

***CITY OF ALHAMBRA
ANNUAL FINANCIAL REPORT OF THE
PROPOSITION A LOCAL RETURN FUND
PROPOSITION C LOCAL RETURN FUND
MEASURE R LOCAL RETURN FUND
MEASURE M LOCAL RETURN FUND
TRANSPORTATION DEVELOPMENT ACT
ARTICLE 3 FUND
FOR THE FISCAL YEARS ENDED
JUNE 30, 2020 AND 2019***



Metro[®]



Simpson & Simpson, LLP
Certified Public Accountants

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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 Alhambra, California and the
Los Angeles County Metropolitan Transportation Authority

Report on the Financial Statements

We have audited the accompanying financial statements of the Proposition A Local Return Fund (PALRF), Proposition C Local Return Fund (PCLRF), Measure R Local Return Fund (MRLRF), Measure M Local Return Fund (MMLRF) and Transportation Development Act Article 3 Fund (TDAA3F) (collectively, the Funds), of the City of Alhambra, California (the City) as of and for the years ended June 30, 2020 and 2019, and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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





Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the PALRF, PCLRF, MRLRF, MMLRF and TDAA3F of the City of Alhambra, California, as of June 30, 2020 and 2019, and the respective changes in their financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 2, the financial statements present only the PALRF, PCLRF, MRLRF, MMLRF, and TDAA3F of the City and do not purport to, and do not, present fairly the financial position of the City of Alhambra, California, as of June 30, 2020 and 2019, 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 30, 2020, 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 30, 2020

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

| | 2020 | 2019 |
|---|--------------|--------------|
| ASSETS | | |
| Cash and investments | \$ 4,088,271 | \$ 2,712,968 |
| Accounts receivable | 6,300 | 6,300 |
| Prepaid expense | - | 35,080 |
| Total assets | \$ 4,094,571 | \$ 2,754,348 |
| LIABILITIES AND FUND BALANCE | | |
| Liabilities | | |
| Accounts payable | \$ 119,470 | \$ 66,346 |
| Total liabilities | 119,470 | 66,346 |
| Fund Balance | | |
| Restricted | 3,975,101 | 2,688,002 |
| Total fund balance | 3,975,101 | 2,688,002 |
| Total liabilities and fund balance | \$ 4,094,571 | \$ 2,754,348 |

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

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

| | 2020 | 2019 |
|--|--------------|--------------|
| REVENUES | | |
| Proposition A | \$ 1,678,275 | \$ 1,745,055 |
| Proposition A Discretionary Incentive Grant (Note 8) | 142,624 | - |
| Project generated revenue (Note 9) | 36,333 | 66,221 |
| Interest income | 60,088 | 57,768 |
| Unrealized gain on investments | - | 21,684 |
| Other income (Note 10) | 36,376 | 27,378 |
| Total revenues | 1,953,696 | 1,918,106 |
| EXPENDITURES | | |
| Various projects | 666,597 | 2,179,532 |
| Total expenditures | 666,597 | 2,179,532 |
| Excess (deficiency) of revenues over expenditures | 1,287,099 | (261,426) |
| Fund balance at beginning of year | 2,688,002 | 2,949,428 |
| Fund balance at end of year | \$ 3,975,101 | \$ 2,688,002 |

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

CITY OF ALHAMBRA
PROPOSITION A LOCAL RETURN FUND
SUPPLEMENTARY INFORMATION
SCHEDULE OF EXPENDITURES
ACTUAL AND METRO APPROVED PROJECT BUDGET
For the Fiscal Year Ended June 30, 2020
(With Comparative Actual Amount for the Fiscal Year Ended June 30, 2019)

| Project Code | Project Name | 2020 | | Variance Favorable (Unfavorable) | 2019 Actual |
|--------------------|--|--------------|------------|----------------------------------|--------------|
| | | Metro Budget | Actual | | |
| 110-25 | Fixed Route Transit - Amend Funding Allocation | \$ 449,268 | \$ 255,493 | \$ 193,775 | \$ - |
| 130-01 | Senior Ride Paratransit | 333,780 | 247,923 | 85,857 | 1,034,560 |
| 140-03 | Recreational Transit | 69,530 | 43,265 | 26,265 | 62,307 |
| 170-02 | 2013-2014 Refurbish Act Bus Shelters | 30,000 | - | 30,000 | - |
| 180-03 | Replacement of Wheelchair Lifts in ACT Buses | 10,000 | - | 10,000 | - |
| 200-07 | 2018-2019 Purchase of two ACT Transit Buses | 1,100,000 | - | 1,100,000 | 900,936 |
| 250-04 | Bus Pass Subsidy Program | 142,470 | 46,273 | 96,197 | 98,888 |
| 270-01 | SGVCOG Regional Transportation Planning/Projects | 36,202 | 35,080 | 1,122 | 33,992 |
| 360-23 | Rail Station Operations | 43,505 | - | 43,505 | - |
| 480-12 | Direct Administration | 43,202 | 38,563 | 4,639 | 48,849 |
| Total expenditures | | \$ 2,257,957 | \$ 666,597 | \$ 1,591,360 | \$ 2,179,532 |

See accompanying independent auditor's report.

