

***CITY OF GLENDORA
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***



Metro[®]



Simpson & Simpson, LLP
Certified Public Accountants

CITY OF GLENDORA
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>	27

CITY OF GLENDORA
TABLE OF CONTENTS
(Continued)

COMPLIANCE SECTION

Independent Auditor's Report on Compliance	29
Compliance Matrix	32
Schedule of Findings and Recommendations	36

EXIT CONFERENCE	40
------------------------	-----------

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 Glendora, California and the
Los Angeles County Metropolitan Transportation Authority

Report on the Financial Statements

We have audited the accompanying financial statements of the Proposition A Local Return Fund (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 Glendora, 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 Glendora, 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 Glendora, 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 16, 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 16, 2019

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

	2019	2018
ASSETS		
Cash and investments	\$ 717,863	\$ 804,284
Accounts receivable	68,074	1,700
Interest receivable	1,765	1,774
Total assets	\$ 787,702	\$ 807,758
 LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 84,350	\$ 85,633
Accrued payroll liabilities	21,425	-
Total liabilities	105,775	85,633
 Fund Balance		
Restricted	681,927	722,125
Total fund balance	681,927	722,125
Total liabilities and fund balance	\$ 787,702	\$ 807,758

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

CITY OF GLENDORA
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	\$ 1,056,163	\$ 976,722
Proposition A Incentive Grant (Note 8)	66,374	57,904
Interest income	8,763	12,139
Project generated revenue (Note 9)	54,634	57,212
Other income (Note 10)	-	1,700
Unrealized gain (loss) on investments	12,111	(8,730)
Total revenues	1,198,045	1,096,947
EXPENDITURES		
Various projects	1,238,243	1,284,529
Total expenditures	1,238,243	1,284,529
OTHER FINANCING SOURCE		
Transfer-in from Transit System Fund (Note 11)	-	243,642
Total other financing source	-	243,642
(Deficiency) excess of revenues (under) over expenditures and other financing source	(40,198)	56,060
Fund balance at beginning of year	722,125	666,065
Fund balance at end of year	\$ 681,927	\$ 722,125

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

CITY OF GLENDORA
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)	
110-01	Fixed Route Service	\$ 299,552	\$ 302,426	\$ (2,874)	\$ 306,558
130-01	Paratransit/Senior and Disabled	510,048	514,958	(4,910)	521,977
140-03	Special Event Transit	85,000	69,369	15,631	76,232
140-08	Special Event Coordinator	25,000	26,129	(1,129)	31,131
170-05	Bus Shelter Improvements	14,500	14,173	327	-
200-13	Vehicle Purchase	70,000	65,619	4,381	-
250-01	Bus Pass Subsidy Program	13,000 *	18,325	(5,325)	9,796
270-02	Council of Governments Annual Membership (COG)	6,000	-	6,000	6,000
270-07	Transportation Planning Superintendent/Contract Program Analyst	50,250	58,200	(7,950)	53,506
280-01	Transit Marketing	12,100	9,986	2,114	10,836
480-04	Administration Proposition A	172,000	159,058	12,942	268,493
Total expenditures		\$ 1,257,450	\$ 1,238,243	\$ 19,207	\$ 1,284,529

* Metro subsequently approved the budget increase to \$18,500.

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

CITY OF GLENDORA
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
3/90	Computer	\$ 1,869	-	-	\$ 1,869
2/90	Copier	1,703	-	-	1,703
1/00	Lighting Control	19,809	-	-	19,809
12/00	Firewall Software	6,533	-	-	6,533
4/16	GMC Arboc Low Floor GNG Bus	53,777	-	-	53,777
8/16	2017 MV-1 Mobility Venture	63,190	-	-	63,190
8/18	2018 Ford Transit Norcal Van	-	65,619	-	65,619
Total		\$ 146,881	\$ 65,619	\$ -	\$ 212,500

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

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

	2019	2018
ASSETS		
Cash and investments	\$ 1,763,298	\$ 1,764,210
Interest receivable	9,847	6,834
Total assets	\$ 1,773,145	\$ 1,771,044
 LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 44,156	\$ -
Total liabilities	44,156	-
 Fund Balance		
Restricted	1,728,989	1,771,044
Total fund balance	1,728,989	1,771,044
Total liabilities and fund balance	\$ 1,773,145	\$ 1,771,044

