

***CITY OF ARCADIA  
ANNUAL FINANCIAL REPORT OF THE  
PROPOSITION A LOCAL RETURN FUND  
PROPOSITION C LOCAL RETURN FUND  
MEASURE R LOCAL RETURN FUND  
MEASURE M LOCAL RETURN FUND  
TRANSPORTATION DEVELOPMENT ACT  
ARTICLE 3 FUND  
FOR THE FISCAL YEARS ENDED  
JUNE 30, 2021 AND 2020***



**Metro<sup>®</sup>**



Simpson & Simpson, LLP  
Certified Public Accountants

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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 Arcadia, California and the  
Los Angeles County Metropolitan Transportation Authority

### Report on the Financial Statements

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

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

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

### *Auditor's Responsibility*

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

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

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



### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the PALRF, PCLRF, MRLRF, MMLRF and TDAA3F of the City of Arcadia, California, as of June 30, 2021 and 2020, and the respective changes in their financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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

As discussed in Note 2, the financial statements present only the PALRF, PCLRF, MRLRF, MMLRF and TDAA3F of the City and do not purport to, and do not, present fairly the financial position of the City of Arcadia, California, as of June 30, 2021 and 2020, and the changes in its financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

### ***Supplementary Information***

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

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

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

In accordance with *Government Auditing Standards*, we have issued our report dated December 15, 2021, on our consideration of the City's internal control over the Funds' financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over the Funds' financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over the Funds' financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over the Funds' financial reporting and compliance.

A handwritten signature in cursive script, appearing to read 'Simpson &amp; Simpson'.

Los Angeles, California  
December 15, 2021

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

|  | 2021         | 2020         |
|--|--------------|--------------|
| <b>ASSETS</b>  |              |              |
| Cash and investments   | \$ 2,740,877 | \$ 2,699,146 |
| Interest receivable  | 3,670        | 9,951        |
| Total assets   | \$ 2,744,547 | \$ 2,709,097 |
| <br><b>LIABILITIES AND FUND BALANCE</b>                                  |              |              |
| <b>Liabilities</b>   |              |              |
| Accounts payable   | \$ -         | \$ 50,739    |
| Retention payable  | -            | 2,414        |
| Accrued wages  | 5,359        | 4,621        |
| Total liabilities  | 5,359        | 57,774       |
| <br><b>Fund Balance</b>  |              |              |
| Restricted - Pasadena Gold Line Mass<br>Transit Station Project (Note 8) | 295,954      | 601,681      |
| Restricted   | 2,443,234    | 2,049,642    |
| Total fund balance   | 2,739,188    | 2,651,323    |
| Total liabilities and fund balance                                       | \$ 2,744,547 | \$ 2,709,097 |

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

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

|  | 2021         | 2020         |
|--|--------------|--------------|
| <b>REVENUES</b>                          |              |              |
| Proposition A                            | \$ 1,184,894 | \$ 1,116,766 |
| Interest income                          | 31,490       | 51,439       |
| Unrealized gain (loss) on investment     | (20,383)     | 37,346       |
| Total revenues                           | 1,196,001    | 1,205,551    |
| <br><b>EXPENDITURES</b>                  |              |              |
| Various projects                         | 1,108,136    | 1,062,746    |
| Total expenditures                       | 1,108,136    | 1,062,746    |
| <br>Excess of revenues over expenditures | 87,865       | 142,805      |
| <br>Fund balance at beginning of year    | 2,651,323    | 2,508,518    |
| <br>Fund balance at end of year          | \$ 2,739,188 | \$ 2,651,323 |

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



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

| Project Code       | Project Name   | 2021                |                     |                                  | 2020 Actual         |
|--------------------|--|---------------------|---------------------|----------------------------------|---------------------|
|                    |  | Metro Budget        | Actual              | Variance Favorable (Unfavorable) |                     |
| 107                | Arcadia Dial-A-Ride Transit  | \$ 21,000           | \$ -                | \$ 21,000                        | \$ 708,435          |
| 120                | Arcadia Transit Services   | 910,000             | 535,266             | 374,734                          | -                   |
| 155                | Recreational Transportation  | 22,000              | 17,900              | 4,100                            | -                   |
| 155                | Recreational Transit   | 21,000              | -                   | 21,000                           | 20,700              |
| 170                | Bus Stop Improvement/Maintenance                                   | 130,000             | 127,799             | 2,201                            | 128,142             |
| 170                | Bus Stop Improvements/Maintenance                                  | 127,000             | -                   | 127,000                          | -                   |
| 180                | Arcadia Transit Service Restructuring and Feasibility Study        | 100,000             | -                   | 100,000                          | -                   |
| 205                | Bus Benches and Trash Receptacles Replacements                     | 10,000              | -                   | 10,000                           | -                   |
| 205                | Bus Benches and Trash Receptacles @ Local Bus Stops (Replacements) | 10,000              | -                   | 10,000                           | -                   |
| 281                | Capital Reserves Pasadena Gold Line Mass Transit Station (Note 8)  | 10,000              | 303,214             | (293,214) *                      | 85,463              |
| 580                | Regional Light Rail Marketing, Planning, Administration            | 6,000               | -                   | 6,000                            | -                   |
| 610                | Direct Administration  | 125,000             | 123,957             | 1,043                            | 120,006             |
| 610                | Direct Administration  | 120,000             | -                   | 120,000                          | -                   |
| Total expenditures |  | \$ <u>1,612,000</u> | \$ <u>1,108,136</u> | \$ <u>503,864</u>                | \$ <u>1,062,746</u> |

\* This is a capital project and therefore, the 25% excess over the budget compliance requirement does not apply.

See accompanying independent auditor's report.

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

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

See accompanying independent auditor's report.

