

***CITY OF ALHAMBRA
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, 2019 AND 2018***



Metro[®]



Simpson & Simpson, LLP
Certified Public Accountants

CITY OF ALHAMBRA
TABLE OF CONTENTS

FINANCIAL SECTION	PAGE
Independent Auditor’s Report	1
Proposition A Local Return Fund:	
Financial Statements:	
Balance Sheets	3
Statements of Revenues, Expenditures and Changes in Fund Balance	4
Supplementary Information:	
Schedule of Expenditures – Actual and Metro Approved Project Budget	5
Schedule of Capital Assets	6
Proposition C Local Return Fund:	
Financial Statements:	
Balance Sheets	7
Statements of Revenues, Expenditures and Changes in Fund Balance	8
Supplementary Information:	
Schedule of Expenditures – Actual and Metro Approved Project Budget	9
Schedule of Capital Assets	10
Measure R Local Return Fund:	
Financial Statements:	
Balance Sheets	11
Statements of Revenues, Expenditures and Changes in Fund Balance	12
Supplementary Information:	
Schedule of Expenditures – Actual and Metro Approved Project Budget	13
Schedule of Capital Assets	14
Measure M Local Return Fund:	
Financial Statements:	
Balance Sheets	15
Statements of Revenues, Expenditures and Changes in Fund Balance	16
Supplementary Information:	
Schedule of Expenditures – Actual and Metro Approved Project Budget	17
Schedule of Capital Assets	18
Transportation Development Act Article 3 Fund:	
Financial Statements:	
Balance Sheets	19
Statements of Revenues, Expenditures and Changes in Fund Balance	20
Supplementary Information:	
Schedule of Transportation Development Act Allocation for Specific Projects	21
Notes to Financial Statements	22
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 <i>Government Auditing Standards</i>	28

CITY OF ALHAMBRA
TABLE OF CONTENTS
(Continued)

COMPLIANCE SECTION

Independent Auditor’s Report on Compliance	30
Compliance Matrix	32
Schedule of Findings and Recommendations	36
EXIT CONFERENCE	38

FINANCIAL SECTION



SIMPSON & SIMPSON
CERTIFIED PUBLIC ACCOUNTANTS

FOUNDING PARTNERS
BRAINARD C. SIMPSON, CPA
MELBA W. SIMPSON, CPA

Independent Auditor's Report

To the Honorable Members of the City Council of the
City of Alhambra, 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 Alhambra, California (the City) as of and for the years ended June 30, 2019 and 2018, 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 of material misstatement.

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

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





Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the PALRF, PCLRF, MRLRF, MMLRF and TDAA3F of the City of Alhambra, California, as of June 30, 2019 and 2018, 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 Alhambra, California, as of June 30, 2019 and 2018, and the changes in its financial position for the years then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Supplementary Information

Our 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 November 8, 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 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 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 that reads "Simpson & Simpson".

Los Angeles, California
November 8, 2019

CITY OF ALHAMBRA
PROPOSITION A LOCAL RETURN FUND
BALANCE SHEETS
June 30

	2019	2018
ASSETS		
Cash and investments	\$ 2,712,968	\$ 3,018,648
Accounts receivable	6,300	6,300
Prepaid expense	35,080	-
Total assets	\$ 2,754,348	\$ 3,024,948
 LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 66,346	\$ 75,520
Total liabilities	66,346	75,520
 Fund Balance		
Restricted	2,688,002	2,949,428
Total fund balance	2,688,002	2,949,428
Total liabilities and fund balance	\$ 2,754,348	\$ 3,024,948

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

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

	2019	2018
REVENUES		
Proposition A	\$ 1,745,055	\$ 1,618,768
Proposition A Discretionary Incentive Grant (Note 8)	-	136,322
Project generated revenue (Note 9)	66,221	87,508
Interest income	57,768	15,110
Unrealized gain on investments	21,684	-
Other income (Note 10)	27,378	25,206
Total revenues	1,918,106	1,882,914
EXPENDITURES		
Various projects	2,179,532	817,716
Total expenditures	2,179,532	817,716
(Deficiency) excess of revenues (under) over expenditures	(261,426)	1,065,198
Fund balance at beginning of year	2,949,428	1,884,230
Fund balance at end of year	\$ 2,688,002	\$ 2,949,428