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

CITY OF GLENDORA
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	\$ 876,058	\$ 809,339
Interest income	47,082	29,730
Unrealized gain (loss) on investments	45,134	(35,225)
Total revenues	<u>968,274</u>	<u>803,844</u>
 EXPENDITURES		
Various projects	<u>1,010,329</u>	<u>269,000</u>
Total expenditures	<u>1,010,329</u>	<u>269,000</u>
 (Deficiency) excess of revenues (under) over expenditures	 (42,055)	 534,844
 Fund balance at beginning of year	 <u>1,771,044</u>	 <u>1,236,200</u>
 Fund balance at end of year	 <u>\$ 1,728,989</u>	 <u>\$ 1,771,044</u>

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

CITY OF GLENDORA
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)	
170-04	Bus Shelter Maintenance Personnel	\$ 150,000	\$ 175,116	\$ (25,116)	\$ 156,213
270-02	Council of Governments Annual Membership (COG)	6,000	-	6,000	6,000
270-07	Transportation Planning Superintendent/Contract Program Analyst	50,250	58,200	(7,950)	53,506
440-18	Lone Hill Avenue Street Improvements Phase 2 - Gladstone to LA Company Wash	700,000	700,330	(330)	-
440-22	Lone Hill Phase I	475,000	-	475,000	-
480-03	Administration Proposition C - Formerly Transportation Superintendent	250,000	76,683	173,317	53,281
Total expenditures		\$ 1,631,250	\$ 1,010,329	\$ 620,921	\$ 269,000

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

CITY OF GLENDORA
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
03/97	Paratransit Bus	\$ 51,304	\$ -	\$ -	\$ 51,304
06/97	Ericson Bus Radios	6,676	-	-	6,676
07/97	Radio Base	1,283	-	-	1,283
11/98	3/4 Ton Van	24,262	-	-	24,262
Various	Various Furnitures	4,215	-	-	4,215
01/99	High Pressure System	10,579	-	-	10,579
12/99	Paratransit Minibus	37,087	-	-	37,087
03/11	ADA Accessible Mini Van	45,219	-	-	45,219
02/12	11 Braun Entervan White	41,216	-	-	41,216
06/12	Route Match Software	29,447	-	-	29,447
12/12	Handicap Minivan	44,556	-	-	44,556
03/14	Braun Entervan	45,257	-	-	45,257
07/14	2014 Starcraft Ford All Star VN	21,470	-	-	21,470
Total		\$ 362,571	\$ -	\$ -	\$ 362,571

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

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

	<u>2019</u>	<u>2018</u>
ASSETS		
Cash and investments	\$ 427,085	\$ 590,296
Interest receivable	<u>1,842</u>	<u>1,843</u>
Total assets	<u>\$ 428,927</u>	<u>\$ 592,139</u>
 LIABILITIES AND FUND BALANCE		
Liabilities		
Accrued payroll liabilities	\$ <u>18,142</u>	\$ <u>-</u>
Total liabilities	<u>18,142</u>	<u>-</u>
 Fund Balance		
Restricted	<u>410,785</u>	<u>592,139</u>
Total fund balance	<u>410,785</u>	<u>592,139</u>
Total liabilities and fund balance	<u>\$ 428,927</u>	<u>\$ 592,139</u>

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

CITY OF GLENDORA
MEASURE R 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 R	\$ 657,232	\$ 606,805
Interest income	10,708	9,506
Unrealized gain (loss) on investments	12,792	(9,839)
Total revenues	<u>680,732</u>	<u>606,472</u>
 EXPENDITURES		
Various projects	<u>862,086</u>	<u>504,795</u>
Total expenditures	<u>862,086</u>	<u>504,795</u>
 (Deficiency) excess of revenues (under) over expenditures	 (181,354)	 101,677
 Fund balance at beginning of year	 <u>592,139</u>	 <u>490,462</u>
 Fund balance at end of year	 <u><u>\$ 410,785</u></u>	 <u><u>\$ 592,139</u></u>

The accompanying notes are an integral part of the financial statements

CITY OF GLENDORA
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
		Metro Budget	Actual	Variance Favorable (Unfavorable)	
1.05	Street Repair and Maintenance 1	\$ 551,400	\$ 508,937	\$ 42,463	\$ 504,795
1.05	Lone Hill Avenue Improvements	300,000	208,924	91,076	-
1.20	Traffic Signal Enhancements	100,000	705	99,295	-
1.20	Traffic Signal Enhancements	151,842	143,520	8,322	-
Total expenditures		\$ 1,103,242	\$ 862,086	\$ 241,156	\$ 504,795