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

|  | 2021         | 2020         |
|--|--------------|--------------|
| <b>ASSETS</b>  |              |              |
| Cash and investments   | \$ 2,585,762 | \$ 3,394,923 |
| Interest receivable  | 4,653        | 14,063       |
| Total assets   | \$ 2,590,415 | \$ 3,408,986 |
| <br><b>LIABILITIES AND FUND BALANCE</b>                                  |              |              |
| <b>Liabilities</b>   |              |              |
| Accounts payable   | \$ 573,827   | \$ 87,276    |
| Retention payable  | 159,407      | 3,622        |
| Vouchers payable   | 8,000        | -            |
| Accrued wages  | 2,693        | 2,321        |
| Total liabilities  | 743,927      | 93,219       |
| <br><b>Fund Balance</b>  |              |              |
| Restricted - Pasadena Gold Line Mass<br>Transit Station Project (Note 8) | 443,931      | 902,521      |
| Restricted   | 1,402,557    | 2,413,246    |
| Total fund balance   | 1,846,488    | 3,315,767    |
| Total liabilities and fund balance                                       | \$ 2,590,415 | \$ 3,408,986 |

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

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

|  | 2021         | 2020         |
|--|--------------|--------------|
| <b>REVENUES</b>  |              |              |
| Proposition C  | \$ 982,827   | \$ 926,360   |
| Interest income  | 37,245       | 74,464       |
| Unrealized gain (loss) on investment                               | (29,559)     | 55,778       |
| Gold Line Pedestrian Linkage Grant (Note 9)                        | 731,392      | -            |
| Total revenues   | 1,721,905    | 1,056,602    |
| <br><b>EXPENDITURES</b>  |              |              |
| Expenditures funded by PCLRF                                       | 2,459,792    | 802,529      |
| Expenditures funded by Gold Line Pedestrian Linkage Grant (Note 9) | 731,392      | -            |
| Total expenditures   | 3,191,184    | 802,529      |
| <br>Excess (deficiency) of revenues over expenditures              | (1,469,279)  | 254,073      |
| <br>Fund balance at beginning of year                              | 3,315,767    | 3,061,694    |
| <br>Fund balance at end of year                                    | \$ 1,846,488 | \$ 3,315,767 |

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

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

| Project Code | Project Name  | 2021         |              |                                  | 2020 Actual |
|--------------|---|--------------|--------------|----------------------------------|-------------|
|              |   | Metro Budget | Actual       | Variance Favorable (Unfavorable) |             |
| 281          | Capital Reserves Pasadena Gold Line Mass Transit Station (Note 8)       | \$ 10,000    | \$ 454,821   | \$ (444,821) *                   | \$ 128,194  |
| 620          | Direct Administration   | 120,000      | 103,657      | 16,343                           | 102,606     |
| 620          | Direct Administration   | 120,000      | -            | 120,000                          | -           |
| 705          | Duarte Road from Santa Anita Avenue to Fifth Avenue                     | 800,000      | -            | 800,000                          | -           |
| 705          | Huntington Drive West of Michillinda Avenue - Pavement Rehabilitation   | 12,000       | -            | 12,000                           | 12,000      |
| 705          | Arterial Streets Bridge Rehabilitation                                  | 76,000       | -            | 76,000                           | -           |
| 705          | Huntington Drive from Santa Clara Street to Fifth Avenue                | 1,250,000    | 1,115,880    | 134,120                          | 451,754     |
| 705          | Miscellaneous Arterial Rehabilitation                                   | 400,000      | -            | 400,000                          | 6,965       |
| 705          | Baldwin Avenue Minor Repairs  | 100,000      | -            | 100,000                          | 4,533       |
| 705          | Live Oak Avenue from Santa Anita Avenue to the East City Limits         | 800,000      | -            | 800,000                          | -           |
| 705          | Street Rehab: Live Oak Ave from Santa Anita Ave to the East City Limits | 900,000      | 55,518       | 844,482                          | 95,397      |
| 705          | Street Rehab: Duarte Road from Santa Anita Ave. to Fifth Ave            | 800,000      | -            | 800,000                          | -           |
| 705          | Arterial Streets Bridge Rehabilitation                                  | 76,000       | -            | 76,000                           | -           |
| 705          | Street Rehab: Huntington Dr. From Santa Clara St. to 5th St             | 1,250,000    | -            | 1,250,000                        | -           |
| 705          | Street Rehab: Baldwin Ave. - Camino Real to Las Tunas Minor Repairs     | 100,000      | 2,716        | 97,284                           | -           |
| 705          | Street Rehab: Miscellaneous Arterial Rehabilitation                     | 400,000      | -            | 400,000                          | -           |
| 765          | Pavement Management Program   | 44,000       | 50,813       | (6,813)                          | -           |
| 765          | Pavement Management Study   | 44,000       | -            | 44,000                           | 1,080       |
| 805          | Gold Line/Downtown Pedestrian Improvements                              | 840,000      | 676,387      | 163,613                          | -           |
|              | Total expenditures funded by PCLRF                                      | \$ 8,142,000 | \$ 2,459,792 | \$ 5,682,208                     | \$ 802,529  |

\* This is a capital project and therefore, the 25% excess over the budget compliance requirement does not apply.

See accompanying independent auditor's report.

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

| Project<br>Code | Project Name   | 2021            |              | Variance<br>Favorable<br>(Unfavorable) | 2020<br>Actual |
|-----------------|--|-----------------|--------------|--|----------------|
|                 |  | Metro<br>Budget | Actual       |  |                |
| 805             | Gold Line/Downtown Pedestrian<br>Improvements (Note 9)             |                 | 731,392      |  | -              |
|                 | Total expenditures funded by Gold Line<br>Pedestrian Linkage Grant |                 | 731,392      |  | -              |
|                 | Total expenditures   |                 | \$ 3,191,184 |  | \$ 802,529     |

See accompanying independent auditor's report.

