

***CITY OF MONROVIA  
ANNUAL FINANCIAL REPORT OF THE  
PROPOSITION A LOCAL RETURN FUND  
PROPOSITION C LOCAL RETURN FUND  
MEASURE R LOCAL RETURN FUND  
TRANSPORTATION DEVELOPMENT ACT  
ARTICLE 3 FUND  
  
FOR THE FISCAL YEARS ENDED  
JUNE 30, 2016 AND 2015***



Simpson & Simpson, LLP  
Certified Public Accountants

***CITY OF MONROVIA***  
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## *FINANCIAL SECTION*

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## Independent Auditor's Report

To the Honorable Members of the City Council of the  
City of Monrovia, 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), and Transportation Development Act Article 3 Fund (TDAA3F) of the City of Monrovia, California (City) as of and for the year ended June 30, 2016, 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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, and TDAA3F of the City of Monrovia, California, as of June 30, 2016, and the respective changes in their financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matter***

The financial statements of the PALRF, PCLRF, MRLRF, and TDAA3F as of and for the year ended June 30, 2015, were audited by other auditors, whose report, dated March 21, 2016, expressed an unmodified opinion on those statements.

### ***Emphasis of Matter***

As discussed in Note 2, the financial statements present only the PALRF, PCLRF, MRLRF, and TDAA3F and do not purport to, and do not, present fairly the financial position of the City of Monrovia, California, as of June 30, 2016 and 2015, and the changes in financial position thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Monrovia, California's PALRF, PCLRF, MRLRF, and TDAA3F Fund financial statements as a whole. 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 financial statements.

The supplementary 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 financial statements or to the 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 the financial statements as a whole.



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

In accordance with *Government Auditing Standards*, we have issued our report dated November 28, 2016, on our consideration of the City of Monrovia's internal control over 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, not to provide an opinion on internal control over 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 financial reporting and compliance.

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

Los Angeles, California  
November 28, 2016

**CITY MONROVIA**

**PROPOSITION A LOCAL RETURN FUND**

**BALANCE SHEETS**

**JUNE 30**

	<u>2016</u>	<u>2015</u>
<b>ASSETS</b>		
Cash and investments	\$ 9,553	\$ 455,299
Accounts receivable (Note 7)	<u>270,735</u>	<u>253,299</u>
Total assets	<u>\$ 280,288</u>	<u>\$ 708,598</u>
<b>LIABILITIES AND FUND BALANCE</b>		
<b>Liabilities</b>		
Accounts payable	\$ <u>60,603</u>	\$ <u>391,724</u>
Total liabilities	<u>60,603</u>	<u>391,724</u>
Deferred inflow of resources (Note 8)	<u>30,329</u>	<u>105,937</u>
Total deferred inflows of resources	<u>30,329</u>	<u>105,937</u>
<b>Fund Balance</b>		
Restricted	<u>189,356</u>	<u>210,937</u>
Total fund balance	<u>189,356</u>	<u>210,937</u>
Total liabilities and fund balance	<u>\$ 280,288</u>	<u>\$ 708,598</u>

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

**CITY MONROVIA**

**PROPOSITION A LOCAL RETURN FUND**

**STATEMENTS OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE**

For the Fiscal Years Ended June 30

	2016	2015
<b>REVENUES</b>		
Proposition A	\$ 670,783	\$ 653,347
Interest income	1,607	2,511
Project generated revenue (Note 9)	37,557	36,134
Proposition A Discretionary Incentive Grant (Note 10)	155,520	179,292
Los Angeles County grant reimbursement (Note 11)	171,487	133,908
Reimbursement from the City of Bradbury (Note 12)	6,337	8,449
Vehicle reimbursement (Note 13)	13,000	-
<b>Total revenues</b>	<b>1,056,291</b>	<b>1,013,641</b>
<b>EXPENDITURES</b>		
Various projects	1,077,872	1,429,048
<b>Total expenditures</b>	<b>1,077,872</b>	<b>1,429,048</b>
(Deficiency) of revenues over expenditures	(21,581)	(415,407)
Fund balance at beginning of year	210,937	626,344
Fund balance at end of year	\$ <u>189,356</u>	\$ <u>210,937</u>

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



**CITY MONROVIA**

**PROPOSITION A LOCAL RETURN FUND**

**SUPPLEMENTARY INFORMATION**

**SCHEDULE OF EXPENDITURES**

**ACTUAL AND METRO APPROVED PROJECT BUDGET**

For the Fiscal Year Ended June 30, 2016

(With Comparative Actual Amount for the Fiscal Year Ended June 30, 2015)

