

***CITY OF PASADENA  
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<sup>®</sup>**



Simpson & Simpson, LLP  
Certified Public Accountants

***CITY OF PASADENA***  
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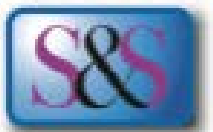
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***FINANCIAL SECTION***

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## Independent Auditor's Report

To the Honorable Members of the City Council of the  
City of Pasadena, 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 Pasadena, 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 Pasadena, 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 Pasadena, 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 December 2, 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 black ink that reads "Simpson &amp; Simpson". The signature is written in a cursive, flowing style.

Los Angeles, California  
December 2, 2019

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

	2019	2018
<b>ASSETS</b>		
Cash and investments	\$ 6,669,721	\$ 5,850,645
Accounts receivable	734,566	341,165
Interest receivable	29,362	18,407
Total assets	\$ 7,433,649	\$ 6,210,217
 <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>		
<b>Liabilities</b>		
Accounts payable	\$ 152,581	\$ 24,099
Accrued salaries	10,750	9,761
Total liabilities	163,331	33,860
 <b>Deferred Inflows of Resources</b>		
Unavailable revenues	36,278	93,118
Total deferred inflows of resources	36,278	93,118
 <b>Fund Balance</b>		
Restricted	7,234,040	6,083,239
Total fund balance	7,234,040	6,083,239
Total liabilities, deferred inflows of resources and fund balance	\$ 7,433,649	\$ 6,210,217

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

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

	2019	2018
<b>REVENUES</b>		
Proposition A	\$ 2,877,567	\$ 2,630,539
Investment income	225,523	20,953
Proposition A Discretionary Incentive Grant (Note 10)	400,592	378,197
Federal Transit Administration (FTA) Grant (Note 16)	184,654	26,333
Project generated revenues (Note 9)	308,160	299,767
Proposition A fund exchange (Note 8)	-	1,000,000
Total revenues	3,996,496	4,355,789
<b>EXPENDITURES</b>		
Various projects	2,845,695	2,615,591
Total expenditures	2,845,695	2,615,591
Excess of revenues over expenditures	1,150,801	1,740,198
Fund balance at beginning of year	6,083,239	4,343,041
Fund balance at end of year	\$ 7,234,040	\$ 6,083,239

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



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

Project Code	Project Name	2019			2018 Actual
		Metro Budget	Actual	Variance Favorable (Unfavorable)	
130-03	Dial-A-Ride	\$ 1,527,184	\$ 1,968,773 a	\$ (441,589)	\$ 1,936,040
140-02	Recreation Transit	43,000	34,307	8,693	41,481
140-08	Senior Transit Project	3,500	-	3,500	-
160-02	Bus Shelters & Benches	50,000	766	49,234	2,661
180-02	Alternative Fuel Bus Purchase	450,000	-	450,000	-
200-02	Pasadena Area Rapid Transit System (ARTS) Bus Purchase	3,804,882	248,712	3,556,170	248,712
200-03	Electric Vehicle Transit Ridership Incentive Prog (EVTRIP)	717,782	-	717,782	-
210-01	Bus Signal Priority System on Pasadena Transit	243,224	-	243,224	-
250-09	Homeless Transit Subsidy	7,950	-	7,950	-
250-17	Senior/Disabled Bus Pass Buydown	25,000	52,403 b	(27,403)	65,163
250-18	Youth Summer Program Transit Subsidy	2,000	-	2,000	-
270-05	Transit Services - Proposition A	113,521	131,620	(18,099)	140,530
270-13	Transportation Planning Organizations	35,000	10,784	24,216	29,485
300-01	CNG Fueling Facilities for Transit Buses	340,000	-	340,000	-
310-14	Gold Line Light Rail Station Enhancements #75021	1,850,000	-	1,850,000	-
380-01	Metro Gold Line Enhancements	3,900,000	-	3,900,000	(195,223)*
380-23	South Access Pedestrian Corridor to SMV Light Rail Station	609,558	-	609,558	-
410-04	Transportation Demand Management	151,714	148,707	3,007	88,729
480-01	Proposition A Administration	280,714	249,623	31,091	258,013
	Total expenditures	\$ 14,155,029	\$ 2,845,695	\$ 11,309,334	\$ 2,615,591

See accompanying independent auditor's report.

