

***CITY OF NORWALK  
ANNUAL FINANCIAL REPORT OF THE  
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  
FOR THE FISCAL YEARS ENDED  
JUNE 30, 2021 AND 2020***



**Metro<sup>®</sup>**



Simpson & Simpson, LLP  
Certified Public Accountants

***CITY OF NORWALK***  
**TABLE OF CONTENTS**

<b>FINANCIAL SECTION</b>	<b>PAGE</b>
Independent Auditor’s Report	1
Proposition A Local Return Fund:	
Financial Statements:	
Balance Sheets	3
Statements of Revenues, Expenditures and Changes in Fund Balance	4
Supplementary Information:	
Schedule of Expenditures – Actual and Metro Approved Project Budget	5
Schedule of Capital Assets	6
Proposition C Local Return Fund:	
Financial Statements:	
Balance Sheets	7
Statements of Revenues, Expenditures and Changes in Fund Balance	8
Supplementary Information:	
Schedule of Expenditures – Actual and Metro Approved Project Budget	9
Schedule of Capital Assets	11
Measure R Local Return Fund:	
Financial Statements:	
Balance Sheets	12
Statements of Revenues, Expenditures and Changes in Fund Balance	13
Supplementary Information:	
Schedule of Expenditures – Actual and Metro Approved Project Budget	14
Schedule of Capital Assets	16
Measure M Local Return Fund:	
Financial Statements:	
Balance Sheets	17
Statements of Revenues, Expenditures and Changes in Fund Balance	18
Supplementary Information:	
Schedule of Expenditures – Actual and Metro Approved Project Budget	19
Schedule of Capital Assets	20
Transportation Development Act Article 3 Fund:	
Financial Statements:	
Balance Sheets	21
Statements of Revenues, Expenditures and Changes in Fund Balance	22
Supplementary Information:	
Schedule of Transportation Development Act Allocation for Specific Projects	23
Notes to Financial Statements	24
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements performed in Accordance with <i>Government Auditing Standards</i>	31

***CITY OF NORWALK***  
**TABLE OF CONTENTS**  
(Continued)

**COMPLIANCE SECTION**

Independent Auditor's Report on Compliance	33
Compliance Matrix	35
Schedule of Findings and Recommendations	42

<b>EXIT CONFERENCE</b>	43
------------------------	----

---

***FINANCIAL SECTION***

---



SIMPSON & SIMPSON

CERTIFIED PUBLIC ACCOUNTANTS

FOUNDING PARTNERS

BRAINARD C. SIMPSON, CPA

MELBA W. SIMPSON, CPA

U.S. BANK TOWER  
633 WEST 5TH STREET, SUITE 3320  
LOS ANGELES, CA 90071  
(213) 736-6664 TELEPHONE  
(213) 736-6692 FAX  
[www.simpsonandsimpsoncpas.com](http://www.simpsonandsimpsoncpas.com)

## Independent Auditor's Report

To the Honorable Members of the City Council of the  
City of Norwalk, 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 (PALRF), Proposition C Local Return Fund (PCLRF), Measure R Local Return Fund (MRLRF), Measure M Local Return Fund (MMLRF), and Transportation Development Act Article 3 Fund (TDAA3F) (collectively, the Funds), of the City of Norwalk, California (the City) as of and for the years ended June 30, 2021 and 2020, and the related notes to the financial statements, as listed in the table of contents.

### *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.

### *Auditor's 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 audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity'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 entity'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 PALRF, PCLRF, MRLRF, MMLRF and TDAA3F of the City of Norwalk, California, as of June 30, 2021 and 2020, 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 PALRF, PCLRF, MRLRF, MMLRF and TDAA3F of the City and do not purport to, and do not, present fairly the financial position of the City of Paramount, California, as of June 30, 2021 and 2020, 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. The accompanying supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the Funds' financial statements. Such information has been subjected to the auditing procedures applied in the audit of the 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' financial statements or to the Funds' 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' financial statements as a whole.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have issued our report dated November 24, 2021, 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 cursive script that reads "Simpson &amp; Simpson".

Los Angeles, California  
November 24, 2021

**CITY OF NORWALK**  
**PROPOSITION A LOCAL RETURN FUND**  
**BALANCE SHEETS**  
June 30

	2021	2020
<b>ASSETS</b>		
Cash and investments	\$ 345,990	\$ 19,333
Total assets	\$ 345,990	\$ 19,333
 <b>LIABILITIES AND FUND BALANCE</b>		
<b>Liabilities</b>		
Accounts payable	\$ 2,088	\$ 9,268
Total liabilities	2,088	9,268
 <b>Fund Balance</b>		
Restricted	343,902	10,065
Total fund balance	343,902	10,065
Total liabilities and fund balance	\$ 345,990	\$ 19,333

The accompanying notes are an integral part to the financial statements.

**CITY OF NORWALK**  
**PROPOSITION A LOCAL RETURN FUND**  
**STATEMENTS OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCE**  
For the Fiscal Years Ended June 30

	2021	2020
<b>REVENUES</b>		
Proposition A	\$ 2,147,701	\$ 2,082,813
Interest income	5,563	21,299
Total revenues	2,153,264	2,104,112
<b>EXPENDITURES</b>		
Various projects	1,819,427	2,213,512
Total expenditures	1,819,427	2,213,512
Excess (deficiency) of revenues over expenditures	333,837	(109,400)
Fund balance at beginning of year	10,065	119,465
Fund balance at end of year	\$ 343,902	\$ 10,065

The accompanying notes are an integral part to the financial statements.



**CITY OF NORWALK**  
**PROPOSITION A LOCAL RETURN FUND**  
**SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF EXPENDITURES**  
**ACTUAL AND METRO APPROVED PROJECT BUDGET**  
**For the Fiscal Year Ended June 30, 2021**  
(With Comparative Actual Amount for the Fiscal Year Ended June 30, 2020)

Project Code	Project Name	2021			2020 Actual
		Metro Budget	Actual	Variance Favorable (Unfavorable)	
105	Fixed Route Operating Assistance	\$ 1,400,456	\$ 1,400,456	\$ -	\$ 1,721,305
107	Dial-A-Ride Operating Assistance	320,983	320,983	-	252,043
170	Bus Stop Maintenance	38,593	17,185	21,408	-
175	Maintenance Service Equipment	49,600	22,252	27,348	36,891
210	Vehicle Replacement - DAR Vans	49,372	49,341	31	-
215	Transit Facility Improvements	50,000	-	50,000	-
260	Purchase of Miscellaneous Support Equipment	14,815	346	14,469	5,344
260	Procurement of Automated Dispatch System & AVL Equipment (ITS-Comm. Equip)	13,000	8,864	4,136	11,342
310-09	Transportation Center Improvements: NTS/SFS Storage Facility Parcel B	-	-	-	186,587
	Total expenditures	\$ 1,936,819	\$ 1,819,427	\$ 117,392	\$ 2,213,512

See accompanying independent auditor's report.