Project Code	Project Name	2016		Variance	2015 Actual
		Metro Budget	Actual	Favorable (Unfavorable)	
120-02	General Public Dial-A-Ride *	\$ 475,000	\$ 846,935	\$ (371,935)	\$ 787,288
140-07	Recreational Transportation	46,000	43,478	2,522	43,047
140-08	K-Rail Area, Temporary Shuttle Service	6,000	-	6,000	-
170-03	Bus Stop Improvement	43,046	43,046	-	20,364
200-01	Monrovia Trolley Capital	375,000	-	375,000	336,420
270-01	Gold Line Phase II- JPA	10,000	-	10,000	-
480-01	Transit Administration	275,000	138,782	136,218	236,546
480-03	SGVCOG Dues (Prev 06-270)	6,500	5,631	869	5,383
	Total expenditures	<u>\$ 1,236,546</u>	<u>\$ 1,077,872</u>	<u>\$ 158,674</u>	<u>\$ 1,429,048</u>

\* The actual variance after considering other funding sources is calculated as follows:

LACMTA Budget	\$ 475,000
Total Expenditures	\$ 846,935
Less: Project generated revenue (Note 9)	(37,557)
Less: Reimbursement from the City of Bradbury (Note 11)	(6,337)
Less: County grant reimbursement (Note 10)	(171,487)
Less: Proposition A Discretionary Incentive Grant (Note 19)	<u>(155,520)</u>
PALRF Expenditures	476,034
Actual Variance Positive (Negative)	<u>\$ (1,034)</u>

See accompanying independent auditor's report.

**CITY MONROVIA**

**PROPOSITION A LOCAL RETURN FUND**

**SUPPLEMENTARY INFORMATION  
SCHEDULE OF CAPITAL ASSETS**

June 30, 2016

Date Acquired	Description	Balance 7/1/2015	Additions	Deletions	Balance 6/30/2016
Dec-03	Bus Shelters	\$ 11,206	\$ -	\$ -	\$ 11,206
Aug-06	New Bus Shelters - Huntington	147,874	-	-	147,874
Aug-06	Ford Paratransit Dial-A-Ride Bus	59,908	-	-	59,908
Aug-06	Ford Paratransit Dial-A-Ride Bus	59,908	-	-	59,908
Aug-07	Glavel Paratransit Dial-A-Ride Bus	61,658	-	-	61,658
Aug-07	Glavel Paratransit Dial-A-Ride Bus	61,658	-	-	61,658
Aug-07	Glavel Paratransit Dial-A-Ride Bus	61,658	-	-	61,658
Jun-08	2 Bus Shelters - Huntington	72,708	-	-	72,708
Jun-08	El Dorado Amerivan Paratransit	39,499	-	-	39,499
Jun-08	El Dorado Amerivan Paratransit	39,499	-	-	39,499
Jun-15	Glavel Paratransit Dial-A-Ride Bus	82,224	-	-	82,224
Jun-15	Glavel Paratransit Dial-A-Ride Bus	82,224	-	-	82,224
Jun-15	Glavel Paratransit Dial-A-Ride Bus	82,224	-	-	82,224
Jun-15	Glavel Paratransit Dial-A-Ride Bus	84,778	-	-	84,778
Total		\$ 947,026	\$ -	\$ -	\$ 947,026

See accompanying independent auditor's report.

**CITY MONROVIA**

**PROPOSITION C LOCAL RETURN FUND**

**BALANCE SHEETS**

**JUNE 30**

	<u>2016</u>	<u>2015</u>
<b>ASSETS</b>		
Cash and investments	\$ <u>8,680,795</u>	\$ <u>1,429,534</u>
Total assets	\$ <u><u>8,680,795</u></u>	\$ <u><u>1,429,534</u></u>
 <b>LIABILITIES AND FUND BALANCE</b>		
<b>Liabilities</b>		
Accounts payable	\$ 59,735	\$ -
Accrued payroll and benefits	<u>465</u>	<u>-</u>
Total liabilities	<u>60,200</u>	<u>-</u>
 <b>Fund Balance</b>		
Restricted	1,875,263	1,429,534
Restricted - Lease revenue bonds	<u>6,745,332</u>	<u>-</u>
Total fund balance	<u>8,620,595</u>	<u>1,429,534</u>
 Total liabilities and fund balance	\$ <u><u>8,680,795</u></u>	\$ <u><u>1,429,534</u></u>

