



MetroTM

**City of Agoura Hills
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, 2019 and 2018
with Report of Independent Auditors**

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FINANCIAL SECTION

Report of Independent Auditors

**To the Honorable Members of the City Council of the
City of Agoura Hills, 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 Agoura Hills, California (the City) which comprise the Funds' balance sheets as of June 30, 2019 and 2018, and the related statements of revenues, expenditures and changes in fund balances for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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



An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 Agoura Hills, California, as of June 30, 2019 and 2018, 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 Agoura Hills, California, and do not purport to, and do not present fairly the financial position of the City as of June 30, 2019 and 2018, and the changes in its financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Supplementary Information

Our audits were conducted for the purpose of forming opinions on each of the Funds' financial statements as a whole. The supplementary information identified in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information identified in the table of contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the Funds' basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the Funds' basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the Funds' basic financial statements or to the Funds' basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to each of the Funds' basic financial statements as a whole.



Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2019 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 Fund's financial reporting and compliance.

Vasquez & Company LLP

**Glendale, California
December 17, 2019**

**City of Agoura Hills
Proposition A Local Return Fund
Balance Sheets**

		June 30	
		2019	2018
ASSETS			
Cash and investments	\$	848,225	\$ 682,879
Due from other governments		27,429	33,955
Due from LACMTA		34,266	14,775
Total assets	\$	909,920	\$ 731,609
LIABILITIES, DEFERRED INFLOW OF RESOURCES AND FUND BALANCE			
Liabilities			
Accounts payable	\$	107,864	\$ 60,975
Accrued payroll and employee benefits		1,370	1,209
Total liabilities		109,234	62,184
Deferred inflow of resources			
Unavailable revenue		44,420	7,387
Total deferred inflow of resources		44,420	7,387
Fund balance			
Restricted		756,266	662,038
Total fund balance		756,266	662,038
Total liabilities, deferred inflow of resources and fund balance	\$	909,920	\$ 731,609

See notes to Funds financial statements.

City of Agoura Hills
Proposition A Local Return Fund
Statements of Revenues, Expenditures and Changes in Fund Balance

	Years ended June 30	
	2019	2018
Revenues		
Proposition A	\$ 421,960	\$ 395,654
Interest income	18,966	11,262
Proposition A Discretionary Incentive Program grant	41,685	79,203
Reimbursements from the County of Los Angeles	28,233	70,609
Program revenue	17,336	-
	528,180	556,728
 Expenditures		
Various projects	433,952	637,182
Total expenditures	433,952	637,182
 Excess (deficiency) of revenues over expenditures	94,228	(80,454)
 Fund balance at beginning of year	662,038	742,492
 Fund balance at end of year	\$ 756,266	\$ 662,038

See notes to Funds financial statements.

City of Agoura Hills
Proposition A Local Return Fund
Supplementary Information
Schedule of Expenditures – Actual and LACMTA Approved Project Budget
Year ended June 30, 2019
(With Comparative Actuals for 2018)

Project Code	Project Name	2019		Variance Positive (Negative)	2018 Actual
		LACMTA Budget	Actual		
120-01	Dial-A-Ride	\$ 163,592	\$ 250,803	* \$ (87,211)	\$ 274,250
120-02	Dial-A-Ride Transition Costs	25,000	25,000	-	25,000
140-03	Recreational Beach Bus	31,000	34,236	(3,236)	47,696
140-04	Special Event Recreational Transit	50,000	33,026	16,974	38,362
170-06	Bus Shelter Maintenance	6,000	6,000	-	6,000
200-03	Dial-A-Ride/Recreation Transit - Fleet Replacement	-	-	-	142,758
290-05	Park-N-Ride Lot Maintenance	7,100	8,186	(1,086)	6,920
480-02	Administration	85,210	76,701	8,509	96,196
480-07	Assistant to SFV/NCC Representative to LACMTA Board	1,400	-	1,400	-
Total expenditures		\$ 369,302	\$ 433,952	\$ (64,650)	\$ 637,182

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

LACMTA Budget	\$ 163,592
Total expenditures	\$ 250,803
Less: Proposition A Discretionary Incentive Program grant	(41,685)
Reimbursements from the County of Los Angeles (Note 10)	(28,233)
Farebox revenue	(17,336)
PALRF expenditures	163,549
Actual Variance Positive (Negative)	\$ 43

See report of independent auditors.

