



**Metro**<sup>™</sup>

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

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

**As of and for the Years Ended June 30, 2021 and 2020  
with Independent Auditor's Report**

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**FINANCIAL SECTION**

## Independent Auditor's Report

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

### Report on the Financial Statements

We have audited the accompanying financial statements of the Proposition A Local Return Fund, the Proposition C Local Return Fund, the Measure R Local Return Fund, the Measure M Local Return Fund and the Transportation Development Act Article 3 Fund (collectively, the Funds) of the City of Lynwood, California (the City) which comprise the Funds' balance sheets as of June 30, 2021 and 2020, 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.

### 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 audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.



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

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

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Proposition A Local Return Fund, the Proposition C Local Return Fund, the Measure R Local Return Fund, the Measure M Local Return Fund and the Transportation Development Act Article 3 Fund of the City of Lynwood, California, as of June 30, 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 Proposition A Local Return Fund, the Proposition C Local Return Fund, the Measure R Local Return Fund, the Measure M Local Return Fund and the Transportation Development Act Article 3 Fund of the City of Lynwood, California, and do not purport to, and do not present fairly the financial position of the City as of June 30, 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 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 November 18, 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 black ink that reads "Vasquez &amp; Company LLP". The signature is written in a cursive, flowing style.

**Glendale, California  
November 18, 2021**

**City of Lynwood  
Proposition A Local Return Fund  
Balance Sheets**

		June 30	
		2021	2020
<b>ASSETS</b>			
Cash and investments	\$	3,813,308	\$ 3,721,592
Interest receivable		1,285	-
<b>Total assets</b>	<b>\$</b>	<b><u>3,814,593</u></b>	<b><u>\$ 3,721,592</u></b>
<b>LIABILITIES AND FUND BALANCE</b>			
<b>Liabilities</b>			
Accounts payable	\$	554	\$ 3,250
Salaries payable		460	325
<b>Total liabilities</b>		<b><u>1,014</u></b>	<b><u>3,575</u></b>
<b>Fund balance</b>			
Restricted		<u>3,813,579</u>	<u>3,718,017</u>
<b>Total fund balance</b>		<b><u>3,813,579</u></b>	<b><u>3,718,017</u></b>
<b>Total liabilities and fund balance</b>	<b>\$</b>	<b><u>3,814,593</u></b>	<b><u>\$ 3,721,592</u></b>



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

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	Years ended June 30	
	2021	2020
<b>Revenues</b>		
Proposition A	\$ 1,435,429	\$ 1,396,200
Proposition A Discretionary Incentive Program grant (Note 8)	118,950	60,108
Investment income (loss)	(19,797)	126,582
<b>Total revenues</b>	<b>1,534,582</b>	<b>1,582,890</b>
<b>Expenditures</b>		
Various projects	1,439,020	1,818,977
<b>Total expenditures</b>	<b>1,439,020</b>	<b>1,818,977</b>
Excess (deficiency) of revenues over expenditures	95,562	(236,087)
Fund balance at beginning of year	3,718,017	3,954,104
Fund balance at end of year	\$ 3,813,579	\$ 3,718,017

**City of Lynwood**  
**Proposition A Local Return Fund**  
**Supplementary Information**  
**Schedule of Expenditures – Actual and Metro Approved Project Budget**  
**Year ended June 30, 2021**  
**(With Comparative Actuals for 2020)**

Project Code	Project Name	2021			2020 Actual
		Metro Budget	Actual	Variance Positive (Negative)	
105	Fixed Bus Route	\$ 820,000	\$ 802,019	\$ 17,981	\$ 1,052,017
105	Lynwood Trolley Blue Line Interface	320,000	314,654	5,346	404,857
107	Dial-A-Ride	95,000	85,842	9,158	158,059
135	MTA Bus Pass Voucher Subsidy	1,000	-	1,000	8,094
150	Transit Security	20,000	4,231	15,769	-
155	Recreational Transit	500	-	500	11,150
170	Bus Stop Clean Up	-	-	-	57,515
170	Bus Shelters and Bus Stops	140,000	126,802	13,198	-
180	Fixed Route Transit Assessment and Preparation of Transit Procurement Documents	-	-	-	10,043
281	Transit Center Improvement	1,500,000	4,515	1,495,485	10,894
610	Administration and Monitoring	116,000	100,957	15,043	106,348
	<b>Total expenditures</b>	<b>\$ 3,012,500</b>	<b>\$ 1,439,020</b>	<b>\$ 1,573,480</b>	<b>\$ 1,818,977</b>

*See independent auditor's report.*

**City of Lynwood**  
**Proposition A Local Return Fund**  
**Supplementary Information**  
**Schedule of Capital Assets**  
**Year ended June 30, 2021**