**CITY OF NORWALK**  
**PROPOSITION A LOCAL RETURN FUND**  
**SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF CAPITAL ASSETS**  
June 30, 2020

Date Acquired	Description	Balance 7/1/2019	Additions	Deletions	Balance 6/30/2020
1995/96	Coin Conveyor	\$ 1,533	\$ -	\$ -	\$ 1,533
1999/00	Office Equipment Furniture	1,214	-	1,214	-
1999/00	Purchase of Rolling Stock	168,303	-	168,303	-
2001/02	Office Equipment Furniture	56,891	-	-	56,891
2001/02	Facility Project	190,000	-	-	190,000
2002/03	Facility Project	72,123	-	-	72,123
2002/03	Bus Stop Amenities	7,812	-	-	7,812
2004/05	Tools & Equipment	2,107	-	-	2,107
2004/05	Bus Stop Improvement (7709)	3,637	-	-	3,637
2005/06	Office Equipment	5,615	-	5,615	-
2005/06	Specialized Auto	241,692	-	93,815	147,877
2006/07	Bus Stop Improvement (7709)	81,575	-	-	81,575
2008/09	Universal Fare System	124,770	-	-	124,770
2010/11	Specialized Auto	53,466	-	-	53,466
2010/11	Fall Arrest System	3,667	-	-	3,667
2010/11	Bus Repair and Parts	1,040	-	-	1,040
2010/11	Miscellaneous Equipment	1,077	-	-	1,077
2012/13	Floor Scrubber	1,987	-	-	1,987
2012/13	Cummins Engine	3,249	-	-	3,249
2013/14	Copier, Ricoh	1,675	-	-	1,675
2013/14	Copier, Ricoh	1,675	-	-	1,675
2013/14	Air Compressor	1,998	-	-	1,998
2013/14	Ford Fusion #7028	4,491	-	-	4,491
2013/14	Ford Fusion #7029	4,491	-	-	4,491
2013/14	Ford Fusion #7030	4,491	-	-	4,491
2015/16	Transportation Ctr (7760)	29,673	-	-	29,673
2017/18	Bus Stop Improvements (7189)	41,374	-	-	41,374
2019/20	Bus/Mtce Equipment Auxillary Lot (7786)	188,143	-	-	188,143
2020/21	Starcraft Passenger Van #7108	-	16,447	-	16,447
2020/21	Starcraft Passenger Van #7109	-	16,447	-	16,447
2020/21	Starcraft Passenger Van #7110	-	16,447	-	16,447
Total \$		<u>1,299,769</u>	<u>\$ 49,341</u>	<u>\$ 268,947</u>	<u>\$ 1,080,163</u>

See accompanying independent auditor's report.

**CITY OF NORWALK**  
**PROPOSITION C LOCAL RETURN FUND**  
**BALANCE SHEETS**  
June 30

	2021	2020
<b>ASSETS</b>		
Cash and investments	\$ 7,541,260	\$ 6,671,097
Prepaid items	5,657	40,950
Other receivable	6,907	37,565
Total assets	\$ 7,553,824	\$ 6,749,612
 <b>LIABILITIES AND FUND BALANCE</b>		
<b>Liabilities</b>		
Accounts payable	\$ 338,420	\$ 25,150
Accrued wages	31,208	14,009
Retention payable	878	39,109
Total liabilities	370,506	78,268
 <b>Fund Balance</b>		
Restricted - Rosecrans Ave (Note 9)	892,652	-
Restricted - Alondra Blvd. (Note 9)	990,000	-
Restricted	5,300,666	6,671,344
Total fund balance	7,183,318	6,671,344
Total liabilities and fund balance	\$ 7,553,824	\$ 6,749,612

The accompanying notes are an integral part to the financial statements.

**CITY OF NORWALK**  
**PROPOSITION C LOCAL RETURN FUND**  
**STATEMENTS OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCE**  
For the Fiscal Years Ended June 30

	2021	2020
<b>REVENUES</b>		
Proposition C	\$ 1,781,441	\$ 1,727,698
Interest income	56,984	134,381
Parking structure revenue (Note 8)	92,041	261,701
Code enforcement (Note 8)	3,305	10,034
Reimbursed revenue (Note 8)	25,195	34,341
Total revenues	1,958,966	2,168,155
<b>EXPENDITURES</b>		
Various projects	1,446,992	1,123,589
Total expenditures	1,446,992	1,123,589
Excess of revenues over expenditures	511,974	1,044,566
Fund balance at beginning of year	6,671,344	5,626,778
Fund balance at end of year	\$ 7,183,318	\$ 6,671,344

The accompanying notes are an integral part to the financial statements.

**CITY OF NORWALK**  
**PROPOSITION C LOCAL RETURN FUND**  
**SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF EXPENDITURES**  
**ACTUAL AND METRO APPROVED PROJECT BUDGET**  
For the Fiscal Year Ended June 30, 2021  
(With Comparative Actual Amount for the Fiscal Year Ended June 30, 2020)

Project Code	Project Name	2021			2020 Actual
		Metro Budget	Actual	Variance Favorable (Unfavorable)	
106	Micro Transit Pilot Program	\$ 100,000	\$ -	\$ 100,000	\$ -
107	Dial-A-Ride Operating Assistance	124,017	124,017	-	122,017
130	Metrolink 4A/Civic Center Shuttle	244,818	-	244,818	174,334
135	Social Services Fare Subsidy	28,500	-	28,500	10,608
150	LASD Deputies	7,000	7,748	(748)	-
170	Bus Stop Maintenance	159,000	154,539	4,461	154,539
170	CCTV System Maintenance & Inspection Services	12,500	14,259	(1,759)	-
170	Transportation Center Operations	576,874	618,822	(41,948)	385,605
170	Transportation Center Operations	703,684	-	703,684	-
180	Procurement of Fleet Fluid Management and Grants Administration Management	5,493	-	5,493	-
210	Electric Buses	250,000	250,000	-	-
220	Stormwater Compliance	30,000	27,272	2,728	27,272
260	Purchase of Miscellaneous Support Equipment	3,800	2,508	1,292	4,627
350	ITS Imperial Hwy - San Gabriel River - Shoemaker (7235)	166,000	47,194	118,806	-
470	Gateway Cities Council Of Governments Membership	20,500	20,500	-	20,500
470	JPA for the I-91/I-605 Corridor	20,000	20,000	-	20,000
620	Direct Administration	57,794	56,865	929	43,883
705	Rosecrans Ave - Pioneer to Studebaker (7184)	892,652	-	892,652	-
705	Imperial Highway Rehabilitation - Phase I (7905)	89,583	-	89,583	592

See accompanying independent auditor's report.

**CITY OF NORWALK**  
**PROPOSITION C LOCAL RETURN FUND**  
**SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF EXPENDITURES**  
**ACTUAL AND METRO APPROVED PROJECT BUDGET**  
For the Fiscal Year Ended June 30, 2021  
(With Comparative Actual Amount for the Fiscal Year Ended June 30, 2020)

Project Code	Project Name	2021			2020 Actual
		Metro Budget	Actual	Variance Favorable (Unfavorable)	
705	Alondra Boulevard Rehabilitation (7182)	\$ 992,666	\$ 30,948	\$ 961,718	\$ 425
705	Shoemaker Avenue Rehabilitation (7185)	882,623	39,100	843,523	-
705	Pioneer Boulevard Rehabilitation (7798)	40,000	-	40,000	-
705	Alondra Blvd. from Gridley Rd to Pioneer Blvd (7921)	990,000	-	990,000	-
705	Firestone Widening and Rehabilitation & Bridge Guard Rails (7196)	188,188	3,420	184,768	1,371
705	Foster Road Rehabilitation (7904)	101,961	14,013	87,948	4,417
765	Pavement Management Study	80,000	15,787	64,213	-
781	Alondra Blvd. from Gridley Rd to Pioneer Blvd (7921)	990,000	-	990,000	-
781	Rosecrans Ave - Pioneer to Studebaker (7184)	892,652	-	892,652	-
210-01	Implementation of Intelligent Transportation Systems	-	-	-	70,000
310-09	Transportation Center Improvements: NTS/SFS Storage Facility Parcel B	-	-	-	83,399
	Total expenditures	\$ <u>8,650,305</u>	\$ <u>1,446,992</u>	\$ <u>7,203,313</u>	\$ <u>1,123,589</u>

See accompanying independent auditor's report.