City of Agoura Hills
Proposition A Local Return Fund
Supplementary Information
Schedule of Capital Assets
Year ended June 30, 2019

<u>Date Acquired</u>	<u>Description</u>	<u>Balance July 1, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2019</u>
2001	Ford Bus	\$ 75,920	\$ -	\$ -	\$ 75,920
2008	Chevrolet Van	44,557	-	-	44,557
2008	Chevrolet Van	44,557	-	-	44,557
2008	Chevrolet Van	27,542	-	-	27,542
2013	Dodge Van	41,934	-	-	41,934
2014	Dodge Truck Grand Caravan	22,056	-	-	22,056
2014	Dodge Truck Grand Caravan	22,056	-	-	22,056
2017	Ford Starcraft Bus	142,758	-	-	142,758
Total		\$ 421,380	\$ -	\$ -	\$ 421,380

See report of independent auditors.

**City of Agoura Hills
Proposition C Local Return Fund
Balance Sheets**

		June 30	
		2019	2018
ASSETS			
Cash and investments	\$	168,132	164
Due from LACMTA		600,000	-
Total assets	\$	<u>768,132</u>	<u>\$ 164</u>
LIABILITIES AND FUND BALANCE			
Liabilities			
Accounts payable	\$	10,641	\$ 11,913
Accrued payroll and employee benefits		177	353
Due to other funds		-	72,000
Total liabilities		<u>10,818</u>	<u>84,266</u>
Fund balance (deficit)			
Restricted		<u>757,314</u>	<u>(84,102)</u>
Total fund balance (deficit)		<u>757,314</u>	<u>(84,102)</u>
Total liabilities and fund balance	\$	<u>768,132</u>	<u>\$ 164</u>

See notes to Funds financial statements.

City of Agoura Hills
Proposition C Local Return Fund
Statements of Revenues, Expenditures and Changes in Fund Balance

	Years ended June 30	
	2019	2018
Revenues		
Proposition C	\$ 350,003	\$ 326,643
Interest income	8,450	2,737
Other revenues	1,698,759	-
Total revenues	2,057,212	329,380
Expenditures		
Various projects	1,215,796	539,995
Total expenditures	1,215,796	539,995
Excess (deficiency) of revenues over expenditures	841,416	(210,615)
Fund balance (deficit) at beginning of year	(84,102)	126,513
Fund balance (deficit) at end of year	\$ 757,314	\$ (84,102)

See notes to Funds financial statements.

City of Agoura Hills
Proposition C Local Return Fund
Supplementary Information
Schedule of Expenditures – Actual and LACMTA Approved Project Budget
Year ended June 30, 2019
(With Comparative Actuals for 2018)

Project Code	Project Name	2019		Variance Positive (Negative)	2018 Actual
		LACMTA Budget	Actual		
400-02	Traffic Signal Sync - Management/Maintenance	\$ 71,200	\$ 75,657	\$ (4,457)	\$ 76,934
440-14	Annual Overlay	-	-	-	417,921
480-03	Administration - Prop C	14,203	15,129	(926)	45,140
500-07	Chesebro Crossing at 101 (Interchange Improvements)	715,905	1,125,010 *	(409,105)	-
Total expenditures		\$ 801,308	\$ 1,215,796	\$ (414,488)	\$ 539,995

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

LACMTA Budget		\$ 715,905
Total expenditures	\$ 1,125,010	
Less: Measure R Highway Program grant (Note 11)	(1,098,769)	
LA County grant (Note 11)	<u>(600,000)</u>	
PCLRF expenditures		<u>(573,759)</u>
Actual Variance Positive (Negative)		<u>\$ 1,289,664</u>

See report of independent auditors.

City of Agoura Hills
Proposition C Local Return Fund
Supplementary Information
Schedule of Capital Assets
Year ended June 30, 2019

Date Acquired	Description	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019
None		\$ -	\$ -	\$ -	\$ -
	Total	\$ -	\$ -	\$ -	\$ -

See report of independent auditors.

**City of Agoura Hills
Measure R Local Return Fund
Balance Sheets**

		June 30		
		2019	2018	
ASSETS				
Cash and investments	\$	206,598	\$	44,148
Total assets		\$ 206,598	\$ 44,148	
LIABILITIES AND FUND BALANCE				
Liabilities				
Accounts payable	\$	150,976	\$	-
Retention payable		13,447		6,723
Accrued payroll and employee benefits		-		88
Total liabilities		164,423	6,811	
Fund balance				
Restricted		42,175		37,337
Total fund balance		42,175	37,337	
Total liabilities and fund balance		\$ 206,598	\$ 44,148	

See notes to Funds financial statements.