**CITY OF PASADENA**  
**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)

\*Metro Gold Line Enhancement's capital reserve project was terminated and therefore the City refunded the monies to Proposition A Local Return projects as indicated on Note 11.

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

130-03	<b>a) Metro Budget</b>				\$ 1,527,184
	Total expenditures	\$	1,968,773		
	Less: FTA Grant (Note 16)		(184,654)		
	Less: Proposition A Discretionary Incentive Grant (Note 10)		(400,592)		
	PALRF expenditures				<u>1,383,527</u>
	Actual variance positive				<u>\$ 143,657</u>
250-17	<b>b) Metro Budget</b>				\$ 25,000
	Total expenditures	\$	52,403		
	Less: Project generated revenues (Note 9)		(308,160)		
	PALRF expenditures				<u>(255,757)</u>
	Actual variance positive				<u>\$ 280,757</u>

See accompanying independent auditor's report.

**CITY OF PASADENA**  
**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
6/18/1991	Bookcase	\$ 478	\$ -	\$ -	\$ 478
3/17/1993	Communications Radio	500	-	-	500
5/17/1993	Desk	728	-	-	728
6/2/1997	Dell Optiplex GMXT 5166 Computers	9,474	-	-	9,474
5/25/1999	HP DesignJet 36" Wide Plotter	3,367	-	-	3,367
7/28/2000	Dell Dimension 4100 Computer	1,342	-	-	1,342
4/16/2001	Sony VPL-CX10 Projector	1,046	-	-	1,046
6/29/2009	2009 Starcraft Allstar	57,570	-	-	57,570
6/29/2009	2009 Starcraft Allstar	57,570	-	-	57,570
6/29/2009	2009 Starcraft Allstar	57,570	-	-	57,570
6/29/2009	2009 Starcraft Allstar	57,570	-	-	57,570
6/29/2009	2009 Starcraft Allstar	57,570	-	-	57,570
6/29/2009	2009 Starcraft Allstar	57,570	-	-	57,570
10/24/2011	2012 Starcraft Allstar 25	118,939	-	-	118,939
5/16/2012	2013 Starcraft Allstar 25	118,869	-	-	118,869
5/16/2012	2014 Starcraft Allstar 25	118,869	-	-	118,869
5/16/2012	2015 Starcraft Allstar 25	118,869	-	-	118,869
5/16/2012	2016 Starcraft Allstar 25	118,869	-	-	118,869
5/16/2012	2017 Starcraft Allstar 25	118,869	-	-	118,869
9/1/2012	2012 El Dorado E-Z Rider II Max	2,982,714	248,712	-	3,231,426
2/12/2014	2014 El Dorado E-Z Rider II Max	101,144	-	-	101,144
2/12/2014	2015 El Dorado E-Z Rider II Max	101,144	-	-	101,144
2/12/2014	2016 El Dorado E-Z Rider II Max	101,143	-	-	101,143
2/12/2014	2017 El Dorado E-Z Rider II Max	101,143	-	-	101,143
2/12/2014	2018 El Dorado E-Z Rider II Max	101,143	-	-	101,143
2/12/2014	2019 El Dorado E-Z Rider II Max	101,143	-	-	101,143
2/12/2014	2020 El Dorado E-Z Rider II Max	101,143	-	-	101,143
Total		<u>\$ 4,766,356</u>	<u>\$ 248,712</u>	<u>\$ -</u>	<u>\$ 5,015,068</u>

See accompanying independent auditor's report.

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

	2019	2018
<b>ASSETS</b>		
Cash and investments	\$ 9,130,735	\$ 7,905,513
Due from Metro	1,490,682	1,177,456
Interest receivable	52,696	37,016
Total assets	\$ 10,674,113	\$ 9,119,985
 <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>		
<b>Liabilities</b>		
Accounts payable	\$ 358,321	\$ 891,825
Accrued salaries	2,429	3,357
Total liabilities	360,750	895,182
 <b>Deferred Inflows of Resources</b>		
Unavailable revenues	167,988	188,250
Total deferred inflows of resources	167,988	188,250
 <b>Fund Balance</b>		
Restricted - transportation and transit related projects	10,137,387	8,036,553
Assigned - transit operations and fund exchange activities (Note 14)	7,988	-
Total fund balance	10,145,375	8,036,553
Total liabilities, deferred inflows of resources and fund balance	\$ 10,674,113	\$ 9,119,985

