



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

**City of Glendora  
Annual Financial Report of its**

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

**As of and for the Years ended June 30, 2015 and 2014  
with Report of Independent Auditors**

An Independently Owned Member  
**McGLADREY ALLIANCE**



 **Vasquez**  
& Company LLP  
Certified Public Accountants and Business Consultants

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**FINANCIAL SECTION**

## **Report of Independent Auditors**

### **To the Honorable Members of the City Council of the City of Glendora, 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, Proposition C Local Return Fund, Measure R Local Return Fund and the Transportation Development Act Article 3 Fund (collectively, the Funds), of the City of Glendora, California (the City) which comprise the Funds' balance sheets as of June 30, 2015 and 2014, and the related statements of revenues, expenditures and changes in fund balance for the years then ended, and the related notes to the financial statements.

#### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### ***Auditors' Responsibility***

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 Proposition A Local Return Fund, the Proposition C Local Return Fund, the Measure R Local Return Fund and the Transportation Development Act Article 3 Fund of the City of Glendora, California, as of June 30, 2015 and 2014, 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 and the Transportation Development Act Article 3 Fund of the City and do not purport to, and do not, present fairly the financial position of the City as of June 30, 2015 and 2014, 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 March 23, 2016 on our consideration of the City'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, and 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 "Vasquez &amp; Company LLP".

**Los Angeles, California  
March 23, 2016**

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

		June 30	
		2015	2014
<b>ASSETS</b>			
Cash and investments	\$	596,936	\$ 485,035
Interest receivable		836	885
Due from Transit System Fund		61,000	-
<b>Total assets</b>	<b>\$</b>	<b>658,772</b>	<b>\$ 485,920</b>
<b>LIABILITIES AND FUND BALANCE</b>			
<b>Liabilities</b>			
Accounts payable	\$	3,538	\$ 2,227
Accrued payroll liabilities		1,500	1,398
<b>Total liabilities</b>		<b>5,038</b>	<b>3,625</b>
<b>Fund balance</b>			
Restricted		653,734	482,295
<b>Total fund balance</b>		<b>653,734</b>	<b>482,295</b>
<b>Total liabilities and fund balance</b>	<b>\$</b>	<b>658,772</b>	<b>\$ 485,920</b>

*See notes to financial statements.*

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

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	Years ended June 30	
	2015	2014
<b>Revenues</b>		
Proposition A	\$ 896,043	\$ 859,893
Investment income	2,997	2,652
Other revenues - bus pass sales	5,244	10,252
<b>Total revenues</b>	<b>904,284</b>	<b>872,797</b>
<b>Expenditures</b>		
Various projects	732,845	693,806
<b>Total expenditures</b>	<b>732,845</b>	<b>693,806</b>
Excess of revenues over expenditures	171,439	178,991
Fund balance at beginning of year	482,295	303,304
Fund balance at end of year	\$ 653,734	\$ 482,295

*See notes to financial statements.*

**City of Glendora**  
**Proposition A Local Return Fund**  
**Supplemental Information**  
**Schedule of Expenditures – Actual and LACMTA Approved Project Budget**  
**Year ended June 30, 2015**  
**Actual for 2014**

Project Code	Project Name	2015		Variance Positive (Negative)	2014 Actual
		LACMTA Budget	Actual		
130-01	Paratransit/Senior and Disabled	\$ 546,341	\$ 457,645	\$ 88,696	\$ 482,818
140-03	Special Event Transit	79,000	73,840	5,160	66,313
140-08	Special Event Coordinator	22,754	14,761	7,993	20,827
240-03	Bus Pass Subsidy Program	-	-	-	10,716
250-01	Bus Pass Subsidy Program	5,500	6,312	(812)	-
270-02	Council of Governments Annual Membership (COG)	8,000	7,694	306	7,600
270-07	Transportation Planning Superintendent/Contract Program Analyst	41,998	42,103	(105)	28,577
480-04	Administration Prop A	115,000	130,490 *	(15,490)	76,955
<b>Total expenditures</b>		<b>\$ 818,593</b>	<b>\$ 732,845</b>	<b>\$ 85,748</b>	<b>\$ 693,806</b>

\* See Compliance Matrix.