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

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

See accompanying independent auditor's report.

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

|   | 2021         | 2020         |
|---|--------------|--------------|
| <b>ASSETS</b>                           |              |              |
| Cash and investments                    | \$ 1,023,955 | \$ 1,347,515 |
| Interest receivable                     | 1,009        | 4,739        |
| Total assets                            | \$ 1,024,964 | \$ 1,352,254 |
| <br><b>LIABILITIES AND FUND BALANCE</b> |              |              |
| <b>Liabilities</b>                      |              |              |
| Accounts payable                        | \$ 2,734     | \$ 328,424   |
| Retention payable                       | -            | 17,154       |
| Accrued wages                           | 1,852        | 1,596        |
| Total liabilities                       | 4,586        | 347,174      |
| <br><b>Fund Balance</b>                 |              |              |
| Restricted                              | 1,020,378    | 1,005,080    |
| Total fund balance                      | 1,020,378    | 1,005,080    |
| Total liabilities and fund balance      | \$ 1,024,964 | \$ 1,352,254 |

See accompanying independent auditor's report.



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

|  | 2021         | 2020         |
|--|--------------|--------------|
| <b>REVENUES</b>  |              |              |
| Measure R  | \$ 738,142   | \$ 693,776   |
| Interest income  | 8,853        | 20,511       |
| Unrealized gain (loss) on investment                                 | (14,309)     | 18,866       |
| State CalTrans ATP Grant (Note 10)                                   | 439,263      | -            |
| Metro Express Lanes Net Toll Revenue<br>Reinvestment Grant (Note 11) | -            | 174,055      |
| Miscellaneous  | -            | 2,044        |
| Total revenues   | 1,171,949    | 909,252      |
| <b>EXPENDITURES</b>  |              |              |
| Expenditures funded by MRLRF   | 717,388      | 787,295      |
| Expenditures funded by State CalTrans ATP Grant (Note 10)            | 439,263      | -            |
| Total expenditures   | 1,156,651    | 787,295      |
| Excess of revenues over expenditures                                 | 15,298       | 121,957      |
| Fund balance at beginning of year                                    | 1,005,080    | 883,123      |
| Fund balance at end of year  | \$ 1,020,378 | \$ 1,005,080 |

See accompanying independent auditor's report.

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

| Project Code | Project Name   | 2021                |                   |                                  | 2020 Actual       |
|--------------|--|---------------------|-------------------|----------------------------------|-------------------|
|              |  | Metro Budget        | Actual            | Variance Favorable (Unfavorable) |                   |
| 115          | Arcadia Transit Operations   | \$ 650,000          | \$ -              | \$ 650,000                       | \$ -              |
| 120          | Ongoing Operation of Arcadia Transit including Purchased Transportation Contract and Program and Management and Administration | 600,000             | 356,844           | 243,156                          | 346,928           |
| 490          | SGV Region Vehicle Miles Traveled Analysis Model - City Share  | 15,000              | -                 | 15,000                           | -                 |
| 630          | Direct Administration  | 75,000              | 69,684            | 5,316                            | -                 |
| 630          | Overall Administration of Measure R Local Return Funded Programs, Projects and Daily Planning Activities                       | 72,000              | -                 | 72,000                           | 68,932            |
| 705          | Street Rehab: Live Oak Avenue from Santa Anita Avenue to the East City Limits  | 300,000             | -                 | 300,000                          | -                 |
| 780          | SGV Region Vehicle Miles Traveled Analysis Model - City Share  | 15,000              | -                 | 15,000                           | -                 |
| 805          | Bicycle Facility Improvements Project  | 410,000             | -                 | 410,000                          | -                 |
| 816          | Bicycle Facility Improvements Project  | 407,000             | 290,860           | 116,140                          | 371,008           |
| 5.15         | Arcadia Transit Real - Time Passenger Information Project  | -                   | -                 | -                                | 427               |
|              | Total expenditures funded by MRLRF   | \$ <u>2,544,000</u> | \$ <u>717,388</u> | \$ <u>1,826,612</u>              | \$ <u>787,295</u> |
| 816          | Bicycle Facility Improvements Project (Note 10)  |                     | <u>439,263</u>    |                                  | <u>-</u>          |
|              | Total expenditures funded by State CalTrans ATP Grant  |                     | <u>439,263</u>    |                                  | <u>-</u>          |
|              | Total expenditures   | \$                  | <u>1,156,651</u>  | \$                               | <u>787,295</u>    |

See accompanying independent auditor's report.

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

| Date                  | Description           | Balance<br>7/1/2020 | Additions | Deletions | Balance<br>6/30/2021 |
|-----------------------|-----------------------|---------------------|-----------|-----------|----------------------|
| Acquired<br>6/30/2019 | Cross Gutter Drainage | \$ 608,872          | \$ -      | \$ -      | \$ 608,872           |
|                       | Total                 | \$ 608,872          | \$ -      | \$ -      | \$ 608,872           |

See accompanying independent auditor's report.