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

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

	2019	2018
<b>REVENUES</b>		
Proposition C	\$ 2,386,861	\$ 2,179,080
Investment income	324,072	38,213
Proposition A Discretionary Incentive Grant (Note 10)	236,417	247,201
Proposition A Growth Over Inflation Grant (Note 11)	489,197	472,954
Federal Transit Administration (FTA) Grant (Note 16)	715,330	417,234
Project generated revenues (Note 9)	1,139,425	1,202,208
Miscellaneous revenues (Note 15)	41,320	38,580
Total revenues	5,332,622	4,595,470
<b>EXPENDITURES</b>		
Various projects	6,013,758	6,916,108
Total expenditures	6,013,758	6,916,108
Deficiency of revenues under expenditures	(681,136)	(2,320,638)
<b>OTHER FINANCING SOURCES</b>		
Transfers in from General Fund	7,988	750,000
Transfers in from Fold and Go Bicycle Program	-	21,889
Transfers in from MRLRF	1,200,000	-
Transfers in from MMLRF	1,581,970	1,477,968
Total other financing sources	2,789,958	2,249,857
Excess (deficiency) of revenues over (under) expenditures and other financing sources	2,108,822	(70,781)
Fund balance at beginning of year	8,036,553	8,107,334
Fund balance at end of year	\$ 10,145,375	\$ 8,036,553

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

**CITY OF PASADENA**  
**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)	
110-01	Community Circulator	\$ 648,912	\$ 5,632,427	a \$ (4,983,515)	\$ 5,662,934
140-02	Recreation Transit	15,000	6,506	8,494	12,681
180-02	Alternative Fuel Bus Purchase	321,655	-	321,655	-
180-03	Fixed Route & Demand Response Vehicles and Misc. Equipment	2,000,000	-	2,000,000	876,143
200-02	ARTS Bus Purchase	500,000	-	500,000	-
250-01	College Pass Subsidy Program	25,000	-	25,000	-
270-13	Transportation Planning Organizations	15,000	-	15,000	-
310-14	Gold Line Light Rail Station Enhancements #75021	166,500	-	166,500	-
380-01	Metro Gold Line Enhancements	666,347	-	666,347	-
380-20	Gold Line Pedestrian Enhancements	190,000	-	190,000	-
480-02	Proposition C Administration	373,795	347,879	25,916	364,350
	Internal Administrative Expenses for Transit Operations - Other Funding Sources	-	26,946	*(26,946)	-
	<b>Total expenditures</b>	<b>\$ 4,922,209</b>	<b>\$ 6,013,758</b>	<b>\$ (1,091,549)</b>	<b>\$ 6,916,108</b>

\* The City used other funding sources (miscellaneous revenue and General Fund) to fund additional internal administrative expenses for transit operations.

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

110-01 a) Metro Budget	\$ 648,912
Total expenditures	\$ 5,632,427
Less: Project generated revenues (Note 9)	(1,139,425)
Less: Proposition A Discretionary Incentive Grant (Note 10)	(236,417)
Less: Proposition A Growth Over Inflation Grant (Note 11)	(489,197)
Less: FTA Grant (Note 16)	(715,330)
Less: Transfers in from MRLRF	(1,200,000)
Less: Transfer in from MMLRF	(1,581,970)
PCLRF expenditures	270,088
Actual variance positive	\$ 378,824

See accompanying independent auditor's report.