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<u>Date Acquired</u>	<u>Description</u>	<u>Balance July 1, 2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2021</u>
2017	Bus Shelters	\$ 89,940	\$ -	\$ -	\$ 89,940
2017	Bus Bench	11,988	-	-	11,988
2017	Trash Can with Door	11,988	-	-	11,988
2021	Hot Pressure Washer	-	14,086	-	14,086
<b>Total</b>		<b>\$ 113,916</b>	<b>\$ 14,086</b>	<b>\$ -</b>	<b>\$ 128,002</b>

*See independent auditor's report.*

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

		June 30	
		2021	2020
<b>ASSETS</b>			
Cash and investments	\$	<b>858,198</b>	\$ 312,590
Interest receivable		<b>233</b>	-
<b>Total assets</b>	<b>\$</b>	<b>858,431</b>	<b>\$ 312,590</b>
<b>LIABILITIES AND FUND BALANCE (DEFICIT)</b>			
<b>Liabilities</b>			
Accounts payable	\$	<b>159</b>	\$ 24,912
Salaries payable		-	191
Due to Measure M Bonds Fund		-	398,229
<b>Total liabilities</b>		<b>159</b>	<b>423,332</b>
<b>Fund balance (deficit)</b>			
Restricted		<b>858,272</b>	(110,742)
<b>Total fund balance (deficit)</b>		<b>858,272</b>	(110,742)
<b>Total liabilities and fund balance (deficit)</b>	<b>\$</b>	<b>858,431</b>	<b>\$ 312,590</b>

*See notes to Funds financial statements.*

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

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		Years ended June 30	
		2021	2020
<b>Revenues</b>			
Proposition C	\$	1,190,637	\$ 1,158,151
Investment income		2,045	21,813
<b>Total revenues</b>		<b>1,192,682</b>	1,179,964
 <b>Expenditures</b>			
Various projects		223,668	855,307
<b>Total expenditures</b>		<b>223,668</b>	855,307
Excess of revenues over expenditures		969,014	324,657
Fund deficit at beginning of year		(110,742)	(435,399)
Fund balance (deficit) at end of year		\$ 858,272	\$ (110,742)

*See notes to Funds financial statements.*

**City of Lynwood**  
**Proposition C Local Return Fund**  
**Supplementary Information**  
**Schedule of Expenditures – Actual and Metro Approved Project Budget**  
**Year ended June 30, 2021**  
**(With Comparative Actuals for 2020)**

Project Code	Project Name	2021			2020 Actual
		Metro Budget	Actual	Variance Positive (Negative)	
225	Long Beach Blvd Improvement Project	\$ -	\$ -	\$ -	186,651
225	Long Beach Blvd Improvement Project - Phase II	-	-	-	398,229
302	Traffic Signal Improvements	81,647	20,063	61,584	128,620
470	Transportation Assessment (Gateway Cities)	-	-	-	9,000
470	I-710 Corridor Study	25,000	25,000	-	25,000
620	Administration and Monitoring	26,000	26,376	(376)	30,033
715	Long Beach Blvd Phase II	1,047,616	-	1,047,616	-
730	Imperial Highway Complete	10,961	-	10,961	-
765	Pavement Management System	10,000	-	10,000	25,937
780	Engineering Costs	25,000	-	25,000	-
805	Urban Greening Grant - Lynwood Urban Bicycle Trail	72,560	46,548	26,012	13,563
805	Long Beach Boulevard Curb Ramps	115,979	90,607	25,372	27,713
805	Lynwood Bike Trail Extension	25,000	855	24,145	-
880	Imperial Hwy and Martin Luther King Blvd (MLK) Intersection Improvements	41,676	14,219	27,457	10,561
<b>Total expenditures</b>		<b>\$ 1,481,439</b>	<b>\$ 223,668</b>	<b>\$ 1,257,771</b>	<b>\$ 855,307</b>

*See independent auditor's report.*

**City of Lynwood**  
**Proposition C Local Return Fund**  
**Supplementary Information**  
**Schedule of Capital Assets**  
**Year ended June 30, 2021**

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Date Acquired	Description	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021
N/A	None	\$ -	\$ -	\$ -	\$ -
	<b>Total</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

*See independent auditor's report.*

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

		June 30	
		2021	2020
<b>ASSETS</b>			
Cash and investments	\$	1,977,646	\$ 2,198,815
Interest receivable		593	-
<b>Total assets</b>	<b>\$</b>	<b><u>1,978,239</u></b>	<b><u>\$ 2,198,815</u></b>
<b>LIABILITIES AND FUND BALANCE</b>			
<b>Liabilities</b>			
Salaries payable	\$	3,260	\$ 2,935
<b>Total liabilities</b>		<b><u>3,260</u></b>	<b><u>2,935</u></b>
<b>Fund balance</b>			
Restricted		<u>1,974,979</u>	<u>2,195,880</u>
<b>Total fund balance</b>		<b><u>1,974,979</u></b>	<b><u>2,195,880</u></b>
<b>Total liabilities and fund balance</b>	<b>\$</b>	<b><u>1,978,239</u></b>	<b><u>\$ 2,198,815</u></b>