CITY OF ALHAMBRA
PROPOSITION A LOCAL RETURN FUND
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS
June 30, 2020

| Date Acquired | Description | Balance 7/1/2019 | Additions | Deletions | Balance 6/30/2020 |
|------------------|---------------------------------------|---------------------|-----------|------------|----------------------|
| 1994 | 2 EL Dorado Vans | \$ 99,707 | \$ - | \$ 49,853 | \$ 49,854 |
| 1996 | 1 Natural Gas Fuel Station | 155,779 | - | - | 155,779 |
| 2002 | 1 Champion Crusader Shuttle Bus | 48,449 | - | 48,449 | - |
| 2003 | 1 6' Heavy Duty Steel Bench with Back | 8,424 | - | - | 8,424 |
| 2004 | NGV Fueling Station | 80,886 | - | - | 80,886 |
| 2007 | 2006 Bluebird Bus Act - CNG | 312,167 | - | - | 312,167 |
| 2007 | 2006 Bluebird Bus Act - CNG | 312,167 | - | - | 312,167 |
| 2008 | 2007 Nabi Bus Act - CNG | 326,599 | - | - | 326,599 |
| 2008 | 2007 Nabi Bus Act - CNG | 326,599 | - | - | 326,599 |
| 2010 | 2009 EL Dorado Aerolite Bus | 60,718 | - | - | 60,718 |
| 2010 | 2009 EL Dorado Aerolite Bus | 51,779 | - | - | 51,779 |
| 2010 | 2009 EL Dorado Aerolite Bus | 60,718 | - | - | 60,718 |
| 2010 | 2010 EL Dorado CNG ACT Bus | 367,207 | - | - | 367,207 |
| 2010 | 2010 EL Dorado CNG ACT Bus | 367,207 | - | - | 367,207 |
| 2010 | 2010 EL Dorado CNG ACT Bus | 367,206 | - | - | 367,206 |
| 2010 | 2010 EL Dorado CNG ACT Bus | 367,206 | - | - | 367,206 |
| 2011 | 1 unit 2010 EL Dorado Aerolite 210 | 51,779 | - | 51,779 | - |
| 2011 | 1 unit 2010 EL Dorado Aerolite 210 | 51,779 | - | 51,779 | - |
| 2011 | 1 unit 2010 EL Dorado Aerolite 210 | 51,779 | - | 51,779 | - |
| 2011 | 1 unit 2010 EL Dorado Aerolite 210 | 51,778 | - | 51,778 | - |
| 2019 | Eldorado XHG CNG Passenger Bus | 450,468 | - | - | 450,468 |
| 2019 | Eldorado XHG CNG Passenger Bus | 450,468 | - | - | 450,468 |
| Total | | \$ 4,420,869 | \$ - | \$ 305,417 | \$ 4,115,452 |

See accompanying independent auditor's report.

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

| | 2020 | 2019 |
|---|--------------|--------------|
| ASSETS | | |
| Cash and investments | \$ 4,036,601 | \$ 4,081,334 |
| Total assets | \$ 4,036,601 | \$ 4,081,334 |
| LIABILITIES AND FUND BALANCE | | |
| Liabilities | | |
| Accounts payable | \$ 163,978 | \$ 54,006 |
| Total liabilities | 163,978 | 54,006 |
| Fund Balance | | |
| Restricted | 3,872,623 | 4,027,328 |
| Total fund balance | 3,872,623 | 4,027,328 |
| Total liabilities and fund balance | \$ 4,036,601 | \$ 4,081,334 |

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

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

| | <u>2020</u> | <u>2019</u> |
|---|----------------------------|----------------------------|
| REVENUES | | |
| Proposition C | \$ 1,392,133 | \$ 1,447,474 |
| Interest income | 81,774 | 77,121 |
| Unrealized gain on investments | - | 46,706 |
| Sale of vehicles (Note 11) | - | 1,287 |
| | <u>1,473,907</u> | <u>1,572,588</u> |
| Total revenues | | |
| EXPENDITURES | | |
| Various projects | <u>1,628,612</u> | <u>1,376,304</u> |
| | <u>1,628,612</u> | <u>1,376,304</u> |
| Total expenditures | | |
| Excess (deficiency) of revenues over expenditures | (154,705) | 196,284 |
| Fund balance at beginning of year | <u>4,027,328</u> | <u>3,831,044</u> |
| Fund balance at end of year | <u><u>\$ 3,872,623</u></u> | <u><u>\$ 4,027,328</u></u> |