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

CITY OF ALHAMBRA
PROPOSITION A LOCAL RETURN FUND
SUPPLEMENTARY INFORMATION
SCHEDULE OF EXPENDITURES
ACTUAL AND METRO APPROVED PROJECT BUDGET
For the Fiscal Year Ended June 30, 2019
(With Comparative Actual Amount for the Fiscal Year Ended June 30, 2018)

Project Code	Project Name	2019		Variance Favorable (Unfavorable)	2018 Actual
		Metro Budget	Actual		
110-01	Express Bus	\$ 1	\$ -	\$ 1	\$ -
110-25	Fixed Route Transit - Amend Funding Allocation	1	-	1	-
130-01	Senior Ride Paratransit	1,174,768	1,034,560	140,208	491,032
140-03	Recreational Transit	69,410	62,307	7,103	69,037
170-02	2013-2014 Refurbish Act Bus Shelters	30,000	-	30,000	-
200-05	2009-2010 Purchase of two (2) ACT Transit Buses	1,050,000	-	1,050,000	-
200-07	2018-2019 Purchase of two (2) ACT Transit Buses	1,100,000	900,936	199,064	-
250-04	Bus Pass Subsidy Program	191,334	98,888	92,446	185,191
270-01	SGVCOG Regional Transportation Planning/Projects	33,000	33,992	(992)	32,843
480-12	Direct Administration	40,667	48,849	(8,182)	39,613
Total expenditures		\$ 3,689,181	\$ 2,179,532	\$ 1,509,649	\$ 817,716

See accompanying independent auditor's report.

CITY OF ALHAMBRA
PROPOSITION A LOCAL RETURN FUND
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS
June 30, 2019

Date Acquired	Description	Balance 7/1/2018	Additions	Deletions	Balance 6/30/2019
1994	2 EL Dorado Vans	\$ 99,707	\$ -	\$ -	\$ 99,707
1996	1 Natural Gas Fuel Station	155,779	-	-	155,779
2002	1 Champion Crusader Shuttle Bus	48,449	-	-	48,449
2003	1 6' Heavy Duty Steel Bench with Back	8,424	-	-	8,424
2004	NGV Fueling Station	80,886	-	-	80,886
2007	2006 Bluebird Bus Act - CNG	312,167	-	-	312,167
2007	2006 Bluebird Bus Act - CNG	312,167	-	-	312,167
2008	2007 Nabi Bus Act - CNG	326,599	-	-	326,599
2008	2007 Nabi Bus Act - CNG	326,599	-	-	326,599
2010	2009 EL Dorado Aerolite Bus	51,779	-	51,779	-
2010	2009 EL Dorado Aerolite Bus	60,718	-	-	60,718
2010	2009 EL Dorado Aerolite Bus	51,779	-	-	51,779
2010	2009 EL Dorado Aerolite Bus	60,718	-	-	60,718
2010	2010 EL Dorado CNG ACT Bus	367,207	-	-	367,207
2010	2010 EL Dorado CNG ACT Bus	367,207	-	-	367,207
2010	2010 EL Dorado CNG ACT Bus	367,206	-	-	367,206
2010	2010 EL Dorado CNG ACT Bus	367,206	-	-	367,206
2011	1 unit 2010 EL Dorado Aerolite 210	51,779	-	-	51,779
2011	1 unit 2010 EL Dorado Aerolite 210	51,779	-	-	51,779
2011	1 unit 2010 EL Dorado Aerolite 210	51,779	-	-	51,779
2011	1 unit 2010 EL Dorado Aerolite 210	51,778	-	-	51,778
2019	Eldorado XHG CNG Passenger Bus	-	450,468	-	450,468
2019	Eldorado XHG CNG Passenger Bus	-	450,468	-	450,468
Total		\$ 3,571,712	\$ 900,936	\$ 51,779	\$ 4,420,869

See accompanying independent auditor's report.