**CITY OF NORWALK**  
**PROPOSITION C LOCAL RETURN FUND**  
**SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF CAPITAL ASSETS**  
June 30, 2021

Date Acquired	Description	Balance 7/1/2020	Additions	Deletions	Balance 6/30/2021
2002/03	Bus Stop Amenities	\$ 66,883	\$ -	\$ -	\$ 66,883
2002/03	Rosecrans Ave and Shoemaker	201,364	-	-	201,364
2002/03	Imperial Highway Rehabilitation	4,393	-	-	4,393
2003/04	Rosecrans Ave (I-5 to Shoemaker)	2,373	-	-	2,373
2003/04	Rosecrans Ave (Pioneer to Bloomfield)	353,430	-	-	353,430
2003/04	Pioneer Blvd (Allard to Lakeland)	153,641	-	-	153,641
2003/04	Signal Upgrade (Imperial & Curtis)	39,957	-	-	39,957
2003/04	Signal Upgrade (Norwalk & Rosecrans)	28,952	-	-	28,952
2003/04	Shoemaker (Rosecrans to Foster)	165,586	-	-	165,586
2003/04	Foster (Shoemaker to Bloomfield)	115,587	-	-	115,587
2006/07	New Traffic Signal: Pioneer at Lindale	69,043	-	-	69,043
2007/08	Bus Stop Project (7709)	927,006	-	-	927,006
2007/08	Foster and Norwalk Street Improvement	418,033	-	-	418,033
2007/08	Studebaker Road (from Cecilia Street to Imperial Highway) Rehabilitation - 7141	252,431	-	-	252,431
2007/08	New Traffic Signal: Rosecrans	25,673	-	-	25,673
2007/08	Transit Facility Improvement (7760)	599,389	-	-	599,389
2011/12	Repaving of Firestone Boulevard Bridge	126,763	-	-	126,763
2012/13	Transit Center - Mechanics Bay Lighting	11,187	-	-	11,187
2016/17	Firestone Bridge: SG River	350,086	-	-	350,086
2016/17	Alondra Blvd Rehabilitation	158,027	-	-	158,027
2016/17	Repave Civic Center Drive - Norwalk	764,222	-	-	764,222
2017/18	Jersey Avenue and Imperial Highway Bus Stop Improvement	371,776	-	-	371,776
2017/18	Rehabilitation of Pioneer Boulevard from Rosecrans Avenue to Imperial Highway	68,124	-	-	68,124
2017/18	Rehabilitation of Firestone Boulevard from the San Gabriel River to the I-605 Freeway	327,502	-	-	327,502
2018/19	Median IMPR: Pioneer/Alond (440-51 Pioneer Median Improvement)	2,207,320	-	-	2,207,320
2019/20	Bus/Mtce Equipment Auxillary Lot (7786)	431,691	-	-	431,691
2020/21	40' Electric Bus #7141	-	237,355	-	237,355
2020/21	40' Electric Bus #7142	-	12,645	-	12,645
Total \$		<u>8,240,439</u>	<u>\$ 250,000</u>	<u>\$ -</u>	<u>\$ 8,490,439</u>

See accompanying independent auditor's report.

**CITY OF NORWALK**  
**MEASURE R LOCAL RETURN FUND**  
**BALANCE SHEETS**  
June 30

	2021	2020
<b>ASSETS</b>		
Cash and investments	\$ 3,485,658	\$ 3,472,865
Restricted cash and investments		
- 2019B Sales Tax Revenue Bonds (Note 10)	8,958,917	10,947,242
Total assets	\$ 12,444,575	\$ 14,420,107
 <b>LIABILITIES AND FUND BALANCE</b>		
<b>Liabilities</b>		
Accounts payable	\$ 304,214	\$ 14,752
Retention payable	24,209	18,492
Accounts payable - 2019B Sales Tax Revenue Bonds (Note 10)	1,107,866	143,956
Total liabilities	1,436,289	177,200
 <b>Fund Balance</b>		
Restricted	3,157,235	3,439,621
Restricted - 2019B Sales Tax Revenue Bonds (Note 10)	7,851,051	10,803,286
Total fund balance	11,008,286	14,242,907
Total liabilities and fund balance	\$ 12,444,575	\$ 14,420,107

The accompanying notes are an integral part to the financial statements.



**CITY OF NORWALK**  
**MEASURE R LOCAL RETURN FUND**  
**STATEMENTS OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCE**  
For the Fiscal Years Ended June 30

	<u>2021</u>	<u>2020</u>
<b>REVENUES</b>		
Measure R	\$ 1,337,933	\$ 1,293,920
Interest income	30,327	74,632
Interest income - 2019B Sales Tax Revenue Bonds (Note 10)	1,961	110,305
Total revenues	<u>1,370,221</u>	<u>1,478,857</u>
<b>EXPENDITURES</b>		
Various projects	<u>4,604,842</u>	<u>1,127,340</u>
Total expenditures	<u>4,604,842</u>	<u>1,127,340</u>
Excess (deficiency) of revenues over expenditures	<u>(3,234,621)</u>	<u>351,517</u>
<b>OTHER FINANCING SOURCES (USES)</b>		
Proceeds from 2019B Sales Tax Revenue Bonds (Note 10)	-	11,077,206
Bond issuance costs and discount (Note 10)	-	(180,836)
Total other financing sources	<u>-</u>	<u>10,896,370</u>
Excess (deficiency) of revenues over expenditures and other financing sources	(3,234,621)	11,247,887
Fund balance at beginning of year	<u>14,242,907</u>	<u>2,995,020</u>
Fund balance at end of year	<u>\$ 11,008,286</u>	<u>\$ 14,242,907</u>

The accompanying notes are an integral part to the financial statements.