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

CITY OF ALHAMBRA
PROPOSITION C LOCAL RETURN FUND
SUPPLEMENTARY INFORMATION
SCHEDULE OF EXPENDITURES
ACTUAL AND METRO APPROVED PROJECT BUDGET
For the Fiscal Year Ended June 30, 2020
(With Comparative Actual Amount for the Fiscal Year Ended June 30, 2019)

| Project Code | Project Name | 2020 | | Variance | 2019 Actual |
|--------------|--|---------------------|---------------------|-------------------------|---------------------|
| | | Metro Budget | Actual | Favorable (Unfavorable) | |
| 110-25 | Fixed Route Transit - Amend Funding Allocation | \$ 873,881 | \$ 671,673 | \$ 202,208 | \$ 865,479 |
| 130-01 | Senior Ride Paratransit | 1,001,341 | 743,028 | 258,313 | - |
| 200-06 | 2017-2018 Senior Vehicle Purchase | - | - | - | 322,203 |
| 360-23 | Rail Station Operations | 128,957 | 70,522 | 58,435 | 53,647 |
| 430-01 | Valley Boulevard Pedestrian Improvements | 328,000 | 62,447 | 265,553 | - |
| 480-12 | Direct Administration | 128,967 | 80,942 | 48,025 | 134,975 |
| | Total expenditures | <u>\$ 2,461,146</u> | <u>\$ 1,628,612</u> | <u>\$ 832,534</u> | <u>\$ 1,376,304</u> |

See accompanying independent auditor's report.

CITY OF ALHAMBRA
PROPOSITION C LOCAL RETURN FUND
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS
June 30, 2020

| Date Acquired | Description | Balance 7/1/2019 | Additions | Deletions | Balance 6/30/2020 |
|------------------|-------------------------------|---------------------|-----------|-----------|----------------------|
| 2018 | 2 Braun Entervan Buses | \$ 92,915 | \$ - | \$ - | \$ 92,915 |
| 2019 | Starcraft Starlite | 64,435 | - | - | 64,435 |
| 2019 | Starcraft Starlite | 64,435 | - | - | 64,435 |
| 2019 | Starcraft Starlite | 64,435 | - | - | 64,435 |
| 2019 | Starcraft Starlite | 64,435 | - | - | 64,435 |
| 2019 | Starcraft Starlite | 64,435 | - | - | 64,435 |
| 2020 | Ingersoll-Rand CNG Compressor | - | 10,000 | - | 10,000 |
| Total | | \$ 415,090 | \$ 10,000 | \$ - | \$ 425,090 |

See accompanying independent auditor's report.

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

| | 2020 | 2019 |
|---|--------------|--------------|
| | | as restated |
| ASSETS | | |
| Cash and investments | \$ 1,479,286 | \$ 3,098,434 |
| Total assets | \$ 1,479,286 | \$ 3,098,434 |
| LIABILITIES AND FUND BALANCE | | |
| Liabilities | | |
| Accounts payable (Note 12) | \$ - | \$ 643,679 |
| Total liabilities | - | 643,679 |
| Fund Balance | | |
| Restricted | 1,479,286 | 2,454,755 |
| Total fund balance | 1,479,286 | 2,454,755 |
| Total liabilities and fund balance | \$ 1,479,286 | \$ 3,098,434 |

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

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

| | 2020 | 2019 |
|---|--------------|--------------|
| | | as restated |
| REVENUES | | |
| Measure R | \$ 1,042,606 | \$ 1,085,917 |
| Interest income | 49,713 | 53,485 |
| Unrealized gain on investments | - | 27,351 |
| Total revenues | 1,092,319 | 1,166,753 |
| EXPENDITURES | | |
| Various projects | 2,067,788 | 736,349 |
| Total expenditures | 2,067,788 | 736,349 |
| Excess (deficiency) of revenues over expenditures | (975,469) | 430,404 |
| Fund balance at beginning of year, as restated | 2,454,755 | 2,024,351 |
| Fund balance at end of year | \$ 1,479,286 | \$ 2,454,755 |

