

***CITY OF MONROVIA
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 MONROVIA
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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 Monrovia, 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 Monrovia, 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 Monrovia, 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 Monrovia, California, as of June 30, 2019 and 2018, and the changes in its financial position for the years then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Supplementary Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have issued our report dated November 19, 2019, on our consideration of the City's internal control over the Funds' financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over the Funds' financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over the Funds' financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over the Funds' financial reporting and compliance.

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

Los Angeles, California
November 19, 2019

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

	2019	2018
ASSETS		
Cash and investments	\$ -	\$ 301,898
Accounts receivable (Note 8)	70,037	237,808
Total assets	\$ 70,037	\$ 539,706
 LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 31,097	\$ 344,346
Due to General Fund	23,901	-
Total liabilities	54,998	344,346
 Deferred inflow of resources (Note 9)		
Total deferred inflow of resources	-	174,422
 Fund Balance		
Restricted	15,039	20,938
Total fund balance	15,039	20,938
Total liabilities, deferred inflow of resources, and fund balance	\$ 70,037	\$ 539,706

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

CITY OF MONROVIA
PROPOSITION A 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 A	\$ 773,211	\$ 700,076
Proposition A Discretionary Incentive Grant (Note 10)	182,195	264,628
Interest income	6,700	1,297
Project generated revenue (Note 11)	80,068	48,760
Los Angeles County grant reimbursement - Dial-a-Ride (Note 12)	166,600	149,199
Los Angeles County grant reimbursement - Lyft, Inc. (Note 13)	104,098	-
Reimbursement from the City of Bradbury (Note 14)	8,449	10,561
Unrealized gain (loss) on investments	1,716	(1,488)
Sale of vehicles (Note 15)	16,000	2,800
	<u>1,339,037</u>	<u>1,175,833</u>
EXPENDITURES		
Various projects	<u>1,344,936</u>	<u>1,209,774</u>
	<u>1,344,936</u>	<u>1,209,774</u>
Deficiency of revenues under expenditures	(5,899)	(33,941)
Fund balance at beginning of year	<u>20,938</u>	<u>54,879</u>
Fund balance at end of year	<u>\$ 15,039</u>	<u>\$ 20,938</u>

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

CITY OF MONROVIA
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)	
120-02	General Public Dial-A-Ride *	\$ 310,000	\$ 569,583	\$ (259,583)	\$ 834,579
140-07	Recreational Transportation	8,000	7,067	933	28,515
170-03	Bus Stop Improvement	1	-	1	6,627
270-03	Park and Ride Mixed Use Project	1	-	1	-
410-01	GoMonrovia Mobility Plan	712,919	761,994	(49,075)	333,599
480-03	SGVCOG Dues (Prev 06-270)	7,500	6,292	1,208	6,454
Total expenditures		\$ 1,038,421	\$ 1,344,936	\$ (306,515)	\$ 1,209,774

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

Metro Budget	\$ 310,000
Total expenditures	\$ 569,583
Less: Proposition A Discretionary Incentive Grant (Note 10)	(182,195)
Less: Project generated revenue (Note 11)	(7,608)
Less: Los Angeles County grant reimbursement - Dial-a-Ride (Note 12)	(166,600)
Less: Reimbursement from City of Bradbury (Note 14)	(8,449)
PALRF expenditures, net	<u>204,731</u>
Actual variance positive	<u>\$ 105,269</u>

See accompanying independent auditor's report.

CITY OF MONROVIA
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
Dec-03	Bus Shelters	\$ 11,206	\$ -	\$ -	\$ 11,206
Aug-06	New Bus Shelters - Huntington	147,874	-	-	147,874
Aug-07	Glavel Paratransit Dial-A-Ride Bus	61,658	-	-	61,658
Aug-07	Glavel Paratransit Dial-A-Ride Bus	61,658	-	-	61,658
Jun-08	2 Bus Shelters - Huntington	72,708	-	-	72,708
Jun-08	El Dorado Amerivan Paratransit	39,499	-	-	39,499
Jun-08	El Dorado Amerivan Paratransit	39,499	-	-	39,499
Jun-15	Glavel Paratransit Dial-A-Ride Bus	82,224	-	82,224	-
Jun-15	Glavel Paratransit Dial-A-Ride Bus	82,224	-	-	82,224
Jun-15	Glavel Paratransit Dial-A-Ride Bus	82,224	-	-	82,224
Jun-15	Glavel Paratransit Dial-A-Ride Bus	84,778	-	-	84,778
Total		\$ 765,552	\$ -	\$ 82,224	\$ 683,328

See accompanying independent auditor's report.