**CITY OF NORWALK**  
**MEASURE R LOCAL RETURN FUND**  
**SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF EXPENDITURES**  
**ACTUAL AND METRO APPROVED PROJECT BUDGET**  
**For the Fiscal Year Ended June 30, 2021**  
**(With Comparative Actual Amount for the Fiscal Year Ended June 30, 2020)**

Project Code	Project Name	2021		Variance Favorable (Unfavorable)	2020 Actual
		Metro Budget	Actual		
170	Bus Stop Repair & Maintenance	\$ 7,600	\$ -	\$ 7,600	\$ -
302	HSIP - Signal/Curb upgrade - Pioneer Blvd Phase 2 (7240)	13,350	-	13,350	186
302	HSIP - Signal/Curb upgrade - Pioneer Blvd Phase 1 (7239)	27,000	212	26,788	186
302	HSIP - Signal/Curb upgrade - Norwalk (7237)	34,200	186	34,014	186
302	ATP - Studebaker to Pioneer (7922)	30,725	5,125	25,600	1,875
304	Traffic Signal - 166th & Clarkdale (7236)	319,122	454	318,668	1,303
304	Traffic Maintenance	120,000	108,286	11,714	86,562
304	Traffic Signal Repair & Maintenance	119,500	10,210	109,290	55,734
304	HSIP - Signal/ Curb upgrade - Studebaker (7229)	164,065	127,529	36,536	22,724
304	HSIP - Signal/ Curb upgrade - San Antonio/Norwalk (7230)	448,510	66,566	381,944	11,397
304	HSIP -Traffic Signal/Crub Upgrade - Alondra/Piuma (7232)	256,309	5,952	250,357	15,290
304	HSIP -Traffic Signal/Crub Upgrade - Firestone/Rosecrans (7233)	148,474	12,664	135,810	2,235
304	HSIP -Traffic Signal/Crub Upgrade - Studebaker/Rosecrans (7234)	122,516	18,942	103,574	14,897
304	HSIP - Traffic Signal/Curb Upgrade-Norwalk (7238)	95,150	186	94,964	186
304	HSIP - Signal/Curb Upgrade - Rosecrans (7228)	101,379	95,946	5,433	12,302
705	Street Repair Maintenance & Repairs	50,000	30,777	19,223	50,543
705	Pavement Rehabilitation (7915)	465,842	-	465,842	170
705	Bond Debt Service 2019B - Local Street Rehab (Note 10)	863,850	866,600	(2,750)	862,218
720	Bike Master Plan (7855)	21,220	10,594	10,626	-
805	Sidewalk Repair	299,900	290,231	9,669	250,974

See accompanying independent auditor's report.

**CITY OF NORWALK**  
**MEASURE R LOCAL RETURN FUND**  
**SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF EXPENDITURES**  
**ACTUAL AND METRO APPROVED PROJECT BUDGET**  
**For the Fiscal Year Ended June 30, 2021**  
(With Comparative Actual Amount for the Fiscal Year Ended June 30, 2020)

Project Code	Project Name	2021			2020 Actual
		Metro Budget	Actual	Variance Favorable (Unfavorable)	
990	Nordesta Storm Drain (7518)	\$ 554,562	\$ -	\$ -	\$ 5,425
990	Imperial Storm Drain Replace (7240)	88,750	186	88,564	-
1.90	Drought Tolerant Plants (7849)	-	-	-	(34,802) *
3.20	Front Rd Side Panel (7197)	-	-	-	(435,640) **
	<i>Subtotal expenditures funded by MRLRF</i>	<u>4,352,024</u>	<u>1,650,646</u>	<u>2,701,378</u>	<u>923,951</u>
705	Bond Financing - Local Street Rehab - Zone 32 (7926) (Note 10)	3,154,400	646,379	2,508,021	46,298
705	Bond Financing - Local Street Rehab - Zone 8 (7928) (Note 10)	2,996,600	-	2,996,600	-
705	Bond Financing - Local Street Rehab - Zone 27 (7925) (Note 10)	4,407,700	2,307,817	2,099,883	157,091
	<i>Subtotal expenditures funded by 2019B Sales Tax Revenue Bonds</i>	<u>10,558,700</u>	<u>2,954,196</u>	<u>7,604,504</u>	<u>203,389</u>
	<b>Total expenditures</b>	<b>\$ <u>14,910,724</u></b>	<b>\$ <u>4,604,842</u></b>	<b>\$ <u>10,305,882</u></b>	<b>\$ <u>1,127,340</u></b>

\* In FY2019, Measure R was used as a local match for Environmental Enhancement and Mitigation Program Grant to pay for Drought Tolerant Plants Project on various city streets. In FY2020, due to the total project cost was below the original estimate, the local match requirement for the project was reduced. The City decided to refund a portion of the project cost paid by Measure R in the amount of \$34,802.

\*\* \$435,640 was related to capital project costs paid in FY2019 by both Measure R and Federal Active Transportation Program Grant funds. A portion of the capital project cost paid was refunded to MRLRF by the Federal Active Transportation Program Grant fund in FY2020 due to a reassessment of the capital project by the City's engineer.

See accompanying independent auditor's report.

**CITY OF NORWALK**  
**MEASURE R LOCAL RETURN FUND**  
**SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF CAPITAL ASSETS**  
 June 30, 2021

Date Acquired	Description	Balance 7/1/2020	Additions	Deletions	Balance 6/30/2021
None		\$ -	\$ -	\$ -	\$ -
	Total	\$ -	\$ -	\$ -	\$ -

See accompanying independent auditor's report.

**CITY OF NORWALK**  
**MEASURE M LOCAL RETURN FUND**  
**BALANCE SHEETS**  
June 30

	2021	2020
<b>ASSETS</b>		
Cash and investments	\$ 3,678,934	\$ 3,116,616
Restricted cash and investments		
- 2019A Sales Tax Revenue Bonds (Note 11)	11,432,751	12,398,171
Total assets	\$ 15,111,685	\$ 15,514,787
 <b>LIABILITIES AND FUND BALANCE</b>		
<b>Liabilities</b>		
Accounts payable	\$ -	\$ 434
Accounts payable - 2019A Sales Tax Revenue Bonds (Note 11)	58,499	4,764
Total liabilities	58,499	5,198
 <b>Fund Balance</b>		
Restricted	3,678,934	3,116,182
Restricted - 2019A Sales Tax Revenue Bonds (Note 11)	11,374,252	12,393,407
Total fund balance	15,053,186	15,509,589
Total liabilities and fund balance	\$ 15,111,685	\$ 15,514,787

The accompanying notes are an integral part to the financial statements.

**CITY OF NORWALK**  
**MEASURE M LOCAL RETURN FUND**  
**STATEMENTS OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCE**  
For the Fiscal Years Ended June 30

	2021	2020
<b>REVENUES</b>		
Measure M	\$ 1,515,927	\$ 1,456,949
Interest income	29,069	68,527
Interest income - 2019A Sales Tax Revenue Bonds (Note 11)	2,290	124,419
Total revenues	1,547,286	1,649,895
<b>EXPENDITURES</b>		
Various projects	2,003,689	1,063,247
Total expenditures	2,003,689	1,063,247
Excess (deficiency) of revenues over expenditures	(456,403)	586,648
<b>OTHER FINANCING SOURCES (USES)</b>		
Proceeds from 2019A Sales Tax Revenue Bonds (Note 11)	-	12,496,631
Bond issuance costs and discount (Note 11)	-	(205,820)
Total other financing sources	-	12,290,811
Excess (deficiency) of revenues over expenditures and other financing sources	(456,403)	12,877,459
Fund balance at beginning of year	15,509,589	2,632,130
Fund balance at end of year	\$ 15,053,186	\$ 15,509,589

The accompanying notes are an integral part to the financial statements.

