

***CITY OF COVINA
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 COVINA
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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 Covina, 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 Covina, 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 Covina, 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 Covina, 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 October 30, 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
October 30, 2019

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

	<u>2019</u>	<u>2018</u>
ASSETS		
Cash and investments	\$ 2,927,176	\$ 2,527,935
Accounts receivable	<u>10,482</u>	<u>10,196</u>
Total assets	<u><u>\$ 2,937,658</u></u>	<u><u>\$ 2,538,131</u></u>
 LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 80,379	\$ 82,534
Accrued expense	1,473	-
Accrued payroll and benefits	<u>2,230</u>	<u>1,886</u>
Total liabilities	<u>84,082</u>	<u>84,420</u>
 Deferred inflow of resources		
	<u>15</u>	<u>-</u>
Total deferred inflow or resources	<u>15</u>	<u>-</u>
 Fund Balance		
Restricted	<u>2,853,561</u>	<u>2,453,711</u>
Total fund balance	<u>2,853,561</u>	<u>2,453,711</u>
Total liabilities, deferred inflow of resources, and fund balance	<u><u>\$ 2,937,658</u></u>	<u><u>\$ 2,538,131</u></u>

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

CITY OF COVINA
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	\$ 983,950	\$ 919,438
Proposition A Discretionary Incentive Grant (Note 8)	56,534	-
Project generated revenues (Note 9)	189,755	179,554
Interest income	45,342	26,788
Other income (Note 10)	11,479	-
	1,287,060	1,125,780
EXPENDITURES		
Various projects	887,210	759,600
	887,210	759,600
Excess of revenues over expenditures	399,850	366,180
Fund balance at beginning of year	2,453,711	2,087,531
Fund balance at end of year	\$ 2,853,561	\$ 2,453,711

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

CITY OF COVINA
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			2018 Actual
		Metro Budget	Actual	Variance Favorable (Unfavorable)	
130-01	Covina E and D Dial-A-Cab	\$ 404,021	\$ 394,476	\$ 9,545	\$ 382,577
130-02	Covina Transit Vehicle Replacement	115,702	-	115,702	-
140-07	Senior Center Excursions	8,800	5,619	3,181	4,057
140-08	Recreation Excursions	11,976	12,450	(474)	8,261
170-03	Bus Stop Maintenance Program	36,592	35,176	1,416	24,198
170-04	Covina Bus Stop Improvement Project	150,000	-	150,000	-
230-02	Metrolink Station Security	87,646	82,594	5,052	84,317
230-04	Metrolink Parking Complex Surveillance Cameras	22,000	18,562	3,438	-
240-02	Taxi Voucher	1,000	-	1,000	-
250-02	Bus Pass Subsidy Program	20,381	13,636	6,745	13,595
270-04	Consultant Services	50,000	28,478	21,522	-
370-05	Covina Metrolink Station - Shelter Solar Lighting Systems	25,000	24,999	1	-
390-01	Metrolink Parking Structure and Station (Ongoing Maintenance)	207,111	147,563	59,548	104,203
390-02	Metrolink Parking Structure Maintenance Program	50,000	-	50,000	-
480-04	Transit Administration	141,835	115,635	26,200	131,103
500-01	San Gabriel Valley COG	8,818	8,022	796	7,289
Total expenditures		\$ <u>1,340,882</u>	\$ <u>887,210</u>	\$ <u>453,672</u>	\$ <u>759,600</u>

See accompanying independent auditor's report.

CITY OF COVINA
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
1999	Bus Stop Benches	\$ 4,092	\$ -	\$ -	\$ 4,092
1999	Land and Land Improvements	365,697	-	-	365,697
2005	Rail Station Bollards	6,245	-	-	6,245
2005	Rail Station Lightings Standards	4,727	-	4,727	-
2005	Dell Pentium Computer	2,550	-	2,550	-
2005	Pacific Parking Pay and Display	5,759	-	-	5,759
2005	Transit Center	69,457	-	-	69,457
2007	Bus Shelter	61,374	-	-	61,374
2010	16-Passenger Vehicle	59,743	-	59,743	-
2010	Bikestation	85,216	-	-	85,216
2014	2014 Braun Entervan	43,655	-	-	43,655
2014	2014 Braun Entervan	43,655	-	-	43,655
2017	Metrolink Station Cameras	-	152,559	-	152,559
2019	Metrolink Parking Complex Cameras	-	18,562	-	18,562
Total		\$ 752,170	\$ 171,121	\$ 67,020	\$ 856,271

See accompanying independent auditor's report.