The accompanying notes are an integral part of the financial statements

CITY OF ALHAMBRA
MEASURE R LOCAL RETURN FUND
SUPPLEMENTARY INFORMATION
SCHEDULE OF EXPENDITURES
ACTUAL AND METRO APPROVED PROJECT BUDGET
For the Fiscal Year Ended June 30, 2020
(With Comparative Actual Amount for the Fiscal Year Ended June 30, 2019)

| Project Code | Project Name | 2020 | | | 2019 Actual as restated |
|--------------------|--|--------------|--------------|----------------------------------|----------------------------|
| | | Metro Budget | Actual | Variance Favorable (Unfavorable) | |
| 1.05 | 2018 Streets and Rehabilitation | \$ 501,231 | \$ 501,231 | \$ - | \$ - |
| 1.05 | Street Repair and Maintenance | 680,000 | - | 680,000 | - |
| 1.05 | SB1 Road Rehabilitation Project | 1,566,084 | 1,566,084 | - | - |
| 1.05 | Annual Street Rehabilitation | - | - | - | 138,901 |
| 1.05 | Mission Road Rehabilitation and Streetscape Improvements | - | - | - | 597,448 |
| 7.90 | Other Planning | 50,168 | 473 | 49,695 | - |
| Total expenditures | | \$ 2,797,483 | \$ 2,067,788 | \$ 729,695 | \$ 736,349 |

See accompanying independent auditor's report.

CITY OF ALHAMBRA
MEASURE R LOCAL RETURN FUND
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS
June 30, 2020

| Date Acquired | Description | Balance 7/1/2019 | Additions | Deletions | Balance 6/30/2020 |
|------------------|-------------|---------------------|-----------|-----------|----------------------|
| None | | \$ - | \$ - | \$ - | \$ - |
| | Total | \$ - | \$ - | \$ - | \$ - |

See accompanying independent auditor's report.

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

| | 2020 | 2019 |
|---|--------------|--------------|
| ASSETS | | |
| Cash and investments | \$ 2,099,249 | \$ 2,164,714 |
| Total assets | \$ 2,099,249 | \$ 2,164,714 |
| LIABILITIES AND FUND BALANCE | | |
| Liabilities | | |
| Accounts payable | \$ 117,068 | \$ 360,816 |
| Retention payable | 8,228 | 18,990 |
| Total liabilities | 125,296 | 379,806 |
| Fund Balance | | |
| Restricted | 1,973,953 | 1,784,908 |
| Total fund balance | 1,973,953 | 1,784,908 |
| Total liabilities and fund balance | \$ 2,099,249 | \$ 2,164,714 |

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

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

| | 2020 | 2019 |
|--------------------------------------|--------------|--------------|
| REVENUES | | |
| Measure M | \$ 1,173,905 | \$ 1,222,736 |
| Interest income | 38,096 | 28,023 |
| Unrealized gain on investments | - | 1,689 |
| Total revenues | 1,212,001 | 1,252,448 |
| EXPENDITURES | | |
| Various projects | 1,022,956 | 379,806 |
| Total expenditures | 1,022,956 | 379,806 |
| Excess of revenues over expenditures | 189,045 | 872,642 |
| Fund balance at beginning of year | 1,784,908 | 912,266 |
| Fund balance at end of year | \$ 1,973,953 | \$ 1,784,908 |

The accompanying notes are an integral part of the financial statements

CITY OF ALHAMBRA
MEASURE M LOCAL RETURN FUND
SUPPLEMENTARY INFORMATION
SCHEDULE OF EXPENDITURES
ACTUAL AND METRO APPROVED PROJECT BUDGET
For the Fiscal Year Ended June 30, 2020
(With Comparative Actual Amount for the Fiscal Year Ended June 30, 2019)

| Project Code | Project Name | 2020 | | | 2019 Actual |
|--------------|---|--------------|--------------|----------------------------------|-------------|
| | | Metro Budget | Actual | Variance Favorable (Unfavorable) | |
| 1.05 | Alley Rehabilitation | \$ 123,229 | \$ 123,229 | \$ - | \$ - |
| 1.05 | Annual Maintenance of Residential Streets | 1,100,000 | 899,727 | 200,273 | - |
| 1.05 | Street Repair and Maintenance | - | - | - | 379,806 |
| 8.10 | Special Departmental Expenses | 50,000 | - | 50,000 | - |
| | Total expenditures | \$ 1,273,229 | \$ 1,022,956 | \$ 250,273 | \$ 379,806 |

See accompanying independent auditor's report.

CITY OF ALHAMBRA
MEASURE M LOCAL RETURN FUND
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS
June 30, 2020

| Date Acquired | Description | Balance 7/1/2019 | Additions | Deletions | Balance 6/30/2020 |
|------------------|-------------|---------------------|-----------|-----------|----------------------|
| None | | \$ - | \$ - | \$ - | \$ - |
| | Total | \$ - | \$ - | \$ - | \$ - |

See accompanying independent auditor's report.