**CITY OF NORWALK**  
**MEASURE M LOCAL RETURN FUND**  
**SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF EXPENDITURES**  
**ACTUAL AND METRO APPROVED PROJECT BUDGET**  
**For the Fiscal Year Ended June 30, 2021**  
**(With Comparative Actual Amount for the Fiscal Year Ended June 30, 2020)**

Project Code	Project Name	2021		Variance	2020
		Metro Budget	Actual	Favorable (Unfavorable)	Actual
380	Traffic Signal Study -Studebaker Rd to Halcourt Ave (7241)	\$ 37,000	\$ 7,604	\$ 29,396	\$ -
705	Citywide Storm Drain Replacement (7515)	100,000	-	100,000	-
705	Pavement Rehab Sproul St to Esmond Ave (7917)	174,782	-	174,782	218
705	Pavement Rehab 162nd to Clarkdale Ave (7918)	359,518	-	359,518	482
705	Pavement Rehab - Phase II (7920)	705,488	-	705,488	-
705	Local Street Rehab (7923)	101,344	-	101,344	9,158
705	Bonds Debt Service 2019A - Local Street Rehab (Note 11)	970,553	974,640	(4,087)	974,166
705	Pavement Rehab - Phase II (7920)	1,925	-	1,925	-
705	Local Street Rehab (7923)	970,553	-	970,553	-
780	Traffic Master Plan	200,000	-	200,000	-
780	Pavement Rehab 162nd to Clarkdale Ave (7918)	1,065,006	-	1,065,006	-
880	Active Transportation Plan - Alondra/Studebaker (7922)	2,000	-	2,000	75
7.90	Engineering services	-	-	-	57,325
	<i>Subtotal expenditures funded by MMLRF</i>	<u>4,688,169</u>	<u>982,244</u>	<u>3,705,925</u>	<u>1,041,424</u>
705	Bond Funding - Local Street Rehab - Zone 3 (7927) (Note 11)	4,896,400	-	4,896,400	-
705	Bond Funding - Local Street Rehab - Zone 19 (7929) (Note 11)	3,644,200	-	3,644,200	-
705	Bond Funding - Local Street Rehab - Zone 24,2,9 (7924) (Note 11)	3,209,500	1,021,445	2,188,055	21,823
	<i>Subtotal expenditures funded by 2019A Sales Tax Revenue Bonds</i>	<u>11,750,100</u>	<u>1,021,445</u>	<u>10,728,655</u>	<u>21,823</u>
	<b>Total expenditures</b>	<b>\$ <u>16,438,269</u></b>	<b>\$ <u>2,003,689</u></b>	<b>\$ <u>14,434,580</u></b>	<b>\$ <u>1,063,247</u></b>

See accompanying independent auditor's report.

**CITY OF NORWALK**  
**MEASURE M LOCAL RETURN FUND**  
**SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF CAPITAL ASSETS**  
 June 30, 2021

Date Acquired	Description	Balance 7/1/2020	Additions	Deletions	Balance 6/30/2021
	None	\$ -	\$ -	\$ -	\$ -
	Total	\$ -	\$ -	\$ -	\$ -

See accompanying independent auditor's report.



**CITY OF NORWALK**  
TRANSPORTATION DEVELOPMENT ACT ARTICLE 3 FUND  
(PURSUANT TO PUBLIC UTILITIES CODE SECTION 99234)  
BALANCE SHEETS  
June 30

	2021	2020
<b>ASSETS</b>		
Due from Metro	\$ -	\$ 63,720
Total assets	\$ -	\$ 63,720
 <b>LIABILITIES AND FUND BALANCE</b>		
<b>Liabilities</b>		
Accounts payable	\$ -	\$ 63,720
Due to General Fund	140,400	61,390
Total liabilities	140,400	125,110
 <b>Fund Balance</b>		
Unassigned	(140,400)	(61,390)
Total fund balance	(140,400)	(61,390)
Total liabilities and fund balance	\$ -	\$ 63,720

The accompanying notes are an integral part to the financial statements.

**CITY OF NORWALK**  
**TRANSPORTATION DEVELOPMENT ACT ARTICLE 3 FUND**  
**STATEMENTS OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCE**  
For the Fiscal Years Ended June 30

	2021	2020
<b>REVENUES</b>		
TDA 3	\$ 61,390	\$ 71,600
Total revenues	61,390	71,600
 <b>EXPENDITURES</b>		
Annual sidewalk program	140,400	132,990
Total expenditures	140,400	132,990
 Deficiency of revenues over expenditures	(79,010)	(61,390)
 Fund balance at beginning of year	(61,390)	-
 Fund balance at end of year	\$ (140,400)	\$ (61,390)

The accompanying notes are an integral part to the financial statements.

**CITY OF NORWALK**  
TRANSPORTATION DEVELOPMENT ACT ARTICLE 3 FUND  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF TRANSPORTATION DEVELOPMENT ACT  
ALLOCATION FOR SPECIFIC PROJECTS  
For the Fiscal Year Ended June 30, 2021

<u>Project Description</u>	<u>Program Year</u>	<u>Allocations</u>	<u>Expenditures</u>	<u>Unexpended Allocations</u>	<u>Project Status</u>
<b>Local allocations</b>					
Annual sidewalk program		\$ 61,390	\$ 140,400	\$ (79,010)	Ongoing
Total		\$ 61,390	\$ 140,400		
Fund balance at beginning of year				(61,390)	
Fund balance at end of year				\$ (140,400)	

See accompanying independent auditor's report.

**CITY OF NORWALK**  
NOTES TO FINANCIAL STATEMENTS  
For the Fiscal Years Ended June 30, 2021 and 2020

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*Fund Accounting*

The operations of the Proposition A Local Return Fund (PALRF), Proposition C Local Return Fund (PCLRF), Measure R Local Return Fund (MRLRF), Measure M Local Return Fund (MMLRF) and 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 a county-wide ½ cent 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 a county-wide ½ cent 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*

PALRF, PCLRF, MRLRF, MMLRF and TDAA3F are accounted for using the modified accrual basis of accounting whereby revenues are recognized when they become both measurable and available to finance expenditures of the current period and expenditures are generally recognized when the related fund liabilities are incurred.

Special Revenue Funds are reported on 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. The statement of revenues, expenditures and changes in fund balance for Special Revenue Funds generally presents increases (revenue 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 presented in accordance with accounting principles generally accepted in the United States of America.

**CITY OF NORWALK**  
NOTES TO FINANCIAL STATEMENTS  
For the Fiscal Years Ended June 30, 2021 and 2020  
(Continued)

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

*Fair Value Measurement*

In accordance with Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*, which became effective for the fiscal year ended June 30, 2016, 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 investment at fair value and recognizes unrealized gain (loss) on investments.

Refer to City's 2021 Comprehensive Annual Financial Report for detailed disclosures regarding the City's investment policy and fair value measurement.

*Fund Balance Reporting*

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 resources reported in governmental funds.

The PALRF, PCLRF, MRLRF, MMLRF and TDAA3F report the following fund balance classifications as of June 30, 2021:

- Restricted – Amounts that are constrained for specific purpose, which are externally imposed by providers, such as creditors, or amounts constrained due to constitutional provisions or enabling legislation. The uses of the funds' remaining fund balances are restricted for projects approved by Los Angeles County Metropolitan Transportation Authority (Metro).
- Unassigned - The unassigned classification is used only if expenditures incurred for specific purposes exceed the amounts restricted to those purposes.

Information regarding the fund balance reporting policy adopted by the City is described in Note 1 to the City's Comprehensive Annual Financial Report.