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

CITY OF GLENDORA
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	\$ -	\$ -	\$ -	\$ -

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

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

	<u>2019</u>	<u>2018</u>
ASSETS		
Cash and investments	\$ 876,507	\$ 496,170
Interest receivable	<u>4,155</u>	<u>1,668</u>
Total assets	<u>\$ 880,662</u>	<u>\$ 497,838</u>
 LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 168,444	\$ -
Retention payable	16,464	-
Accrued payroll liabilities	<u>985</u>	<u>9,240</u>
Total liabilities	<u>185,893</u>	<u>9,240</u>
 Fund Balance		
Restricted	<u>694,769</u>	<u>488,598</u>
Total fund balance	<u>694,769</u>	<u>488,598</u>
Total liabilities and fund balance	<u>\$ 880,662</u>	<u>\$ 497,838</u>

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

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

	2019	2018
REVENUES		
Measure M	\$ 739,821	\$ 549,904
Interest income	19,012	5,429
Unrealized gain (loss) on investments	11,115	(10,876)
Total revenues	769,948	544,457
 EXPENDITURES		
Various projects	563,777	55,859
Total expenditures	563,777	55,859
 Excess of revenues over expenditures	206,171	488,598
 Fund balance at beginning of year	488,598	-
 Fund balance at end of year	\$ 694,769	\$ 488,598

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

CITY OF GLENDORA
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	Bike Lane Rehabilitation and Others	\$ 418,000	\$ -	\$ 418,000	\$ -
1.05	Lone Hill Avenue Street Rehabilitation	60,000	35,186	24,814	55,859
1.05	Slurry Seal	198,000	167,040	30,960	-
1.05	Leadora Resurfacing - Design	220,000	15,549	204,451	-
1.05	Leadora Resurfacing - Construction	363,889	329,356	34,533	-
8.10	Fund Administration (20% cap)	23,400	16,646	6,754	-
	Total expenditures	\$ 1,283,289	\$ 563,777	\$ 719,512	\$ 55,859

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

CITY OF GLENDORA
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	\$ -	\$ -	\$ -	\$ -

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

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

	2019	2018
ASSETS		
Due from Metro	\$ -	\$ 34,107
Total assets	\$ -	\$ 34,107
 LIABILITIES AND FUND BALANCE		
Liabilities		
Due to the Capital Projects Fund	\$ -	\$ 34,107
Total liabilities	-	34,107
 Fund Balance		
Restricted	-	-
Total fund balance	-	-
Total liabilities and fund balance	\$ -	\$ 34,107

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

CITY OF GLENDORA
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	\$ -	\$ 34,107
Total revenues	-	34,107
EXPENDITURES		
Various projects	-	-
Total expenditures	-	-
Excess of revenues over expenditures	-	34,107
Fund balance at beginning of year	-	(34,107)
Fund balance at end of year	\$ -	\$ -

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

CITY OF GLENDORA
 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					
None	2018-19	\$ -	\$ -	\$ -	
	Total	<u>\$ -</u>	<u>\$ -</u>	-	
Fund balance at beginning of year				-	
Fund balance at end of year				<u>\$ -</u>	

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

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

NOTE 8 – PROPOSITION A DISCRETIONARY INCENTIVE GRANTS - PALRF

The City entered into a Memorandum of Understanding (MOU) agreement with the Los Angeles County Metropolitan Transportation Authority (LACMTA) to receive Proposition A Discretionary Incentive Grants 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, 2018	7/1/18 – 6/30/22	FY 2015-16	\$ 66,374	\$ 66,374	\$ -
July 31, 2017	7/1/17 – 6/30/19	FY 2014-15	\$ 57,904	-	57,904
		Total	\$	66,374	\$ 57,904

The Proposition A Discretionary Incentive Grants were recorded under PALRF.

NOTE 9 – PROJECT GENERATED REVENUE - PALRF

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

	2019	2018
Transit Fares	\$ 42,827	\$ 46,743
Bus Pass Subsidy	11,807	10,469
Total	\$ 54,634	\$ 57,212

NOTE 10 – OTHER INCOME - PALRF

The other income of \$1,700 were funds received from the insurance company in fiscal year 2018 for the repair of one of the bus benches and replacement of trash cans caused by a car accident in March 2018.