CITY OF ALHAMBRA
PROPOSITION C LOCAL RETURN FUND
BALANCE SHEETS
June 30

	<u>2019</u>	<u>2018</u>
ASSETS		
Cash and investments	\$ <u>4,081,334</u>	\$ <u>3,978,816</u>
Total assets	\$ <u><u>4,081,334</u></u>	\$ <u><u>3,978,816</u></u>
 LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ <u>54,006</u>	\$ <u>147,772</u>
Total liabilities	<u>54,006</u>	<u>147,772</u>
 Fund Balance		
Restricted	<u>4,027,328</u>	<u>3,831,044</u>
Total fund balance	<u>4,027,328</u>	<u>3,831,044</u>
Total liabilities and fund balance	\$ <u><u>4,081,334</u></u>	\$ <u><u>3,978,816</u></u>

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

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

	<u>2019</u>	<u>2018</u>
REVENUES		
Proposition C	\$ 1,447,474	\$ 1,337,943
Interest income	77,121	30,389
Unrealized gain on investments	46,706	-
Sale of vehicles (Note 11)	1,287	-
Total revenues	<u>1,572,588</u>	<u>1,368,332</u>
 EXPENDITURES		
Various projects	<u>1,376,304</u>	<u>1,920,562</u>
Total expenditures	<u>1,376,304</u>	<u>1,920,562</u>
Excess (deficiency) of revenues over (under) expenditures	196,284	(552,230)
Fund balance at beginning of year	<u>3,831,044</u>	<u>4,383,274</u>
Fund balance at end of year	<u><u>\$ 4,027,328</u></u>	<u><u>\$ 3,831,044</u></u>

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

CITY OF ALHAMBRA
PROPOSITION C LOCAL RETURN FUND
SUPPLEMENTARY INFORMATION
SCHEDULE OF EXPENDITURES
ACTUAL AND METRO APPROVED PROJECT BUDGET
For the Fiscal Year Ended June 30, 2019
(With Comparative Actual Amount for the Fiscal Year Ended June 30, 2018)

Project Code	Project Name	2019		Variance	2018 Actual
		Metro Budget	Actual	Favorable (Unfavorable)	
110-25	Fixed Route Transit - Amend Funding Allocation	\$ 1,088,949	\$ 865,479	\$ 223,470	\$ 858,069
130-01	Senior Ride Paratransit	-	-	-	495,348
150-01	2012 Transit Waste Receptacle Purchase at Bus Stops	330,000	-	330,000	-
180-03	Replacement of Wheelchair Lifts in ACT Buses	10,000	-	10,000	-
200-06	2017-2018 Senior Vehicle Purchase	357,085	322,203	34,882	92,915
360-23	Rail Station Operations	59,799	53,647	6,152	53,603
440-11	Valley Boulevard Pavement Resurfacing - Garfield to Eight Street	-	-	-	314,456
480-12	Direct Administration	129,690	134,975	(5,285)	106,171
	Total expenditures	<u>\$ 1,975,523</u>	<u>\$ 1,376,304</u>	<u>\$ 599,219</u>	<u>\$ 1,920,562</u>

See accompanying independent auditor's report.

CITY OF ALHAMBRA
PROPOSITION C LOCAL RETURN FUND
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS
June 30, 2019

Date Acquired	Description	Balance 7/1/2018	Additions	Deletions	Balance 6/30/2019
1999	2 EL Dorado Transmark Buses	\$ 224,001	\$ -	\$ 224,001	\$ -
2018	2 Braun Entervan Buses	92,915	-	-	92,915
2019	Starcraft Starlite	-	64,435	-	64,435
2019	Starcraft Starlite	-	64,435	-	64,435
2019	Starcraft Starlite	-	64,435	-	64,435
2019	Starcraft Starlite	-	64,435	-	64,435
2019	Starcraft Starlite	-	64,435	-	64,435
	Total	\$ 316,916	\$ 322,175	\$ 224,001	\$ 415,090

See accompanying independent auditor's report.