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

	2019	2018
ASSETS		
Cash and investments	\$ 839,340	\$ 907,617
Cash and investments - 2016 Lease Revenue Bonds (Note 16)	1,856,838	3,360,548
Accounts receivable (Note 8)	6,345	-
Total assets	\$ 2,702,523	\$ 4,268,165
 LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 783,591	\$ -
Accounts payable - 2016 Lease Revenue Bonds (Note 16)	379,877	475,532
Accrued payroll and benefits	251	1,341
Total liabilities	1,163,719	476,873
Deferred inflow of resources (Note 9)	6,345	-
Total deferred inflow of resources	6,345	-
 Fund Balance		
Restricted	55,498	906,276
Restricted - 2016 Lease Revenue Bonds (Note 16)	1,476,961	2,885,016
Total fund balance	1,532,459	3,791,292
Total liabilities, deferred inflow of resources and fund balance	\$ 2,702,523	\$ 4,268,165

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

CITY OF MONROVIA
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	\$ 641,357	\$ 579,041
Interest income	46,566	33,952
Project generated revenue (Note 17)	217,322	-
Unrealized gain on investments	21,252	-
Reimbursement for bus purchase (Note 18)	-	75,416
Total revenues	<u>926,497</u>	<u>688,409</u>
 EXPENDITURES		
Various projects	<u>3,185,330</u>	<u>2,614,194</u>
Total expenditures	<u>3,185,330</u>	<u>2,614,194</u>
 Deficiency of revenues under expenditures	 (2,258,833)	 (1,925,785)
 Fund balance at beginning of year	 <u>3,791,292</u>	 <u>5,717,077</u>
 Fund balance at end of year	 <u>\$ 1,532,459</u>	 <u>\$ 3,791,292</u>

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

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

Project Code	Project Name	2019		Variance Favorable (Unfavorable)	2018 Actual
		Metro Budget	Actual		
200-02	Monrovia Transit Bus Replacement Program	\$ -	\$ -	\$ -	\$ 377,079
270-03	Park and Ride Mixed Use Project	270,000	262,997	7,003	-
410-01	GoMonrovia Mobility Plan	837,586	995,677	(158,091)	-
430-01	Huntington Drive/5th Avenue	1	-	1	-
430-02	Comprehensive Old Town Upgrade Project	1	-	1	3,511
430-03	Bradoaks/Santa Fe Project	1	-	1	-
450-15	Citywide Street Reconstruction Plan	400,000	396,990	3,010	396,003
450-19	Non-Monrovia Renewal Street and Sidewalk Project	1	-	1	72,779
450-21	Huntington Drive Phase II	1	-	1	-
480-03	SGVCOG Dues (Prev 06-270)	7,500	6,292	1,208	5,969
480-04	Direct Administration	80,000	75,042	4,958	77,407
	<i>Expenditures Funded by Proposition C Local Return Fund</i>	<u>1,595,091</u>	<u>1,736,998</u>	<u>(141,907)</u>	<u>932,748</u>
450-18	Monrovia Renewal Capital Project Expenditures (Note 16)	<u>2,122,175</u>	<u>1,448,332</u>	<u>673,843</u>	<u>1,681,446</u>
	<i>Expenditures Funded by the Lease Revenue Bonds</i>	<u>2,122,175</u>	<u>1,448,332</u>	<u>673,843</u>	<u>1,681,446</u>
	Total expenditures	<u>\$ 3,717,266</u>	<u>\$ 3,185,330</u>	<u>\$ 531,936</u>	<u>\$ 2,614,194</u>

See accompanying independent auditor's report.