NOTE 11 – TRANSFER-IN FROM TRANSIT SYSTEM FUND - PALRF

The amount of \$243,642 represents a reimbursement from the City’s Transit System Fund to PALRF to assist with the payment of expenditures related to PALRF projects in fiscal year ended June 30, 2018.

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

NOTE 12 – 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 2017-18 allocation	\$	-	\$	34,107
Total payment requested	\$	-	\$	34,107

NOTE 13– TRANSPORTATION DEVELOPMENT ACT FUNDS RESERVED

In accordance with TDA Article 3 (SB821) Guidelines, funds not spent during the fiscal year have been placed on reserve in the Local Transportation Fund (LTF) account with the County Auditor-Controller to be drawn down whenever the funds become eligible for a specific project and an approved drawdown request is received by Metro. As of June 30, 2019 and 2018, the City has funds on reserve as follows:

		2019		2018
FY 2018-19 allocation	\$	35,668	\$	-
Available reserve balance	\$	35,668	\$	-

NOTE 14 – SUBSEQUENT EVENTS

The City has evaluated events or transactions that occurred subsequent to June 30, 2019 through October 16, 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 Glendora, 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 Glendora, 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 16, 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
October 16, 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 Glendora, California and the
Los Angeles County Metropolitan Transit Authority

Report on Compliance

We have audited the compliance of the City of Glendora, California (the City) with the Proposition A and Proposition C Local Return Guidelines, Measure R Local Return Guidelines, 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, except as noted in the Compliance Matrix and the Schedule of Findings and Recommendations, 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, 2019-002 and 2019-003. 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 under the Guidelines 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, we did identify a deficiency in internal control over compliance described in the accompanying Schedule of Findings and Recommendations as Finding No. 2019-001 that we consider to be a significant deficiency.

The City's response to the internal control over compliance 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.



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.

Simpson & Simpson

Los Angeles, California
October 16, 2019

CITY OF GLENDORA
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	See Finding No. 2019-001 in the Schedule of Findings and Recommendations.
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		PALRF: \$ 4,679	See Finding No. 2019-002 in the Schedule of Findings and Recommendations.
11.	Pavement Management System (PMS) is in place and being used for Street Maintenance or Improvement Projects Expenditures.		X		None	See Finding No. 2019-003 in the Schedule of Findings and Recommendations.
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.	Recreational transit form was submitted on time.	X			None	

CITY OF GLENDORA
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.	Fund 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.	Accounting procedures, record keeping and documentation are adequate.		X		\$6,145	See Finding No. 2019-002 in the Schedule of Findings and Recommendations.
11.	Administrative expenditures are within the 20% cap.			X	None	
12.	Fund exchanges were approved by Metro.			X	None	
13.	A separate account was established for Capital reserve funds and Capital reserve was approved by Metro.			X	None	
14.	Recreational transit form was submitted on time.			X	None	

CITY OF GLENDORA
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 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 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 GLENDORA
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 GLENDORA
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
June 30, 2019

PALRF: Finding No. 2019-001

Compliance Reference	According to Proposition A and Proposition C Local Return Guidelines, Section I (C), “Jurisdictions shall submit for approval a Project Description Form prior to the expenditure of funds for: 5) a 25 percent or greater change in an approved Local Return project budget or scope on all operating or capital Local Return projects.”
Condition	<p>The City exceeded more than 25 percent of LACMTA's approved budget on PALRF Project Code 250-01, Proposition A Bus Pass Subsidy, in the amount of \$2,075. However, the City submitted a Project Description Form (Form A) to obtain a budget increase from LACMTA and received subsequent approval on September 16, 2019.</p> <p>This is a repeat finding from prior fiscal year.</p>
Cause	The expenses accrued for the project exceeded than what was anticipated even after a budget increase was requested from LACMTA in June 2019.
Effect	The City’s PALRF project expenditure exceeded 25 percent of LACMTA’s approved budget without LACMTA’s prior approval and the City did not comply with the Guidelines.
Recommendation	We recommend that the City establish procedures to ensure that project expenditures are within the 25 percent cap of the LACMTA’s approved budget and an amended Form A (Project Description Form) is properly prepared and submitted prior to the expenditure of funds which would result in a 25 percent or greater change in an approved Local Return project budget or scope on all operating Local Return projects.
Management’s Response	The City departments will ensure that project budgets are evaluated timely to ensure an amended Form A is submitted prior to the expenditure of funds.
Finding Corrected During the Audit	LACMTA Program Manager granted retroactive approval in the amount of \$18,500 of the said expenditures on September 16, 2019. No follow-up is required.