**NOTE 2 – ANNUAL FINANCIAL STATEMENTS**

The financial statements reflect only the financial position and results of operations of the PALRF, PCLRF, MRLRF, MMLRF and TDAA3F and their compliance with the Proposition A and Proposition C Local Return Program Guidelines, Measure R Local Return Program Guidelines, Measure M Local Return Program Guidelines and Transportation Development Act Article 3 and the Los Angeles County Metropolitan Transportation Authority Funding and Allocation Guidelines for Transportation Development Act Article 3 Bicycle and Pedestrian Funds.

**CITY OF NORWALK**  
NOTES TO FINANCIAL STATEMENTS  
For the Fiscal Years Ended June 30, 2021 and 2020  
(Continued)

**NOTE 3 - PROPOSITION A AND PROPOSITION C LOCAL RETURN COMPLIANCE REQUIREMENTS**

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**

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**

On June 23, 2016, the Metro Board of Directors approved the Los Angeles County Traffic Improvement Plan Ordinance, known as Measure M. 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’s cash and investment balances were pooled with various other City funds for deposit and investment purposes. The share of each fund in the pooled cash and investments 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.

**NOTE 8 – PARKING STRUCTURE REVENUE, CODE ENFORCEMENT REVENUE, AND REIMBURSED REVENUE**

Parking structure revenue under the PCLRF of \$92,041 and \$261,701 was from fees charged for the use of City’s parking structure for the fiscal years ended June 30, 2021, and 2020, respectively.

Code enforcement revenue under the PCLRF of \$3,305 and \$10,034 was from parking citations issued by the City for the fiscal years ended June 30, 2021, and 2020, respectively.

**CITY OF NORWALK**  
NOTES TO FINANCIAL STATEMENTS  
For the Fiscal Years Ended June 30, 2021 and 2020  
(Continued)

**NOTE 8 – PARKING STRUCTURE REVENUE, CODE ENFORCEMENT REVENUE, AND REIMBURSED REVENUE (continued)**

Reimbursed revenue under PCLRF of \$25,195 and \$34,341 was from the City of Santa Fe Springs for the City’s transit center operations for the fiscal years ended June 30, 2021 and 2020, respectively.

**NOTE 9 – CAPITAL RESERVE - PCLRF**

On June 30, 2021, Metro and the City entered into a capital reserve agreement to establish capital reserve accounts (Accounts) for Rosecrans Ave - Pioneer to Studebaker (7184) and Alondra Blvd. from Gridley Rd to Pioneer Blvd (7921) projects (Projects) amounting to \$892,652 and \$990,000, respectively, which totaled \$1,882,652.

The Accounts will be funded with the Proposition C Local Return funds allocated to the City. All interest shall be accrued and placed in the Accounts for use exclusively for the Projects.

For the years ended June 30, 2021 and 2020, following is the capital reserve amount for PCLRF:

Capital reserve at 6/30/20	\$	-
Allocations and earnings during the year		1,882,652
Expenditures during the year		<u>-</u>
Capital reserve at 6/30/21	\$	<u>1,882,652</u>

**NOTE 10 – 2019B SALES TAX REVENUE BONDS - MRLRF**

In July 2019, the City issued 2019B Sales Tax Revenue Bonds in the amount of \$9,250,000 with bond premium of \$1,827,206. The proceeds of the bonds are anticipated to be used to finance the costs of acquisition, construction, rehabilitation, reconstruction, and resurfacing of the City’s public street facilities, and pay costs of issuance. The use of Measure R revenues to pay debt service on the bonds to finance the costs of the project was approved by Metro by the letter dated June 19, 2019.

The principal amounts due ranging from \$450,000 to \$830,000 on June 1 each year starting in 2020 through 2034; the bonds are subject to redemption prior to their maturity dates as a whole or in part on any date on or after June 1, 2030, at par plus accrued interest to the date fixed for redemption, without premium; interest rates vary from 4% to 5%. For fiscal years ended June 30, 2021 and 2020, the amounts of principal and interest paid for the 2019B Sales Tax Revenue Bonds were as follows:

		2021		2020
Principal paid	\$	<u>450,000</u>	\$	<u>495,000</u>
Interest paid		413,850		366,718
Administrative cost paid		<u>2,750</u>		<u>500</u>
Total	\$	<u>866,600</u>	\$	<u>862,218</u>

**CITY OF NORWALK**  
**NOTES TO FINANCIAL STATEMENTS**  
For the Fiscal Years Ended June 30, 2021 and 2020  
(Continued)

**NOTE 10 – 2019B SALES TAX REVENUE BONDS - MRLRF (continued)**

These debt service payments along with administrative costs were reported under Project No. 705 - Bond Debt Series 2019B - Local Street Rehab in MRLRF. The balance outstanding on the 2019B Sales Tax Bonds on June 30, 2021 and 2020, were \$8,305,000 and \$8,755,000, respectively.

2019B Sales Tax Revenue Bonds' cash and investments and fund balances at June 30, 2021 and 2020, are as follows:

	<b>MRLRF</b>
Fund balance - 2019B Sales Tax Revenue Bonds at June 30, 2019	\$ -
Proceeds from issuance of 2019B Sales Tax Revenue Bonds	11,077,206
Less: Bond issuance costs and discount	(180,836)
Net proceeds from issuance of 2019B Sales Tax Revenue Bonds	10,896,370
Add: Interest income	110,305
Less: Bond Financing - Local Street Rehab - Zone 32 (7926)	
Project Code 705 expenditures	(46,298)
Bond Financing - Local Street Rehab - Zone 27 (7925)	
Project Code 705 expenditures	(157,091)
Fund balance - 2019B Sales Tax Revenue Bonds at June 30, 2020	10,803,286
Add: Accounts payable at June 30, 2020	143,956
Restricted cash and investments - 2019B Sales Tax Revenue Bonds at June 30, 2020	10,947,242
Less: Accounts payable at June 30, 2020	(143,956)
Add: Interest income	1,961
Less: Bond Financing - Local Street Rehab - Zone 32 (7926)	
Project Code 705 expenditures	(646,379)
Bond Financing - Local Street Rehab - Zone 27 (7925)	
Project Code 705 expenditures	(2,307,817)
Fund balance - 2019B Sales Tax Revenue Bonds at June 30, 2021	7,851,051
Add: Accounts payable at June 30, 2021	1,107,866
Restricted cash and investments - 2019B Sales Tax Revenue Bonds at June 30, 2021	\$ 8,958,917

**NOTE 11 – 2020A SALES TAX REVENUE BONDS - MMLRF**

In July 2019, the City issued 2019A Sales Tax Revenue Bonds in the amount of \$ \$10,435,000 with bond premium of \$2,061,631. The proceeds of the bonds are anticipated to be used to finance the costs of acquisition, construction, rehabilitation, reconstruction, and resurfacing of the City's public street facilities, and pay costs of issuance. The use of Measure M revenues to pay debt service on the bonds to finance the costs of the project was approved by Metro by the letter dated June 19, 2019.