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

| | 2020 | 2019 |
|---|------------|----------|
| ASSETS | | |
| Cash and investments | \$ 4,856 | 8,352 |
| Due from Metro | 133,201 | \$ - |
| Total assets | \$ 138,057 | \$ 8,352 |
| LIABILITIES AND FUND BALANCE | | |
| Liabilities | | |
| Accounts payable | \$ - | \$ 1,315 |
| Retention payable | - | 2,266 |
| Total liabilities | - | 3,581 |
| Fund Balance | | |
| Restricted | 138,057 * | 4,771 |
| Total fund balance | 138,057 | 4,771 |
| Total liabilities and fund balance | \$ 138,057 | \$ 8,352 |

* The portion of the unspent fund balance of \$138,057 that is a receivable from Metro in the amount of \$133,201, is not required to be returned to Metro to be placed on reserve. The remaining funds of \$4,856 was subsequently approved by Metro for the City to expend the funds until June 30, 2021. See Compliance Matrix and the Schedule of Findings and Recommendations. Finding No. 2020-004.

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

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

| | 2020 | 2019 |
|--------------------------------------|------------|-----------|
| REVENUES | | |
| TDA 3 | \$ 133,201 | \$ 76,382 |
| Interest income | 85 | - |
| Total revenues | 133,286 | 76,382 |
| EXPENDITURES | | |
| Various projects | - | 71,611 |
| Total expenditures | - | 71,611 |
| Excess of revenues over expenditures | 133,286 | 4,771 |
| Fund balance at beginning of year | 4,771 | - |
| Fund balance at end of year * | \$ 138,057 | \$ 4,771 |

* The portion of the unspent fund balance of \$138,057 that is a receivable from Metro in the amount of \$133,201, is not required to be returned to Metro to be placed on reserve. The remaining funds of \$4,856 was subsequently approved by Metro for the City to expend the funds until June 30, 2021. See Compliance Matrix and the Schedule of Findings and Recommendations. Finding No. 2020-004.

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

CITY OF ALHAMBRA
TRANSPORTATION DEVELOPMENT ACT ARTICLE 3 FUND
SUPPLEMENTARY INFORMATION

SCHEDULE OF TRANSPORTATION DEVELOPMENT ACT
ALLOCATION FOR SPECIFIC PROJECTS
For the Fiscal Year Ended June 30, 2020

| <u>Project Description</u> | <u>Program Year</u> | <u>Allocations</u> | <u>Expenditures</u> | <u>Unexpended Allocations</u> | <u>Project Status</u> |
|------------------------------------|-------------------------|--------------------|---------------------|-----------------------------------|---------------------------|
| Local allocations | | | | | |
| Bicycle and Pedestrian Master Plan | 2019-20 | \$ 133,201 | \$ - | \$ 133,201 | Ongoing |
| | Total | <u>\$ 133,201</u> | <u>\$ -</u> | 133,201 | |
| Interest income | | | | 88 | |
| Fund balance at beginning of year | | | | <u>4,771</u> | |
| Fund balance at end of year | | | | <u>\$ 138,060</u> * | |

* The portion of the unspent fund balance of \$138,057 that is a receivable from Metro in the amount of \$133,201, is not required to be returned to Metro to be placed on reserve. The remaining funds of \$4,856 was subsequently approved by Metro for the City to expend the funds until June 30, 2021. See Compliance Matrix and the Schedule of Findings and Recommendations. Finding No. 2020-004.

See accompanying independent auditor's report.

CITY OF ALHAMBRA
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Years Ended June 30, 2020 and 2019

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 the 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. The statement of revenues, expenditures and changes in fund balance for Special Revenue Funds generally present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

Budgets and Budgetary Accounting

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

CITY OF ALHAMBRA
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Years Ended June 30, 2020 and 2019
(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, 2020:

- Restricted – Amounts that are constrained for specific purpose, which are externally imposed by providers, such as creditors, or amounts constrained due to constitutional provisions or enabling legislation. The uses of the funds' remaining fund balances are restricted for projects approved by Los Angeles County Metropolitan Transportation Authority (Metro).