*See report of independent auditors.*



**City of Glendora**  
**Proposition A Local Return Fund**  
**Supplemental Information**  
**Schedule of Capital Assets**  
**Year ended June 30, 2015**

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<u>Date Acquired</u>	<u>Description</u>	<u>Balance July 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2015</u>
3/90	Computer	\$ 1,869	\$ -	\$ -	1,869
2/90	Copier	1,703	-	-	1,703
1/00	Lighting Control	19,809	-	-	19,809
12/00	Firewall Software	6,533	-	-	6,533
<b>Total</b>		<b>\$ 29,914</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 29,914</b>

*See report of independent auditors.*

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

		June 30	
		2015	2014
<b>ASSETS</b>			
Cash and investments	\$	1,087,187	\$ 947,354
Interest receivable		2,309	1,586
<b>Total assets</b>	<b>\$</b>	<b>1,089,496</b>	<b>\$ 948,940</b>
<b>LIABILITIES AND FUND BALANCE</b>			
<b>Liabilities</b>			
Accounts payable	\$	-	\$ 3,993
Accrued payroll liabilities		3,684	3,486
Due to Transit System Fund		46,302	-
<b>Total liabilities</b>		<b>49,986</b>	<b>7,479</b>
<b>Fund balance</b>			
Restricted		702,310	647,469
Restricted - Foothill Boulevard Grinder Overlay Project		337,200	293,992
<b>Total fund balance</b>		<b>1,039,510</b>	<b>941,461</b>
<b>Total liabilities and fund balance</b>	<b>\$</b>	<b>1,089,496</b>	<b>\$ 948,940</b>

*See notes to financial statements.*

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

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	Years ended June 30	
	2015	2014
<b>Revenues</b>		
Proposition C	\$ 744,193	\$ 714,072
Investment income	8,160	6,144
<b>Total revenues</b>	<b>752,353</b>	<b>720,216</b>
<b>Expenditures</b>		
Various projects	654,304	560,778
<b>Total expenditures</b>	<b>654,304</b>	<b>560,778</b>
Excess of revenues over expenditures	98,049	159,438
Fund balance at beginning of year	941,461	782,023
Fund balance at end of year	\$ 1,039,510	\$ 941,461

*See notes to financial statements.*

**City of Glendora**  
**Proposition C Local Return Fund**  
**Supplemental Information**  
**Schedule of Expenditures – Actual and LACMTA Approved Project Budget**  
**Year ended June 30, 2015**  
**Actual for 2014**

Project Code	Project Name	2015			2014 Actual
		LACMTA Budget	Actual	Variance Positive (Negative)	
130-01	Paratransit/Senior and Disabled	\$ 154,096	\$ 191,497	\$ (37,401)	\$ 132,727
170-04	Bus Shelter Maintenance Personnel	120,000	127,290	(7,290)	147,138
200-12a	Dial-A-Ride Program Vehicle Replacement	67,000	21,470	45,530	45,257
270-01	Downtown Village Transit/Transfer Center	-	-	-	2,966
270-02	Council of Governments Annual Membership	8,000	7,693	307	7,600
270-7	Transportation Planning Superintendent/Contract Program Analyst	41,998	42,103	(105)	20,388
380-13	Barranca/Foothill Left Turn Phasing	-	-	-	720
380-16	Grand Avenue Rehabilitation (Bennett to Leadora)	-	-	-	140,925
440-12a	La Fetra Center Parking Lot Repavement	-	-	-	1,588
440-13	Barranca/Foothill Left Turn Phasing	13,700	-	13,700	-
440-14	San Dimas Wash Bridge Widening at Lone Hill	5,735	682	5,053	4,996
440-15	Baseline Road Rehabilitation - Grand to Glendora	70,707	-	70,707	-
440-16	Grand Avenue Rehabilitation (Bennett to Leadora)	250,000	-	250,000	-
440-17	Sierra Madre Ave Street Improvements - Northridge to Loraine	150,000	106,846	43,154	-
440-18	Loraine Ave Street Improvements - Sierra Madre to Foothill	50,000	19,878	30,122	-
440-19	Grand Avenue Rehabilitation (Leadora to Sierra Madre)	250,000	7,020	242,980	-
440-20	Auto Center Street Improvements - West of 57 Freeway to Amelia	350,000	-	350,000	-
480-03	Administration Proposition C	110,000	129,825 *	(19,825)	56,473
<b>Total expenditures</b>		<b>\$ 1,641,236</b>	<b>\$ 654,304</b>	<b>\$ 986,932</b>	<b>\$ 560,778</b>

\* See Compliance Matrix.

