A fund monies amounting to \$273,973 for \$200,000 or \$1 PALRF monies per \$0.73 of general fund monies.

**NOTE 8      PROPOSITION A FUND EXCHANGE (CONTINUED)**

- On November 5, 2018 with the City of West Hollywood to exchange the Proposition A fund monies amounting to (i) \$650,000 for \$461,500 or \$1 PALRF monies per \$0.71 of general fund monies and (ii) \$300,000 for \$211,500 or \$1 PALRF monies per \$0.705 of general fund monies.

**NOTE 9      LACMTA RAPID BUS STATION IMPLEMENTATION GRANT – PCLRF**

In July 2017, the LACMTA and the City entered into a funding agreement for the Rapid Bus Station Implementation project (LACMTA FA#9200000MRBSHEL45). Under the agreement, LACMTA agrees to reimburse the City up to \$7,000 in Proposition C funds. The City prepares and submits to LACMTA a request for reimbursement for actual allowable project costs incurred and paid for by the City consistent with the scope of work. The City recognized \$5,432 of revenues from this program during the year ended June 30, 2019.

**NOTE 10     TRANSPORTATION DEVELOPMENT ACT ARTICLE 3 FUNDS REVENUE ALLOCATION**

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

		<b>2020</b>		2019
FY 2017/18 allocation	\$	<b>18,388</b>	\$	-
FY 2018/19 allocation		<b>19,002</b>		-
	<b>\$</b>	<b>37,390</b>	<b>\$</b>	-

**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:

		<b>2020</b>		2019
FY 2017/18 allocation	\$	-	\$	18,388
FY 2018/19 allocation		-		19,002
FY 2019/20 allocation		<b>37,390</b>		-
Total reserve	<b>\$</b>	<b>37,390</b>	<b>\$</b>	37,390

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      CONTINGENCIES**

The PALRF, PCLRF, MRLRF, MMRLF and TDAA3 Funds are subject to review and audit by the funding and contracting agencies. Such audits could generate expenditure disallowances under the terms of the grants or contracts, the amounts of which cannot be determined at this time. Management believes that any required reimbursements will not have a significant impact on the Funds' financial statements.

**NOTE 13      RESTATEMENT OF 2019 FINANCIAL STATEMENTS**

The 2019 financial statements were restated to reflect the adjustments on the following accounts:

**PCLRF:**

	<u>Balance,</u> as previously reported		<u>Adjustment</u>		<u>Balance,</u> as adjusted
Cash and investments	\$ 290,669	\$	3,389	\$	294,058
Accounts payable	38,569		130		38,699
Accrued payroll and employee benefits	449		(166)		283
Fund balance	251,651		3,425		255,076
Interest income	750		3,389		4,139
Expenditures	961,960		(36)		961,924

The restatement of the Proposition C Local Return Fund financial statements is to accrue interest income and to reverse accrual of administrative expenditures in Fiscal Year 2019.

**MRLRF:**

	<u>Balance,</u> as previously reported		<u>Adjustment</u>		<u>Balance,</u> as adjusted
Cash and investments	\$ 524,519	\$	5,123	\$	529,642
Accrued payroll	787		(555)		232
Fund balance	497,538		5,678		503,216
Interest income	766		5,123		5,889
Expenditures	631,801		(555)		631,246

The restatement of the Measure R Local Return Fund financial statements is to accrue interest income and to reverse accrual of administrative expenditures in Fiscal Year 2019.



**NOTE 13      RESTATEMENT OF 2019 FINANCIAL STATEMENTS (CONTINUED)**

**MMLRF:**

	<u>Balance,</u> <u>as previously</u> <u>reported</u>		<u>Adjustment</u>		<u>Balance,</u> <u>as adjusted</u>
Cash and investments	\$ 476,600	\$	4,997	\$	\$ 481,597
Fund balance	476,600		4,997		481,597
Interest income	367		4,997		5,364

The restatement of the Measure M Local Return Fund financial statements is to accrue interest income in Fiscal Year 2019.

**TDA3:**

	<u>Balance,</u> <u>as previously</u> <u>reported</u>		<u>Adjustment</u>		<u>Balance,</u> <u>as adjusted</u>
Cash and investments	\$ 9,147	\$	(2,139)	\$	7,008
Accounts payable	5,560		(2,180)		3,380
Fund balance	3,587		41		3,628
Interest income	11		41		52

The restatement of the TDA Article 3 Fund financial statements is to accrue interest income and record payment of accounts payable in Fiscal Year 2019.

**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 15, 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 Maywood, 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 Maywood, 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 15, 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.

A handwritten signature in black ink that reads "Vasquez &amp; Company LLP".

**Glendale, California  
December 15, 2020**

## **COMPLIANCE SECTION**

## Report of Independent Auditors on Compliance

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

### Report on Compliance

We have audited the compliance of the City of Maywood, 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 Maywood, 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 to #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.

*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 &amp; Company LLP".