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

|   | 2021         | 2020       |
|---|--------------|------------|
| <b>ASSETS</b>                           |              |            |
| Cash and investments                    | \$ 1,244,304 | \$ 685,187 |
| Interest receivable                     | 2,235        | 2,838      |
| Total assets                            | \$ 1,246,539 | \$ 688,025 |
| <br><b>LIABILITIES AND FUND BALANCE</b> |              |            |
| <b>Liabilities</b>                      |              |            |
| Accounts payable                        | \$ 41,042    | \$ 162,245 |
| Retention payable                       | -            | 20,216     |
| Total liabilities                       | 41,042       | 182,461    |
| <br><b>Fund Balance</b>                 |              |            |
| Restricted                              | 1,205,497    | 505,564    |
| Total fund balance                      | 1,205,497    | 505,564    |
| Total liabilities and fund balance      | \$ 1,246,539 | \$ 688,025 |

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

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

|  | 2021         | 2020       |
|--|--------------|------------|
| <b>REVENUES</b>                          |              |            |
| Measure M                                | \$ 836,340   | \$ 781,458 |
| Interest income                          | 12,268       | 13,179     |
| Unrealized gain (loss) on investment     | (1,474)      | 5,254      |
| Total revenues                           | 847,134      | 799,891    |
| <br><b>EXPENDITURES</b>                  |              |            |
| Various projects                         | 147,201      | 532,574    |
| Total expenditures                       | 147,201      | 532,574    |
| <br>Excess of revenues over expenditures | 699,933      | 267,317    |
| <br>Fund balance at beginning of year    | 505,564      | 238,247    |
| <br>Fund balance at end of year          | \$ 1,205,497 | \$ 505,564 |

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

**CITY OF ARCADIA**  
**MEASURE M LOCAL RETURN FUND**  
**SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF EXPENDITURES**  
**ACTUAL AND METRO APPROVED PROJECT BUDGET**  
For the Fiscal Year Ended June 30, 2021

| Project Code | Project Name  | 2021                |                   |                                  | 2020 Actual       |
|--------------|---|---------------------|-------------------|----------------------------------|-------------------|
|              |   | Metro Budget        | Actual            | Variance Favorable (Unfavorable) |                   |
| 125          | Transit App Improvements  | \$ 45,000           | \$ -              | \$ 45,000                        | \$ -              |
| 240          | Transit App Improvements  | 45,000              | -                 | 45,000                           | -                 |
| 302          | Traffic Signal Improvements   | 150,000             | 46,343            | 103,657                          | -                 |
| 302          | Traffic Signal LED Project  | 50,000              | 19,862            | 30,138                           | 73,630            |
| 302          | Traffic Signal LED Project  | 50,000              | -                 | 50,000                           | -                 |
| 304          | Misc. Traffic Signal Improvements   | 150,000             | -                 | 150,000                          | 54,624            |
| 313          | Downtown Parking Utilization Study and Management Program                                     | 60,000              | -                 | 60,000                           | -                 |
| 450          | San Gabriel Valley Regional Vehicle-Miles Traveled (VMT) Mitigation Fee Structure Development | 5,000               | -                 | 5,000                            | -                 |
| 705          | Pavement Rehab Program  | 400,000             | -                 | 400,000                          | 404,320           |
| 705          | Pavement Rehab Program  | 400,000             | -                 | 400,000                          | -                 |
| 715          | Downtown Alley Improvements   | 150,000             | -                 | 150,000                          | -                 |
| 805          | Downtown Alley Improvements   | 150,000             | 9,255             | 140,745                          | -                 |
| 805          | Huntington Drive East - Sidewalk and Bus Stop   | 100,000             | 71,741            | 28,259                           | -                 |
|              | Total expenditures  | \$ <u>1,755,000</u> | \$ <u>147,201</u> | \$ <u>1,607,799</u>              | \$ <u>532,574</u> |

See accompanying independent auditor's report.

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

| Date<br>Acquired | Description           | Balance<br>7/1/2020 | Additions | Deletions | Balance<br>6/30/2021 |
|------------------|-----------------------|---------------------|-----------|-----------|----------------------|
| 5/2/2019         | Poweredge R440 Server | \$ 9,301            | \$ -      | \$ -      | \$ 9,301             |
|                  | Total                 | \$ 9,301            | \$ -      | \$ -      | \$ 9,301             |

See accompanying independent auditor's report.

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

|   | 2021      | 2020      |
|---|-----------|-----------|
| <b>ASSETS</b>                           |           |           |
| Due from Metro                          | \$ 73,557 | \$ 28,250 |
| Total assets                            | \$ 73,557 | \$ 28,250 |
| <br><b>LIABILITIES AND FUND BALANCE</b> |           |           |
| <b>Liabilities</b>                      |           |           |
| Accounts payable                        | \$ 14,180 | \$ -      |
| Due to General Fund                     | 99,776    | 28,250    |
| Total liabilities                       | 113,956   | 28,250    |
| <br><b>Fund Balance</b>                 |           |           |
| Unassigned                              | (40,399)  | -         |
| Total fund balance                      | (40,399)  | -         |
| Total liabilities and fund balance      | \$ 73,557 | \$ 28,250 |

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



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

|  | 2021                   | 2020             |
|--|------------------------|------------------|
| <b>REVENUES</b>                              |                        |                  |
| TDA 3  | \$ <u>73,557</u>       | \$ <u>28,250</u> |
| Total revenues                               | <u>73,557</u>          | <u>28,250</u>    |
| <br><b>EXPENDITURES</b>                      |                        |                  |
| ADA Improvements at Various Locations        | <u>113,956</u>         | <u>28,786</u>    |
| Total expenditures                           | <u>113,956</u>         | <u>28,786</u>    |
| <br>Deficiency of revenues over expenditures | <br>(40,399)           | <br>(536)        |
| <br>Fund balance at beginning of year        | <br><u>-</u>           | <br><u>536</u>   |
| <br>Fund balance at end of year              | <br><u>\$ (40,399)</u> | <br><u>\$ -</u>  |

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

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

| <u>Project Description</u>            | <u>Program<br/>Year</u> | <u>Allocations</u> | <u>Expenditures</u> | <u>Unexpended<br/>Allocations</u> | <u>Project<br/>Status</u> |
|---------------------------------------|-------------------------|--------------------|---------------------|-----------------------------------|---------------------------|
| <b>Local allocations</b>              |                         |                    |                     |                                   |                           |
| ADA Improvements at Various Locations | 2020-21                 | \$ 73,557          | \$ 113,956          | \$ (40,399)                       | Ongoing                   |
| Total                                 |                         | <u>\$ 73,557</u>   | <u>\$ 113,956</u>   | (40,399)                          |                           |
| Fund balance at beginning of year     |                         |                    |                     | -                                 |                           |
| Fund balance at end of year           |                         |                    |                     | <u>\$ (40,399)</u>                |                           |

See accompanying independent auditor's report.