**CITY OF PASADENA**  
**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
9/13/2006	2007 El Dorado CNG Buses 2007	\$ 309,684	\$ -	\$ -	\$ 309,684
9/13/2006	El Dorado CNG Bus 2007	309,684	-	-	309,684
6/7/2011	Computer Software Adobe Illustrator	599	-	-	599
6/1/2011	Computer/Monitor	1,218	-	-	1,218
9/1/2012	2012 El Dorado E-Z Rider II Max	42,654	-	-	42,654
9/1/2012	2012 El Dorado E-Z Rider II Max	42,654	-	-	42,654
9/1/2012	2012 El Dorado E-Z Rider II Max	42,654	-	-	42,654
9/1/2012	2012 El Dorado E-Z Rider II Max	42,654	-	-	42,654
9/1/2012	2012 El Dorado E-Z Rider II Max	42,654	-	-	42,654
9/1/2012	2012 El Dorado E-Z Rider II Max	42,654	-	-	42,654
9/1/2012	2012 El Dorado E-Z Rider II Max	42,654	-	-	42,654
9/1/2012	2012 El Dorado E-Z Rider II Max	42,654	-	-	42,654
9/1/2012	2012 El Dorado E-Z Rider II Max	42,654	-	-	42,654
9/1/2012	2012 El Dorado E-Z Rider II Max	42,654	-	-	42,654
4/13/2017	2016 Paratransit Minivan	4,639	-	-	4,639
4/13/2017	2016 Paratransit Minivan	4,638	-	-	4,638
6/30/2017	2017 El Dorado EZ Rider II/BRT	171,671	-	-	171,671
6/30/2017	2017 El Dorado EZ Rider II/BRT	171,671	-	-	171,671
6/30/2017	2017 El Dorado EZ Rider II/BRT	171,671	-	-	171,671
6/30/2017	2017 El Dorado EZ Rider II/BRT	171,670	-	-	171,670
6/29/2018	New Flyer / Excelsior - SX35	183,292	-	-	183,292
6/29/2018	New Flyer / Excelsior - SX35	183,292	-	-	183,292
6/29/2018	New Flyer / Excelsior - SX35	183,292	-	-	183,292
6/29/2018	New Flyer / Excelsior - SX35	183,292	-	-	183,292
7/14/2018	Ford Starcraft All-Star	-	11,056	-	11,056
7/14/2018	Ford Starcraft All-Star	-	11,056	-	11,056
7/14/2018	Ford Starcraft All-Star	-	11,055	-	11,055
7/14/2018	Ford Starcraft All-Star	-	11,055	-	11,055
7/14/2018	Ford Starcraft All-Star	-	11,055	-	11,055
7/14/2018	Ford Starcraft All-Star	-	11,055	-	11,055
7/14/2018	Ford Starcraft All-Star	-	11,055	-	11,055
	<b>Total</b>	<b>\$ 2,476,853</b>	<b>\$ 77,387</b>	<b>\$ -</b>	<b>\$ 2,554,240</b>

See accompanying independent auditor's report.

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

	<u>2019</u>	<u>2018</u>
<b>ASSETS</b>		
Cash and investments	\$ 569,462	\$ 1,026,277
Interest receivable	<u>6,114</u>	<u>4,963</u>
Total assets	<u>\$ 575,576</u>	<u>\$ 1,031,240</u>
 <b>LIABILITIES AND FUND BALANCE</b>		
<b>Liabilities</b>		
Accounts payable	\$ -	\$ 295,810
Total liabilities	<u>-</u>	<u>295,810</u>
 <b>Fund Balance</b>		
Restricted	<u>575,576</u>	<u>735,430</u>
Total fund balance	<u>575,576</u>	<u>735,430</u>
Total liabilities and fund balance	<u>\$ 575,576</u>	<u>\$ 1,031,240</u>

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



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

	2019	2018
<b>REVENUES</b>		
Measure R	\$ 1,790,661	\$ 1,634,267
Investment income	22,171	6,900
Total revenues	1,812,832	1,641,167
<b>EXPENDITURES</b>		
Various projects	772,686	1,823,885
Total expenditures	772,686	1,823,885
Excess (deficiency) of revenues over (under) expenditures	1,040,146	(182,718)
<b>OTHER FINANCING USES</b>		
Transfer out to PCLRF	(1,200,000)	-
Total other financing uses	(1,200,000)	-
Excess (deficiency) of revenues over (under) expenditures and other financing uses	(159,854)	(182,718)
Fund balance at beginning of year	735,430	918,148
Fund balance at end of year	\$ 575,576	\$ 735,430