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

**CITY MONROVIA**

**PROPOSITION C LOCAL RETURN FUND**

**STATEMENTS OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE**

For the Fiscal Years Ended June 30

	<u>2016</u>	<u>2015</u>
<b>REVENUES</b>		
Proposition C	\$ 557,787	\$ 543,507
Proposition C Lease Revenue Bonds (Note 14)	6,745,332	-
Interest income	<u>16,958</u>	<u>7,876</u>
Total revenues	<u>7,320,077</u>	<u>551,383</u>
<b>EXPENDITURES</b>		
Various projects	<u>129,016</u>	<u>643,072</u>
Total expenditures	<u>129,016</u>	<u>643,072</u>
Excess (deficiency) of revenues over expenditures	7,191,061	(91,689)
Fund balance at beginning of year	<u>1,429,534</u>	<u>1,521,223</u>
Fund balance at end of year	<u><u>\$ 8,620,595</u></u>	<u><u>\$ 1,429,534</u></u>

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

**CITY MONROVIA**

**PROPOSITION C LOCAL RETURN FUND**

**SUPPLEMENTARY INFORMATION**

**SCHEDULE OF EXPENDITURES**

**ACTUAL AND METRO APPROVED PROJECT BUDGET**

For the Fiscal Year Ended June 30, 2016

(With Comparative Actual Amount for the Fiscal Year Ended June 30, 2015)

Project Code	Project Name	2016		Variance Favorable (Unfavorable)	2015 Actual
		Metro Budget	Actual		
200-01	Monrovia Trolley Capital	\$ 375,000	\$ -	\$ 375,000	\$ -
270-01	Gold Line Phase II - JPA	10,000	-	10,000	-
420-05	Congestion Management Program	20,000	15,485	4,515	-
440-02	Station Square Street Repair	-	-	-	600,000
450-15	Citywide Street Reconstruction Plan	400,000	84,565	315,435	-
450-16	Monrovia Renewal Street Improvement Projects	80,000	-	80,000	-
480-03	SGVCOG Dues (Prev 06-270)	6,500	5,631	869	5,383
480-04	Direct Administration	37,500	23,335	14,165	37,689
	Total expenditures	<u>\$ 929,000</u>	<u>\$ 129,016</u>	<u>\$ 799,984</u>	<u>\$ 643,072</u>

See accompanying independent auditor's report.

**CITY MONROVIA**

**PROPOSITION C LOCAL RETURN FUND**

**SUPPLEMENTARY INFORMATION  
SCHEDULE OF CAPITAL ASSETS**

June 30, 2016

<u>Date Acquired</u>	<u>Description</u>	<u>Balance 7/1/2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/2016</u>
FY 10/11	2010-2011 Street Resurfacing - Project No. C3013	\$ 500,019	\$ -	\$ -	\$ 500,019
FY 12/13	2012-2013 Steet Resurfacing - Project No. C3059	845,802	-	-	845,802
FY 13/14	2013-2014 Street Resurfacing - Project No. C3063	360,089	-	-	360,089
FY 14/15	2014-2015 Station Square Construction in Progress	600,000	-	-	600,000
FY 15/16	2015-2016 Monrovia Renewal Construction in Progress	-	84,565	-	84,565
Total		<u>\$ 2,305,910</u>	<u>\$ 84,565</u>	<u>\$ -</u>	<u>\$ 2,390,475</u>

See accompanying independent auditor's report.

**CITY MONROVIA**

**MEASURE R LOCAL RETURN FUND**

**BALANCE SHEETS**

**JUNE 30**

	<u>2016</u>	<u>2015</u>
<b>ASSETS</b>		
Cash and investments	\$ <u>8,854,904</u>	\$ <u>1,751,199</u>
Total assets	\$ <u><u>8,854,904</u></u>	\$ <u><u>1,751,199</u></u>
 <b>LIABILITIES AND FUND BALANCE</b>		
<b>Liabilities</b>		
Accounts payable	\$ <u>30,204</u>	\$ <u>5,998</u>
Total liabilities	<u>30,204</u>	<u>5,998</u>
 <b>Fund Balance</b>		
Restricted	2,079,368	1,745,201
Restricted - Lease revenue bonds	<u>6,745,332</u>	<u>-</u>
Total fund balance	<u>8,824,700</u>	<u>1,745,201</u>
 Total liabilities and fund balance	\$ <u><u>8,854,904</u></u>	\$ <u><u>1,751,199</u></u>