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

	<u>2019</u>	<u>2018</u>
ASSETS		
Cash and investments	\$ 1,676,043	\$ 2,991,828
Total assets	<u>\$ 1,676,043</u>	<u>\$ 2,991,828</u>
 LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 235,665	\$ 177,345
Accrued expense	26,114	-
Retention payable	93,436	-
Accrue payroll and benefits	<u>718</u>	<u>523</u>
Total liabilities	<u>355,933</u>	<u>177,868</u>
 Fund Balance		
Restricted	<u>1,320,110</u>	<u>2,813,960</u>
Total fund balance	<u>1,320,110</u>	<u>2,813,960</u>
Total liabilities and fund balance	<u>\$ 1,676,043</u>	<u>\$ 2,991,828</u>

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

CITY OF COVINA
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	\$ 816,159	\$ 762,083
Project Reimbursement from Caltrans (Note 11)	32,559	-
Interest income	38,626	32,073
Other income (Note 12)	38,480	38,216
Total revenues	<u>925,824</u>	<u>832,372</u>
 EXPENDITURES		
Various projects	<u>2,419,674</u>	<u>367,159</u>
Total expenditures	<u>2,419,674</u>	<u>367,159</u>
 (Deficiency) excess of revenues (under) over expenditures	 (1,493,850)	 465,213
 Fund balance at beginning of year	 <u>2,813,960</u>	 <u>2,348,747</u>
 Fund balance at end of year	 <u><u>\$ 1,320,110</u></u>	 <u><u>\$ 2,813,960</u></u>

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

CITY OF COVINA
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			2018 Actual
		Metro Budget	Actual	Variance Favorable (Unfavorable)	
130-02	Covina Transit Vehicle Replacement	\$ 1	\$ -	\$ 1	\$ 157,512
270-06	Town Center Specific Plan Update	140,000	87,263	52,737	23,175
270-07	Citrus Avenue Complete Street Project	25,000	8,175	16,825	-
380-01	Grand Avenue Rehabilitation	1,131,000	-	1,131,000	-
400-01	Traffic Signal Modernization - Sunflower Avenue and Cypress Street	125,000	-	125,000	-
400-02	Traffic Signal Modifications - Citywide	400,000	400,000	-	-
430-05	Covina Bikeways Improvement Program	443,464	1,360	442,104	102,703
450-05	Grand Avenue Rehabilitation	1,712,577	1,577,159	135,418	50,082
450-06	Traffic Signal, Street Light Pole and Equipment Replacement Program	115,000	111,677	3,323	12,346
450-07	Realignment of Curb Cut at Barranca Avenue and Hurst Street	203,000	184,040	18,960	-
480-05	Transit Administration - Proposition C Projects	50,000	50,000	-	21,341
Total expenditures		\$ 4,345,042	\$ 2,419,674	\$ 1,925,368	\$ 367,159

See accompanying independent auditor's report.

CITY OF COVINA
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
Sep-08	2008 Eldorado American Type IV	\$ 27,573	\$ -	\$ 27,573	\$ -
Sep-08	2008 Eldorado American Type IV	27,573	-	27,573	-
Sep-08	2009 Eldorado Curaway IA	27,573	-	27,573	-
Sep-08	2009 Eldorado Curaway IA	27,574	-	27,574	-
May-17	2017 Glaval Bus	77,440	-	-	77,440
June-18	Ford E450 Bus	84,830	-	-	84,830
June-18	2018 Ford Wagon	72,682	-	-	72,682
Total		\$ 345,245	\$ -	\$ 110,293	\$ 234,952

See accompanying independent auditor's report.