**CITY OF NORWALK**  
**NOTES TO FINANCIAL STATEMENTS**  
For the Fiscal Years Ended June 30, 2021 and 2020  
(Continued)

**NOTE 11 – 2019A SALES TAX REVENUE BONDS - MMLRF (continued)**

The principal amounts due ranging from \$505,000 to \$935,000 on June 1 each year starting in 2020 through 2034; the bonds are subject to redemption prior to their maturity dates as a whole or in part on any date on or after June 1, 2030, at par plus accrued interest to the date fixed for redemption, without premium; interest rates vary from 4% to 5%. For fiscal years ended June 30, 2021 and 2020, the amounts of principal and interest paid for the 2019A Sales Tax Revenue Bonds were as follows:

	2021	2020
Principal paid	\$ 505,000	\$ 560,000
Interest paid	466,750	413,666
Administrative cost paid	2,890	500
Total	\$ 974,640	\$ 974,166

These debt service payments along with administrative costs were reported under Project No. 705 - Bond Debt Service 2019A - Local Street Rehab in MMLRF. The balance outstanding on the 2019A Sales Tax Bonds at June 30, 2021 and 2020, were \$9,370,000 and \$9,875,000, respectively.

The 2019A Sales Tax Revenue Bonds' cash and investments and fund balances at June 30, 2021 and 2020 are as follows:

	MMLRF
Fund balance - 2019A Sales Tax Revenue Bonds at June 30, 2019	\$ -
Proceeds from issuance of 2019A Sales Tax Revenue Bonds	12,496,631
Less: Bond issuance costs and discount	(205,820)
Net proceeds from issuance of 2019A Sales Tax Revenue Bonds	12,290,811
Add: Interest income	124,419
Less: Bond Funding - Local Street Rehab - Zone 24 (7924) Project Code 705 expenditures	(21,823)
Fund balance - 2019A Sales Tax Revenue Bonds at June 30, 2020	12,393,407
Add: Accounts payable at June 30, 2020	4,764
Restricted cash and investments – 2019A Sales Tax Revenue Bonds at June 30, 2020	12,398,171
Less: Accounts payable at June 30, 2020	(4,764)
Add: Interest income	2,290
Less: Bond Funding - Local Street Rehab - Zone 24,2,9 (7924) Project Code 705 expenditures	(1,021,445)
Fund balance – 2019A Sales Tax Revenue Bonds at June 30, 2021	11,374,252
Add: Accounts payable at June 30, 2021	58,499
Restricted cash and investments – 2019A Sales Tax Revenue Bonds at June 30, 2021	\$ 11,432,751

**CITY OF NORWALK**  
**NOTES TO FINANCIAL STATEMENTS**  
For the Fiscal Years Ended June 30, 2021 and 2020  
(Continued)

**NOTE 12 – TRANSPORTATION DEVELOPMENT ACT FUND REVENUE ALLOCATION**

The revenue allocation for the years ended June 30, 2021 and 2020 consisted of the following:

	<u>2021</u>	<u>2020</u>
FY 2015-16 allocation	\$ -	\$ 29,988
FY 2016-17 allocation	29,390	41,612
FY 2017-18 allocation	<u>32,000</u>	<u>-</u>
Total payment requested	<u>\$ 61,390</u>	<u>\$ 71,600</u>

**NOTE 13 – TRANSPORTATION DEVELOPMENT ACT FUNDS RESERVED**

In accordance with TDA Article 3 (SB821) Guidelines, funds not 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 Metro. As of June 30, 2021, and 2020, the City has funds on reserve as follows:

	<u>2021</u>	<u>2020</u>
FY 2016-17 allocation	\$ -	\$ 29,390
FY 2017-18 allocation	36,567	68,567
FY 2018-19 allocation	71,531	71,531
FY 2019-20 allocation	77,515	77,515
FY 2020-21 allocation	<u>59,489</u>	<u>-</u>
Available reserve balance	<u>\$ 245,102</u>	<u>\$ 247,003</u>

**NOTE 12 – IMPACT OF CORONAVIRUS**

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. 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, including the United States.

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. However, the City's management believes that the financial impact, if any, will not materially affect the June 30, 2021 Funds' financial statement.

**NOTE 13 – SUBSEQUENT EVENTS**

The City has evaluated subsequent events through November 24, 2021, the date the financial statements were available to be issued and concluded no other events have occurred that require disclosure or adjustments to the financial statements.



SIMPSON & SIMPSON  
CERTIFIED PUBLIC ACCOUNTANTS  
FOUNDING PARTNERS  
BRAINARD C. SIMPSON, CPA  
MELBA W. SIMPSON, CPA

U.S. BANK TOWER  
633 WEST 5TH STREET, SUITE 3320  
LOS ANGELES, CA 90071  
(213) 736-6664 TELEPHONE  
(213) 736-6692 FAX  
www.simpsonandsimpsoncpas.com

**Independent Auditor’s Report 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 Norwalk, California and the  
Los Angeles County Metropolitan Transit Authority

We have audited, 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, the financial statements of the 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 (collectively, the Funds) of the City of Norwalk, California (the City), as of and for the year ended June 30, 2021, and the related notes to the financial statements, and have issued our report thereon dated November 24, 2021.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the Funds’ financial statements, we considered the City’s internal control over 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 entity’s 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 result of that testing, and not to provide an opinion on the effectiveness of the entity'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 cursive script that reads "Simpson &amp; Simpson".

Los Angeles, California  
November 24, 2021

---

---

*COMPLIANCE SECTION*

---

---



SIMPSON & SIMPSON

CERTIFIED PUBLIC ACCOUNTANTS  
FOUNDING PARTNERS  
BRAINARD C. SIMPSON, CPA  
MELBA W. SIMPSON, CPA

U.S. BANK TOWER  
633 WEST 5TH STREET, SUITE 3320 LOS  
ANGELES, CA 90071  
(213) 736-6664 TELEPHONE  
(213) 736-6692 FAX  
www.simpsonandsimpsoncpas.com

## Independent Auditor's Report On Compliance

To the Honorable Members of the City Council of the  
City of Norwalk, California and the  
Los Angeles County Metropolitan Transit Authority

### Report on Compliance

We have audited the compliance of the City of Norwalk, 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 the Transportation Development Act Article 3 Bicycle and Pedestrian Funds (collectively, the Guidelines) for the year ended June 30, 2021.

### *Management's Responsibility*

Management is responsible for the City's compliance with the Guidelines.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on the City's compliance based on our audit. We conducted our audit of compliance in accordance with 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 referred to in the preceding paragraph. Those standards and the Guidelines require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on 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 on Each Local Return Program and Transportation Development Act Article 3*

In our opinion, the City complied, in all material respects, with the compliance requirements of the Guidelines for the year ended June 30, 2021.



## Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the Guidelines 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 combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance under the Guidelines 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 Guidelines 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 we consider to 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 cursive script that reads "Simpson &amp; Simpson".