*See notes to Funds financial statements.*



City of Lynwood  
Measure R Local Return Fund

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

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		Years ended June 30	
		2021	2020
<b>Revenues</b>			
Measure R	\$	894,215	\$ 867,371
Investment income (loss)		(6,742)	67,344
<b>Total revenues</b>		<b>887,473</b>	934,715
 <b>Expenditures</b>			
Various projects		1,108,374	999,980
<b>Total expenditures</b>		<b>1,108,374</b>	999,980
Deficiency of revenues over expenditures		(220,901)	(65,265)
Fund balance at beginning of year		2,195,880	2,261,145
Fund balance at end of year		\$ 1,974,979	\$ 2,195,880

*See notes to Funds financial statements.*

**City of Lynwood**  
**Measure R Local Return Fund**  
**Supplementary Information**  
**Schedule of Expenditures – Actual and Metro Approved Project Budget**  
**Year ended June 30, 2021**  
**(With Comparative Actuals for 2020)**

Project Code	Project Name	2021			2020 Actual
		Metro Budget	Actual	Variance Positive (Negative)	
630	Administration of Measure R Funds	\$ 35,000	\$ 32,787	\$ 2,213	\$ 24,541
705	Street Maintenance	350,000	259,127	90,873	-
705	Purchase of Patch Truck	15,190	15,190	-	-
715	Wright Road Improvements (Design and Construction)	464,000	37,806	426,194	51,005
715	Long Beach Boulevard Improvement (Phase I)	54,000	5,519	48,481	-
715	Sidewalk Improvement Project	10,000	246	9,754	-
715	Peach Street Improvement	2,000	276	1,724	-
715	Measure R Bond Debt Service Payment	576,889	535,170	41,719	394,124
715	Debt Issuance and Mgmt Cost	6,000	7,454	(1,454)	4,673
715	Interest Expense	-	-	-	165,042
715	Debt Service - Other costs	500	-	500	-
715	Virginia Ave (from Bullis Rd to Thorson Ave) and Olanda St (from Gibson Ave to Carlin St)	-	-	-	15,401
715	Sidewalk and Street Improvements Project - Hulme and Other Locations	-	-	-	20,397
715	Sidewalk Assessment	-	-	-	30,473
780	Planning and Engineering Costs (Staff and Consultant Services)	211	169	42	-
805	Sidewalk and Wheelchair Ramp Repairs	170,000	-	170,000	29,597
806	Urban Greening Grant	647,000	-	647,000	-
820	ATP Cycle II Lynwood Community Linkage (Design and Construction)	234,000	214,630	19,370	264,727
<b>Total expenditures funded by MRLRF</b>		<b>\$ 2,564,790</b>	<b>\$ 1,108,374</b>	<b>\$ 1,456,416</b>	<b>\$ 999,980</b>

*See independent auditor's report.*

**City of Lynwood**  
**Measure R Local Return Fund**  
**Supplementary Information**  
**Schedule of Expenditures – Actual and Metro Approved Project Budget (Continued)**  
**Year ended June 30, 2021**  
**(With Comparative Actuals for 2020)**

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

Project Code	Project Name	2021			2020 Actual
		Metro Budget	Actual	Variance Positive (Negative)	
302	(Bonds) Traffic Signals	\$ 6,500	\$ 5,760	\$ 740	\$ -
390	(Bonds) Duncan Ave (From Imperial Hwy to Beechwood Ave) (Construction)	-	-	-	580
390	(Bonds) Josephine St, Linden St, Bradfield St.	-	-	-	44,467
390	(Bonds) Imperial Highway and Martin Luther King Blvd (HSIP Intersection Improvement)	6,000	-	6,000	-
390	(Bonds) HSIP - Cycle 9 (Alameda/Martin Luther)	44,500	10,222	34,278	5,466
390	(Bonds) HSIP - Cycle 9 (Atlantic/Carlin)	20,100	9,672	10,428	4,841
390	(Bonds) HSIP - Cycle 9 (Imperial/Atlantic)	20,500	9,957	10,543	4,864
390	(Bonds) Design of Various Streets (Pavement Management Plan)	-	-	-	131,390
715	Measure R Bond Debt Service Payment	-	-	-	247
805	(Bonds) Sidewalk	105,000	-	105,000	-
806	(Bonds) Urban Greening Grant - Lynwood Urgan Bicycle Trail	221,000	-	221,000	109,872
820	(Bonds) ATP Cycle II Lynwood Community Linkage (Design and Construction)	155,000	94,214	60,786	23,454
<b>Total expenditures funded by Measure R Bonds</b>		<b>\$ 578,600</b>	<b>\$ 129,825</b>	<b>\$ 448,775</b>	<b>\$ 325,181</b>