CITY OF ALHAMBRA
MEASURE R LOCAL RETURN FUND
BALANCE SHEETS
June 30

	<u>2019</u>	<u>2018</u> as restated
ASSETS		
Cash and investments	\$ <u>3,098,434</u>	\$ <u>2,463,749</u>
Total assets	\$ <u><u>3,098,434</u></u>	\$ <u><u>2,463,749</u></u>
 LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable (Note 12)	\$ 50,168	\$ 438,574
Retention payable	<u>-</u>	<u>824</u>
Total liabilities	<u>50,168</u>	<u>439,398</u>
 Fund Balance		
Restricted	<u>3,048,266</u>	<u>2,024,351</u>
Total fund balance	<u>3,048,266</u>	<u>2,024,351</u>
Total liabilities and fund balance	\$ <u><u>3,098,434</u></u>	\$ <u><u>2,463,749</u></u>

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

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

	2019	2018
		as restated
REVENUES		
Measure R	\$ 1,085,917	\$ 1,005,687
Interest income	53,485	19,184
Unrealized gain on investments	27,351	-
Project cost reimbursement (Note 13)	-	82,580
Total revenues	1,166,753	1,107,451
EXPENDITURES		
Various projects	142,838	1,489,142
Total expenditures	142,838	1,489,142
Excess (deficiency) of revenues over (under) expenditures	1,023,915	(381,691)
Fund balance at beginning of year, as restated	2,024,351	2,406,042
Fund balance at end of year	\$ 3,048,266	\$ 2,024,351

The accompanying notes are an integral part of the financial statements

CITY OF ALHAMBRA
MEASURE R LOCAL RETURN FUND
SUPPLEMENTARY INFORMATION
SCHEDULE OF EXPENDITURES
ACTUAL AND METRO APPROVED PROJECT BUDGET
For the Fiscal Year Ended June 30, 2019
(With Comparative Actual Amount for the Fiscal Year Ended June 30, 2018)

Project Code	Project Name	2019			2018 Actual as restated
		Metro Budget	Actual	Variance Favorable (Unfavorable)	
1.05	Annual Street Rehabilitation	\$ 1,210,000	\$ 138,901	\$ 1,071,099	\$ 615,252
1.05	Mission Road Rehabilitation and Streetscape Improvements	<u>1,046,733</u>	<u>3,937</u>	<u>1,042,796</u>	<u>873,890</u>
	Total expenditures	<u>\$ 2,256,733</u>	<u>\$ 142,838</u>	<u>\$ 2,113,895</u>	<u>\$ 1,489,142</u>

See accompanying independent auditor's report.

CITY OF ALHAMBRA
MEASURE R LOCAL RETURN FUND
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS
June 30, 2019

Date Acquired	Description	Balance 7/1/2018	Additions	Deletions	Balance 6/30/2019
None		\$ -	\$ -	\$ -	\$ -
	Total	\$ -	\$ -	\$ -	\$ -

See accompanying independent auditor's report.

CITY OF ALHAMBRA
MEASURE M LOCAL RETURN FUND
BALANCE SHEETS
June 30

	<u>2019</u>	<u>2018</u>
ASSETS		
Cash and investments	\$ 2,164,714	\$ 912,266
Total assets	<u>\$ 2,164,714</u>	<u>\$ 912,266</u>
 LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 360,816	\$ -
Retention payable	<u>18,990</u>	<u>-</u>
Total liabilities	<u>379,806</u>	<u>-</u>
 Fund Balance		
Restricted	<u>1,784,908</u>	<u>912,266</u>
Total fund balance	<u>1,784,908</u>	<u>912,266</u>
Total liabilities and fund balance	<u>\$ 2,164,714</u>	<u>\$ 912,266</u>

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

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

	<u>2019</u>	<u>2018</u>
REVENUES		
Measure M	\$ 1,222,736	\$ 911,382
Interest income	28,023	884
Unrealized gain on investments	1,689	-
Total revenues	<u>1,252,448</u>	<u>912,266</u>
 EXPENDITURES		
Street Repair and Maintenance	<u>379,806</u>	<u>-</u>
Total expenditures	<u>379,806</u>	<u>-</u>
Excess of revenues over expenditures	872,642	912,266
Fund balance at beginning of year	<u>912,266</u>	<u>-</u>
Fund balance at end of year	<u>\$ 1,784,908</u>	<u>\$ 912,266</u>

The accompanying notes are an integral part of the financial statements

CITY OF ALHAMBRA
MEASURE M LOCAL RETURN FUND
SUPPLEMENTARY INFORMATION
SCHEDULE OF EXPENDITURES
ACTUAL AND METRO APPROVED PROJECT BUDGET
For the Fiscal Year Ended June 30, 2019
(With Comparative Actual Amount for the Fiscal Year Ended June 30, 2018)

Project Code	Project Name	2019			2018 Actual
		Metro Budget	Actual	Variance Favorable (Unfavorable)	
1.05	Street Repair and Maintenance	\$ 500,000	\$ 379,806	\$ 120,194	\$ -
	Total expenditures	\$ 500,000	\$ 379,806	\$ 120,194	\$ -

See accompanying independent auditor's report.