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

NOTE 2 – ANNUAL FINANCIAL STATEMENTS

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

CITY OF ALHAMBRA
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Years Ended June 30, 2020 and 2019
(Continued)

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

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

NOTE 4 – MEASURE R LOCAL RETURN COMPLIANCE REQUIREMENTS

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

NOTE 5 – MEASURE M LOCAL RETURN COMPLIANCE REQUIREMENTS

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

NOTE 6 – TRANSPORTATION DEVELOPMENT ACT COMPLIANCE REQUIREMENTS

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

NOTE 7 – CASH AND INVESTMENTS

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

CITY OF ALHAMBRA
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Years Ended June 30, 2020 and 2019
(Continued)

NOTE 8 – PROPOSITION A DISCRETIONARY INCENTIVE GRANT - PALRF

The City entered into a Memorandum of Understanding (MOU) agreement with Metro to receive Proposition A Discretionary Incentive Grant for participating in the Consolidated National Transit Database (NTD) Voluntary Reporting. The amounts received for the years ended June 30, 2020 and 2019 consisted of the following:

| Agreement Date | Period | NTD Voluntary Reporting | MOU Amount | Amount Received | |
|-------------------|------------------|-------------------------------|---------------|--------------------|------|
| | | | | 2020 | 2019 |
| July 31, 2017 | 7/1/17 – 6/30/19 | FY 2014-15 | \$ 142,624 | \$ 142,624 | \$ - |
| | | | Total | \$ 142,624 | \$ - |

The Proposition A Discretionary Incentive Grant was recorded under PALRF.

NOTE 9 – PROJECT GENERATED REVENUE - PALRF

Project generated revenues for the years ended June 30, 2020 and 2019 consisted of the following:

| | 2020 | 2019 |
|--------------------------|-----------|-----------|
| Metro bus tokens | \$ 350 | \$ 5,044 |
| Metro monthly bus passes | 35,983 | 61,177 |
| Total | \$ 36,333 | \$ 66,221 |

NOTE 10 – OTHER INCOME - PALRF

| | 2020 | 2019 |
|------------------------------|-----------|-----------|
| Bus shelter advertising fees | \$ 18,900 | \$ 25,200 |
| Sale of vehicles | 17,476 | 2,178 |
| Total | \$ 36,376 | \$ 27,378 |

NOTE 11 – SALE OF VEHICLES - PCLRF

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

CITY OF ALHAMBRA
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Years Ended June 30, 2020 and 2019
(Continued)

NOTE 12 – RESTATEMENT OF MRLRF’S 2019 FINANCIAL STATEMENTS

The 2019 financial statements of MRLRF were restated to report for certain expenditures for the City’s Project Code 1.05, Mission Road Rehabilitation and Streetscape Improvements, related to prior fiscal year that were not previously reported.

| | | Accounts Payable | | Expenditures | | Fund Balance |
|---------------------------------|----|---------------------|----|----------------|----|------------------|
| Balance, as previously reported | \$ | 50,168 | \$ | 142,838 | \$ | 3,048,266 |
| Adjustment | | 593,511 | | 593,511 | | (593,511) |
| Balance, as restated | \$ | <u>643,679</u> | \$ | <u>736,349</u> | \$ | <u>2,454,755</u> |

NOTE 13 – TRANSPORTATION DEVELOPMENT ACT FUND REVENUE ALLOCATION

The revenue allocation for the years ended June 30, 2020 and 2019 consisted of the following:

| | | 2020 | | 2019 |
|-------------------------|----|----------------|----|---------------|
| FY 2014-15 allocation | \$ | - | \$ | 37,851 |
| FY 2015-16 allocation | | 15,437 | | 38,531 |
| FY 2016-17 allocation | | 56,680 | | - |
| FY 2017-18 allocation | | 56,516 | | - |
| FY 2018-19 allocation | | 4,568 | | - |
| Total payment requested | \$ | <u>133,201</u> | \$ | <u>76,382</u> |

NOTE 14 – 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, 2020 and 2019, the City has funds on reserve as follows:

| | | 2020 | | 2019 |
|---------------------------|----|----------------|----|----------------|
| FY 2015-16 allocation | \$ | - | \$ | 15,437 |
| FY 2016-17 allocation | | - | | 56,680 |
| FY 2017-18 allocation | | - | | 56,516 |
| FY 2018-19 allocation | | 54,355 | | 58,923 |
| FY 2019-20 allocation | | 62,462 | | - |
| Available reserve balance | \$ | <u>116,817</u> | \$ | <u>187,556</u> |

CITY OF ALHAMBRA
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Years Ended June 30, 2020 and 2019
(Continued)

NOTE 15 – SUBSEQUENT EVENTS

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, and quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries. To date, it is unknown how long these conditions will last and what the complete financial effect will be to businesses and other affected organizations, including local governmental entities.

The City has evaluated subsequent events through November 30, 2020, the date the financial statements were available to be issued and concluded no other events have occurred that require disclosure or adjustments to the financial statements.



SIMPSON & SIMPSON
CERTIFIED PUBLIC ACCOUNTANTS

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

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Proposition A Local Return Fund, Proposition C Local Return Fund, Measure R Local Return Fund, Measure M Local Return Fund, and Transportation Development Act Article 3 Fund (collectively, the Funds) of the City of Alhambra, California (the City), as of and for the year ended June 30, 2020, and the related notes to the financial statements, and have issued our report thereon dated November 30, 2020.