Project Code	Project Name	2021			2020 Actual
		Metro Budget	Actual	Variance Positive (Negative)	
715	(New Bonds-BANS) Alley Improvements	\$ 101,000	\$ 15,517	\$ 85,483	\$ -
715	(New Bonds-BANS) Debt Service Payment	500	-	500	21
715	(BANS) Alberta Street	430,000	121,379	308,621	-
715	Debt Service Payment	23,111	23,112	(1)	-
715	(New Bonds-BANS) Hulme Street Improvement	-	-	-	215,962
<b>Total expenditures funded by Measure R BANS</b>		<b>554,611</b>	<b>160,008</b>	<b>394,603</b>	<b>215,983</b>
<b>Total expenditures funded by bond proceeds</b>		<b>\$ 1,133,211</b>	<b>\$ 289,833</b>	<b>\$ 843,378</b>	<b>\$ 541,164</b>

*See independent auditor's report.*

**City of Lynwood**  
**Measure R Local Return Fund**  
**Supplementary Information**  
**Schedule of Capital Assets**  
**Year ended June 30, 2021**

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<u>Date Acquired</u>	<u>Description</u>	<u>Balance July 1, 2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2021</u>
2012	Retro-Reflectometer	\$ 13,618	\$ -	\$ -	\$ 13,618
2021	Line Stripper	-	15,190	-	15,190
<b>Total</b>		<b>\$ 13,618</b>	<b>\$ 15,190</b>	<b>\$ -</b>	<b>\$ 28,808</b>

*See independent auditor's report.*

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

		June 30	
		2021	2020
<b>ASSETS</b>			
Cash and investments	\$	155,551	\$ -
Interest receivable		42	-
<b>Total assets</b>	<b>\$</b>	<b>155,593</b>	<b>\$ -</b>
<b>LIABILITIES AND FUND BALANCE (DEFICIT)</b>			
<b>Liabilities</b>			
Accounts payable	\$	1,250	\$ 1,750
Salaries payable		279	63
Due to Measure M Bonds Fund		-	107,049
Due to Capital Improvement Projects Fund		-	68,196
<b>Total liabilities</b>		<b>1,529</b>	<b>177,058</b>
<b>Fund balance (deficit)</b>			
Restricted		154,064	(177,058)
<b>Total fund balance (deficit)</b>		<b>154,064</b>	<b>(177,058)</b>
<b>Total liabilities and fund balance (deficit)</b>	<b>\$</b>	<b>155,593</b>	<b>\$ -</b>

*See notes to Funds financial statements.*

City of Lynwood  
Measure M Local Return Fund

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

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	Years ended June 30	
	2021	2020
<b>Revenues</b>		
Measure M	\$ 1,013,179	\$ 975,758
Investment income	1,296	1,285
<b>Total revenues</b>	<b>1,014,475</b>	<b>977,043</b>
<b>Expenditures</b>		
Various projects	683,353	690,601
<b>Total expenditures</b>	<b>683,353</b>	<b>690,601</b>
Excess of revenues over expenditures	331,122	286,442
Fund deficit at beginning of year	(177,058)	(463,500)
Fund balance (deficit) at end of year	\$ 154,064	\$ (177,058)

*See notes to Funds financial statements.*

**City of Lynwood**  
**Measure M Local Return Fund**  
**Supplementary Information**  
**Schedule of Expenditures – Actual and Metro Approved Project Budget**  
**Year ended June 30, 2021**  
**(With Comparative Actuals for 2020)**

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Project Code	Project Name	2021			2020 Actual
		Metro Budget	Actual	Variance Positive (Negative)	
302	Preliminary Engineering	\$ 25,000	\$ -	\$ 25,000	\$ -
640	Administration and Monitoring	24,000	19,170	4,830	27,136
715	LeSage Street Improvement	1,000	259	741	-
715	Debt Service Payment	658,300	658,299	1	657,300
715	Debt Issuance and Management Costs	7,000	5,625	1,375	6,165
<b>Total expenditures funded by MMLRF</b>		<b>\$ 715,300</b>	<b>\$ 683,353</b>	<b>\$ 31,947</b>	<b>\$ 690,601</b>