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

**CITY MONROVIA**

**MEASURE R LOCAL RETURN FUND**

**STATEMENTS OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE**

For the Fiscal Years Ended June 30

	2016	2015
<b>REVENUES</b>		
Measure R	\$ 417,550	\$ 406,543
Measure R Lease Revenue Bonds (Note 14)	6,745,332	-
Interest income	19,855	8,517
Total revenues	<u>7,182,737</u>	<u>415,060</u>
<b>EXPENDITURES</b>		
Various projects	<u>103,238</u>	<u>301,042</u>
Total expenditures	<u>103,238</u>	<u>301,042</u>
Excess of revenues over expenditures	7,079,499	114,018
Fund balance at beginning of year	<u>1,745,201</u>	<u>1,631,183</u>
Fund balance at end of year	<u><u>\$ 8,824,700</u></u>	<u><u>\$ 1,745,201</u></u>

The accompanying notes are an integral part of the financial statements



**CITY MONROVIA**

**MEASURE R LOCAL RETURN FUND**

**SUPPLEMENTARY INFORMATION**

**SCHEDULE OF EXPENDITURES**

**ACTUAL AND METRO APPROVED PROJECT BUDGET**

For the Fiscal Year Ended June 30, 2016

(With Comparative Actual Amount for the Fiscal Year Ended June 30, 2015)

Project Code	Project Name	2016			2015 Actual
		Metro Budget	Actual	Variance Favorable (Unfavorable)	
1.05	Street Repair and Maintenance	\$ -	\$ -	\$ -	\$ 57,358
5.10	Vehicles	375,000	-	375,000	-
5.90	Citywide Street Reconstruction Plan	50,000	103,238	(53,238)	-
9.10	Monrovia Station Square - Local Match to Federal 5309 Funding	-	-	-	243,684
	Total expenditures	<u>\$ 425,000</u>	<u>\$ 103,238</u>	<u>\$ 321,762</u>	<u>\$ 301,042</u>

See accompanying independent auditor's report.

***CITY MONROVIA***

**MEASURE R LOCAL RETURN FUND**

**SUPPLEMENTARY INFORMATION  
SCHEDULE OF CAPITAL ASSETS**

June 30, 2016

<u>Date Acquired</u>	<u>Description</u>	<u>Balance 7/1/2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/2016</u>
FY 14/15	Station Square Construction in Progress	\$ 336,962	\$ -	\$ -	\$ 336,962
FY 15/16	Monrovia Renewal Construction in Progress	-	78,413	-	78,413
	Total	<u>\$ 336,962</u>	<u>\$ 78,413</u>	<u>\$ -</u>	<u>\$ 415,375</u>

See accompanying independent auditor's report.

***CITY MONROVIA***

**TRANSPORTATION DEVELOPMENT ACT ARTICLE 3 FUND  
(PURSUANT TO PUBLIC UTILITIES CODE SECTION 99234)**

**BALANCE SHEETS**

**JUNE 30**

	<u>2016</u>	<u>2015</u>
<b>ASSETS</b>		
Due from LACMTA	\$ <u>17,258</u>	\$ <u>-</u>
Total assets	\$ <u><u>17,258</u></u>	\$ <u><u>-</u></u>
 <b>LIABILITIES AND FUND BALANCE</b>		
<b>Liabilities</b>		
Due to general fund	\$ <u>17,258</u>	\$ <u>-</u>
Total liabilities	<u>17,258</u>	<u>-</u>
 <b>Fund Balance</b>		
Restricted	<u>-</u>	<u>-</u>
Total fund balance	<u>-</u>	<u>-</u>
Total liabilities and fund balance	\$ <u><u>17,258</u></u>	\$ <u><u>-</u></u>

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

**CITY MONROVIA**

**TRANSPORTATION DEVELOPMENT ACT ARTICLE 3 FUND**

**STATEMENTS OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE**

For the Fiscal Years Ended June 30

	2016	2015
<b>REVENUES</b>		
Payment from prior years reserve	\$ 17,258	\$ -
Total revenues	17,258	-
<b>EXPENDITURES</b>		
Monrovia Renewal CIP - Sidewalk Survey	17,258	-
Total expenditures	17,258	-
Excess of revenues over expenditures	-	-
Fund balance at beginning of year	-	-
Fund balance at end of year	\$ -	\$ -

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

**CITY OF MONROVIA**

**TRANSPORTATION DEVELOPMENT ACT ARTICLE 3 FUND  
SUPPLEMENTARY INFORMATION**

**SCHEDULE OF TRANSPORTATION DEVELOPMENT ACT  
ALLOCATION FOR SPECIFIC PROJECTS**

For the Fiscal Year Ended June 30, 2016

<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>					
Monrovia Renewal CIP - Sidewalk Survey	2015-16	\$ 17,258	\$ 17,258	\$ -	On-going
		<u>17,258</u>	<u>17,258</u>		
Fund balance at beginning of year				-	
Fund balance at end of year				\$ -	

See accompanying independent auditor's report.