Internal Control Over Financial Reporting

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

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

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





Compliance and Other Matters

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

Purpose of this Report

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

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

Los Angeles, California
November 30, 2020

COMPLIANCE SECTION



SIMPSON & SIMPSON
CERTIFIED PUBLIC ACCOUNTANTS

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

Independent Auditor's Report on Compliance

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

Report on Compliance

We have audited the compliance of the City of Alhambra, California (the City) with the Proposition A and Proposition C Local Return Guidelines, Measure R Local Return Guidelines, Measure M Local Return Guidelines, Transportation Development Act Article 3, and the Los Angeles County Metropolitan Transportation Authority's Funding and Allocation Guidelines for the Transportation Development Act Article 3 Bicycle and Pedestrian Funds (collectively, the Guidelines) for the year ended June 30, 2020.

Management's Responsibility

Management is responsible for the City's compliance with the Guidelines.

Auditor's Responsibility

Our responsibility is to express an opinion on the City's compliance based on our audit. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the Guidelines referred to in the preceding paragraph. Those standards and the Guidelines require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on Proposition A Local Return Program, Proposition C Local Return Program, Measure R Local Return Program, Measure M Local Return Program, and Transportation Development Act Article 3 Program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance with the Guidelines. However, our audit does not provide a legal determination of the City's compliance with the Guidelines.

Opinion on Each Local Return Program and Transportation Development Act Article 3

In our opinion, except as noted in the Compliance Matrix and the Schedule of Findings and Recommendations, the City complied in all material respects, with the compliance requirements of the Guidelines for the year ended June 30, 2020.





Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Guidelines and which are described in the accompanying Schedule of Findings and Recommendations as Finding Nos. 2020-001, 2020-002, 2020-003, and 2020-004. Our opinion on each local return program and Transportation Development Act Article 3 program is not modified with respect to these matters.

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

Report on Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that we consider to be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify a deficiency in internal control over compliance described in the accompanying Schedule of Finding and Recommendation as Finding No. 2020-004 that we consider to be a significant deficiency.

The City's response to the internal control over compliance finding identified in our audit is described in the accompanying Schedule of Findings and Recommendations. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.



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

Simpson & Simpson

Los Angeles, California
November 30, 2020

CITY OF ALHAMBRA
COMPLIANCE MATRIX
Year Ended June 30, 2020

| 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 | See Finding No. 2020-001 on the Schedule of Findings and Recommendations. |
| 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. | Recreational transit form was submitted on time. | X | | | None | |

CITY OF ALHAMBRA
COMPLIANCE MATRIX
Year Ended June 30, 2020
(Continued)

| Compliance Requirement | | In Compliance | | | Questioned Costs | If no, provide details and management response. |
|---------------------------------------|--|---------------|----|-----|------------------|---|
| | | Yes | No | N/A | | |
| B. Measure R Local Return Fund | | | | | | |
| 1. | Funds were expended for transportation purposes. | X | | | None | |
| 2. | Funds were used to augment, not supplant, existing local revenues being used for transportation purposes unless there is a funding shortfall. | X | | | None | |
| 3. | Signed Assurances and Understandings form was on file. | X | | | None | |
| 4. | Separate Measure R Local Return Account was established. | X | | | None | |
| 5. | Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure R Local Return Account. | X | | | None | |
| 6. | Funds were expended with Metro's approval. | X | | | None | |
| 7. | Expenditure Plan (Form One) was submitted on time. | | X | | None | See Finding No. 2020-002 on the Schedule of Findings and Recommendations. |
| 8. | Expenditure Report (Form Two) was submitted on time. | X | | | None | |
| 9. | Timely use of funds. | X | | | None | |
| 10. | Administrative expenditures are within the 20% cap. | | | X | None | |
| 11. | Fund exchanges were approved by Metro. | | | X | None | |
| 12. | A separate account was established for Capital reserve funds and Capital reserve was approved by Metro. | | | X | None | |
| 13. | Recreational transit form was submitted on time. | | | X | None | |

CITY OF ALHAMBRA
COMPLIANCE MATRIX
Year Ended June 30, 2020
(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 | See Finding No. 2020-003 on the Schedule of Findings and Recommendations. |
| 8. | Expenditure Report (Form M-Two) was submitted on time. | X | | | None | |
| 9. | Timely use of funds. | X | | | None | |
| 10. | Administrative expenses are within the 20% cap. | | | X | None | |
| 11. | Fund exchanges were approved by Metro. | | | X | None | |
| 12. | A separate account was established for Capital reserve funds and Capital reserve was approved by Metro. | | | X | None | |
| 13. | Recreational transit form was submitted timely. | | | X | None | |