*See independent auditor's report.*

**City of Lynwood**  
**Measure M Local Return Fund**  
**Supplementary Information**  
**Schedule of Expenditures – Actual and Metro Approved Project Budget (Continued)**  
**Year ended June 30, 2021**  
**(With Comparative Actuals for 2020)**

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

Project Code	Project Name	2021			2020 Actual
		Metro Budget	Actual	Variance Positive (Negative)	
705	(Bonds) Bullis Rd Improvement Project	\$ 846,000	\$ -	\$ 846,000	-
705	(Bonds) Cape Seal/Slurry	15,000	8,159	6,841	9,972
705	(Bonds) Slurry Seal Various Locations	59,000	7,429	51,571	5,475
705	(Bonds) State Street and Los Flores Blvd Traffic Improvement Project	550,000	3,805	546,195	21,263
705	(Bonds) Alley Improvements - Various Locations	990,000	-	990,000	22,217
705	(Bond) Lynwood Road and Olive	954,000	803,545	150,455	-
715	(Bonds) Brewster Ave Improvement from Harris Ave to Atlantic	1,191,000	421,391	769,609	18,322
715	(Bonds) Bullis Road Improvement Project	673,000	392,271	280,729	321,780
715	(Bonds) Capistrano Street Improvement	417,000	5,136	411,864	281,890
715	(Bonds) Clark St, Halo Dr, Millrace Ave And Minnesota Ave	1,100,000	936,734	163,266	34
715	(Bonds) Debt Issuance and Management Costs	-	-	-	10
715	LeSage Street Improvement	-	-	-	-
715	(Bonds) Fertile Ave Improvement from Wright Rd	75,000	5,641	69,359	202,998
715	(Bonds) LeSage Street Improvement	-	-	-	23,679
715	(Bonds) Peach Street Improvement	-	-	-	73,200
715	(Bonds) Street Improvement Various Locations (PMP)	1,700,000	45,648	1,654,352	589,157
715	(Bonds) Wright Road Street Improvement	26,000	-	26,000	-
715	(Bond) Agnes Avenue Street	128,000	122,975	5,025	-
715	(Bond) Alexander Avenue	1,790,000	1,698,910	91,090	-
715	(Bonds) Lilita Street and Eve	507,000	365,845	141,155	-
715	(Bonds) Alberta Street, First	189,000	-	189,000	-
715	(Bonds) Louise Avenue Street Improvement	-	-	-	1,240
780	(Bonds) Street Design Various Streets (PMP)	404,000	256,051	147,949	380,805
805	(Bonds) Long Beach Blvd Curb Ramps	236,000	235,595	405	-
805	(Bonds) Urban Bike Trail	40,000	-	40,000	-
820	(Bonds) Sidewalk and Wheelchair Ramp Repairs	105,000	-	105,000	-
<b>Total expenditures funded by Measure M Bonds</b>		<b>\$ 11,995,000</b>	<b>\$ 5,309,135</b>	<b>\$ 6,685,865</b>	<b>\$ 1,952,042</b>

*See independent auditor's report.*



**City of Lynwood**  
**Measure M Local Return Fund**  
**Supplementary Information**  
**Schedule of Capital Assets**  
**Year ended June 30, 2021**

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Date Acquired	Description	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021
N/A	None	\$ -	\$ -	\$ -	\$ -
	<b>Total</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

*See independent auditor's report.*

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

		June 30	
		2021	2020
<b>ASSETS</b>			
Cash and investments	\$	1316	\$ -
Interest receivable		9	-
Due from Metro		-	27,675
<b>Total assets</b>	<b>\$</b>	<b>1,325</b>	<b>\$ 27,675</b>
<b>LIABILITIES AND FUND BALANCE</b>			
<b>Liabilities</b>			
Cash overdraft	\$	-	\$ 8,880
Due to other fund		-	17,771
<b>Total liabilities</b>		<b>-</b>	<b>26,651</b>
<b>Fund balance</b>			
Restricted		<b>1,325</b>	1,024
<b>Total fund balance</b>		<b>1,325</b>	1,024
<b>Total liabilities and fund balance</b>	<b>\$</b>	<b>1,325</b>	<b>\$ 27,675</b>

*See notes to Funds financial statements.*

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

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	Years ended June 30	
	2021	2020
<b>Revenues</b>		
Intergovernmental Allocations:		
Article 3	\$ 49,431	\$ 27,675
Investment income	301	-
<b>Total revenues</b>	<b>49,732</b>	27,675
 <b>Expenditures</b>		
Sidewalk Improvements	49,431	25,119
<b>Total expenditures</b> \$	<b>49,431</b>	\$ 25,119
 Excess of revenues over expenditures	 301	 2,556
Fund balance (deficit) at beginning of year	1,024	(1,532)
Fund balance at end of year	\$ 1,325	\$ 1,024