*See report of independent auditors.*

**City of Glendora**  
**Proposition C Local Return Fund**  
**Supplemental Information**  
**Schedule of Capital Assets**  
**Year ended June 30, 2015**

<u>Date Acquired</u>	<u>Description</u>	<u>Balance July 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2015</u>
03/97	Paratransit Bus	\$ 51,304	\$ -	\$ 51,304	\$ -
03/97	Paratransit Bus	51,304	-	-	51,304
03/97	Paratransit Bus	53,057	-	53,057	-
06/97	Ericson Bus Radios	6,676	-	-	6,676
07/97	Radio Base	1,283	-	-	1,283
11/98	3/4 Ton Van	24,262	-	-	24,262
Various	Various Furniture	4,215	-	-	4,215
01/99	High Pressure System	10,579	-	-	10,579
12/99	Paratransit Minibus	37,087	-	-	37,087
06/00	Paratransit Minibus	38,606	-	38,606	-
07/04	Venture Mini Van	34,787	-	34,787	-
07/04	Venture Mini Van	34,787	-	34,787	-
07/04	Venture Mini Van	34,787	-	34,787	-
07/04	Lettering on 3 Mini Vans	1,346	-	-	1,346
03/11	ADA Accessible Mini Van	45,219	-	-	45,219
02/12	11Braun Entervan White	41,216	-	-	41,216
06/12	Route Match Software	29,447	-	-	29,447
12/12	Handicap Minivan	44,556	-	-	44,556
03/14	Braun Entervan	45,257	-	-	45,257
07/14	2014 Starcraft Ford All Star VN	-	21,470	-	21,470
<b>Total</b>		<b>\$ 589,775</b>	<b>\$ 21,470</b>	<b>\$ 247,328</b>	<b>\$ 363,917</b>

*See report of independent auditors.*

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

		June 30	
		2015	2014
<b>ASSETS</b>			
Cash and investments	\$	411,381	\$ 273,041
Interest receivable		735	434
<b>Total assets</b>	<b>\$</b>	<b>412,116</b>	<b>\$ 273,475</b>
<b>LIABILITIES AND FUND BALANCE</b>			
<b>Liabilities</b>			
Accrued payroll liabilities	\$	11,543	\$ 8,338
<b>Total liabilities</b>		<b>11,543</b>	<b>8,338</b>
<b>Fund balance</b>			
Restricted		400,573	265,137
<b>Total fund balance</b>		<b>400,573</b>	<b>265,137</b>
<b>Total liabilities and fund balance</b>	<b>\$</b>	<b>412,116</b>	<b>\$ 273,475</b>

*See notes to financial statements.*

**City of Glendora**  
**Measure R Local Return Fund**

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

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	Years ended June 30	
	2015	2014
<b>Revenues</b>		
Measure R	\$ 557,559	\$ 532,299
Investment income	2,598	1,440
<b>Total revenues</b>	<b>560,157</b>	<b>533,739</b>
<b>Expenditures</b>		
Various projects	424,721	427,180
<b>Total expenditures</b>	<b>424,721</b>	<b>427,180</b>
Excess of revenues over expenditures	135,436	106,559
Fund balance at beginning of year	265,137	158,578
Fund balance at end of year	\$ 400,573	\$ 265,137

*See notes to financial statements.*

**City of Glendora**  
**Measure R Local Return Fund**  
**Supplemental Information**  
**Schedule of Expenditures – Actual and LACMTA Approved Project Budget**  
**Year ended June 30, 2015**  
**Actual for 2014**

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Project Code	Project Name	2015		Variance Positive (Negative)	2014 Actual
		LACMTA Budget	Actual		
1.05	Street Repair and Maintenance	\$ 460,578	\$ 424,721	\$ 35,857	\$ 368,701
2.29	Traffic Signal Improvements	-	-	-	52,408
8.10	Fund Administration (20% cap)	-	-	-	3,976
9.00	Winter Flood Costs	-	-	-	2,095
<b>Total expenditures</b>		<u>\$ 460,578</u>	<u>\$ 424,721</u>	<u>\$ 35,857</u>	<u>\$ 427,180</u>