CITY OF MONROVIA
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
FY 10-11	Street Resurfacing - Project No. C 3013	\$ 500,019	\$ -	\$ -	\$ 500,019
FY 12-13	Street Resurfacing - Project No. C 3059	845,802	-	-	845,802
FY 13-14	Street Resurfacing - Project No. C 3063	360,089	-	-	360,089
FY 15-16	Monrovia Renewal NW/S Construction in Progress	1,800,927	15,647 *	-	1,816,574
FY 16-17	Monrovia Renewal North Construction in Progress	30,815	-	-	30,815
FY 16-17	Monrovia Renewal NE Construction in Progress	19,313	-	-	19,313
FY 16-17	Foothill Boulevard Improvement Projects (Streets)	800,760	-	-	800,760
FY 16-17	Monrovia Renewal SW/SE - Streets Proposition C (Streets)	2,276,913	-	-	2,276,913
FY 16-17	Monrovia Renewal SW/SE - Streets Proposition C (Sidewalks)	70,420	-	-	70,420
FY 16-17	2014-15 Station Square Infrastructure	600,000	-	-	600,000
FY 16-17	Non-Renewal Sidewalk Repairs (Sidewalks)	35,205	-	-	35,205
FY17-18	Non-Renewal Sidewalk Repairs (Sidewalks)	72,779	-	-	72,779
FY17-18	2017 Starcraft Allstar 22	79,980	-	-	79,980
FY17-18	2017 Starcraft Allstar 20	74,275	-	-	74,275
FY17-18	2017 Starcraft Allstar 20	74,275	-	-	74,275
FY17-18	2017 Starcraft Allstar 20	74,275	-	-	74,275
FY17-18	2017 Starcraft Allstar 20	74,275	-	-	74,275
FY18-19	Monrovia Renewal NW/S Construction in Progress	-	819,013	-	819,013
FY18-19	Monrovia Renewal North Construction in Progress	-	584,100	-	584,100
FY18-19	Monrovia Renewal NE Construction in Progress	-	45,219	-	45,219
Total		<u>\$ 7,790,122</u>	<u>\$ 1,463,979</u>	<u>\$ -</u>	<u>\$ 9,254,101</u>

* The addition is a capital asset that was not reported in prior fiscal year.

See accompanying independent auditor's report.

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

	2019	2018
ASSETS		
Cash and investments	\$ 975,639	\$ 1,456,349
Cash and investments - 2016 Lease Revenue Bonds (Note 16)	1,665,535	3,216,926
Accounts receivable (Note 8)	7,878	-
Total assets	\$ 2,649,052	\$ 4,673,275
 LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 836,924	\$ 205,070
Accounts payable - 2016 Lease Revenue Bonds (Note 16)	400,924	511,697
Total liabilities	1,237,848	716,767
 Deferred inflow of resources (Note 9)		
	6,916	-
Total deferred inflow of resources	6,916	-
 Fund Balance		
Restricted	139,677	1,251,279
Restricted - 2016 Lease Revenue Bonds (Note 16)	1,264,611	2,705,229
Total fund balance	1,404,288	3,956,508
Total liabilities, deferred inflow of resources, and fund balance	\$ 2,649,052	\$ 4,673,275

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

CITY OF MONROVIA
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	\$ 481,156	\$ 434,934
Interest income	50,207	39,626
Project generated revenue (Note 17)	263,140	15,921
Los Angeles County grant reimbursement - Lyft, Inc. (Note 13)	65,114	-
Unrealized gain on investments	22,948	-
Total revenues	<u>882,565</u>	<u>490,481</u>
EXPENDITURES		
Various projects	<u>3,434,785</u>	<u>2,732,595</u>
Total expenditures	<u>3,434,785</u>	<u>2,732,595</u>
Deficiency of revenues under expenditures	(2,552,220)	(2,242,114)
Fund balance at beginning of year	<u>3,956,508</u>	<u>6,198,622</u>
Fund balance at end of year	<u>\$ 1,404,288</u>	<u>\$ 3,956,508</u>

The accompanying notes are an integral part of the financial statements

CITY OF MONROVIA
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	Non-Monrovia Renewal Sidewalk Projects: Non-Monrovia Renewal	\$ 10,000	\$ -	\$ 10,000	\$ 72,779
1.05	Citywide Street Reconstruction Plan - Bond Service Payments	400,000	396,990	3,010	396,003
1.05	Huntington Drive Phase II	306,900	-	306,900	-
1.05	Street Repair and Maintenance Program	100,000	50,000	50,000	350,000
2.19	GoMonrovia Program	1,243,257	1,506,899	(263,642)	220,990
3.05	Comprehensive Old Town Upgrade Project	82,500	-	82,500	3,511
3.10	Citywide Street Sign Replacement	385,000	-	385,000	-
	<i>Expenditures Funded by Measure R Local Return Fund</i>	<u>2,527,657</u>	<u>1,953,889</u>	<u>573,768</u>	<u>1,043,283</u>
1.05	Monrovia Renewal Capital Project Expenditures (Note 16)	<u>2,088,854</u>	<u>1,480,896</u>	<u>607,958</u>	<u>1,689,312</u>
	<i>Expenditures Funded by the Lease Revenue Bonds</i>	<u>2,088,854</u>	<u>1,480,896</u>	<u>607,958</u>	<u>1,689,312</u>
	Total expenditures	\$ <u>4,616,511</u>	\$ <u>3,434,785</u>	\$ <u>1,181,726</u>	\$ <u>2,732,595</u>