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

**CITY OF PASADENA**  
**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)	
3.25	Pasadena Bike Share Program	\$ 545,304	\$ 271,115	\$ 274,189	\$ 1,074,596
1.30	Cordova Street Road Diet	425,992	330,907	95,085	34,994
1.30	Union Cycle Track	181,710	92,995	88,715	187,125
1.30	Citywide Program	100,000	-	100,000	-
2.03	Intelligent Transportation System (ITS) Improvements	-	-	-	124,000
2.04	Arterials Speed Management Program	18,562	-	18,562	50,000
2.05	Mobility Corridors - Rose Bowl	91,670	77,669	14,001	155,745
3.20	Pedestrian Crossing Enhancement	-	-	-	127,473
3.20	Safety Enhancements at Lincoln/Forest and Lincoln/Mountain	-	-	-	69,952
	Total expenditures	<u>1,363,238</u>	<u>772,686</u>	<u>590,552</u>	<u>1,823,885</u>
<b>Transfer Out To PCLRF</b>					
4.90	Support existing levels of transit operations	<u>1,200,000</u>	<u>1,200,000</u>	<u>-</u>	<u>-</u>
	Total expenditures and transfer out to PCLRF	\$ <u>2,563,238</u>	\$ <u>1,972,686</u>	\$ <u>590,552</u>	\$ <u>1,823,885</u>

See accompanying independent auditor's report.

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

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

See accompanying independent auditor's report.

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

	2019	2018
<b>ASSETS</b>		
Cash and investments	\$ 396,688	\$ 900
Total assets	\$ 396,688	\$ 900
 <b>LIABILITIES AND FUND BALANCE</b>		
<b>Liabilities</b>		
Accounts payable	\$ -	\$ -
Total liabilities	-	-
 <b>Fund Balance</b>		
Restricted	396,688	900
Total fund balance	396,688	900
Total liabilities and fund balance	\$ 396,688	\$ 900

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

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

	2019	2018
<b>REVENUES</b>		
Measure M	\$ 2,013,462	\$ 1,481,020
Investment income (loss)	34,527	(2,152)
Total revenues	2,047,989	1,478,868
 <b>EXPENDITURES</b>		
Various projects	70,231	-
Total expenditures	70,231	-
 Excess of revenues over expenditures	1,977,758	1,478,868
 <b>OTHER FINANCING USES</b>		
Transfer out to PCLRF	(1,581,970)	(1,477,968)
Total other financing uses	(1,581,970)	(1,477,968)
 Excess of revenues over expenditures and other financing uses	395,788	900
 Fund balance at beginning of year	900	-
 Fund balance at end of year	\$ 396,688	\$ 900

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

**CITY OF PASADENA**  
**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)	
2.01	Traffic Signal at Orange Grove and Sunnyslope	\$ 65,000	\$ 14,929	\$ 50,071	\$ -
2.01	Traffic Signal at Arroyo Parkway and Green	50,000	-	50,000	-
2.01	Traffic Signal at Fair Oaks and Bellevue	75,000	45,147	29,853	-
2.01	Traffic Signal at Garfield and Washington	146,000	-	146,000	-
2.01	Traffic Signal at Orange Grove and Craig	60,000	10,155	49,845	-
	Total expenditures	<u>396,000</u>	<u>70,231</u>	<u>325,769</u>	<u>-</u>
	<b>Transfer Out to PCLRF</b>				
4.90	Support Existing Levels of Transit Operations	<u>1,581,970</u>	<u>1,581,970</u>	<u>-</u>	<u>1,477,968</u>
	Total expenditures and transfer out to PCLRF	<u>\$ 1,977,970</u>	<u>\$ 1,652,201</u>	<u>\$ 325,769</u>	<u>\$ 1,477,968</u>

See accompanying independent auditor's report.

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

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

See accompanying independent auditor's report.

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

	2019	2018
<b>ASSETS</b>		
Due from Metro	\$ 125,441	\$ 12,113
Total assets	\$ 125,441	\$ 12,113
 <b>LIABILITIES AND FUND BALANCE</b>		
<b>Liabilities</b>		
Due to General Fund	\$ 144,884	\$ 119,079
Total liabilities	144,884	119,079
 <b>Fund Balance</b>		
Unassigned	(19,443)	(106,966)
Total fund balance	(19,443)	(106,966)
Total liabilities and fund balance	\$ 125,441	\$ 12,113