CITY OF ALHAMBRA
MEASURE M LOCAL RETURN FUND
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS
 June 30, 2019

Date Acquired	Description	Balance 7/1/2018	Additions	Deletions	Balance 6/30/2019
None		\$ -	\$ -	\$ -	\$ -
	Total	\$ -	\$ -	\$ -	\$ -

See accompanying independent auditor's report.

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

	<u>2019</u>	<u>2018</u>
ASSETS		
Cash and investments	\$ 8,352	-
Due from Metro	<u>-</u>	<u>\$ 73,753</u>
Total assets	<u>\$ 8,352</u>	<u>\$ 73,753</u>
 LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 1,315	\$ -
Due to General Fund	-	71,267
Retention payable	<u>2,266</u>	<u>2,486</u>
Total liabilities	<u>3,581</u>	<u>73,753</u>
 Fund Balance		
Restricted	<u>4,771</u> *	<u>-</u>
Total fund balance	<u>4,771</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 8,352</u>	<u>\$ 73,753</u>

* The City was granted a one-time waiver by Metro to expend the remaining funds until May 31, 2020.

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

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

	2019	2018
REVENUES		
TDA 3	\$ 76,382	\$ 73,753
Total revenues	76,382	73,753
EXPENDITURES		
Various projects	71,611	73,753
Total expenditures	71,611	73,753
Excess of revenues over expenditures	4,771	-
Fund balance at beginning of year	-	-
Fund balance at end of year *	\$ 4,771	\$ -

* The City was granted a one-time waiver by Metro to expend the remaining funds until May 31, 2020.

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

CITY OF ALHAMBRA
 TRANSPORTATION DEVELOPMENT ACT ARTICLE 3 FUND
 SUPPLEMENTARY INFORMATION

SCHEDULE OF TRANSPORTATION DEVELOPMENT ACT
 ALLOCATION FOR SPECIFIC PROJECTS
 For the Fiscal Year Ended June 30, 2019

<u>Project Description</u>	<u>Program Year</u>	<u>Allocations</u>	<u>Expenditures</u>	<u>Unexpended Allocations</u>	<u>Project Status</u>
Local allocations					
Olive/Woodward/5th Street Paving and ADA Project	2018-19	\$ 26,290	\$ 26,290	\$ -	Complete
2018 Sidewalk and ADA Project at Story and Alhambra Parks	2018-19	<u>50,092</u>	<u>45,321</u>	<u>4,771</u>	Complete
	Total	<u>\$ 76,382</u>	<u>\$ 71,611</u>	4,771	
Fund balance at beginning of year				<u>-</u>	
Fund balance at end of year				<u>\$ 4,771</u> *	

* The City was granted a one-time waiver by Metro to expend the remaining funds until May 31, 2020.

See accompanying independent auditor's report.

CITY OF ALHAMBRA
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Years Ended June 30, 2019 and 2018

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 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. Statement of revenue, expenditures and changes in fund balance for Special Revenue Funds generally present 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 ALHAMBRA
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Years Ended June 30, 2019 and 2018
(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 2019 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 classification as of June 30, 2019:

- 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).

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, 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 ALHAMBRA
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Years Ended June 30, 2019 and 2018
(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 respective average balances to the total of the pooled cash and investments.

CITY OF ALHAMBRA
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Years Ended June 30, 2019 and 2018
(Continued)

NOTE 8 – PROPOSITION A DISCRETIONARY INCENTIVE GRANT - PALRF

The City entered into a Memorandum of Understanding (MOU) agreement with Metro to receive Proposition A Discretionary Incentive Grant for participating in the Consolidated National Transit Database (NTD) Voluntary Reporting. The amounts received for the years ended June 30, 2019 and 2018 consisted of the following:

Agreement Date	Period	NTD Voluntary Reporting	MOU Amount	Amount Received	
				2019	2018
May 21, 2016	7/1/15 - 6/30/17	FY 2013-14	\$ 136,322	\$ -	\$ 136,322
			Total	\$ -	\$ 136,322

The Proposition A Discretionary Incentive Grant was recorded under PALRF.