*See report of independent auditors.*



**City of Glendora**  
**Measure R Local Return Fund**  
**Supplemental Information**  
**Schedule of Capital Assets**  
**Year ended June 30, 2015**

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<u>Date Acquired</u>	<u>Description</u>	<u>Balance July 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2015</u>
None		\$ -	\$ -	\$ -	\$ -
	<b>Total</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

*See report of independent auditors.*

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

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		June 30	
		2015	2014
<b>ASSETS</b>			
Cash and investments	\$	2,815	\$ -
Due from LACMTA		-	32,721
<b>Total assets</b>	<b>\$</b>	<b>2,815</b>	<b>\$ 32,721</b>
<b>LIABILITIES AND FUND BALANCE</b>			
<b>Liabilities</b>			
Due to the General Fund	\$	-	\$ 29,910
<b>Total liabilities</b>		-	29,910
<b>Fund balance</b>			
Restricted		2,815	2,811
<b>Total fund balance</b>		<b>2,815</b>	<b>2,811</b>
<b>Total liabilities and fund balance</b>	<b>\$</b>	<b>2,815</b>	<b>\$ 32,721</b>

*See notes to financial statements.*

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

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	Years ended June 30	
	2015	2014
<b>Revenues</b>		
Intergovernmental Allocations:		
Article 3	\$ 28,372	\$ 32,721
Interest income	4	-
<b>Total revenues</b>	<b>28,376</b>	32,721
<b>Expenditures</b>		
Construction/Maintenance	28,372	32,721
<b>Total expenditures</b>	<b>28,372</b>	32,721
Excess of revenues over expenditures	4	-
Fund balance at beginning of year	2,811	2,811
Fund balance at end of year	\$ 2,815	\$ 2,811

*See notes to financial statements.*

**City of Glendora**  
**Transportation Development Act Article 3 Fund**  
**Supplemental Information**  
**Schedule of Transportation Development Act Allocation for Specific Projects**  
**Pursuant to Public Utilities Code Section 99234**  
**Year ended June 30, 2015**

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Project Description	Program Year	Totals to Date		Unexpended Allocations	Project Status
		Allocations	Expenditures		
<b>Local Allocations:</b>					
Citywide Sidewalk and Curb Ramp	2015	\$ 28,372	\$ 28,372	\$ -	Ongoing
<b>Totals</b>		<u>\$ 28,372</u>	<u>\$ 28,372</u>	-	
Interest income				4	
Fund balance at beginning of year				<u>2,811</u>	
Fund balance at end of year				<u>\$ 2,815</u> *	

\* See Compliance Matrix.

*See report of independent auditors.*

**NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Fund Accounting**

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

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

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

Transportation Development Act Article 3 Fund (TDAA3F) is pooled with other City monies in the Special Revenue Fund. The Special Revenue Fund accounts for the City's share of the Transportation Development Act Article 3 allocations which are legally restricted for specific purposes.

**Basis of Accounting**

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.

**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.

**Unrealized Gain (Loss) on Investments**

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and External Investment Pools*, local governments are required to use fair value (instead of amortized costs) for financial reporting purposes. As a result of such implementation, the City recognizes the unrealized gain (loss) investments.

**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 do not purport to, and do not, present fairly the City's financial position as of June 30, 2015 and 2014, 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.

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 are to be used for transportation purposes.

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      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 and investment 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 monthly balances to the total of the pooled cash and investments.

Please refer to the City's Comprehensive Annual Financial Report (CAFR) for a full description of risks relating to cash and investments.

**NOTE 7            PROPOSITION A DISCRETIONARY INCENTIVE GRANT**

The Proposition A Discretionary Incentive Grant received from LACMTA for the City's Motor Bus Service and Dial-A-Ride Program amounting to \$52,698 and \$52,562 for the NTD Program years 2012 and 2011, respectively, were recorded under the City's Transit System Fund in fiscal year 2013/14.

**NOTE 8            CAPITAL RESERVE**

On July 23, 2011, LACMTA and the City entered into a capital reserve agreement to establish a capital reserve account (Account) for the Foothill Boulevard Grinder Overlay Project (Project) amounting to \$898,464. The City was originally required to complete the Project by June 30, 2014. If the Project was not completed by that date, any unexpended funds were to lapse and returned to LACMTA for reprogramming.