*See notes to Funds financial statements.*

City of Lynwood  
 Transportation Development Act Article 3 Fund  
 Pursuant to Public Utilities Code Section 99234  
 Supplementary Information  
 Schedule of Transportation Development Act Allocation for Specific Projects  
 Year ended June 30, 2021

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Project Description	Program Year	Totals to Date		Unexpended Allocations	Project Status
		Allocations	Expenditures		
<b>Local Allocations:</b>					
Sidewalk Improvements	2020	\$ 49,431	\$ 49,431	\$ -	Ongoing
	<b>Totals</b>	<u>\$ 49,431</u>	<u>\$ 49,431</u>	-	
Investment income				<u>301</u>	
Change in fund balance				301	
Fund deficit at beginning of year				<u>1,024</u>	
Fund deficit at end of year				<u>\$ 1,325</u> *	

\* On May 4, 2021, the Metro Principal Transportation Planner granted the City a one-time extension to use the remaining fund balance until June 30, 2022.

*See independent auditor's report.*

**NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Fund Accounting**

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

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

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

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

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

**Basis of Accounting and Measurement Focus**

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

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

**Budgets and Budgetary Accounting**

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

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

**Fair Value Measurement**

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

Refer to the City's Annual Comprehensive Financial Report (ACFR) 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, 2021 and 2020:

- 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 Metro.

Information regarding the fund balance reporting policy adopted by the City is described in the City's ACFR.

**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, 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.

**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 ACFR for a full description of risks relating to cash and investments.

**NOTE 8      PROPOSITION A DISCRETIONARY INCENTIVE PROGRAM GRANT**

The Proposition A Discretionary Incentive Grant represents additional funds received from Metro for participating in the Voluntary NTD Program. The amounts received for the years ended June 30, 2021 and 2020 consisted of the following:

Agreement Date	Program Year	MOU Amount	Amount Received	
			2021	2020
07/31/2018	FY 2015/16	\$ 60,108	\$ -	\$ 60,108
07/01/2019	FY 2016/17	60,031	<b>60,031</b>	-
05/01/2020	FY 2017/18	58,919	<b>58,919</b>	-
			<b>\$ 118,950</b>	<b>\$ 60,108</b>

The Proposition A Discretionary Incentive Grants were recorded under PALRF.

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

In December 2012, the City issued \$6,850,000 Measure R Sales Tax Revenue Certificates, Series 2012. The proceeds were used to finance the costs of the acquisition, construction, installation and equipping of certain public capital improvements for the City, fund a reserve account and pay cost of issuance of the bonds. Interest on the bonds is payable semi-annually each June 1 and December 1, beginning June 1, 2013. Principal matures each June 1 beginning 2014 and maturing in 2039. Interest rates on the bonds vary between 1.75% and 4.00%. Proceeds from the issuance was recorded under Measure R Bond Fund. The principal balance outstanding at June 30, 2021 and 2020 was \$5,310,000 and \$5,525,000, respectively.



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

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

*Measure M Series 2019A.* Issued \$13,060,000 on February 14, 2019 with interest rate ranges from 3.0% to 5.0% with annual principal and interest payments ranging from \$650,000 to \$1,330,000. Principal and interest is payable each June 1 and December 1, commencing June 1, 2019; maturing on June 1, 2048. Proceeds from the issuance was recorded under Measure M Bonds Fund. The principal balance outstanding at June 30, 2021 and 2020 was \$12,365,000 and \$12,470,000, respectively.

*Measure R Series 2019B.* Issued \$2,395,000 on February 14, 2019 with interest rate ranges from 3.0% to 5.0% with annual principal and interest payments ranging from \$160,000 to \$170,000. Principal and interest is payable each June 1 and December 1, commencing June 1, 2019; maturing on June 1, 2039. Proceeds from the issuance was recorded under Measure R BANS Fund. The principal balance outstanding at June 30, 2021 and 2020 was \$2,105,000 and \$2,185,000, respectively.

For the years ended June 30, 2021 and 2020, the City has various projects funded by the bonds proceeds amounting to \$5,598,968 and \$2,493,206, respectively.