NOTE 9 – PROJECT GENERATED REVENUE - PALRF

Project generated revenues for the years ended June 30, 2019 and 2018 consisted of the following:

	2019	2018
Metro bus tokens	\$ 5,044	\$ 16,783
Metro monthly bus passes	61,177	70,725
Total	\$ 66,221	\$ 87,508

NOTE 10 – OTHER INCOME – PALRF

	2019	2018
Bus shelter advertising fees	\$ 25,200	\$ 25,206
Sale of vehicle	2,178	-
Total	\$ 27,378	\$ 25,206

NOTE 11 – SALE OF VEHICLES - PCLRF

On April 9, 2019, the City sold two buses in the total amount of \$1,287. The proceeds were recorded under PCLRF for the fiscal year ended June 30, 2019.

CITY OF ALHAMBRA
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Years Ended June 30, 2019 and 2018
(Continued)

NOTE 12 – RESTATEMENT OF MRLRF’S 2018 FINANCIAL STATEMENTS

The 2018 financial statements of MRLRF were restated to report for certain expenditures for the City’s Project Code 1.05, Annual Street Rehabilitation, related to prior fiscal year that were not previously reported.

		Accounts Payable	Expenditures	Fund Balance
Balance, as previously reported	\$	26,076	\$ 1,076,644	\$ 2,436,849
Adjustment		412,498	412,498	(412,498)
Balance, as restated	\$	438,574	\$ 1,489,142	\$ 2,024,351

NOTE 13 – PROJECT COST REIMBURSEMENT – MRLRF

As part of the 2016 HUD Street Rehabilitation Project and Trench Repair for Various Streets, MRLRF was reimbursed in fiscal year ended June 30, 2018 for the total amount of \$82,580 from the in-lieu fee account, for the following work performed:

- Garfield Avenue was paved and restriped between Bay Street and Woodward. The Shea Project, Garfield and Main, paid an in-lieu fee in the amount of \$80,000 for their share of the paving work.
- An alley behind 2418 El Paseo was reconstructed as part of the Street Rehabilitation Project. An in-lieu fee was paid by the property owner as part of his home remodel in the amount of \$2,580.

NOTE 14 – TRANSPORTATION DEVELOPMENT ACT FUND REVENUE ALLOCATION

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

		2019		2018
FY 2013-14 allocation	\$	-	\$	56,010
FY 2014-15 allocation		37,851		17,743
FY 2015-16 allocation		38,531		-
Total payment requested	\$	76,382	\$	73,753

CITY OF ALHAMBRA
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Years Ended June 30, 2019 and 2018
(Continued)

NOTE 15 – 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, 2019 and 2018, the City has funds on reserve as follows:

		2019		2018
FY 2014-15 allocation	\$	-	\$	37,851
FY 2015-16 allocation		15,437		53,968
FY 2016-17 allocation		56,680		56,680
FY 2017-18 allocation		56,516		56,516
FY 2018-19 allocation		58,923		-
Available reserve balance	\$	187,556	\$	205,015

NOTE 16 – SUBSEQUENT EVENTS

The City has evaluated events or transactions that occurred subsequent to June 30, 2019 through November 8, 2019, the date the accompanying financial statements were available to be issued, for potential recognition or disclosure in the financial statements and determined no subsequent matters require disclosure or adjustment to the accompanying financial statements.



SIMPSON & SIMPSON
CERTIFIED PUBLIC ACCOUNTANTS

FOUNDING PARTNERS
BRAINARD C. SIMPSON, CPA
MELBA W. SIMPSON, CPA

**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 Alhambra, 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 Alhambra, 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 November 8, 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 financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the Funds' financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our 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 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 black ink that reads "Simpson & Simpson". The signature is written in a cursive, flowing style.

Los Angeles, California
November 8, 2019

COMPLIANCE SECTION



SIMPSON & SIMPSON
CERTIFIED PUBLIC ACCOUNTANTS

FOUNDING PARTNERS
BRAINARD C. SIMPSON, CPA
MELBA W. SIMPSON, CPA

Independent Auditor's Report on Compliance

To the Honorable Members of the City Council of the
City of Alhambra, California and the
Los Angeles County Metropolitan Transit Authority

Report on Compliance

We have audited the compliance of the City of Alhambra, 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, 2019.