See accompanying independent auditor's report.

CITY OF MONROVIA
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
FY 15-16	Monrovia Renewal NW/S Construction in Progress	\$ 1,736,387	\$ 15,647 * \$	-	\$ 1,752,034
FY 16-17	Monrovia Renewal North Construction in Progress	143,852	-	-	143,852
FY 16-17	Monrovia Renewal NE Construction in Progress	64,295	-	-	64,295
FY 16-17	Huntington Drive Concrete Curb Repair (Median)	18,177	-	-	18,177
FY 16-17	Huntington Drive Median Upgrade (Median)	226,138	-	-	226,138
FY 16-17	Monrovia Renewal SW/SE - Streets Measure R (Streets)	2,360,594	-	-	2,360,594
FY 16-17	Monrovia Renewal SW/SE - Streets Measure R (Sidewalks)	73,008	-	-	73,008
FY 16-17	2014-15 Station Square Infrastructure	336,963	-	-	336,963
FY 16-17	Non-Renewal Sidewalk Repairs (Sidewalks)	35,205	-	-	35,205
FY 17-18	Non-Renewal Sidewalk Repairs (Sidewalks)	72,779	-	-	72,779
FY 18-19	Monrovia Renewal NW/S Construction in Progress	-	781,352	-	781,352
FY 18-19	Monrovia Renewal North Construction in Progress	-	580,944	-	580,944
FY 18-19	Monrovia Renewal NE Construction in Progress	-	117,837	-	117,837
Total		<u>\$ 5,067,398</u>	<u>\$ 1,495,780</u>	<u>\$ -</u>	<u>\$ 6,563,178</u>

* The addition is a capital asset that was not reported in prior fiscal year.

See accompanying independent auditor's report.

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

	2019	2018
ASSETS		
Cash and cash equivalents	\$ 280,325	\$ 96,245
Total assets	\$ 280,325	\$ 96,245
 LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 212,605	\$ 96,150
Total liabilities	212,605	96,150
 Fund Balance		
Restricted	67,720	95
Total fund balance	67,720	95
Total liabilities and fund balance	\$ 280,325	\$ 96,245

The accompanying notes are an integral part of the financial statements

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

	<u>2019</u>	<u>2018</u>
REVENUES		
Measure M	\$ 540,533	\$ 394,150
Interest income	2,483	95
Project generated revenue (Note 17)	91,169	6,870
Los Angeles County grant reimbursement - Lyft, Inc. (Note 13)	18,795	-
Total revenues	<u>652,980</u>	<u>401,115</u>
EXPENDITURES		
Various projects	<u>585,355</u>	<u>401,020</u>
Total expenditures	<u>585,355</u>	<u>401,020</u>
Excess of revenues over expenditures	67,625	95
Fund balance at beginning of year	<u>95</u>	<u>-</u>
Fund balance at end of year	<u><u>\$ 67,720</u></u>	<u><u>\$ 95</u></u>

The accompanying notes are an integral part of the financial statements

CITY OF MONROVIA
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	Repair and Preventive Maintenance of City Streets	\$ 400,000	\$ 150,000	\$ 250,000	\$ -
1.05	Street and Road Maintenance of City Streets	-	-	-	298,000
2.19	GoMonrovia Mobility Plan	132,000	435,355	(303,355)	103,020
	Total expenditures	\$ 532,000	\$ 585,355	\$ (53,355)	\$ 401,020

See accompanying independent auditor's report.