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

	<u>2019</u>	<u>2018</u>
ASSETS		
Cash and investments	\$ 1,218,585	\$ 1,067,140
Cash and investments - Restricted (Note 13)	<u>2,729,561</u>	<u>5,640,626</u>
Total assets	<u><u>\$ 3,948,146</u></u>	<u><u>\$ 6,707,766</u></u>
 LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 491,719	\$ 2,301
Accrued expense	5,020	-
Retention payable	<u>20,563</u>	<u>-</u>
Total liabilities	<u>517,302</u>	<u>2,301</u>
 Fund Balance		
Restricted	701,283	1,064,839
Restricted - Total Road Improvement Program (Note 13)	<u>2,729,561</u>	<u>5,640,626</u>
Total fund balance	<u>3,430,844</u>	<u>6,705,465</u>
Total liabilities and fund balance	<u><u>\$ 3,948,146</u></u>	<u><u>\$ 6,707,766</u></u>

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

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

	2019	2018
REVENUES		
Measure R	\$ 612,294	\$ 571,216
Interest income	2,815	12,464
Certificates of Participation (COPs) Proceeds (Note 13)	-	5,598,153
Interest income on COPs (Note 13)	103,005	42,473
Total revenues	718,114	6,224,306
EXPENDITURES		
Various projects	3,992,735	586,110
Total expenditures	3,992,735	586,110
(Deficiency) excess of revenues (under) over expenditures	(3,274,621)	5,638,196
Fund balance at beginning of year	6,705,465	1,067,269
Fund balance at end of year	\$ 3,430,844	\$ 6,705,465

The accompanying notes are an integral part of the financial statements

CITY OF COVINA
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		Variance Favorable (Unfavorable)	2018 Actual
		Metro Budget	Actual		
1.05	Citywide Street Reconstruction Plan - Bond Payment (Note 13)	\$ 400,000	\$ 369,974	\$ 30,026	\$ 366,765
1.05	Citywide Concrete Repair Program	100,000	-	100,000	-
1.05	Grand Avenue Rehabilitation, Arrow Highway to San Bernardino Road	316,000	315,698	302	2,715
1.05	Pothole and Concrete Repair	200,000	139,470	60,530	167,845
1.05	Regulatory Sign Replacement Program	150,000	153,523	(3,523)	48,785
	<i>Expenditures Funded by Measure R Local Return Fund</i>	<u>1,166,000</u>	<u>978,665</u>	<u>187,335</u>	<u>586,110</u>
1.05	Citywide Street Reconstruction Plan - TRIP (Note 13)	5,800,000	3,014,070	2,785,930	-
	<i>Expenditures Funded by the COPs</i>	<u>5,800,000</u>	<u>3,014,070</u>	<u>2,785,930</u>	<u>-</u>
	Total expenditures \$	<u><u>6,966,000</u></u>	<u><u>3,992,735</u></u>	<u><u>2,973,265</u></u>	<u><u>586,110</u></u>

See accompanying independent auditor's report.

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

	2019	2018
ASSETS		
Cash and investments	\$ 855,143	\$ 516,639
Total assets	\$ 855,143	\$ 516,639
 LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 625	\$ -
Accrued payroll and benefits	3,631	-
Total liabilities	4,256	-
 Fund Balance		
Restricted	850,887	516,639
Total fund balance	850,887	516,639
Total liabilities and fund balance	\$ 855,143	\$ 516,639

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

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

	2019	2018
REVENUES		
Measure M	\$ 689,925	\$ 517,653
Interest income	12,468	4,251
Total revenues	702,393	521,904
 EXPENDITURES		
Various projects	368,145	5,265
Total expenditures	368,145	5,265
 Excess of revenues over expenditures	334,248	516,639
 Fund balance at beginning of year	516,639	-
 Fund balance at end of year	\$ 850,887	\$ 516,639

The accompanying notes are an integral part of the financial statements

CITY OF COVINA
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		Variance Favorable (Unfavorable)	2018 Actual
		Metro Budget	Actual		
1.05	Bridge Maintenance	\$ 150,000	\$ 5,874	\$ 144,126	\$ 5,265
1.05	Pothole and Concrete Repair	226,292	217,271	9,021	-
1.05	Regulatory Sign Replacement Program	45,000	45,000	-	-
1.05	City Concrete Repairs	100,000	100,000	-	-
	Total expenditures	\$ 521,292	\$ 368,145	\$ 153,147	\$ 5,265

See accompanying independent auditor's report.