City of Agoura Hills
Measure R Local Return Fund

Statements of Revenues, Expenditures and Changes in Fund Balance

		Years ended June 30	
		2019	2018
Revenues			
Measure R	\$	262,578	\$ 245,807
Interest income		3,240	1,610
Total revenues		265,818	247,417
 Expenditures			
Various projects		260,980	238,058
Total expenditures		260,980	238,058
Excess of revenues over expenditures		4,838	9,359
Fund balance at beginning of year		37,337	27,978
Fund balance at end of year		\$ 42,175	\$ 37,337

See notes to Funds financial statements.

City of Agoura Hills
Measure R Local Return Fund
Supplementary Information

**Schedule of Expenditures – Actual and LACMTA Approved Project Budget
Year ended June 30, 2019
(With Comparative Actuals for 2018)**

Project Code	Project Name	2019			2018 Actual
		LACMTA Budget	Actual	Variance Positive (Negative)	
01-001	Street & Main Repair - Annual Overlay	\$ 411,500	\$ -	\$ 411,500	\$ -
01-002	Capacity Enhancements (Chesebro Bridge)	850,000	-	850,000	-
01-003	Capacity Enhancements - Agoura Road Widening	3,500,000	-	3,500,000	-
01-004	Street & Main Repair - Annual Overlay	213,000	-	213,000	-
01-005	Capacity Enhancements - Chesebro Bridg	1,325,000	-	1,325,000	-
01-006	Capacity Enhancements - Agoura Road Widening	2,250,000	-	2,250,000	-
01-007	Street Repair and Maintenance	420,560	-	420,560	-
01-008	Street & Main Repair - Annual Overlay	249,000	-	249,000	-
01-009	Street Repair and Maintenance	210,000	-	210,000	-
01-010	Street Repair and Maintenance	210,000	-	210,000	-
01-011	Street Repair and Maintenance - Annual Overlay	160,000	167,483	(7,483)	-
06-003	Street Repair and Maintenance	-	-	-	238,058
07-001	Other Planning, Engineering (Contract Services)	50,000	50,000	-	-
08-001	Fund Administration (20% cap) Staff Administration (Measure R Projects)	537,879	-	537,879	-
08-002	Fund Administration (20% cap) Staff Administration (Measure R Projects)	626,086	-	626,086	-
08-003	Fund Administration (20% cap) Staff Administration (Measure R Projects)	18,435	-	18,435	-
08-004	Fund Administration (20% cap) Staff Administration (Measure R Projects)	19,380	43,497	(24,117)	-
Total expenditures		\$ 11,050,840	\$ 260,980	\$ 10,789,860	\$ 238,058

See report of independent auditors.

City of Agoura Hills
Measure R Local Return Fund
Supplementary Information
Schedule of Capital Assets
Year ended June 30, 2019

Date Acquired	Description	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019
	None	\$ -	\$ -	\$ -	\$ -
	Total	\$ -	\$ -	\$ -	\$ -

See report of independent auditors.

**City of Agoura Hills
Measure M Local Return Fund
Balance Sheets**

		June 30	
		2019	2018
ASSETS			
Cash and investments	\$	50,488	\$ 10,294
Total assets	\$	50,488	\$ 10,294
LIABILITIES AND FUND BALANCE			
Liabilities			
Accounts payable	\$	298	\$ 6,953
Accrued payroll and employee benefits		519	-
Total liabilities		817	6,953
Fund balance			
Restricted		49,671	3,341
Total fund balance		49,671	3,341
Total liabilities and fund balance	\$	50,488	\$ 10,294

See notes to Funds financial statements.

City of Agoura Hills
Measure M Local Return Fund
Statements of Revenues, Expenditures and Changes in Fund Balance

	Years ended June 30	
	2019	2018
Revenues		
Measure M	\$ 295,968	\$ 222,757
Interest income	651	20
Total revenues	296,619	222,777
Expenditures		
Various projects	250,289	219,436
Total expenditures	250,289	219,436
Excess of revenues over expenditures	46,330	3,341
Fund balance at beginning of year	3,341	-
Fund balance at end of year	\$ 49,671	\$ 3,341

See notes to Funds financial statements.