Los Angeles, California  
November 24, 2021

**CITY OF NORWALK**  
**COMPLIANCE MATRIX**  
Year Ended June 30, 2021

Compliance Requirement		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 or has established a separate Proposition A and Proposition C Local Transit Assistance Account for Local Return purposes.	X			None	
2.	Revenues received including allocations, project generated revenues and interest income was properly credited to the Proposition A and/or Proposition C Local Return Account	X			None	
3.	Funds were expended with Metro's approval and were not substituted for property tax.	X			None	
4.	Timely use of funds.	X			None	
5.	Administrative expenses are within the 20% cap.	X			None	
6.	Expenditures that exceeded 25% of approved project budget have approved amended Project Description Form (Form A) or electronic equivalent.	X			None	
7.	Annual Project Update Report (Form B) or electronic equivalent was submitted on time.	X			None	
8.	Annual Expenditure Report (Form C) or electronic equivalent was submitted on time.	X			None	
9.	Pavement Management System (PMS) is in place and being used for Street Maintenance or Improvement Projects Expenditures.	X			None	
10.	Local Return Account is credited for reimbursable expenditures.	X			None	
11.	Where Proposition A funds were given, loaned or exchanged by one jurisdiction to another, the receiving jurisdiction has credited its Local Return Account with the funds received.			X	None	Prop A and Prop C funds were not given, loaned, or exchanged in FY 20/21.
12.	Self-Certification was completed and submitted for Intelligent Transportation Systems projects and elements.	X			None	



**CITY OF NORWALK**  
**COMPLIANCE MATRIX**  
Year Ended June 30, 2021

Compliance Requirement		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>						
13.	A separate account was established for Capital reserve funds, Capital reserve was approved by Metro and current status is reported in the Annual Project Update (Form B) or electronic equivalent.	X			None	
14.	Recreational transit form was submitted on time.			X	None	There was no recreational transit in FY20/21.
15.	Fund exchanges (trades, loans, or gifts) were approved by Metro.			X	None	There were no fund exchanges in FY 20/21.
16.	Proposition C Local Return Funds were used to augment, not supplant existing local revenues being used for road improvement purposes.	X			None	
17.	All on-going and carryover projects were reported on Form B or electronic equivalent.	X			None	
18.	Cash or cash equivalents are maintained.	X			None	
19.	Accounting procedures, record keeping, and documentation are adequate.	X			None	

**CITY OF NORWALK**  
**COMPLIANCE MATRIX**  
Year Ended June 30, 2021  
(Continued)

Compliance Requirement		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			None	
2.	Separate Measure R Local Return Account was established.	X			None	
3.	Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure R Local Return Account.	X			None	
4.	Funds were expended with Metro's approval.	X			None	
5.	Funds were not substituted for property tax and are in compliance with the Maintenance of Effort.	X			None	
6.	Timely use of funds.	X			None	
7.	Administrative expenses are within the 20% cap.			X	None	There were no administrative expenditures in FY20/21.
8.	Expenditure Plan (Form One or electronic equivalent) was submitted on time.	X			None	
9.	Expenditure Report (Form Two or electronic equivalent) was submitted on time.	X			None	
10.	Where funds expended were reimbursable by other grants or fund sources, the reimbursement was credited to the Local Return Account upon receipt of the reimbursement.	X			None	
11.	Where Measure R funds were given, loaned or exchanged by one jurisdiction to another, the receiving jurisdiction has credited its Local Return Account with the funds received.			X	None	Measure R funds were not given, loaned or exchanged in FY 20/21.
12.	A separate account was established for Capital reserve funds and Capital reserve was approved by Metro.			X	None	No capital reserve fund established for Measure R Fund in FY 20/21.
13.	Funds were used to augment, not supplant existing local revenues being used for transportation purposes unless there is a fund shortfall.	X			None	

**CITY OF NORWALK**  
**COMPLIANCE MATRIX**  
 Year Ended June 30, 2021  
 (Continued)

Compliance Requirement		In Compliance			Questioned Costs	If no, provide details and management response.
		Yes	No	N/A		
<b>B. Measure R Local Return Fund</b>						
14.	Recreational transit form was submitted on time.			X	None	There was no recreational transit funded by Measure R in FY 20/21.
15.	Fund exchanges (trades, loans, or gifts) were approved by Metro.			X	None	There were no fund exchanges in FY 20/21.
16.	Accounting procedures, record keeping, and documentation are adequate.	X			None	

**CITY OF NORWALK**  
**COMPLIANCE MATRIX**  
Year Ended June 30, 2021  
(Continued)

Compliance Requirement		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			None	
2.	Separate Measure M Local Return Account was established.	X			None	
3.	Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure M Local Return Account.	X			None	
4.	Funds were expended with Metro's approval.	X			None	
5.	Funds were not substituted for property tax and are in compliance with the Maintenance of Effort.	X			None	
6.	Timely use of funds.	X			None	
7.	Administrative expenses are within the 20% cap.			X	None	There were no administrative expenditures in FY20/21
8.	Expenditure Plan (Form M-One or electronic equivalent) was submitted on time.	X			None	
9.	Expenditure Report (Form M-Two or electronic equivalent) was submitted on time.	X			None	
10.	Where funds expended were reimbursable by other grants or fund sources, the reimbursement was credited to the Local Return Account upon receipt of the reimbursement.	X			None	
11.	Where Measure M funds were given, loaned or exchanged by one jurisdiction to another, the receiving jurisdiction has credited its Local Return Account with the funds received.			X	None	Measure M funds were not given, loaned or exchanged in FY 20/21.
12.	A separate account was established for Capital reserve funds and Capital reserve was approved by Metro.			X	None	No capital reserve fund established for Measure M Fund in FY 20/21.
13.	Funds were used to augment, not supplant existing local revenues being used for transportation purposes unless there is a fund shortfall.	X			None	

**CITY OF NORWALK**  
**COMPLIANCE MATRIX**  
 Year Ended June 30, 2021  
 (Continued)

Compliance Requirement		In Compliance			Questioned Costs	If no, provide details and management response.
		Yes	No	N/A		
<b>C. Measure M Local Return Fund</b>						
14.	Recreational transit form was submitted on time.			X	None	There was no recreational transit funded by Measure M in FY 20/21.
15.	Fund exchanges (trades, loans, or gifts) were approved by Metro.			X	None	There were no fund exchanges in FY 20/21.
16.	Accounting procedures, record keeping, and documentation are adequate.	X			None	

**CITY OF NORWALK**  
**COMPLIANCE MATRIX**  
 Year Ended June 30, 2021  
 (Continued)

Compliance Requirement		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			None	
2.	Expenditures were incurred for activities relating to pedestrian and bicycle facilities and amenities.	X			None	

***CITY OF NORWALK***  
SCHEDULE OF FINDINGS AND RECOMMENDATIONS  
June 30, 2021  
(Continued)

No findings were noted.

---

---

***EXIT CONFERENCE***

---

---



**CITY OF NORWALK**  
PROPOSITION A, PROPOSITION C, MEASURE R, MEASURE M LOCAL RETURN FUNDS AND  
TRANSPORTATION DEVELOPMENT ACT ARTICLE 3 FUND  
EXIT CONFERENCE  
June 30, 2021

An exit conference was held on December 14, 2021 with the City of Norwalk. Those in attendance were:

***Simpson & Simpson Representative:***

Terry Bian, Senior Auditor

***City's Representative:***

Devon Jimenez, Controller

***Matters Discussed:***

Results of the audit disclosed no significant control deficiencies and no non-compliance issue with Metro Guidelines.

A copy of this report was forwarded to the following City representative(s) for their comments prior to the issuance of the final report:

Devon Jimenez, Controller

Simpson & Simpson, LLP  
633 West 5<sup>th</sup> Street, Suite 3320  
Los Angeles, CA 90071

RE: CITY OF NORWALK ANNUAL FINANCIAL REPORT OF THE 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 FOR THE FISCAL YEARS ENDED JUNE 30, 2021 AND 2020

I have received the annual financial report of the 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 for the years ended June 30, 2021 and 2020 for the City of Norwalk and agree with the contents of the report except as indicated below:

(Attach additional pages if necessary)

Very truly yours,

\_\_\_\_\_  
Name

\_\_\_\_\_  
Title

\_\_\_\_\_  
Date