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



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

	2019	2018
<b>REVENUES</b>		
TDA 3	\$ 125,441	\$ 12,113
Total revenues	125,441	12,113
 <b>EXPENDITURES</b>		
Various projects	37,918	119,079
Total expenditures	37,918	119,079
 Excess (deficiency) of revenues over (under) expenditures	87,523	(106,966)
 Fund balance at beginning of year	(106,966)	-
 Fund balance at end of year	\$ (19,443)	\$ (106,966)

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

**CITY OF PASADENA**  
 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>
<b>Local allocations</b>					
Bicycle program sidewalk construction	2018-19	\$ 125,441	\$ 37,918	\$ 87,523	Ongoing
	Total	<u>\$ 125,441</u>	<u>\$ 37,918</u>		
Fund balance at beginning of year				<u>(106,966)</u>	
Fund balance at end of year				<u>\$ (19,443)</u>	

See accompanying independent auditor's report.

**CITY OF PASADENA**  
**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 presents increases (revenue and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

*Budgets and Budgetary Accounting*

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

**CITY OF PASADENA**  
**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 classifications 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).
- Assigned – Amounts that are intended to be used by the City for specific purposes that are neither restricted nor committed. Intent is expressed by the City Council or the City Manager, to whom the City Council has delegated the authority to assign amounts to be used for specific purposes.
- Unassigned - The unassigned classification is used only if expenditures incurred for specific purposes exceed the amounts restricted to those purposes.

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

*Reclassification*

Certain reclassifications have been made to fiscal year 2018 amounts in order to conform to the fiscal year 2019 presentation. Such reclassifications had no effect on the previously reported change in fund balance.

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

**NOTE 2 – ANNUAL FINANCIAL STATEMENTS**

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

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

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

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

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

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

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

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

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

**NOTE 7 – CASH AND INVESTMENTS**

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

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

**NOTE 8 – PROPOSITION A LOCAL RETURN FUND EXCHANGE**

During the fiscal year 2018, the City entered into an agreement with the City of Montebello to exchange the City’s General Fund money amounting to \$750,000 for \$1,000,000 of the City of Montebello’s Proposition A Local Return monies or \$0.75 General Fund per \$1 of Proposition A Local Return.

**NOTE 9 – PROJECT GENERATED REVENUES**

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

<b>PALRF:</b>	2019	2018
Senior/disabled bus passes	\$ 39,540	\$ 44,876
Trip reduction parking fees	14,019	-
Fare transit program	203,350	204,021
Farebox revenue	51,251	50,870
Total	<u>\$ 308,160</u>	<u>\$ 299,767</u>
<b>PCLRF:</b>	2019	2018
Transit shelter program	\$ 351,900	\$ 353,700
Farebox revenue	687,525	748,508
Other private contribution	100,000	100,000
Total	<u>\$ 1,139,425</u>	<u>\$ 1,202,208</u>

**NOTE 10 – PROPOSITION A DISCRETIONARY INCENTIVE GRANTS**

Proposition A Discretionary Incentive Grants for the fiscal years ended June 30, 2019 and 2018 consisted of the following:

	2019	2018
Sub-regional paratransit services (under Prop A)	\$ 400,592	\$ 378,197
Voluntary NTD reporting (under Prop C)	236,417	247,201
Total	<u>\$ 637,009</u>	<u>\$ 625,398</u>

The Proposition A Discretionary Incentive Grant - Sub-Regional Paratransit Services amounting to \$400,592 and \$378,197 for the fiscal years ended June 30, 2019 and 2018, respectively, represents incentive funds received from Metro for extended services provided by the Dial-A-Ride program in the Pasadena area. The revenue was recorded under PALRF.

The Proposition A Discretionary Incentive Grant - Voluntary National Transit Database (NTD) Reporting amounting to \$236,417 and \$247,201 for the fiscal years ended June 30, 2019 and 2018, respectively, represents additional funds received from Metro for participating in the Voluntary NTD Program for the fiscal years 2017-2018 and 2016-2017, respectively. The revenue was recorded under PCLRF where the corresponding project expenditures were recorded.

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

**NOTE 11 – PROPOSITION A GROWTH OVER INFLATION GRANT**

The Proposition A Growth Over Inflation Grant amounting to \$489,197 and \$472,954 for the fiscal years ended June 30, 2019 and 2018, respectively, represent additional funds received from Metro to expand and improve fixed route transit services provided in the Pasadena area. The revenue was recorded in the PCLRF where the corresponding expenditures were recorded.