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

	2019	2018
ASSETS		
Due from Metro	\$ -	\$ 43,304
Total assets	\$ -	\$ 43,304
 LIABILITIES AND FUND BALANCE		
Liabilities		
Due to General Fund	\$ -	\$ 43,304
Total liabilities	-	43,304
 Fund Balance		
Restricted	-	-
Total fund balance	-	-
Total liabilities and fund balance	\$ -	\$ 43,304

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

CITY OF MONROVIA
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	\$ -	\$ 43,304
Total revenues	-	43,304
 EXPENDITURES		
Julian Fisher Park Restroom	-	43,304
Total expenditures	-	43,304
Excess of revenues over expenditures	-	-
Fund balance at beginning of year	-	-
Fund balance at end of year	\$ -	\$ -

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

CITY OF MONROVIA
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		\$ -	\$ -	\$ -	
		<u>\$ -</u>	<u>\$ -</u>	-	
Fund balance at beginning of year				<u>-</u>	
Fund balance at end of year				<u>\$ -</u>	

See accompanying independent auditor's report.

CITY OF MONROVIA
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 MONROVIA
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 MONROVIA
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.

NOTE 8 – ACCOUNTS RECEIVABLE - PALRF, PCLRF AND MRLRF

Accounts receivable under PALRF as of June 30, 2019 and 2018 consisted of the following:

	2019		2018
Metro	\$ 59,309	\$	44,815
Los Angeles County Department of Public Works	10,024		190,881
City of Bradbury	704		2,112
Total	\$ 70,037	\$	237,808

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

NOTE 8 – ACCOUNTS RECEIVABLE - PALRF, PCLRF AND MRLRF (Continued)

Accounts receivable under PCLRF as of June 30, 2019 consisted of amount due from Los Angeles County Department of Public Works for the cost sharing of street improvement work for the Monrovia Renewal Capital Project in the amount of \$6,345.

Accounts receivable under MRLRF as of June 30, 2019 and 2018 consisted of the following:

	2019	2018
Los Angeles County Department of Public Works	\$ 6,345	\$ -
Lyft, Inc.	1,533	-
Total	\$ 7,878	\$ -

NOTE 9 – DEFERRED INFLOW OF RESOURCES - PALRF, PCLRF AND MRLRF

The City recognizes revenue when the payments for services rendered become measurable and available. In fiscal years ended June 30, 2019 and 2018, the City recorded deferred inflow of resources when the availability of the funds was not determined at fiscal year end.

The issuance of Governmental Accounting Standards Board Statement No. 65, *Items Previously Reported as Assets and Liabilities*, established accounting and financial reporting standards that reclassify certain liabilities as deferred inflows of resources. A deferred inflow of resources is defined as those resources that are not available for spending in the current period. Since the reimbursements from other funds were not available for spending PALRF, PCLRF and MRLRF in fiscal years ended June 30, 2019 and 2018, the amounts are reported as deferred inflows of resources.

As of June 30, 2019, and 2018, the deferred inflows of resources under PALRF consists of reimbursements from the following:

	2019	2018
Proposition A Discretionary Incentive Grant	\$ -	\$ 44,815
Los Angeles County Grant	-	129,607
Total	\$ -	\$ 174,422

As of June 30, 2019, the deferred inflows of resources under PCLRF consists of reimbursements from Los Angeles County Department of Public Works for the cost sharing of street improvement work for the Monrovia Renewal Capital Project in the amount of \$6,345.

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

NOTE 9 – DEFERRED INFLOW OF RESOURCES - PALRF, PCLRF AND MRLRF (Continued)

As of June 30, 2019, and 2018, the deferred inflows of resources under MRLRF consists of reimbursements from the following:

	2019	2018
Los Angeles County Department of Public Works	\$ 6,345	\$ -
Lyft, Inc.	571	-
Total	\$ 6,916	\$ -

NOTE 10 – PROPOSITION A DISCRETIONARY INCENTIVE GRANT - PALRF

The Proposition A Discretionary Incentive Grant amounting to \$182,195 and \$264,628 for the years ended June 30, 2019 and 2018, respectively, represents additional funds received from Metro for participating in the sub-regional paratransit services program. The City is to operate a demand-response paratransit Dial-A-Ride program available to eligible disabled residents or known as the Monrovia Dial-A-Ride Program.

The Proposition A Discretionary Incentive Grant was recorded under PALRF.