## ***CITY OF MONROVIA***

### **NOTES TO FINANCIAL STATEMENTS** **For the Fiscal Years Ended June 30, 2016 and 2015**

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

##### ***Fund Accounting***

The operations of the Proposition A Local Return Fund (PALRF) and Proposition C Local Return Funds (PCLRF), Measure R Local Return Fund (MRLRF), and Transportation Development Act Article 3 Fund (TDAA3F) 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 represents 15% of the 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.

Transportation Development Act Article 3 Fund (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, 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 a spending of "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 presented in accordance with accounting principles generally accepted in the United States of America.

## ***CITY OF MONROVIA***

### **NOTES TO FINANCIAL STATEMENTS For the Fiscal Years Ended June 30, 2016 and 2015 (Continued)**

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

##### ***Fair Value Measurement***

In accordance with 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 investments at fair value and recognizes unrealized gain (loss) on investments.

Refer to the City's 2016 Comprehensive Annual Financial Report for detailed disclosures regarding the City's investments policy and fair value measurements.

##### ***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, and TDAA3F report the following fund balance classification as of June 30, 2016:

- Restricted - Amounts that are constrained for specific purposes, which are externally imposed by providers, such as creditors, or amounts constrained due to constitutional provisions or enabling legislation. The use of the Funds' remaining fund balances are restricted for projects approved by LACMTA.

Information regarding the fund balance reporting policy adopted by the City is described in 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, and TDAA3F and their compliance with the Proposition A and Proposition C Local Return Program Guidelines, Measure R Local Return Program Guidelines, 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 MONROVIA**

**NOTES TO FINANCIAL STATEMENTS**  
For the Fiscal Years Ended June 30, 2016 and 2015  
(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.

**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.

**NOTE 5 – 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.

**NOTE 6 – CASH AND INVESTMENTS**

The PALRF, PCLRF, MRLRF, 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 balances to the total of the pooled cash and investments.

**NOTE 7 – ACCOUNTS RECEIVABLE – PALRF**

Accounts receivable under PALRF as of June 30, 2016 and 2015 consisted of the following:

	2016	2015
LACMTA	\$ 152,901	\$ 128,424
Los Angeles County Department of Public Works	109,385	109,059
City of Bradbury	8,449	2,816
Keolis Transit	-	13,000
Total	\$ 270,735	\$ 253,299



**CITY OF MONROVIA**

**NOTES TO FINANCIAL STATEMENTS**  
For the Fiscal Years Ended June 30, 2016 and 2015  
(Continued)

**NOTE 8 – DEFERRED INFLOW OF RESOURCES - PALRF**

The City recognizes revenue when the payments for services rendered become measurable and available. In fiscal year ended June 30, 2016, the City recorded deferred inflow of resources when the availability of the funds was not determined at fiscal year end.

The issuance of Governmental Accounting Standards Board No. 65, *Items Previously Reported as Assets and Liabilities*, established accounting and financial reporting standards that reclassify certain liabilities as deferred inflows of resources. A deferred inflow of resources is defined as those resources that are not available for spending in the current period. Since the reimbursements from other funds were not available for spending PALRF in fiscal year ended June 30, 2016, the amounts are reported as deferred inflows of resources.

As of June 30, 2016 and 2014, the deferred inflows of resources under PALRF consists of reimbursements from the following:

	2016	2015
Proposition A Discretionary Incentive Grant	\$ 15,290	\$ 17,908
Los Angeles County Grant	12,926	75,029
City of Bradbury	2,112	-
Keolis Transit	-	13,000
Total	\$ 30,329	\$ 105,937

**NOTE 9 – PROJECT GENERATED REVENUE - PALRF**

Project generated revenues for the years ended June 30, 2016 and June 30, 2015 for PALRF amounted to \$37,557 and \$36,134, respectively. These revenues consisted of passenger fares from its Dial-A-Ride services.