On June 19, 2013, the Agreement was extended to June 30, 2016 with an authorized amount of \$400,000.

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

For the years ended June 30, 2015 and 2014, the PCLRF capital reserve amount is as follows:

Capital reserve at 07/01/2013	\$	-	
Additional reserve during the year		292,762	
FY 2013/14 interest income allocation		1,230	
Capital reserve at 06/30/2014		293,992	
Additional reserve during the year		40,415	
FY 2014/15 interest income allocation		2,793	
Capital reserve at 06/30/2015	\$	337,200	

**NOTE 9            TRANSPORTATION DEVELOPMENT ACT ARTICLE 3 FUND REVENUE ALLOCATION**

The revenue allocation for the years ended June 30, 2015 and 2014 consisted of the following:

		2015		2014
FY 2012/13 reserve	\$	-	\$	10,593
FY 2013/14 reserve		18,933		22,128
FY 2014/15 allocation		9,439		-
	\$	28,372		32,721

**NOTE 10      TRANSPORTATION DEVELOPMENT ACT ARTICLE 3 FUNDS RESERVED**

In accordance with TDA Article 3 (SB821) Guidelines, funds which will not be spent during the fiscal year have been placed on reserve in the Local Transportation Fund (LTF) account with the County Auditor-Controller to be drawn down whenever the funds become eligible for a specific project and an approved drawdown request is received by LACMTA. As of June 30, 2015 and 2014, the City has funds on reserve as follows:

	<b>2015</b>	2014
FY 2013/14 allocation	\$ -	\$ 18,933
FY 2014/15 allocation	<b>24,005</b>	-
Available reserve balance	<b>\$ 24,005</b>	18,933

For FY 2014/15, any TDA Article 3 funds left on reserve for FY 2010/11 or prior, are subject to lapse if not claimed by the City by June 30, 2015. There were no funds that lapsed in FY 2014/15.

**NOTE 11      SUBSEQUENT EVENTS**

The City has evaluated subsequent events through March 23, 2016, the date the financial statements were available to be issued, and concluded that no events have occurred that require disclosure in or adjustments to the financial statements.



**Report of Independent Auditors on Internal Control over Financial Reporting and  
on Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance With *Government Auditing Standards***

**To the Honorable Members of the City Council of the  
City of Glendora, 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 and the Transportation Development Act Article 3 Fund (collectively, the Funds) of the City of Glendora, California (the City) as of and for the year ended June 30, 2015, and the related notes to the financial statements, and have issued our report thereon dated March 23, 2016

**Internal Control over Financial Reporting**

In planning and performing our audits of the Funds' 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 Funds' financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audits 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, 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits, 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 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 "Vaqueria &amp; Company LLP". The signature is written in a cursive, flowing style.

**Los Angeles, California**  
**March 23, 2016**

## **COMPLIANCE SECTION**

## **Report of Independent Auditors on Compliance**

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

### **Report on Compliance**

We have audited the compliance of the City of Glendora, California (the 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 Transportation Development Act Article 3 Bicycle and Pedestrian Funds (collectively, the Guidelines) for the year ended June 30, 2015.

### **Management's Responsibility**

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

### **Auditors' Responsibility**

Our responsibility is to express an opinion on the City's compliance 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, 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 Glendora, California complied, in all material respects, with the compliance requirements of the Guidelines for the year ended June 30, 2015.



### **Other Matters**

The results of our auditing procedures disclosed instances of noncompliance with the requirements, which are described in the accompanying Compliance Matrix. Our opinion is not modified with respect to these matters.

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

### **Report on Internal Control over Compliance**

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

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance, as described in the accompanying Compliance Matrix as Finding #2015-001, to be a material weakness.

*A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance, as described in the accompanying Compliance Matrix as Finding #2015-002, to be a significant deficiency.

The City's responses to the internal control over compliance findings identified in our audit are described in the accompanying Compliance Matrix. 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.

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 "Vaqueria &amp; Company LLP".