**NOTE 12 – CAPITAL RESERVE**

In August 2004, Metro and the City entered into an agreement to establish a capital reserve account (Account) of \$4,566,347 for the Metro Gold Line Enhancements (Project). The Account will be funded with the PALRF of \$3,900,000 and PCLRF of \$666,347. All interest and investment earnings shall be accrued and placed in the Account for exclusive use of the Project.

With the exception granted by Metro in writing to extend the terms, unexpended funds will be automatically lapsed in three (3) years. On July 1, 2007, Metro and the City amended the agreement to extend the term of the reserve agreement for an additional three (3) years to September 2, 2010. In June 2011, Metro and the City amended the agreement to further extend the term of the Account to June 30, 2016.

The capital reserve agreement between the City and Metro was due to expire on June 30, 2017. During fiscal year 2017, the light rail project was delayed, and all funds were not expended. As such, on November 16, 2017, the City requested to re-purpose the funds restricted under the agreement to be used for other approved Proposition A and C Local Return Projects. The program manager approved this request on November 20, 2017, so the remaining capital reserve in the Account at June 30, 2017 was planned to be re-allocated for use on approved local return projects during fiscal year 2018.

During fiscal year 2018, the Metro Gold Line was terminated, and the City returned previous funds expended to the PALRF. As of fiscal year 2019, the City does not have a capital reserve agreement with Metro, and therefore no fund balance was restricted for capital reserve at June 30, 2019 and 2018.

**NOTE 13 – LIGHT RAIL RELATED PROJECTS**

The City Council has elected to restrict a portion of the ending fund balance within both the PALRF and the PCLRF to fund light rail related projects, which are various general and future capital projects for the Metro Gold Line.

During fiscal year 2018, the Metro Gold Line was terminated. Therefore, there was no fund balance restricted for light rail related projects at June 30, 2019 and 2018.

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

**NOTE 14 – ASSIGNED FUND BALANCE - PCLRF**

The City has elected to track General Fund transfer separately for future transit operations and fund exchange activities. For the fiscal years ended on June 30, 2019 and 2018, the following are fund balance appropriated for future transit operations and fund exchange activities:

		PCLRF	
Assigned Fund balance at 6/30/18	\$	-	
Appropriation during the year		7,988	
General fund expenditures during the year		-	
Assigned Fund balance at 6/30/19	\$	7,988	

**NOTE 15 – MISCELLANEOUS REVENUES**

Miscellaneous revenues for the fiscal years ended June 30, 2019 and 2018 consisted of the following:

<b>PCLRF:</b>		2019		2018
Route 88 service	\$	35,696	\$	29,866
Bus shelter removal due to construction		4,672		7,109
Bus stop closures for filming		952		1,605
Total	\$	41,320	\$	38,580

**NOTE 16 – FEDERAL TRANSIT ADMINISTRATION GRANTS**

The Federal Transit Administration (FTA) grant in PALRF amounting to \$184,654 and \$26,333 for the fiscal years ended June 30, 2019 and 2018, respectively, represents funds received from FTA for operating costs of Dial-A-Ride Expansion Program.

The FTA grant in PCLRF amounting to \$715,330 and \$417,234 for the fiscal years ended June 30, 2019 and 2018, respectively, represents funds received from FTA to increase local transit capacity for improved jobs access in Pasadena Sunday Service Project. The revenue was recorded under PCLRF where the corresponding project expenditures were recorded.



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

**NOTE 17 – 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 2014-15 allocation	\$ 21,767	\$ 12,113
FY 2015-16 allocation	89,755	-
FY 2016-17 allocation	13,919	-
Total payment requested	<u>\$ 125,441</u>	<u>\$ 12,113</u>

**NOTE 18 – TRANSPORTATION DEVELOPMENT ACT FUNDS RESERVED**

In accordance with Transportation Development Act Article 3 (SB 821) Guidelines, funds not spent during the fiscal year have been placed on reserve in the Local Transportation Fund (LTF) account with the County Auditor-Controller to be drawn down whenever the funds become eligible for a specific project and an approved drawdown request is received by Metro. As of June 30, 2019, and 2018, the City has funds on reserve as follows:

	2019	2018
FY 2014-15 allocation	\$ -	\$ 21,767
FY 2015-16 allocation	-	89,755
FY 2016-17 allocation	79,832	93,751
FY 2017-18 allocation	91,829	91,829
FY 2018-19 allocation	97,153	-
Available reserve balance	<u>\$ 268,814</u>	<u>\$ 297,102</u>

**NOTE 19 – SUBSEQUENT EVENTS**

The City has evaluated events or transactions that occurred subsequent to June 30, 2019 through December 2, 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.