**CITY OF ARCADIA**  
TRANSPORTATION DEVELOPMENT ACT ARTICLE 3 FUND  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF CAPITAL ASSETS  
June 30, 2021

| Date<br><u>Acquired</u> | <u>Description</u>                   | Balance<br><u>7/1/2020</u> | <u>Additions</u> | <u>Deletions</u> | Balance<br><u>6/30/2021</u> |
|-------------------------|--------------------------------------|----------------------------|------------------|------------------|-----------------------------|
| 10/18/2018              | Colorado Sidewalk Access Gap Closure | \$ 48,358                  | \$ -             | \$ -             | \$ 48,358                   |
|                         | Total                                | \$ <u>48,358</u>           | \$ <u>-</u>      | \$ <u>-</u>      | \$ <u>48,358</u>            |

See accompanying independent auditor's report.

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

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

*Fund Accounting*

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

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

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

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

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

*Basis of Accounting and Measurement Focus*

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

Special Revenue Funds are reported on the spending or “financial flow” measurement focus. This means that generally only current assets, current liabilities and deferred inflows and outflows of resources are included on their balance sheets. The statement of revenues, expenditures and changes in fund balance for Special Revenue Funds generally presents increases (revenue and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

*Budgets and Budgetary Accounting*

The budgeted amounts presented in this report for comparison to the actual amounts are presented in accordance with accounting principles generally accepted in the United States of America.

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

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

*Fair Value Measurement*

In accordance with Government Accounting Standard Board (GASB) Statement No. 72, *Fair Value Measurement and Application*, which became effective for the fiscal year ended June 30, 2016, the City categorizes its fair value measurement within the fair value hierarchy that is based on the valuation inputs used to measure the fair value of the investment. Level 1 inputs are quoted prices in active markets for identical investments; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Accordingly, the City reports its investment at fair value and recognizes unrealized gain (loss) on investments.

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

*Fund Balance Reporting*

GASB Statement No.54, *Fund Balance Reporting and Governmental Fund Type Definitions*, establishes the fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of resources reported in governmental funds.

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

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

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

**NOTE 2 – ANNUAL FINANCIAL STATEMENTS**

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

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

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

In accordance with Proposition A and Proposition C Local Return Program Guidelines, funds received pursuant to these guidelines may only be used for Proposition A and Proposition C Local Return approved programs. See accompanying Compliance Matrix.

**NOTE 4 – MEASURE R LOCAL RETURN COMPLIANCE REQUIREMENTS**

In accordance with Measure R Local Return Program Guidelines, funds received pursuant to these guidelines may only be used for Measure R Local Return approved programs. See accompanying Compliance Matrix.

**NOTE 5 – MEASURE M LOCAL RETURN COMPLIANCE REQUIREMENTS**

On June 23, 2016, the Metro Board of Directors approved the Los Angeles County Traffic Improvement Plan Ordinance, known as Measure M. In accordance with Measure M Local Return Program Guidelines, funds received pursuant to these guidelines may only be used for Measure M Local Return approved programs. See accompanying Compliance Matrix.

**NOTE 6 – TRANSPORTATION DEVELOPMENT ACT COMPLIANCE REQUIREMENTS**

In accordance with Public Utilities Code Section 99234, funds received pursuant to this Code's section may only be used for activities relating to pedestrians and bicycle facilities. See accompanying Compliance Matrix.

**NOTE 7 – CASH AND INVESTMENTS**

The PALRF, PCLRF, MRLRF, MMLRF and TDAA3F's cash and investment balances were pooled with various other City funds for deposit and investment purposes. The share of each fund in the pooled cash and investments account was separately maintained and interest income was apportioned to the participating funds based on the relationship of their average quarterly balances to the total of the pooled cash and investments.

**NOTE 8 – CAPITAL RESERVE**

In September 2004, Metro and the City entered into capital reserve agreements to establish a capital reserve account (Account) for the Pasadena Gold Line Future Mass Transit Station Project. On July 23, 2009, Metro and the City amended the agreement to extend the expiration of the agreement from September 2, 2009 to June 30, 2012. On June 14, 2012, the Metro Board, authorized an extension on the term of the Account to June 30, 2021. In fiscal year 2021, the Metro Board authorized another extension on the term of the Account to June 30, 2026.

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

**NOTE 8 – CAPITAL RESERVE (Continued)**

The Account will be funded with the Proposition A and 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. The Account, including interest earned, is recorded in a separate fund and the balance of that fund is combined with the PALRF and PCLRF for financial reporting purposes.

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

|  | PALRF      | PCLRF      |
|--|------------|------------|
| Capital reserve at 6/30/2019             | \$ 663,092 | \$ 994,634 |
| Investment income during the year        | 24,052     | 36,081     |
| Expenditure during the year              | (85,463)   | (128,194)  |
| Capital reserve at 6/30/2020             | 601,681    | 902,521    |
| Investment income (loss) during the year | (2,513)    | (3,769)    |
| Expenditure during the year              | (303,214)  | (454,821)  |
| Capital reserve at 6/30/2021             | \$ 295,954 | \$ 443,931 |

**NOTE 9 – GOLD LINE PEDESTRIAN LINKAGE GRANT**

Gold Line Pedestrian Linkage Grant represents additional funds received from California Department of Transportation for the City of Arcadia Gold Line Station Pedestrian Improvement. The grant is on a reimbursement basis, and the total grant revenues and expenditures for the fiscal years ended June 30, 2021 and 2020 were \$731,392 and \$0, respectively.