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

	<u>2019</u>	<u>2018</u>
ASSETS		
Due from Metro	\$ 18,913	\$ 2,497
Prepaid expense	<u>4,500</u>	<u>-</u>
Total assets	<u>\$ 23,413</u>	<u>\$ 2,497</u>
 LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 240	\$ 123
Due to General Fund	<u>18,673</u>	<u>2,337</u>
Total liabilities	<u>18,913</u>	<u>2,460</u>
 Deferred inflow of resources		
Total deferred inflow of resources	<u>240</u>	<u>-</u>
 Fund Balance		
Restricted	<u>4,260</u> *	<u>37</u>
Total fund balance	<u>4,260</u>	<u>37</u>
Total liabilities, deferred inflow of resources, and fund balance	<u>\$ 23,413</u>	<u>\$ 2,497</u>

* Since the unspent fund balance of \$4,260 is a receivable from Metro as of June 30, 2019, the City is not required to return the ending fund balance of \$4,260 to Metro to be placed on reserve for the City.

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

CITY OF COVINA
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	\$ 18,673	\$ 2,497
Interest income	-	5
Total revenues	18,673	2,502
EXPENDITURES		
Various projects	14,450	24,163
Total expenditures	14,450	24,163
Excess (deficiency) of revenues over (under) expenditures	4,223	(21,661)
Fund balance at beginning of year	37	21,698
Fund balance at end of year *	\$ 4,260	\$ 37

* Since the unspent fund balance of \$4,260 is a receivable from Metro as of June 30, 2019, the City is not required to return the ending fund balance of \$4,260 to Metro to be placed on reserve for the City.

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

CITY OF COVINA
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					
Management of Covina Bikehub	2018-19	\$ 4,320	\$ 4,560	\$ (240)	Complete
Maintenance of (28) Bike Lockers	2018-19	542	542	-	Complete
Bike and Pedestrian Grant					
Application Prep	2018-19	13,463	9,000	4,463	Complete
Maintenance of Bike Hub Facility	2018-19	348	348	-	Complete
Total		<u>\$ 18,673</u>	<u>\$ 14,450</u>	<u>4,223</u>	
Interest income				-	
Fund balance at beginning of year				<u>37</u>	
Fund balance at end of year				<u>\$ 4,260</u> *	

* Since the unspent fund balance of \$4,260 is a receivable from Metro as of June 30, 2019, the City is not required to return the ending fund balance of \$4,260 to Metro to be placed on reserve for the City.

See accompanying independent auditor's report.

CITY OF COVINA
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 COVINA
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 COVINA
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 average balances to the total of the pooled cash and investments.

CITY OF COVINA
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
July 31, 2017	7/1/17 – 6/30/19	FY 2014-15	\$ 27,570	\$ 27,570	\$ -
May 21, 2016	7/1/15 – 6/30/17	FY 2013-14	\$ 28,964	28,964	-
			Total	\$ 56,534	\$ -

The Proposition A Discretionary Incentive Grant was recorded under PALRF.

NOTE 9 – PROJECT GENERATED REVENUES - PALRF

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

	2019	2018
Metro bus pass revenues	\$ 5,891	\$ 4,417
Metro parking permit revenues	183,864	175,137
Total	\$ 189,755	\$ 179,554

NOTE 10 – OTHER INCOME - PALRF

Other income for the year ended June 30, 2019 consisted of the following:

	2019
Retention revenue	\$ 4,800
Sale of vehicle at auction	6,679
Total	\$ 11,479

NOTE 11 – PROJECT REIMBURSEMENT FROM CALTRANS - PCLRF

Project reimbursement in the amount of \$32,559 for the year ended June 30, 2019 was received from the Caltrans to provide and subsidize funding of the expenditures incurred for PCLRF's Covina Bikeways Improvement Program Project, Project Code 430-05.