**NOTE 10 – PROPOSTION A DISCRETIONARY INCENTIVE GRANT**

The Proposition A Discretionary Grant amounting to \$155,520 and \$179,292 for the years ended June 30, 2016 and 2015, respectively, represents additional funds received from Metro for participating in the sub-regional paratransit services program. The City is to operate a demand-response paratransit Dial-A-Ride program available to eligible disabled residents or known as the Monrovia Dial-A-Ride Program.

The Proposition A Discretionary Incentive Grant was recorded under PALRF.

***CITY OF MONROVIA***

**NOTES TO FINANCIAL STATEMENTS**  
**For the Fiscal Years Ended June 30, 2016 and 2015**  
**(Continued)**

**NOTE 11 – LOS ANGELES COUNTY GRANT REIMBURSEMENTS - PALRF**

Since 1994, the City has provided Dial-A-Ride services to residents of the surrounding unincorporated areas south of the City. The City is reimbursed by the County of Los Angeles for the rides that it furnishes to the residents of the unincorporated areas. The amounts reimbursed for the years ended June 30, 2016 and June 30, 2015 for PALRF amounted to \$171,487 and \$133,908, respectively.

**NOTE 12 – REIMBURSEMENT FROM THE CITY OF BRADBURY - PALRF**

The City provides Dial-A-Ride services to residents of the City of Bradbury. The City is reimbursed by the City of Bradbury for the rides that it furnishes to those residents. The amounts reimbursed for the years ended June 30, 2016 and June 30, 2015 for PALRF amounted to \$6,337 and \$8,449, respectively.

**NOTE 13 – VEHICLE REIMBURSEMENT - PALRF**

The City is contracted with an outside company, Keolis Transit (Keolis), to provide Dial-A-Ride services to its residents. During the fiscal year ended June 30, 2015, two vehicles were damaged in separate accidents. After the investigation process, the City received reimbursement from Keolis for the damaged vehicles in the total amount of \$13,000.

**NOTE 14 – 2016 LEASE REVENUE BOND – PCLRF AND MRLRF**

On March 1, 2016, the City issued Proposition C and Measure R Street Improvements Projects Lease Revenue Bond in the amount of \$13,600,000. The proceed from the bond in the amount of \$13,490,664 is anticipated to be used to finance the costs of acquisition, construction, rehabilitation, reconstruction, and resurfacing of the City's public street facilities, fund a reserve account and pay costs of issuance. Use of Proposition C Revenues and Measure R Revenues to pay debt service on the bond to finance the costs of the project was approved by LACMTA by the letter dated February 26, 2016.

The bond's principal is payable annually on each December 1st from 2016 to 2036, in the amounts ranging from \$155,000 to \$530,000 and bear interest at rates ranging from 3.000% to 3.125%. Interest is payable semi-annually on June 1st and December 1st of each year, commencing on December 1, 2016.

The proceed from the lease revenue bond was split 50/50 between PCLRF and MRLRF resulting to revenues of \$6,745,332 to each of the local return funds.

**CITY OF MONROVIA**

**NOTES TO FINANCIAL STATEMENTS**  
For the Fiscal Years Ended June 30, 2016 and 2015  
(Continued)

**NOTE 15 – TRANSPORTATION DEVELOPMENT ACT FUND REVENUE ALLOCATION**

The revenue allocation for the years ended June 30, 2016 and 2015 consisted of the following:

	2016	2015
FY 2011-12 allocation	\$ 4,836	\$ -
FY 2012-13 allocation	12,422	-
Total	<u>\$ 17,258</u>	<u>\$ -</u>

**NOTE 16 – 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, 2016 and 2015, the City has funds on reserve as follows:

	2016	2015
FY 2011-12 allocation	\$ -	\$ 4,836
FY 2012-13 allocation	16,037	28,459
FY 2013-14 allocation	29,943	29,943
FY 2014-15 allocation	24,390	24,390
FY 2015-16 allocation	23,689	-
Available reserve balance	<u>\$ 94,059</u>	<u>\$ 87,628</u>

**NOTE 17 – SUBSEQUENT EVENTS**

The City has evaluated events or transactions that occurred subsequent to June 30, 2016 through November 28, 2016, the date the accompanying financial statements were available to be issued, for potential recognition or disclosure in the financial statements and determined no subsequent matters require disclosure or adjustment to the accompanying financial statements.