City of Agoura Hills
Measure M Local Return Fund
Supplementary Information
Schedule of Expenditures – Actual and LACMTA Approved Project Budget
Year ended June 30, 2019
(With Comparative Actuals for 2018)

Project Code	Project Name	2019			2018 Actual
		LACMTA Budget	Actual	Variance Positive (Negative)	
01-001	Street Repair and Maintainance	\$ 47,500	\$ -	\$ 47,500	\$ 114,038
01-002	Street Repair and Maintainance	60,000	-	60,000	-
01-003	Street Repair and Maintainance	60,000	60,000	-	-
01-004	Street Repair and Maintainance	47,500	50,276	(2,776)	-
02-001	Other - Traffic Marking and Striping	20,000	-	20,000	20,936
02-002	Other - Traffic Signing	13,000	-	13,000	13,000
02-003	Other - Traffic Marking and Striping	20,000	20,000	-	-
02-004	Other - Traffic Signing	13,000	13,298	(298)	-
07-001	Other Planning, Engineering - Contract Services	42,500	-	42,500	71,462
07-002	Other Planning, Engineering - Traffic Engineer	22,500	-	22,500	-
07-003	Other Planning, Engineering - Contract Services	42,500	42,500	-	-
07-004	Other Planning, Engineering - Traffic Engineer	22,500	22,500	-	-
08-001	Fund Administration - Personnel - Public Works	38,532	41,715	(3,183)	-
08-002	Fund Administration - Personnel - Public Works	38,760	-	38,760	-
Total expenditures		\$ 488,292	\$ 250,289	\$ 238,003	\$ 219,436

See report of independent auditors.

City of Agoura Hills
Measure M Local Return Fund
Supplementary Information
Schedule of Capital Assets
Year ended June 30, 2019

Date Acquired	Description	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019
None		\$ -	\$ -	\$ -	\$ -
	Total	\$ -	\$ -	\$ -	\$ -

See report of independent auditors.

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

		June 30	
		2019	2018
ASSETS			
Cash and investments	\$	-	\$ -
	Total assets	\$ -	\$ -
LIABILITIES AND FUND BALANCE			
Liabilities			
Accounts payable	\$	-	\$ -
	Total liabilities	-	-
Fund balance			
Restricted		-	-
	Total fund balance	-	-
	Total liabilities and fund balance	\$ -	\$ -

See notes to Funds financial statements.

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

	Years ended June 30	
	2019	2018
Revenues		
Intergovernmental Allocations:		
Article 3	\$ 14,259	\$ 13,825
Total revenues	14,259	13,825
Expenditures		
Construction/Maintenance	14,259	13,781
Total expenditures	14,259	13,781
Excess of revenues over expenditures	-	44
Fund balance (deficit) at beginning of year	-	(44)
Fund balance at end of year	\$ -	\$ -

See notes to Funds financial statements.

City of Agoura Hills
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, 2019

Project Description	Program Year	Totals to Date		Unexpended Allocations	Project Status
		Allocations	Expenditures		
Local Allocations:					
Annual Concrete Repair Project	2019	\$ 14,259	\$ 14,259	\$ -	Completed
Totals		<u>\$ 14,259</u>	<u>\$ 14,259</u>	-	
Fund balance at beginning of year				-	
Fund balance at end of year				<u>\$ -</u>	

See report of independent auditors.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fund Accounting

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

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

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

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

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

Basis of Accounting and Measurement Focus

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

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

Budgets and Budgetary Accounting

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

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 Comprehensive Annual Financial Report 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, 2019 and 2018:

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

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

Deferred Outflows and Inflows of Resources

Pursuant to GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, the City recognizes deferred outflows and deferred inflows of resources. A deferred outflow of resources is defined as a consumption of net position by the government that is applicable to a future reporting period. A deferred inflow of resources is defined as an acquisition of net position by the government that is applicable to a future reporting period.

Deferred inflows of resources reported by the City represent resources that are not available for spending as of June 30, 2019 and 2018.

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, 2019 and 2018, 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 Comprehensive Annual Financial Report (CAFR) for a full description of risks relating to cash and investments.