**Glendale, California  
December 15, 2020**

**City of Maywood  
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				
4. Expenditures that exceeded 25% of approved project budget have approved amended Project Description Form (Form A)		X			See Finding #2020-001
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 Maywood  
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			See Finding #2020-002
8. Expenditure Report (Form Two) was submitted timely.	X				
9. Timely use of funds.	X				
10. Administrative expenses are within the 20% cap.			X		There were no administrative expenses charged to MRLRF.
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 Maywood  
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		There were no expenditures in FY 2019/20.
2. Funds were used to augment, not supplant, existing local revenues being used for transportation purposes unless there is a fund shortfall.			X		There were no expenditures in FY 2019/20.
3. Signed Assurances and Understandings on file.	X				
4. Separate Measure M Local Return Account was established.	X				
5. Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure M Local Return Account.	X				
6. Funds were expended with LACMTA's approval.			X		There were no expenditures in FY 2019/20.
7. Expenditure Plan (Form M-One) was submitted timely.		X			See Finding #2020-003
8. Expenditure Report (Form M-Two) was submitted timely.	X				
9. Timely use of funds.	X				
10. Administrative expenses are within the 20% cap.			X		There were no expenditures in FY 2019/20.
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 Maywood  
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				
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 Maywood**  
**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 exceeded LACMTA's approved budget by more than 25 percent without obtaining approval through a revised Form A for the following projects:</p> <ul style="list-style-type: none"> <li>a. PALRF's Project code 405-03, Fund Exchange-Manhattan Beach Project. Amount in excess of 25 percent of the approved budget was \$23,973; and</li> <li>b. PCLRF's Project code 120-01, Maywood Dial-A-Ride project. Amount in excess of 25 percent of the approved budget was \$94,718.</li> </ul> <p>Projects with greater than 25 percent change from the approved project budget should be amended by submitting a Project Description Form (Form A).</p> <p>The City submitted a Form A to the LACMTA Program Manager and obtained a retroactive approval of the project on October 21, 2020.</p>
<p><b>Cause</b></p>	<p>The City is under the impression that the total of the project budgets of \$550,000 for the PALRF fund exchanges with the City of West Hollywood and City of Manhattan Beach was not exceeded. However, the actual fund exchange with the City of West Hollywood was lower than the budget and the fund exchange with the City of Manhattan Beach was higher than the budget but total fund exchange is the same as the budget.</p> <p>The former Finance Director was planning to use other funding source for the City's Dial-A-Ride project but the City ended up just using PCLRF.</p>

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

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

<b>Effect</b>	The City's PALRF and PCLRF project expenditures exceeded 25 percent of the approved project budget without LACMTA's prior approval which resulted in the City's noncompliance with the Guidelines.
<b>Recommendation</b>	We recommend that the City submit a revised Form A to obtain LACMTA's approval for the change in project budget and implement internal controls to ensure compliance with this requirement at all times.
<b>Management's Response</b>	The City submitted a revised Form A and obtained an approval for the increase in the budget from LACMTA Program Manager.
<b>Finding Corrected During the Audit</b>	LACMTA Program Manager granted retroactive approval of said project on October 24, 2020. No additional follow up is required.

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

**MRLRF: Finding #2020-002**

<b>Compliance Reference</b>	<p>Section B (II) Expenditure Plan (Form One) of Measure R Local Return Program Guideline states that, "To maintain legal eligibility and meet Measure R LR program compliance requirements, Jurisdiction shall submit to LACMTA an Expenditure Plan (Form One), annually, by August 1st of each year".</p> <p>"Expenditure Plan (Form One) provides a listing of projects funded with Measure R LR funds along with estimated expenditures for the year. For both operating and capital projects, Part I is to be filled out. For capital projects (projects over \$250,000), Part II is required. Pursuant to AB2321, LACMTA will provide LR funds to a capital project or program sponsor who submits the required expenditure plan."</p>
<b>Condition</b>	The City submitted its Expenditure Plan (Form One) on August 20, 2019, 19 days after the due date of August 1, 2019.
<b>Cause</b>	The Form One report was submitted late due to an oversight by City staff assigned to complete the task.
<b>Effect</b>	The City was not in compliance with the reporting requirements of the Local Return Guidelines.
<b>Recommendation</b>	We recommend the City establish procedures and internal controls to ensure that the Expenditure Plan (Form One) is submitted by August 1st as required by the Guidelines.
<b>Management's Response</b>	Management will ensure that the Expenditure Plan (Form One) is submitted in a timely manner by the due date of August 1.
<b>Finding Corrected During the Audit</b>	The City subsequently submitted the form. No follow up is required.

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

**MMLRF: Finding #2020-003**

<b>Compliance Reference</b>	<p>Measure M Local Return Program Guidelines, Section XXV, Local Return, Administrative Reporting Requirements, Expenditure Plan (Form M-One) states 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 submitted its Expenditure Plan (Form M-One) on August 20, 2019, 19 days after the due date of August 1, 2019.</p>
<b>Cause</b>	<p>The Form M-One report was submitted late due to an oversight by City staff assigned to complete the task.</p>
<b>Effect</b>	<p>The City was not in compliance with the reporting requirements of the Local Return Guidelines.</p>
<b>Recommendation</b>	<p>We recommend the City establish procedures and internal controls to ensure that the Expenditure Plan (Form M-One) is submitted by August 1<sup>st</sup> as required by the Guidelines.</p>
<b>Management's Response</b>	<p>Management will ensure that the Expenditure Plan (Form M-One) is submitted in a timely manner by the due date of August 1.</p>
<b>Finding Corrected During the Audit</b>	<p>The City subsequently submitted the form. No follow up is required.</p>

**EXIT CONFERENCE**



An exit conference was held on December 15, 2020 with the City of Maywood representatives. Those in attendance were:

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

City of Maywood representatives:  
Hrant Manuelian – Finance Director  
Veronica Alvarez – Fund Accountant

Matters discussed:

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

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

Hrant Manuelian – Finance Director  
Veronica Alvarez – Fund Accountant



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