**NOTE 10 – STATE CALTRANS ATP GRANT**

State CalTrans ATP Grant represents additional funds received from California Department of Transportation for the City of Arcadia Bicycle Facility Improvement. The grant is on a reimbursement basis, and the total grant revenues and expenditures for the fiscal years ended June 30, 2021 and 2020 were \$439,263 and \$0, respectively.

**NOTE 11 – METRO EXPRESS LANES NET TOLL REVENUE REINVESTMENT GRANT**

Metro Express Lanes Net Toll Revenue Reinvestment Grant MOU MX201441 represents additional funds received from Metro for the City of Arcadia Transit and Pedestrian Mobility Enhancement. The grant is on a reimbursement basis, and the total grant revenue for the fiscal years ended June 30, 2021 and 2020 were \$0 and \$174,055 respectively.

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

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

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

|                         | 2021             | 2020             |
|-------------------------|------------------|------------------|
| FY 2014-15 allocation   | \$ -             | \$ 3,010         |
| FY 2015-16 allocation   | 157              | 25,240           |
| FY 2016-17 allocation   | 38,276           | -                |
| FY 2017-18 allocation   | 35,124           | -                |
| Total payment requested | \$ <u>73,557</u> | \$ <u>28,250</u> |

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

In accordance with TDA Article 3 (SB821) Guidelines, funds not spent during the fiscal year have been placed on reserve in the Local Transportation Fund (LTF) account with the County Auditor-Controller to be drawn down whenever the funds become eligible for a specific project and an approved drawdown request is received by Metro. As of June 30, 2021, and 2020, the City has funds on reserve as follows:

|                           | 2021              | 2020              |
|---------------------------|-------------------|-------------------|
| FY 2015-16 allocation     | \$ -              | \$ 157            |
| FY 2016-17 allocation     | -                 | 38,276            |
| FY 2017-18 allocation     | 2,035             | 37,159            |
| FY 2018-19 allocation     | 38,898            | 38,898            |
| FY 2019-20 allocation     | 41,569            | 41,569            |
| FY 2020-21 allocation     | 32,829            | -                 |
| Available reserve balance | \$ <u>115,331</u> | \$ <u>156,059</u> |

**NOTE 14 – IMPACT OF CORONAVIRUS**

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 10, 2020, declared it to be a pandemic. The coronavirus and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the United States.

It is unknown how long these conditions will last and what the complete financial effect will be to businesses and other affected organizations, including local governmental entities. However, the City's Management believes that the financial impact, if any, will not materially affect the June 30, 2021 Funds' financial statement.



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

**NOTE 15 – SUBSEQUENT EVENTS**

The City has evaluated events or transactions that occurred subsequent to June 30, 2021 through December 15, 2021, 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.



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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 Arcadia, California and the  
Los Angeles County Metropolitan Transit Authority

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Proposition A Local Return Fund, Proposition C Local Return Fund, Measure R Local Return Fund, Measure M Local Return Fund, and Transportation Development Act Article 3 Fund (collectively, the Funds) of the City of Arcadia, California (the City), as of and for the year ended June 30, 2021, and the related notes to the financial statements, and have issued our report thereon dated December 15, 2021.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the Funds’ financial statements, we considered the City’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the Funds’ financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City’s internal control. Accordingly, we do not express an opinion on the effectiveness of the City’s internal control.

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

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



## **Compliance and Other Matters**

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

A handwritten signature in cursive script that reads "Simpson &amp; Simpson".

Los Angeles, California  
December 15, 2021

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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 Arcadia, California and the  
Los Angeles County Metropolitan Transit Authority

### Report on Compliance

We have audited the compliance of the City of Arcadia, California (the City) with the Proposition A and Proposition C Local Return Guidelines, Measure R Local Return Guidelines, Measure M Local Return Guidelines, Transportation Development Act Article 3, and the Los Angeles County Metropolitan Transportation Authority's Funding and Allocation Guidelines for the Transportation Development Act Article 3 Bicycle and Pedestrian Funds (collectively, the Guidelines) for the year ended June 30, 2021.

### *Management's Responsibility*

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

### *Auditor's Responsibility*

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

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

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

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



### ***Other Matters***

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Guidelines and which is described in the accompanying Schedule of Findings and Recommendations as Finding No. 2021-001. Our opinion on each local return and Transportation Development Act Article 3 program is not modified with respect to this matter.

The City's response to the noncompliance finding identified in our audit is described in the accompanying Schedule of Findings and Recommendations. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Guidelines. Accordingly, this report is not suitable for any other purpose.