NOTE 8 DUE FROM OTHER GOVERNMENTS

Due from other governments reported in PALRF as of June 30, 2019 and 2018 consisted of the following:

	2019	2018
County of Los Angeles - Department of Public Works	\$ <u>27,429</u>	\$ <u>33,955</u>
	\$ <u><u>27,429</u></u>	\$ <u><u>33,955</u></u>

NOTE 9 PROPOSITION A DISCRETIONARY INCENTIVE PROGRAM GRANTS

The City received Proposition A Discretionary Incentive Grant amounting to \$41,685 and \$79,203 for the years ended June 30, 2019 and 2018, respectively, which represents additional funds received from LACMTA for participating in the sub-regional paratransit services program.

The Proposition A Discretionary Incentive Program Grants were recorded in PALRF.

NOTE 10 REIMBURSEMENTS FROM THE COUNTY OF LOS ANGELES – PALRF

In September 2018, the City entered into a Cooperative Agreement with the County of Los Angeles Department of Public Works (the County) for the continuation of the Agoura Hills Paratransit Service for the period from July 1, 2018 through June 30, 2020. The City invoices the County the actual per-ride cost of each ride provided to unincorporated County community residents plus an administrative cost equal to the cost of one service hour per day of service. The per ride cost is calculated based on the City’s actual monthly operating cost divided by the total one-way ridership and using a trip length factor. For the years ended June 30, 2019 and 2018, the City invoiced the County a total of \$28,233 and \$70,609, respectively.

NOTE 11 OTHER REVENUES – PCLRF

Other revenues under PCLRF for the year ended June 30, 2019 consist of the following:

County of Los Angeles – Department of Public Works grant	\$ 600,000
Measure R Highway Program Grant*	1,098,759
	\$ 1,698,759

* Measure R Highway Program Grant

The City entered into a Funding Agreement (No. MOU.MR311.03) with LACMTA for the Palo Comado Canyon Road Interchange Improvements Project (the Project) on July 6, 2010, which was amended by Amendment No. 1 on November 11, 2011. The total designated amount for the project is \$2,590,000. The funds will be released to the City on a reimbursement basis in accordance with invoices submitted in support of the monthly progress report and the quarterly expenditure report submitted to LACMTA. On August 14, 2017, the Funding Agreement was further amended to increase the total designated amount for the Project to \$4,000,000.

The City recognized \$1,098,759 of reimbursement for this project during the year ended June 30, 2019.

NOTE 12 TRANSPORTATION DEVELOPMENT ACT ARTICLE 3 FUND REVENUE ALLOCATION

The revenue allocations for the years ended June 30, 2019 and 2018 consisted of the following:

		2019		2018
FY 2017/18 allocation	\$	-	\$	13,825
FY 2018/19 allocation		14,259		-
	\$	14,259	\$	13,825

NOTE 13 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, 2019 and 2018, the City did not have TDA Article 3 Funds left on reserve.

NOTE 14 SUBSEQUENT EVENTS

The City has evaluated subsequent events through December 17, 2019, the date the financial statements were available to be issued, and concluded no events have occurred that require disclosure 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 Agoura Hills, 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 Agoura Hills, California (the City) as of and for the year ended June 30, 2019, and the related notes to the financial statements, and have issued our report thereon dated December 17, 2019.

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) 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 City's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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



Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's Proposition A Local Return Fund, Proposition C Local Return Fund, Measure R Local Return Fund, Measure M Local Return Fund and Transportation Development Act Article 3 Fund financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

**Glendale, California
December 17, 2019**

COMPLIANCE SECTION

Report of Independent Auditors on Compliance

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

Report on Compliance

We have audited the compliance of the City of Agoura Hills, California (the City) with the Proposition A and Proposition C Local Return Guidelines, Measure R Local Return Guidelines, Measure M Local Return Guidelines, Transportation Development Act Article 3, and the Los Angeles County Metropolitan Transportation Authority's Funding and Allocation Guidelines for Transportation Development Act Article 3 Bicycle and Pedestrian Funds (collectively, the Guidelines) for the year ended June 30, 2019.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion

In our opinion, the City of Agoura Hills, California complied, in all material respects, with the compliance requirements of the Guidelines for the year ended June 30, 2019.



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 "Vaguez & Company LLP". The signature is written in a cursive, flowing style.