**Los Angeles, California  
March 23, 2016**

**City of Glendora  
Compliance Matrix  
Year ended June 30, 2015**

Compliance Requirements	In Compliance		Questioned Costs	If no, provide details and management response.
	Yes	No		
<b>A. Proposition A and Proposition C Local Return Funds</b>				
1. Timely use of funds.	X		None	
2. Expenditures approved before being incurred.				
3. Expenditures did not exceed 25% of LACMTA's approved budget.	X		None	
4. Administrative expenses are within the 20% cap.	X		None	
5. All on-going and carryover projects were reported in Form B.	X		None	
6. Annual Project Summary Report (Form B) was submitted on time.	X		None	
7. Annual Expenditure Report (Form C) was submitted on time.	X		None	
8. Cash or cash equivalents are maintained.	X		None	
9. Accounting procedures, record keeping and documentation are adequate.		X	PALRF - \$76,910  PCLRF - \$84,229	<i>Finding #2015-001</i>  The salaries and benefits charges to the Proposition A and Proposition C projects were based on budget percentages determined by the City to be attributable to the following projects:  a. PALRF Project 480-04, Administration Prop A - \$76,910;  b. PCLRF Project 480-03, Administration Prop C - \$84,229  However, the percentages utilized cannot be supported by timesheets or similar time and effort documentation to demonstrate that the salaries charged were expended on approved Local Return projects.

**City of Glendora  
Compliance Matrix  
Year ended June 30, 2015**

Compliance Requirements	In Compliance		Questioned Costs	If no, provide details and management response.
	Yes	No		
<b>A. Proposition A and Proposition C Local Return Funds (Continued)</b>				
9. Accounting procedures, record keeping and documentation are adequate. (Continued)				<i>Management Response</i>  While the City made reasonable assumptions to support the percentages budgeted for charged salaries and benefits, the requested documentation was not available. The City has implemented procedures for collection of time and effort documentation to support the salaries and benefits charged to Proposition A and Proposition C Local Return Funds. These controls will ensure salary charges were expended on Local Return approved projects.
<b>B. Measure R Local Return Fund</b>				
1. Funds were expended for transportation purposes.	X		None	
2. Funds were used to augment, not supplant, existing local revenues being used for transportation purposes unless there is a funding shortfall.	X		None	
3. Signed Assurances and Understandings on file.	X		None	
4. Separate Measure R Local Return Account was established.	X		None	
5. Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure R Local Return Account.	X		None	
6. Funds were expended with LACMTA's approval.	X		None	
7. Expenditure Plan (Form One) was submitted on time.	X		None	
8. Expenditure Report (Form Two) was submitted on time.	X		None	
9. Timely use of funds.	X		None	

**City of Glendora  
Compliance Matrix  
Year ended June 30, 2015**

Compliance Requirements	In Compliance		Questioned Costs	If no, provide details and management response.
	Yes	No		
<b>B. Measure R Local Return Fund (Continued)</b>				
10. Administrative expenses are within the 20% cap.	X		None	
11. Fund exchanges were approved by LACMTA.				Not applicable.
12. A separate account was established for Capital reserve funds and Capital reserve was approved by LACMTA.				Not applicable.
13. Recreational transit form was submitted on time.				Not applicable.
<b>C. Transportation Development Act Article 3 Fund</b>				
1. Timely use of funds.	X		None	
2. Expenditures were incurred for activities relating to pedestrian and bicycle facilities and amenities.		X	\$2,815	<p><i>Finding #2015-002</i></p> <p>The City has an unexpended fund balance of \$2,815 as of June 30, 2015.</p> <p>Under the TDA Article 3 and LACMTA Guidelines, funds drawn down, including interest earned therein should be expended during the fiscal year the funds were released.</p> <p>We recommend that the City return the unexpended funds to LACMTA consistent with the TDA Article 3 Guidelines.</p> <p><i>Management Response</i></p> <p>The City has modified existing procedures and controls to ensure that funds drawn down, including interest, are expended during the fiscal year the funds were released. The City will remit the unexpended funds to LACMTA consistent with the TDA Guidelines.</p>



**EXIT CONFERENCE**

An exit conference was held on March 22, 2016 with City of Glendora representatives. Those in attendance were:

Vasquez and Company LLP representative:  
Marialyn Salvador – Audit Manager

City of Glendora representatives:  
June Overholt – Finance Director / City Treasurer  
Marie Ricci – Assistant Finance Director  
Thomas Retchless – Accounting Manager  
Brittany Aguilar – Senior Accountant

Matters discussed:

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

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

Brittany Aguilar – Senior Accountant



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