The following is the movement in the bonds outstanding balance and interest payable for the years ended June 30, 2021 and 2020:

Measure R Series 2012

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Outstanding balance as of June 30, 2019	\$ 5,735,000	\$ 2,135,494	\$ 7,870,494
Principal and interest payment	<u>(210,000)</u>	<u>(184,619)</u>	<u>(394,619)</u>
Outstanding balance as of June 30, 2020	5,525,000	1,950,875	7,475,875
Principal and interest payment	<u>(215,000)</u>	<u>(176,219)</u>	<u>(391,219)</u>
Outstanding balance as of June 30, 2021	<u>\$ 5,310,000</u>	<u>\$ 1,774,656</u>	<u>\$ 7,084,656</u>

**City of Lynwood**  
**Notes to Funds Financial Statements**  
**Years ended June 30, 2021 and 2020**

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

Measure M Series 2019A

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Outstanding balance as of June 30, 2019	\$ 12,570,000	\$ 12,518,656	\$ 25,088,656
Principal and interest payment	<u>(100,000)</u>	<u>(557,300)</u>	<u>(657,300)</u>
Outstanding balance as of June 30, 2020	12,470,000	11,961,356	24,431,356
Principal and interest payment	<u>(105,000)</u>	<u>(553,299)</u>	<u>(658,299)</u>
Outstanding balance as of June 30, 2021	<u>\$ 12,365,000</u>	<u>\$ 11,408,057</u>	<u>\$ 23,773,057</u>

Measure R Series 2019B

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Outstanding balance as of June 30, 2019	\$ 2,260,000	\$ 1,033,675	\$ 3,293,675
Principal and interest payment	<u>(75,000)</u>	<u>(90,063)</u>	<u>(165,063)</u>
Outstanding balance as of June 30, 2020	2,185,000	943,612	3,128,612
Principal and interest payment	<u>(80,000)</u>	<u>(87,063)</u>	<u>(167,063)</u>
Outstanding balance as of June 30, 2021	<u>\$ 2,105,000</u>	<u>\$ 856,549</u>	<u>\$ 2,961,549</u>

The following is the movement in the bonds' cash balance for the years ended June 30, 2021 and 2020 under the respective Bonds and BANS Fund:

	<u>Measure R Bonds</u>	<u>Measure M Bonds</u>	<u>Measure R BANS</u>
Cash balance as of June 30, 2019	\$ 1,178,055	\$ 13,048,550	\$ 2,294,084
Net change in due to (from) other funds	(253,398)	(195,120)	(1,555,746)
Interest income earned	7,448	157,861	9,862
Expenditures during the year	<u>(325,181)</u>	<u>(1,952,042)</u>	<u>(215,983)</u>
Cash balance as of June 30, 2020	606,924	11,059,249	532,217
Net change in due to (from) other funds	-	4,092,363	-
Interest income earned	59	2,217	79
Expenditures during the year	<u>(129,825)</u>	<u>(5,309,135)</u>	<u>(160,008)</u>
Cash balance as of June 30, 2021	<u>\$ 477,158</u>	<u>\$ 9,844,694</u>	<u>\$ 372,288</u>

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

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

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

		<b>2021</b>		2020
FY 2017/18 allocation	\$	-	\$	20,638
FY 2018/19 allocation		<b>41,771</b>		7,037
FY 2019/20 allocation		<b>7,660</b>		-
	<b>\$</b>	<b>49,431</b>	<b>\$</b>	27,675

**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 Metro. As of June 30, 2021 and 2020, the City has funds on reserve as follows:

		<b>2021</b>		2020
FY 2018/19 reserve	\$	-	\$	41,771
FY 2019/20 reserve		<b>44,306</b>		51,966
FY 2020/21 allocation		<b>39,767</b>		-
Total reserve	<b>\$</b>	<b>84,073</b>	<b>\$</b>	93,737

For FY 2020/21, any TDA Article 3 funds left on reserve for FY 2016/17 or prior, are subject to lapse if not claimed by the City by June 30, 2021. There were no funds that lapsed in FY 2020/21.

**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 statements.

**NOTE 13      SUBSEQUENT EVENTS**

The City has evaluated events subsequent to June 30, 2021 to assess the need for potential recognition or disclosure in the financial statements. Such events were evaluated through November 18, 2021, the date the financial statements were available to be issued. Based upon this evaluation, it was determined that no subsequent events occurred that require recognition or additional disclosure in the financial statements.

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Proposition A Local Return Fund, the Proposition C Local Return Fund, the Measure R Local Return Fund, the Measure M Local Return Fund and the Transportation Development Act Article 3 Fund (collectively, the Funds) of the City of Lynwood, California (the City) as of and for the year ended June 30, 2021, and the related notes to the financial statements, and have issued our report thereon dated November 18, 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 the Funds' financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the Funds' financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

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



### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's Proposition A Local Return Fund, Proposition C Local Return Fund, Measure R Local Return Fund, Measure M Local Return Fund and Transportation Development Act Article 3 Fund financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