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**Independent Auditor’s Report on Internal Control Over Financial Reporting  
and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in  
Accordance with *Government Auditing Standards***

To the Honorable Members of the City Council of the  
City of Pasadena, 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 Pasadena, 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 December 2, 2019.

**Internal Control Over Financial Reporting**

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

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

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



## **Compliance and Other Matters**

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

## **Purpose of this Report**

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

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

Los Angeles, California  
December 2, 2019

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*COMPLIANCE SECTION*

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SIMPSON & SIMPSON

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## **Independent Auditor's Report On Compliance**

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

### **Report on Compliance**

We have audited the compliance of the City of Pasadena, 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 &amp; Simpson".

Los Angeles, California  
December 2, 2019

**CITY OF PASADENA**  
**COMPLIANCE MATRIX**  
Year Ended June 30, 2019

Compliance Requirement		In Compliance			Questioned Costs	If no, provide details and management response.
		Yes	No	N/A		
<b>A. Proposition A and Proposition C Local Return Funds</b>						
1.	Uses the State Controller's Uniform System of Accounts and Records.	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	The City used other funding sources to offset expenditures over budget.
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	There was no Intelligent Transportation Systems projects or elements in FY 2018/19.
14.	Assurances and Understandings form was on file.	X			None	
15.	Recreational transit form was submitted on time.	X			None	

**CITY OF PASADENA**  
**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>B. Measure R Local Return Fund</b>						
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 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	There were no administrative expenditures in FY 2018/19.
11.	Fund exchanges were approved by Metro.			X	None	There were no fund exchanges in FY 2018/19.
12.	A separate account was established for capital reserve funds and capital reserve was approved by Metro.			X	None	There were no capital reserve funds in FY 2018/19.
13.	Recreational transit form was submitted on time.			X	None	There was no recreational transit in FY 2018/19.



**CITY OF PASADENA**  
**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>C. Measure M Local Return Fund</b>						
1.	Funds were expended for transportation purposes.	X			None	
2.	Funds were used to augment, not supplant existing local revenues being used for transportation purposes unless there is a funding shortfall.	X			None	
3.	Signed Assurances and Understandings 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	There were no administrative expenditures in FY 2018/19.
11.	Fund exchanges were approved by Metro.			X	None	There were no fund exchanges in FY 2018/19.
12.	A separate account was established for capital reserve funds and capital reserve was approved by Metro.			X	None	There were no capital reserve funds in FY 2018/19.
13.	Recreational transit form was submitted timely.			X	None	There was no recreational transit in FY 2018/19.

**CITY OF PASADENA**  
**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>D. Transportation Development Act Article 3 Fund</b>						
1.	Timely use of funds.	X			None	
2.	Expenditures were incurred for activities relating to pedestrian and bicycle facilities and amenities.	X			None	

***CITY OF PASADENA***  
**SCHEDULE OF FINDINGS AND RECOMMENDATIONS**  
June 30, 2019

No findings were noted.

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***EXIT CONFERENCE***

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

An exit conference was held on December 27, 2019 with the City of Pasadena. Those in attendance were:

***Simpson & Simpson Representative:***

Tian Bian, Staff Auditor

***City's Representative:***

Vicky Ly, Senior Accountant

***Matters Discussed:***

Results of the audit disclosed no significant control deficiencies and 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:

Vicky Ly, Senior Accountant

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

RE: CITY OF PASADENA 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 Pasadena and agree with the contents of the report except as indicated below:

(Attach additional pages if necessary)

Very truly yours,

\_\_\_\_\_  
Name

\_\_\_\_\_  
Title

\_\_\_\_\_  
Date