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

Los Angeles, California  
December 15, 2021

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

| Compliance Requirement                                       |  | In Compliance |    |     | Questioned Costs | If no, provide details and management response.                          |
|--|--|---------------|----|-----|------------------|--|
|  |  | Yes           | No | N/A |                  |  |
| <b>A. Proposition A and Proposition C Local Return Funds</b> |  |               |    |     |                  |  |
| 1.   | Uses the State Controller's Uniform System of Accounts and Records or has established a separate Proposition A and Proposition C Local Transit Assistance Account for Local Return purposes. | X             |    |     | None             |  |
| 2.   | Revenues received including allocations, project generated revenues and interest income was properly credited to the Proposition A and/or Proposition C Local Return Account.                | X             |    |     | None             |  |
| 3.   | Funds were expended with Metro's approval and were not substituted for property tax.   | X             |    |     | None             |  |
| 4.   | Timely use of funds.   | X             |    |     | None             |  |
| 5.   | Administrative expenses are within the 20% cap.  | X             |    |     | None             |  |
| 6.   | Expenditures that exceeded 25% of approved project budget have approved amended Project Description Form (Form A) or electronic equivalent.  |               |    | X   | None             | There were no expenditures that exceeded 25% of approved project budget. |
| 7.   | Annual Project Update Report (Form B) or electronic equivalent was submitted on time.  | X             |    |     | None             |  |
| 8.   | Annual Expenditure Report (Form C) or electronic equivalent was submitted on time.   | X             |    |     | None             |  |
| 9.   | Pavement Management System (PMS) is in place and being used for Street Maintenance or Improvement Projects Expenditures.   | X             |    |     | None             |  |
| 10.  | Local Return Account is credited for reimbursable expenditures.  | X             |    |     | None             |  |
| 11.  | Where Proposition A funds were given, loaned or exchanged by one jurisdiction to another, the receiving jurisdiction has credited its Local Return Account with the funds received.          |               |    | X   | None             | There were no Proposition A funds given, loaned or exchanged in FY20/21. |

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

| Compliance Requirement                                       |  | In Compliance |    |     | Questioned Costs | If no, provide details and management response.                                  |
|--|--|---------------|----|-----|------------------|--|
|  |  | Yes           | No | N/A |                  |  |
| <b>A. Proposition A and Proposition C Local Return Funds</b> |  |               |    |     |                  |  |
| 12.  | Self-Certification was completed and submitted for Intelligent Transportation Systems projects and elements.   |               |    | X   | None             | There were no Intelligent Transportation System projects or elements in FY20/21. |
| 13.  | A separate account was established for Capital reserve funds, Capital reserve was approved by Metro and current status is reported in the Annual Project Update (Form B) or electronic equivalent. | X             |    |     | None             |  |
| 14.  | Recreational transit form was submitted on time.   |               | X  |     | None             | See Finding No. 2021-001 on Schedule of Findings and Recommendations.            |
| 15.  | Fund exchanges (trades, loans, or gifts) were approved by Metro.   |               |    | X   | None             | There were no Proposition A funds given, loaned or exchanged in FY20/21.         |
| 16.  | Proposition C Local Return Funds were used to augment, not supplant existing local revenues  | X             |    |     | None             |  |
| 17.  | All on-going and carryover projects were reported on Form B or electronic equivalent.  | X             |    |     | None             |  |
| 18.  | Cash or cash equivalents are maintained.   | X             |    |     | None             |  |
| 19.  | Accounting procedures, record keeping and documentation are adequate.  | X             |    |     | None             |  |



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

| Compliance Requirement                |   | In Compliance |    |     | Questioned Costs | If no, provide details and management response.                      |
|---------------------------------------|---|---------------|----|-----|------------------|--|
|                                       |   | Yes           | No | N/A |                  |  |
| <b>B. Measure R Local Return Fund</b> |   |               |    |     |                  |  |
| 1.                                    | Funds were expended for transportation purposes.  | X             |    |     | None             |  |
| 2.                                    | Separate Measure R Local Return Account was established.  | X             |    |     | None             |  |
| 3.                                    | Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure R Local Return Account.                            | X             |    |     | None             |  |
| 4.                                    | Funds were expended with Metro's approval.  | X             |    |     | None             |  |
| 5.                                    | Funds were not substituted for property tax and are in compliance with the Maintenance of Effort.   | X             |    |     | None             |  |
| 6.                                    | Timely use of funds.  | X             |    |     | None             |  |
| 7.                                    | Administrative expenses are within the 20% cap.   | X             |    |     | None             |  |
| 8.                                    | Expenditure Plan (Form One or electronic equivalent) was submitted on time.   | X             |    |     | None             |  |
| 9.                                    | Annual Expenditure Report (Form Two or electronic equivalent) was submitted on time.  | X             |    |     | None             |  |
| 10.                                   | Where funds expended were reimbursable by other grants or fund sources, the reimbursement was credited to the Local Return Account upon receipt of the reimbursement.           | X             |    |     | None             |  |
| 11.                                   | Where Measure R funds were given, loaned or exchanged by one jurisdiction to another, the receiving jurisdiction has credited its Local Return Account with the funds received. |               |    | X   | None             | There were no Measure R funds given, loaned or exchanged in FY20/21. |
| 12.                                   | A separate account was established for Capital reserve funds and Capital reserve was approved by Metro.   |               |    | X   | None             | There were no capital reserve funds or capital reserve in FY20/21.   |

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

| Compliance Requirement                |   | In Compliance |    |     | Questioned Costs | If no, provide details and management response.         |
|---------------------------------------|---|---------------|----|-----|------------------|---|
|                                       |   | Yes           | No | N/A |                  |   |
| <b>B. Measure R Local Return Fund</b> |   |               |    |     |                  |   |
| 13.                                   | Funds were used to augment, not supplant existing local revenues being used for transportation purposes unless there is a fund shortfall. | X             |    |     | None             |   |
| 14.                                   | Recreational transit form was submitted on time.  |               |    | X   | None             | There were no recreational transit projects in FY20/21. |
| 15.                                   | Fund exchanges were approved by Metro.  |               |    | X   | None             | There were no fund exchanges in FY20/21.                |
| 16.                                   | Accounting procedures, record keeping and documentation are adequate.   | X             |    |     | None             |   |