**Glendale, California  
November 18, 2021**

**COMPLIANCE SECTION**

## **Independent Auditor's Report on Compliance**

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

### **Report on Compliance**

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

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

### **Opinion**

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





## 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  
November 18, 2021

**City of Lynwood  
Compliance Matrix  
Year ended June 30, 2021**

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 or has established a separate Proposition A and Proposition C Local Transit Assistance Account for Local Return purposes.	X				
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				
3. Funds were expended with Metro's approval and were not substituted for property tax.	X				
4. Timely use of funds.	X				
5. Administrative expenses are within the 20% cap.	X				
6. Expenditures that exceeded 25% of approved project budget have approved amended Project Description Form (Form A) or electronic equivalent.			X		
7. Annual Project Update Report (Form B) or electronic equivalent was submitted on time.	X				
8. Annual Expenditure Report (Form C) or electronic equivalent was submitted on time.	X				
9. Pavement Management System (PMS) is in place and being used for Street Maintenance or Improvement Projects Expenditures.	X				
10. Local Return Account is credited for reimbursable expenditures.	X				
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		
12. Self-Certification was completed and submitted for Intelligent Transportation Systems projects and elements.			X		

*See independent auditor's report on compliance.*

**City of Lynwood  
Compliance Matrix  
Year ended June 30, 2021**

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>					
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		
14. Recreational transit form was submitted on time.			X		
15. Fund exchanges (trades, loans, or gifts) were approved by Metro.			X		
16. Proposition C Local Return Funds were used to augment, not supplant existing local revenues being used for road improvement purposes.	X				
17. All on-going and carryover projects were reported on Form B or electronic equivalent.	X				
18. Cash or cash equivalents are maintained.	X				
19. Accounting procedures, record keeping, and documentation are adequate.	X				

*See independent auditor's report on compliance.*

**City of Lynwood  
Compliance Matrix  
Year ended June 30, 2021**

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. Separate Measure R Local Return Account was established.	X				
3. Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure R Local Return Account.	X				
4. Funds were expended with Metro's approval.	X				
5. Funds were not substituted for property tax and are in compliance with the Maintenance of Effort.	X				
6. Timely use of funds.	X				
7. Administrative expenses are within the 20% cap.	X				
8. Expenditure Plan (Form One or electronic equivalent) was submitted timely.	X				
9. Annual Expenditure Report (Form Two or electronic equivalent) was submitted timely.	X				
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		
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		
12. A separate account was established for Capital reserve funds and Capital reserve was approved by Metro.			X		
13. Funds were used to augment, not supplant existing local revenues being used for transportation purposes unless there is a fund shortfall.	X				

*See independent auditor's report on compliance.*

**City of Lynwood  
Compliance Matrix  
Year ended June 30, 2021**

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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>					
14. Recreational transit form was submitted on time.			X		
15. Fund exchanges (trades, loans, or gifts) were approved by Metro.			X		
16. Accounting procedures, record keeping, and documentation are adequate.	X				

*See independent auditor's report on compliance.*

**City of Lynwood  
Compliance Matrix  
Year ended June 30, 2021**

Compliance Requirements	In Compliance			Questioned Costs	If no, provide details and management response.
	Yes	No	N/A		
<b>C. Measure M Local Return Fund</b>					
1. Funds were expended for transportation purposes.	X				
2. Separate Measure M Local Return Account was established.	X				
3. Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure M Local Return Account.	X				
4. Funds were expended with Metro's approval.	X				
5. Funds were not substituted for property tax and are in compliance with the Maintenance of Effort.	X				
6. Timely use of funds.	X				
7. Administrative expenses are within the 20% cap.	X				
8. Expenditure Plan (Form M-One or electronic equivalent) was submitted timely.	X				
9. Expenditure Report (Form M-Two or electronic equivalent) was submitted timely.	X				
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		
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		
12. A separate account was established for Capital reserve funds and Capital reserve was approved by Metro.			X		
13. Funds were used to augment, not supplant existing local revenues being used for transportation purposes unless there is a fund shortfall.	X				

*See independent auditor's report on compliance.*

**City of Lynwood  
Compliance Matrix  
Year ended June 30, 2021**

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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>					
14. Recreational transit form was submitted on time.			X		
15. Fund exchanges (trades, loans, or gifts) were approved by Metro.			X		
16. Accounting procedures, record keeping, and documentation are adequate.	X				

*See independent auditor's report on compliance.*

**City of Lynwood  
Compliance Matrix  
Year ended June 30, 2021**

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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 independent auditor's report on compliance.*



**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

There were no findings noted.

**EXIT CONFERENCE**

An exit conference was held on November 18, 2021 with the City of Lynwood representatives. Those in attendance were:

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

City of Lynwood representatives:  
Michael Blazenski – Finance Director  
Nancy Ramos – Senior Accountant

Matters discussed:

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

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

Michael Blazenski – Finance Director  
Nancy Ramos – Senior Accountant  
Lorry Hempe – Public Works Special Projects Manager



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