SIMPSON & SIMPSON  
CERTIFIED PUBLIC ACCOUNTANTS

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**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 Monrovia, California and the  
Los Angeles County Metropolitan Transportation 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 (PALRF), Proposition C Local Return Fund (PCLRF), Measure R Local Return Fund (MRLRF), and Transportation Development Act Article 3 (TDAA3F) Fund of the City of Monrovia, California (City), as of and for the year ended June 30, 2016, and the related notes to the financial statements, and have issued our report thereon dated November 28, 2016.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the 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 City's local return funds and TDAA3F 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 any 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 financial statements of the Proposition A Local Return Fund (PALRF), Proposition C Local Return Fund (PCLRF), Measure R Local Return Fund (MRLRF), and Transportation Development Act Article 3 Fund (TDAA3F) 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 determination of financial statement amounts. 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 black ink that reads "Simpson &amp; Simpson".

Los Angeles, California  
November 28, 2016

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## *COMPLIANCE SECTION*

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SIMPSON & SIMPSON  
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## Independent Auditor's Report On Compliance

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

### Report on Compliance

We have audited the compliance of the City of Monrovia, California (City) with the Proposition A and Proposition C Local Return Guidelines, Measure R 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 (Guidelines) for the year ended June 30, 2016.

### *Management's Responsibility*

Management is responsible for the City's compliance with those 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 a local return 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. Our audit does not provide a legal determination of the City's compliance with those requirements.

### *Opinion on Each Local Return Program and Transportation Development Act Article 3*

In our opinion, the City of Monrovia complied, in all material respects, with the compliance requirements referred to above that apply to Proposition A Local Return Fund, Proposition C Local Return Fund, Measure R Local Return Fund, and Transportation Development Act Article 3 (TDAA3F) Fund for the year ended June 30, 2016.

### ***Other Matters***

The results of our auditing procedures disclosed two instances of noncompliance, which are required to be reported in accordance with the Guidelines and which are described in the accompanying Schedule of Findings and Questioned Costs as Finding Nos. 2016-001 and 2016-002. Our opinion on each local return program is not modified with respect to this matter.

The City's responses to the noncompliance findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. The City's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

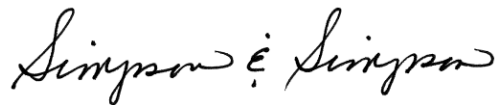
### **Report on Internal Control Over Compliance**

Management of the City of Monrovia is responsible for establishing and maintaining effective internal control over compliance with the Requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the Requirements that could have a direct and material effect on the Local Return programs and the TDAA3F to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance and to test and report on internal control over compliance in accordance with the Requirements, 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 under the Requirements 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 Requirements 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 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 requirement of the Guidelines. Accordingly, this report is not suitable for any other purpose.



Los Angeles, California  
November 28, 2016



**CITY OF MONROVIA**  
**COMPLIANCE MATRIX**  
Year Ended June 30, 2016

Compliance Requirement		In Compliance		Questioned Costs	If no, provide details and management response.
		Yes	No		
A. Proposition A and Proposition C Local Return Funds					
1.	Timely use of funds.	X		None	
2.	Expenditures were approved before being incurred.	X		None	
3.	Funds were used on approved projects only and expenditures were supported and allowable per Guidelines.	X		None	
4.	Expenditures did not exceed 25% of Metro's approved budget.		X	None	See Finding No. 2016-001 on the Schedule of Findings and Questioned Costs.
5.	Administrative expenses were within the 20% cap.	X		None	
6.	All on-going and carryover projects were reported in Form B.	X		None	
7.	Annual Project Summary Report (Form B) was submitted on time.	X		None	
8.	Annual Expenditure Report (Form C) and listing of Recreational Transit Services, if applicable, were submitted on time.		X	None	See Finding No. 2016-002 on the Schedule of Findings and Questioned Costs.
9.	Cash or cash equivalents were maintained.	X		None	
10.	Accounting procedures, record keeping and documentation were adequate.	X		None	
11.	Revenues received including allocations, project generated revenues, and interest income were properly credited to the PALRF and PCLRF accounts.	X		None	

**CITY OF MONROVIA**  
**COMPLIANCE MATRIX**  
Year Ended June 30, 2016  
(Continued)

Compliance Requirement		In Compliance		Questioned Costs	If no, provide details and management response.
		Yes	No		
B. Measure R Local Return Fund					
1.	Timely use of funds.	X		None	
2.	Expenditures were approved before being incurred.	X		None	
3.	Funds were used on approved projects only and expenditures were supported and allowable per Guidelines.	X		None	
4.	Fund were not substituted for property tax.	X		None	
5.	Administrative expenses were within the 20% cap.	X		None	
6.	Expenditure Plan (Form One) was submitted on time.	X		None	
7.	Expenditure Report (Form Two) was submitted on time.	X		None	
8.	Cash or cash equivalents were maintained.	X		None	
9.	Accounting procedures, record keeping and documentation were adequate.	X		None	
10.	Revenues received including allocations, project generated revenues, and interest income were properly credited to the Measure R account.	X		None	
11.	Funds were not used to supplant existing local revenues being used for transportation purpose.	X		None	