CITY OF GLENDORA
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
 June 30, 2019
 (Continued)

PALRF and MRLRF: Finding No. 2019-002

Compliance Reference	<p>According to Proposition A and Proposition C Local Return Guidelines, Section II, “A proposed expenditure of funds shall be deemed to be for public transit purposes to the extent that it can reasonably be expected to sustain or improve the quality and safety of and/or access to public transit services by the general public or those requiring special public transit assistance” and Section V, “It is jurisdictions’ responsibility to maintain proper accounting records and documentation...”</p> <p>According to Measure R Local Return Guidelines, Section A.I, “The Measure R Ordinance specifies that Local Return funds are to be used for transportation purposes. No net revenue distributed to Jurisdictions may be used for purposes other than transportation purposes.” and Section B.VII, “It is the Jurisdictions’ responsibility to maintain proper accounting records and documentation to facilitate the performance of audit prescribed in these guidelines.”</p> <p>In addition, LACMTA Local Return Program Manager issued a memo dated on April 29, 2014 to jurisdictions to provide recommendations to ensure that jurisdictions have adequate evidence to support its compliance with the Local Return Guidelines, those recommendations are “that an electronic system is acceptable as long as how much time is identified on the project (i.e. not just a clock-in-clock-out system) and this non-timesheet system, excel file or other, is authenticated by the employee and approved by one’s supervisor.” Also, “(4) Where employees work on multiple activities or cost objectives, a distribution or their salaries or wages will be supported by personnel activity reports or equivalent documentation which meets the standards in subsection (5) unless a statistical sampling system (see subsection (6)) or other substitute system has been approved by the cognizant Federal agency. Such documentary support will be required where employees work on:</p> <p style="padding-left: 20px;">(b) A Federal award and non-Federal award.</p> <p>(5) Personnel activity reports or equivalent documentation must meet the following standards:</p> <p style="padding-left: 20px;">(b) They must reflect an after the fact distribution of the actual activity of each employee,</p> <p style="padding-left: 20px;">(f) Budget estimates or other distribution percentages determined before the services are performed do not qualify as support for charges to Federal awards but may be used for interim accounting purposes, provided that: (i) the governmental unit’s system for establishing the estimates produces reasonable approximations of the activity actually performed; (ii) at least quarterly, comparisons of actual costs to budgeted distributions based on monthly activity reports are made. Costs charged to Federal awards to reflect adjustments made as a result of the activity actually performed may be recorded annually if the quarterly comparisons show the differences between budgeted and actual costs are less than ten percent; and (iii) the budget estimates or other distribution percentages are revised as least quarterly, if necessary, to reflect changed circumstances.”</p>
-----------------------------	-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

CITY OF GLENDORA
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
 June 30, 2019
 (Continued)

PALRF and MRLRF: Finding No. 2019-002 (Continued)

Condition	<p>During the testing of payroll, the City provided both timesheets and the Special Funding Time Certification (Certification), a supplemental form for the timesheet that is signed by an employee and an employee's supervisor. The Certification provides the detail breakdown of hours worked for the respective LRF in all payroll periods during fiscal year 2019. However, we noted that the employee hours charged to the following LRFs did not agree to the hours indicated on the Certification as shown below:</p> <p>a) Of the twenty-two (22) payroll samples, thirteen (13) payroll was over-charged to PALRF totaling \$4,679;</p> <p>b) Of the eighteen (18) payroll samples, fifteen (15) payroll was over- charged to MRLRF totaling \$6,145.</p> <p>Upon inquiry, it was noted that the City's payroll allocation schedule was used to record payroll costs in the City's accounting records. However, the City did not properly reconcile the hours worked between the Certification and the payroll allocation schedule resulting to payroll overcharges to PALRF and MRLRF.</p>
Cause	<p>The City was not aware that its practice of time certification was not comparable to labor costs claimed on the timesheet.</p>
Effect	<p>The unreconciled variances on the payroll charges resulted in questioned costs of \$4,679 for PALRF and \$6,145 for MRLRF.</p>
Recommendation	<p>In accordance with the Guidelines, we recommend that the City reimburse its Proposition A Local Return Account and Measure R Local Return Account for \$4,679 and \$6,145, respectively. In addition, we recommend that the City establish controls to ensure that the payroll costs charged to the Local Return funds are adequately supported by timesheet, payroll register, personal actions or similar documentation so that the Local Return expenditures are in compliance with the Guidelines.</p>
Management's Response	<p>The City will modify its existing procedures to ensure accurate collection of time and effort documentation to support the salaries and benefits charged to PALRF and MRLRF. These controls will ensure salary charges were expended properly on local return approved projects.</p>
Finding Corrected During the Audit	<p>The City agreed to reimburse the questioned costs of \$4,679 and \$6,145 to PALRF's and MRLRF's accounts, respectively, and provided the supporting documentation of the transfers that were made in fiscal year ended 2019-20.</p>