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, 2019.





Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Guidelines and which are described in the accompanying Schedule of Findings and Recommendations as Finding Nos. 2019-001 and 2019-002. Our opinion on each local return program and Transportation Development Act Article 3 program is not modified with respect to these matters.

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

Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the 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 cursive script that reads "Simpson & Simpson".

Los Angeles, California
November 8, 2019

CITY OF ALHAMBRA
COMPLIANCE MATRIX
Year Ended June 30, 2019

Compliance Requirement		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			None	
2.	Timely use of funds.	X			None	
3.	Funds expended were approved and have not been substituted for property tax.	X			None	
4.	Expenditures that exceeded 25% of approved project budget have approved amended project Description Form (Form A).	X			None	
5.	Administrative expenses are within the 20% cap of the total annual Local Return Expenditures.	X			None	
6.	All on-going and carryover projects were reported in Form B.	X			None	
7.	Annual Project Summary Report (Form B) was submitted on time.	X			None	
8.	Annual Expenditure Report (Form C) was submitted on time.	X			None	
9.	Cash or cash equivalents are maintained.	X			None	
10.	Accounting procedures, record keeping and documentation are adequate.	X			None	
11.	Pavement Management System (PMS) is in place and being used for Street Maintenance or Improvement Projects Expenditures.	X			None	
12.	Local Return Account is credited for reimbursable expenditures.	X			None	
13.	Self-Certification was completed and submitted for Intelligent Transportation Systems projects or elements.			X	None	
14.	Signed Assurances and Understandings form was on file.	X			None	
15.	Fund exchanges were approved by Metro.			X	None	
16.	Recreational transit form was submitted on time.		X		None	See Finding No. 2019-001 on the Schedule of Findings and Recommendations.

CITY OF ALHAMBRA
COMPLIANCE MATRIX
Year Ended June 30, 2019
(Continued)

Compliance Requirement		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			None	
2.	Funds were used to augment, not supplant, existing local revenues being used for transportation purposes unless there is a funding shortfall.	X			None	
3.	Signed Assurances and Understandings form was on file.	X			None	
4.	Separate Measure R Local Return Account was established.	X			None	
5.	Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure R Local Return Account.	X			None	
6.	Funds were expended with Metro's approval.	X			None	
7.	Expenditure Plan (Form One) was submitted on time.	X			None	
8.	Expenditure Report (Form Two) was submitted on time.	X			None	
9.	Timely use of funds.	X			None	
10.	Administrative expenditures are within the 20% cap.			X	None	
11.	Fund exchanges were approved by Metro.			X	None	
12.	A separate account was established for Capital reserve funds and Capital reserve was approved by Metro.			X	None	
13.	Recreational transit form was submitted on time.			X	None	

CITY OF ALHAMBRA
COMPLIANCE MATRIX
Year Ended June 30, 2019
(Continued)

Compliance Requirement		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			None	
2.	Funds were used to augment, not supplant existing local revenues being used for transportation purposes unless there is a fund shortfall.	X			None	
3.	Signed Assurances and Understandings form was on file.	X			None	
4.	Separate Measure M Local Return Account was established.	X			None	
5.	Revenue received including allocations, project generated revenues and interest income was properly credited to the Measure M Local Return Account.	X			None	
6.	Funds were expended with Metro's approval.	X			None	
7.	Expenditure Plan (Form M-One) was submitted on time.	X			None	
8.	Expenditure Report (Form M-Two) was submitted on time.	X			None	
9.	Timely use of funds.	X			None	
10.	Administrative expenses are within the 20% cap.			X	None	
11.	Fund exchanges were approved by Metro.			X	None	
12.	A separate account was established for Capital reserve funds and Capital reserve was approved by Metro.			X	None	
13.	Recreational transit form was submitted timely.			X	None	

CITY OF ALHAMBRA
COMPLIANCE MATRIX
Year Ended June 30, 2019
(Continued)