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

| Compliance Requirement                |   | In Compliance |    |     | Questioned Costs | If no, provide details and management response.                      |
|---------------------------------------|---|---------------|----|-----|------------------|--|
|                                       |   | Yes           | No | N/A |                  |  |
| <b>C. Measure M Local Return Fund</b> |   |               |    |     |                  |  |
| 1.                                    | Funds were expended for transportation purposes.  | X             |    |     | None             |  |
| 2.                                    | Separate Measure M Local Return Account was established.  | X             |    |     | None             |  |
| 3.                                    | Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure M Local Return Account.                            | X             |    |     | None             |  |
| 4.                                    | Funds were expended with Metro's approval.  | X             |    |     | None             |  |
| 5.                                    | Funds were not substituted for property tax and are in compliance with the Maintenance of Effort.   | X             |    |     | None             |  |
| 6.                                    | Timely use of funds.  | X             |    |     | None             |  |
| 7.                                    | Administrative expenses are within the 20% cap.   |               |    | X   | None             | There were no administrative expenditures in FY20/21.                |
| 8.                                    | Expenditure Plan (Form M-One or electronic equivalent) was submitted on time.   | X             |    |     | None             |  |
| 9.                                    | Annual Expenditure Report (Form M-Two or electronic equivalent) was submitted on time.  | X             |    |     | None             |  |
| 10.                                   | Where funds expended were reimbursable by other grants or fund sources, the reimbursement was credited to the Local Return Account upon receipt of the reimbursement.           |               |    | X   | None             | There were no reimbursable expenditures in FY20/21.                  |
| 11.                                   | Where Measure M funds were given, loaned or exchanged by one jurisdiction to another, the receiving jurisdiction has credited its Local Return Account with the funds received. |               |    | X   | None             | There were no Measure M funds given, loaned or exchanged in FY20/21. |
| 12.                                   | A separate account was established for Capital reserve funds and Capital reserve was approved by Metro.   |               |    | X   | None             | There were no capital reserve funds or capital reserve in FY20/21.   |

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

| Compliance Requirement                |   | In Compliance |    |     | Questioned Costs | If no, provide details and management response.         |
|---------------------------------------|---|---------------|----|-----|------------------|---|
|                                       |   | Yes           | No | N/A |                  |   |
| <b>C. Measure M Local Return Fund</b> |   |               |    |     |                  |   |
| 13.                                   | Funds were used to augment, not supplant existing local revenues being used for transportation purposes unless there is a fund shortfall. | X             |    |     | None             |   |
| 14.                                   | Recreational transit form was submitted on time.  |               |    | X   | None             | There were no recreational transit projects in FY20/21. |
| 15.                                   | Fund exchanges (trades, loans, or gifts) were approved by Metro.  |               |    | X   | None             | There were no fund exchanges in FY20/21.                |
| 16.                                   | Accounting procedures, record keeping and documentation are adequate.   | X             |    |     | None             |   |

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

| Compliance Requirement                                  |  | In Compliance |    |     | Questioned Costs | If no, provide details and management response. |
|---|--|---------------|----|-----|------------------|---|
|   |  | Yes           | No | N/A |                  |   |
| <b>D. Transportation Development Act Article 3 Fund</b> |  |               |    |     |                  |   |
| 1.  | Timely use of funds.   | X             |    |     | None             |   |
| 2.  | Expenditures were incurred for activities relating to pedestrian and bicycle facilities and amenities. | X             |    |     | None             |   |

**CITY OF ARCADIA**  
**SCHEDULE OF FINDINGS AND RECOMMENDATIONS**  
 June 30, 2021

**PALRF: Finding No. 2021-001**

|   |  |
|---|--|
| <b>Compliance Requirement</b>             | According to Proposition A and Proposition C Local Return Guidelines, Section II, A.1.3 Recreational Transit Service, “Jurisdictions shall submit a listing of Recreational Transit Services no later than October 15 after the fiscal year.”        |
| <b>Condition</b>                          | The City did not meet the October 15, 2021 deadline for submission of the Recreational Transit Form.<br><br>However, the City submitted the Recreational Transit Form on December 14, 2021.  |
| <b>Cause</b>                              | This was an oversight by the City for not submitting the Recreational Transit Form by the due date.  |
| <b>Effect</b>                             | The City did not comply with Proposition A and Proposition C Local Return Guidelines.  |
| <b>Recommendation</b>                     | We recommend that the City strengthen internal control procedures to ensure that the Recreational Transit Form is properly prepared and submitted before the due date of October 15 to meet Proposition A and Proposition C Local Return Guidelines. |
| <b>Management’s Response</b>              | City submitted the Recreational Transit Form on December 14, 2021 due to oversight. In the future the City will make sure to submit Recreational Transit Form by the October 15 deadline to ensure compliance with the requirements.                 |
| <b>Finding Corrected During the Audit</b> | The City’s Recreational Transit Form was submitted on December 14, 2021. No follow-up is required.   |

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***EXIT CONFERENCE***

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

An exit conference was held on December 23, 2021 with the City of Arcadia. Those in attendance were:

***Simpson & Simpson Representatives:***

May Yi, Audit Senior

***City's Representative:***

Henry Chen, Financial Services Manager

***Matters Discussed:***

Results of the audit disclosed no significant control deficiency and one (1) non-compliance issue with Metro Guidelines.

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

Henry Chen, Financial Services Manager



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

RE: CITY OF ARCADIA ANNUAL FINANCIAL REPORT OF THE PROPOSITION A LOCAL RETURN FUND, PROPOSITION C LOCAL RETURN FUND, MEASURE R LOCAL RETURN FUND, MEASURE M LOCAL RETURN FUND AND TRANSPORTATION DEVELOPMENT ACT ARTICLE 3 FUND FOR THE FISCAL YEARS ENDED JUNE 30, 2021 AND 2020

I have received the annual financial report of the Proposition A Local Return Fund, Proposition C Local Return Fund, Measure R Local Return Fund, Measure M Local Return Fund and Transportation Development Act Article 3 Fund for the years ended June 30, 2021 and 2020 for the City of Arcadia and agree with the contents of the report except as indicated below:

(Attach additional pages if necessary)

Very truly yours,

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Name

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Title

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Date