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

NOTE 12 – OTHER INCOME - PCLRF

Other income for the years ended June 30, 2019 and June 30, 2018 consisted of the following:

		2019		2018
Rental income from Cingular Wireless	\$	36,499	\$	35,096
Sale of vehicle at auction		1,981		3,120
Total	\$	38,480	\$	38,216

NOTE 13 – RESTRICTED CASH AND RESTRICTED FUND BALANCE – TOTAL ROAD IMPROVEMENT PROGRAM - MRLRF

On August 2, 2017, Stifel, Nicolaus & Company, Incorporated (“Stifel”) issued the California Communities Transportation Revenue (installment sale) Certificates of Participation (COPs), Series 2017A in the amount of \$5,625,000 with a premium of \$254,307. The premium is amortized over the life of the COPs. The proceeds from the COPs are to finance the Citywide Street Reconstruction Plan Project, which will upgrade, reconstruct, and rehabilitate public streets within the City, through participation in the California Statewide Communities Development Authority Total Road Improvement Program (TRIP).

Principal and interest payments are due on each December 1st and June 1st, commencing on December 1, 2017 and maturing on June 1, 2039. The principal payments range from \$175,000 to \$355,000 and bear interest at rates ranging from 2.000% to 5.000%.

The MRLRF allocation revenues are used to pay the debt service on the COPs and to finance the costs of the project that was approved by Metro on the letter dated July 1, 2017.

The COPs cash and fund balance for the years ended June 30, 2019 and June 30, 2018 are as follows:

COPs Issued Amount		\$	5,625,000
Add: Net original issue premium			254,307
Less: COPs issuance costs			(281,154)
COPs Proceeds			5,598,153
Add: FY 2018 interest income			42,473
COPs cash and fund balance at June 30, 2018			5,640,626
Add: FY 2019 interest income			103,005
Less: FY 2019 expenditures			(3,014,070)
COPs cash and fund balance at June 30, 2019		\$	2,729,561

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

NOTE 14 – TRANSPORTATION DEVELOPMENT ACT FUND REVENUE ALLOCATION

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

	<u>2019</u>	<u>2018</u>
FY 2015-16 allocation	\$ 5,852	\$ 2,497
FY 2016-17 allocation	12,821	-
Total payment requested	<u>\$ 18,673</u>	<u>\$ 2,497</u>

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:

	<u>2019</u>	<u>2018</u>
FY 2015-16 allocation	\$ -	\$ 5,852
FY 2016-17 allocation	19,570	32,391
FY 2017-18 allocation	32,107	32,107
FY 2018-19 allocation	33,230	-
Available reserve balance	<u>\$ 84,907</u>	<u>\$ 70,350</u>

NOTE 16 – SUBSEQUENT EVENTS

The City has evaluated events or transactions that occurred subsequent to June 30, 2019 through October 30, 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 Covina, 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 Covina, 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 October 30, 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 cursive script that reads "Simpson & Simpson".

Los Angeles, California
October 30, 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 Covina, California and the
Los Angeles County Metropolitan Transit Authority

Report on Compliance

We have audited the compliance of the City of Covina, 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 an instance of noncompliance, which is required to be reported in accordance with the Guidelines and which is described in the accompanying Schedule of Finding and Recommendation as Finding No. 2019-001. Our opinion on each local return program 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 cursive script that reads "Simpson & Simpson".

Los Angeles, California
October 30, 2019

CITY OF COVINA
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	
15.	Recreational transit form was submitted on time.		X		None	See Finding No. 2019-001 in the Schedule of Finding and Recommendation.

CITY OF COVINA
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 COVINA
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 COVINA
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	
2.	Expenditures were incurred for activities relating to pedestrian and bicycle facilities and amenities.	X			None	

CITY OF COVINA
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 October 28, 2019.
Cause	Due to changes in staffing, the form submission process was not properly implemented.
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 15th 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	The City’s department assigned to the submission of the form will implement internal checklist and will be reviewed by management in a timely fashion.
Finding Corrected During Audit	The City submitted the form to LACMTA on October 28, 2019. No follow-up is required.

EXIT CONFERENCE

CITY OF COVINA
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 11, 2019, 2019 with the City of Covina. Those in attendance were:

Simpson & Simpson Representative:

Yung Dang, Senior Auditor

City's Representative:

Alan Sands, Accountant

Matters Discussed:

Results of the audit disclosed no significant control deficiencies 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:

Alan Sands, Accountant

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

RE: CITY OF COVINA 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 Covina and agree with the contents of the report except as indicated below:

(Attach additional pages if necessary)

Very truly yours,

Name

Title

Date