Compliance Requirement		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		None	See Finding No. 2019-002 on the Schedule of Findings and Recommendations.
2.	Expenditures were incurred for activities relating to pedestrian and bicycle facilities and amenities.	X			None	

CITY OF ALHAMBRA
SCHEDULE OF FINDING AND RECOMMENDATION
 June 30, 2019

PALRF: Finding No. 2019-001

Compliance Reference	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.”
Condition	The City did not meet the October 15, 2019 deadline for submission of the Listing of Recreational Transit Services. However, the City submitted the listing on November 19, 2019.
Cause	Due to the retirement of management and change of personnel, the City was unaware of the deadline. As a result, the submittal of the form was delayed.
Effect	The City’s Listing of Recreational Transit Services was not submitted timely as required by the Guidelines.
Recommendation	We recommend that the City establish procedures to ensure that the Recreational Transit Services Listing is properly prepared and submitted before the due date of October 15 th so that the City’s expenditures of the Proposition A Local Return Fund will be in accordance with LACMTA’s approval and the Guidelines. Furthermore, we recommend that the City retain a confirmation of receipt by LACMTA to indicate the form was submitted in a timely manner.
Management’s Response	In the future, the City will ensure that the responsible personnel assigned to the submission of the Listing of Recreational Transit Services form will file the form in a timely manner.
Finding Corrected During the Audit	The City submitted the form to LACMTA on November 19, 2019. No follow-up is required.

CITY OF ALHAMBRA
SCHEDULE OF FINDING AND RECOMMENDATION
 June 30, 2019

TDAA3F: Finding No. 2019-002

Compliance Reference	According to the Los Angeles County Metropolitan Transportation Authority Transportation Development Act Article 3 Bicycle and Pedestrian Funds, Funding and Allocation Guidelines: “Agencies may only draw down the funds that they can spend during the fiscal year in which they were allocated. Agencies are not allowed to have a fund balance at the end of the fiscal year. Any funds drawn down and that remain unspent after the end of the fiscal year must be returned to Metro to be placed on reserve for the city under the fiscal year in which they were originally allocated. Agencies must also fully spend any interest accumulated by these funds by the end of the fiscal year in which the funds were allocated.”
Condition	As of June 30, 2019, the City had unspent TDA 3 ending fund balance of \$4,771. The remaining funds were not placed on a reserve account with LACMTA as required by the Guidelines. However, the City received an extension approval from LACMTA to spend the remaining funds until May 31, 2020 on December 12, 2019.
Cause	The actual expenditures for the TDA 3 project were under the amount requested and received from LACMTA. Due to the retirement of the City’s Director of Public Works and the transition to a new Director, the return of excess funds to LACMTA was overlooked.
Effect	The City is not in compliance with the requirements of the Guidelines.
Recommendation	In accordance with the Guidelines, we recommend that the City establish procedures to ensure that it only draws down funds that will be spent or encumbered on eligible projects before the end of the fiscal year and returns any unspent funds to LACMTA to be placed on reserve for the City as required by the Guidelines.
Management’s Response	The new Director of Public Works will ensure that the excess funds of \$4,771 are expended by the May 31, 2020 deadline. The City will establish procedures to ensure funds drawn for eligible projects are expended by the end of the fiscal year and any remaining unspent funds are returned timely to LACMTA.
Finding Corrected During the Audit	The City was granted a one-time waiver by LACMTA to expend the remaining funds until May 31, 2020 on December 12, 2019. No follow-up is required.

EXIT CONFERENCE

CITY OF ALHAMBRA
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
EXIT CONFERENCE
June 30, 2019

An exit conference was held on December 5, 2019 with the City of Alhambra. Those in attendance were:

Simpson & Simpson Representative:

Patrick Zhang, Staff Auditor

City's Representative:

Dean Johnson, Interim Finance Director

Matters Discussed:

Results of the audit disclosed no significant control deficiencies and two (2) non-compliance issues 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:

Dean Johnson, Interim Finance Director

Simpson & Simpson, LLP
633 West 5th Street, Suite 3320
Los Angeles, CA 90071

RE: CITY OF ALHAMBRA 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, 2019 AND 2018

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, 2019 and 2018 for the City of Alhambra and agree with the contents of the report except as indicated below:

(Attach additional pages if necessary)

Very truly yours,

Name

Title

Date