CITY OF GLENDORA
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
 June 30, 2019
 (Continued)

PCLRF: Finding No. 2019-003

Compliance Reference	<p>According to Proposition A and Proposition C Local Return Guidelines, Section II.C.7, “Jurisdictions are required to certify that they have conducted and maintain Pavement Management Systems when proposing “Street Repair and Maintenance: or “Bikeway” projects.</p> <p>PMS must include the following:</p> <ul style="list-style-type: none"> • Inventory of existing pavements including, as a minimum, arterial and collector routes, reviewed and updated triennially; • Inventory of existing Class I bikeways, reviewed and updated triennially; • Assessment of pavement condition including, as a minimum, arterial and collector routes, reviewed and updated triennially; • Identification of all pavement sections needing rehabilitation/replacement; and • Determination of budget needs for rehabilitation or replacement of deficient sections of pavement for current and following triennial period(s). <p>Self-certifications executed by the Jurisdiction’s Engineer or designated, registered civil engineer, must be submitted with a Form A for new street maintenance or bikeway projects or Form B (biannually) for ongoing projects to satisfy “Street Repair and Maintenance” and “Bikeway” project eligibility criteria.”</p> <p>A Pavement Management System (PMS) Certification Form should be prepared and submitted to LACMTA with project codes 430, 440, 450, 460, and 470.</p>
Condition	<p>A PMS Certification Form was due for the fiscal year 2019 since the City incurred PCLRF expenditures for its Project Code 440-18, Lone Hill Avenue Street Improvements Phase 2 – Gladstone to LA Company Wash. However, the City did not submit the form. The last PMS Certification Form submitted was for fiscal year 2016 which was provided to LACMTA on October 14, 2016.</p>
Cause	<p>During fiscal year 2018-19, the City experienced a high volume of staff turnover that resulted in many vacancies. This created a delay in the projects that could have been completed within the fiscal year.</p>
Effect	<p>The City’s PMS Certification Form was not submitted timely as required by the Guidelines.</p>
Recommendation	<p>We recommend that the City establish procedures to ensure that if the City incurred expenditures for projects with codes 430, 440, 450, 460, and 470, a PMS Certification Form is properly certified and executed by the City’s Engineer or designated, registered Civil Engineer and submitted to LACMTA on the third year from the last submission date to be in compliance with the Guidelines.</p>
Management’s Response	<p>The City has an approved project in the fiscal year 2019-20 budget to complete the pavement management certification.</p>

EXIT CONFERENCE

CITY OF GLENDORA
PROPOSITION A LOCAL RETURN FUND, PROPOSITION C LOCAL RETURN FUND,
MEASURE R LOCAL RETURN FUNDS, MEASURE M LOCAL RETURN FUND, AND
TRANSPORTATION DEVELOPMENT ACT ARTICLE 3 FUND
EXIT CONFERENCE
June 30, 2019

An exit conference was held on December 4, 2019 with the City of Glendora. Those in attendance were:

Simpson & Simpson Representative:

Patrick Zhang, Staff Auditor

City's Representative:

Brittany Aguilar, Accounting Manager

Matters Discussed:

Results of the audit disclosed one (1) significant control deficiency and three (3) 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:

Brittany Aguilar, Accounting Manager

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

RE: CITY OF GLENDORA 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 Glendora and agree with the contents of the report except as indicated below:

(Attach additional pages if necessary)

Very truly yours,

Name

Title

Date