**Glendale, California
December 17, 2019**

**City of Agoura Hills
Compliance Matrix
Year ended June 30, 2019**

Compliance Requirements	In Compliance			Questioned Costs	If no, provide details and management response.
	Yes	No	N/A		
A. Proposition A and Proposition C Local Return Funds					
1. Uses the State Controller's Uniform System of Accounts and Records.	X				
2. Timely use of funds.	X				
3. Funds expended were approved and have not been substituted for property tax.	X				
4. Expenditures that exceeded 25% of approved project budget have approved amended Project Description Form (Form A)	X				
5. Administrative expenses are within the 20% cap of the total annual Local Return Expenditures.	X				
6. All on-going and carryover projects were reported in Form B.	X				
7. Annual Project Summary Report (Form B) was submitted timely.	X				
8. Annual Expenditure Report (Form C) was submitted timely.	X				
9. Cash or cash equivalents are maintained.	X				
10. Accounting procedures, record keeping and documentation are adequate.	X				
11. Pavement Management System (PMS) in place and being used for Street Maintenance or Improvement Projects Expenditures.	X				
12. Local Return Account is credited for reimbursable expenditures.			X		
13. Self-Certification was completed and submitted for Intelligent Transportation Systems projects or elements.			X		
14. Assurances and Understandings form was on file.	X				
15. Recreational Transit Form was submitted timely.	X				

See report of independent auditors on compliance.

**City of Agoura Hills
Compliance Matrix
Year ended June 30, 2019**

Compliance Requirements	In Compliance			Questioned Costs	If no, provide details and management response.
	Yes	No	N/A		
B. Measure R Local Return Fund					
1. Funds were expended for transportation purposes.	X				
2. Funds were used to augment, not supplant, existing local revenues being used for transportation purposes unless there is a funding shortfall.	X				
3. Signed Assurances and Understandings on file.	X				
4. Separate Measure R Local Return Account was established.	X				
5. Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure R Local Return Account.	X				
6. Funds were expended with LACMTA's approval.	X				
7. Expenditure Plan (Form One) was submitted timely.	X				
8. Expenditure Report (Form Two) was submitted timely.	X				
9. Timely use of funds.	X				
10. Administrative expenses are within the 20% cap.	X				
11. Fund exchanges were approved by LACMTA.			X		
12. A separate account was established for Capital reserve funds and Capital reserve was approved by LACMTA.			X		
13. Recreational transit form was submitted timely.			X		

See report of independent auditors on compliance.

**City of Agoura Hills
Compliance Matrix
Year ended June 30, 2019**

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

See report of independent auditors on compliance.

**City of Agoura Hills
Compliance Matrix
Year ended June 30, 2019**

Compliance Requirements	In Compliance			Questioned Costs	If no, provide details and management response.
	Yes	No	N/A		
D. Transportation Development Act Article 3 Fund					
1. Timely use of funds.	X				
2. Expenditures were incurred for activities relating to pedestrian and bicycle facilities and amenities.	X				

See report of independent auditors on compliance.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**City of Agoura Hills
Schedule of Findings and Questioned Costs
Year ended June 30, 2019**

There were no findings noted.

EXIT CONFERENCE

An exit conference was held on December 17, 2019 with the City of Agoura Hills representatives. Those in attendance were:

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

City of Agoura Hills representatives:
 Louis Celaya – Deputy City Manager
 Christy Pinuelas – Director of Finance
 Melinda Brodsly – Finance Manager

Matters discussed:

Results of the audit disclosed no significant financial and compliance issues.

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

 Louis Celaya – Deputy City Manager
 Christy Pinuelas – Director of Finance
 Melinda Brodsly – Finance Manager



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Vasquez & Company LLP has 50 years of experience in performing audit, accounting & consulting services for all types of nonprofit organizations, for-profit companies, governmental entities and publicly traded companies. Vasquez is a member of the RSM US Alliance. RSM US Alliance provides its members with access to resources of RSM US LLP. RSM US Alliance member firms are separate and independent businesses and legal entities that are responsible for their own acts and omissions, and each are separate and independent from RSM US LLP. RSM US LLP is the U.S. member firm of RSM International, a global network of independent audit, tax, and consulting firms. Members of RSM US Alliance have access to RSM International resources through RSM US LLP but are not member firms of RSM International. Visit rsmus.com/about-us for more information regarding RSM US LLP and RSM International. The RSM™ logo is used under license by RSM US LLP. RSM US Alliance products and services are proprietary to RSM US LLP.