NOTE 11 – PROJECT GENERATED REVENUE - PALRF

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

	2019	2018
Dial-A-Ride fares	\$ 7,608	\$ 24,311
GoMonrovia fares	72,460	24,449
Total	\$ 80,068	\$ 48,760

NOTE 12 – LOS ANGELES COUNTY GRANT REIMBURSEMENT – DIAL-A-RIDE - PALRF

Since 1994, the City has provided Dial-A-Ride services to residents of the surrounding unincorporated areas south of the City. The City is reimbursed by the County of Los Angeles for the rides that it furnishes to the residents of the unincorporated areas. The amounts reimbursed for the years ended June 30, 2019 and June 30, 2018 for PALRF amounted to \$166,600 and \$149,199, respectively.

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

NOTE 13 – LOS ANGELES COUNTY GRANT REIMBURSEMENT – LYFT, INC. - PALRF, MRLRF, AND MMLRF

In the later part of prior fiscal year, the City started providing subsidies to residents for car ride services from Lyft, Inc. to local public transit stops under the GoMonrovia project. Beginning in fiscal year ended June 30, 2019, the County of Los Angeles reimbursed the City for the subsidies that are provided to the residents throughout the unincorporated areas. The amounts reimbursed for the years ended June 30, 2019 and June 30, 2018 amounted to the following:

		2019		2018
GoMonrovia Reimbursement - PALRF	\$	104,098	\$	-
GoMonrovia Reimbursement - MRLRF		65,114		-
GoMonrovia Reimbursement - MMLRF		18,795		-
Total	\$	188,007	\$	-

NOTE 14 – REIMBURSEMENT FROM THE CITY OF BRADBURY - PALRF

The City provides Dial-A-Ride services to residents of the City of Bradbury. The City is reimbursed by the City of Bradbury for the rides that it furnishes to those residents. The amounts reimbursed for the years ended June 30, 2019 and June 30, 2018 for PALRF amounted to \$8,449 and \$10,561, respectively.

NOTE 15 – SALE OF VEHICLES - PALRF

On May 31, 2019 the City transferred one Glavel Paratransit Dial-A-Ride bus to a City program named Monrovia Reads. The bus was assessed for its value and resulted in the Monrovia Reads program paying \$16,000 to the PALRF for the fiscal year ended June 30, 2019.

On May 31, 2018 the City transferred one Glavel Paratransit Dial-A-Ride bus to a City program named Monrovia Reads. The bus was assessed for its value and resulted in the Monrovia Reads program paying \$2,800 to the PALRF for the fiscal year ended June 30, 2018.

NOTE 16 – 2016 LEASE REVENUE BONDS - PCLRF AND MRLRF

On March 1, 2016, the City issued Proposition C and Measure R Street Improvements Projects Lease Revenue Bonds in the amount of \$13,600,000. The proceeds of the bonds are anticipated to be used to finance the costs of acquisition, construction, rehabilitation, reconstruction, and resurfacing of the City’s public street facilities, fund a reserve account and pay costs of issuance. Use of Proposition C Revenues and Measure R Revenues to pay debt service on the Bonds to finance the costs of the project was approved by LACMTA by the letter dated February 26, 2016.

The serial bonds mature annually each December 1 from 2016 to 2036, in amounts ranging from \$155,000 to \$530,000 and bear interest at rates ranging from 3.000% to 5.000%. Interest is payable semi-annually on June 1 and December 1 in each year, commencing on December 1, 2016.

The Lease Revenue Bonds were split 50/50 between PCLRF and MRLRF.

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

NOTE 16 – 2016 LEASE REVENUE BONDS - PCLRF AND MRLRF (Continued)

The lease revenue cash and fund balances for PCLRF and MRLRF for the years ended June 30, 2019 and 2018 are as follows:

	<u>PCLRF</u>	<u>MRLRF</u>	<u>Total</u>
Lease Revenue Fund Balance at June 30, 2017	\$ 4,689,359	\$ 4,693,029	\$ 9,382,388
Add: Interest income	20,940	20,939	41,879
Less:			
Unrealized loss on investments	(149)	(151)	(300)
Accounts Payable at June 30, 2017	(143,688)	(319,276)	(462,964)
FY 2018 PCLRF's Monrovia Renewal Capital			
Project Code 450-18 Expenditures	(1,681,446)	-	(1,681,446)
FY 2018 MRLRF's Monrovia Renewal Capital			
Project Code 1.05 Expenditures	-	(1,689,312)	(1,689,312)
Lease Revenue Fund Balance at June 30, 2018	<u>2,885,016</u>	<u>2,705,229</u>	<u>5,590,245</u>
Add: Accounts Payable at June 30, 2018	<u>475,532</u>	<u>511,697</u>	<u>987,229</u>
Cash and investments – Restricted at June 30, 2018	<u>3,360,548</u>	<u>3,216,926</u>	<u>6,577,474</u>
Lease Revenue Fund Balance at June 30, 2018	3,360,548	3,216,926	6,577,474
Add:			
Interest Income	30,602	30,603	61,205
Unrealized gain on investments	9,675	9,675	19,350
Less:			
Accounts Payable at June 30, 2018	(475,532)	(511,697)	(987,229)
FY 2019 PCLRF's Monrovia Renewal Capital			
Project Code 450-18 Expenditures	(1,448,332)	-	(1,448,332)
FY 2019 MRLRF's Monrovia Renewal Capital			
Project Code 1.05 Expenditures	-	(1,480,896)	(1,480,896)
Lease Revenue Fund Balance at June 30, 2019	<u>1,476,961</u>	<u>1,264,611</u>	<u>2,741,572</u>
Add: Accounts Payable at June 30, 2019	<u>379,877</u>	<u>400,924</u>	<u>780,801</u>
Cash and investments – Restricted at June 30, 2019	<u>\$ 1,856,838</u>	<u>\$ 1,665,535</u>	<u>\$ 3,522,373</u>

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

NOTE 17 – PROJECT GENERATED REVENUE - PCLRF, MRLRF, AND MMLRF

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

	2019	2018
GoMonrovia fares - PCLRF	\$ 217,322	\$ -
GoMonrovia fares - MRLRF	263,140	15,921
GoMonrovia fares - MMLRF	91,169	6,870
Total	\$ <u>571,631</u>	\$ <u>22,791</u>

NOTE 18 – REIMBURSEMENT FOR BUS PURCHASE - PCLRF

On September 28, 2017, the City purchased five buses for their Dial-A-Ride program for \$377,079. As mentioned in Note 12 above, the City provides Dial-A-Ride services to residents of the surrounding unincorporated areas south of the City. As a result of providing these services to County residents, the County of Los Angeles reimbursed the City in the amount of \$75,416 for the bus purchases for the year ended June 30, 2018.

NOTE 19 – 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 2016-17 allocation	\$ -	\$ 18,853
FY 2017-18 allocation	-	24,451
Total payment requested	\$ <u>-</u>	\$ <u>43,304</u>

NOTE 20 – 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	\$ 26,116	\$ -
Available reserve balance	\$ <u>26,116</u>	\$ <u>-</u>

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

NOTE 21 – SUBSEQUENT EVENTS

The City has evaluated events or transactions that occurred subsequent to June 30, 2019 through November 19, 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 Monrovia, 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 Monrovia, California (the City), as of and for the year ended June 30, 2019, and the related notes to the financial statements, and have issued our report thereon dated November 19, 2019.

Internal Control Over Financial Reporting

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

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

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





Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's Proposition A Local Return Fund, Proposition C Local Return Fund, Measure R Local Return Fund, Measure M Local Return Fund and Transportation Development Act Article 3 Fund financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Los Angeles, California
November 19, 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 Monrovia, California and the
Los Angeles County Metropolitan Transit Authority

Report on Compliance

We have audited the compliance of the City of Monrovia, 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.





Report on Internal Control Over Compliance

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

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

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

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

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

Los Angeles, California
November 19, 2019

CITY OF MONROVIA
COMPLIANCE MATRIX
Year Ended June 30, 2019

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

CITY OF MONROVIA
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.	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 MONROVIA
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 on time.			X	None	

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

No findings were noted.

EXIT CONFERENCE

CITY OF MONROVIA
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 17, 2019 with the City of Monrovia. Those in attendance were:

Simpson & Simpson Representative:

John Longoria, Auditor

City's Representatives:

Buffy Bullis, Administrative Services Director
Alexander Kung, Deputy Administrative Services Director
Amy-Rose Hanna, Management Analyst
Rae Bowman, Budget/Finance Administrator

Matters Discussed:

Results of the audit disclosed no significant control deficiencies or 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:

Amy-Rose Hanna, Management Analyst
Rae Bowman, Budget/Finance Administrator

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

RE: CITY OF MONROVIA 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 Monrovia and agree with the contents of the report except as indicated below:

(Attach additional pages if necessary)

Very truly yours,

Name

Title

Date