***CITY OF MONROVIA***  
**COMPLIANCE MATRIX**  
Year Ended June 30, 2016  
(Continued)

Compliance Requirement		In Compliance		Questioned Costs	If no, provide details and management response.
		Yes	No		
C. Transportation Development Act Article 3 Fund					
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 MONROVIA***

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

June 30, 2016

**PALRF: Finding No. 2016-001**

Compliance Reference	According to Proposition A and C Local Return Guidelines, Section I (C), Project Description Form (Form A), Item 5: “Jurisdictions shall submit for approval a Project Description Form prior to the expenditure of funds for: a 25 percent or greater change in an approved Local Return project budget or scope on all operating or capital Local Return projects.”
Condition	The expenditures for PALRF Project Code 170-03, Bus Stop Improvement exceeded 25% or more of its MTA approved budget in the amount of \$5,546. However, the City filed the Project Description Form (Form A) to obtain the approval for this project from LACMTA. The revised Form A was subsequently approved by LACMTA on November 16, 2016.
Cause	The Bus Stop Improvement Project exceeded 25% of the approved budget due to unanticipated expenditures that the City incurred during the course of the project.
Effect	The City’s PALRF project expenditures exceeded 25 percent of LACMTA’s approved budget without LACMTA’s approval and the City did not comply with the Guidelines.
Recommendation	We recommend that the City establish procedures to ensure that project expenditures are within the 25 percent cap of the LACMTA’s approved budget and an amended Form A (Project Description Form) is properly prepared and submitted prior to the expenditure of funds which would result in a 25 percent or greater change in an approved Local Return project budget or scope on all operating or capital Local Return projects.
Management’s Response	We agree with this finding. We acknowledge that the PALRF’s Bus Stop Improvement Project exceeded 25% of its approved budget in the amount of \$5,546. Going forward, we will implement a Local Return Fund Oversight Program to effectively track all Proposition A, Proposition C, Measure R, and Transportation Development Act expenditures to ensure that actual project costs do not exceed 25% of the approved budget. This compliance program will involve quarterly expense tracking that will help identify projects that could potentially exceed the 25% cap. This would allow the City to amend the budget forms to reflect anticipated expenses.

***CITY OF MONROVIA***

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

June 30, 2016

(Continued)

**PALRF: Finding No. 2016-002**

Compliance Reference	According to Proposition A and C Local Return Guidelines, Section II.1.3, "Jurisdictions shall submit a listing of Recreational Transit Services no later than October 15 after the fiscal year."
Condition	The City did not meet the October 15, 2016 deadline for submission of the listing of Recreational Transit Services. However, the City submitted the listing to LACMTA on November 3, 2016.
Cause	The listing of Recreational Transit Services was not submitted on time due to changes in staffing and transition of personnel responsible for gathering the recreation transit data and information.
Effect	The City's listing of Recreational Transit Services was not submitted timely.
Recommendation	We recommend that the City establish procedures to ensure that the listing of Recreational Transit Services is properly prepared and submitted prior to the October 15th deadline and the City retain a confirmation of receipt by LACMTA to comply with the Guidelines.
Management's Response	We agree with this finding. We acknowledge that the listing of Recreational Transit Services was not submitted by its intended deadline. Going forward, we will implement a Local Return Fund Oversight Program to effectively track all PALRF, PCLRF, MRLRF and TDAA3F to ensure that the annual approval and reporting deadlines are met. The City plans to use the annual Metro Audit Request List as a basis for the compliance program.

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***EXIT CONFERENCE***

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***CITY OF MONROVIA***

**PROPOSITION A, PROPOSITION C, MEASURE R LOCAL RETURN FUNDS, AND  
TRANSPORTATION DEVELOPMENT ACT ARTICLE 3 FUND  
EXIT CONFERENCE**

June 30, 2016

An exit conference was held on December 20, 2016 with the City of Monrovia. Those in attendance were:

***Simpson & Simpson Representative:***

John Longoria, Auditor

***City's Representative:***

Buffy Bullis, Finance Manager

***Matters Discussed:***

Results of the audit disclosed two (2) non-compliance issues with LACMTA's 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:

Buffy Bullis, Finance Manager