CITY OF ALHAMBRA
COMPLIANCE MATRIX
Year Ended June 30, 2020
(Continued)

| Compliance Requirement | | In Compliance | | | Questioned Costs | If no, provide details and management response. |
|---|--|---------------|----|-----|------------------|---|
| | | Yes | No | N/A | | |
| D. Transportation Development Act Article 3 Fund | | | | | | |
| 1. | Timely use of funds. | | X | | None | See Finding No. 2020-004 on the Schedule of Findings and Recommendations. |
| 2. | Expenditures were incurred for activities relating to pedestrian and bicycle facilities and amenities. | X | | | None | |

CITY OF ALHAMBRA
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
 June 30, 2020

PALRF: Finding No. 2020-001

| | |
|---|--|
| Compliance Reference | According to Proposition A and Proposition C Local Return Guidelines, Section I. C, "Jurisdictions shall submit on or before August 1 of each fiscal year an Annual Project Update to provide current information on all approved on-going and carryover LR projects." |
| Condition | The City did not meet the August 1, 2019 deadline for submission of the Annual Project Update (Form B). However, the City submitted the Form B on August 14, 2019. |
| Cause | The submission of Form B was not completed in a timely manner due to the staff turnover. At the time of the submission deadline, the City was transitioning to a new Public Works Director after the retirement of the previous director. |
| Effect | The City's Form B was not submitted timely as required by the Proposition A and Proposition C Local Return Guidelines. |
| Recommendation | We recommend that the City establish procedures to ensure that the Form B is properly prepared and submitted before the due date of August 1st so that the City's expenditures of the Proposition A and Proposition C Local Return Funds will be in accordance with LACMTA's approval and the Guidelines. Furthermore, we recommend the City retain a confirmation of receipt by LACMTA to indicate the form was submitted in a timely manner. |
| Management's Response | The City has established and documented a clear workflow for the timely submission and tracking of the funds. The Management Analyst will be responsible for tracking and inputting the figures in the Local Return Database, with the appropriate back-up and financial data provided by the Accounting Manager. |
| Finding Corrected During the Audit | The City subsequently submitted the Form B on August 14, 2019. No follow-up is required. |

CITY OF ALHAMBRA
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
 June 30, 2020
 (Continued)

MRLRF: Finding No. 2020-002

| | |
|---|--|
| Compliance Reference | According to Measure R Local Return Guidelines, Section B (II. 1), Expenditure Plan (Form One): "Jurisdictions shall submit to LACMTA an Expenditure Plan, annually, on or before August 1st of each fiscal year." |
| Condition | The City did not meet the August 1, 2019 deadline for submission of Form One. However, the City submitted the Form One on January 8, 2020. |
| Cause | The submission of Form One was not completed in a timely manner due to the staff turnover. At the time of the submission deadline, the City was transitioning to a new Public Works Director after the retirement of the previous director. |
| Effect | The City's Form One was not submitted timely as required by the Measure R Local Return Guidelines. |
| Recommendation | We recommend that the City establish procedures to ensure that the Form One is properly prepared and submitted before the due date of August 1st so that the City's expenditures of the Measure R Local Return Funds will be in accordance with LACMTA's approval and the Guidelines. Furthermore, we recommend the City retain a confirmation of receipt by LACMTA to indicate the form was submitted in a timely manner. |
| Management's Response | The City has established and documented a clear workflow for the timely submission and tracking of the funds. The Management Analyst will be responsible for tracking and inputting the figures in the Local Return Database, with the appropriate back-up and financial data provided by the Accounting Manager. |
| Finding Corrected During the Audit | The City subsequently submitted the Form One on January 8, 2020. No follow-up is required. |

CITY OF ALHAMBRA
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
 June 30, 2020
 (Continued)

MMLRF: Finding No. 2020-003

| | |
|---|--|
| Compliance Reference | According to Measure M Local Return Guidelines, Section XXV Administrative: Reporting Requirements - Expenditure Plan (Form M-One), "To maintain legal eligibility and meet Measure M LR program compliance requirements, Jurisdictions shall submit to Metro an Expenditure Plan (Form M-One), annually, by August 1 of each year." |
| Condition | The City did not meet the August 1, 2019 deadline for submission of Form M-One. However, the City submitted the Form M-One on June 30, 2020 |
| Cause | The submission of Form M-One was not completed in a timely manner due to the staff turnover. At the time of the submission deadline, the City was transitioning to a new Public Works Director after the retirement of the previous director. |
| Effect | The City's Form M-One was not submitted timely as required by the Measure M Local Return Guidelines. |
| Recommendation | We recommend that the City establish procedures to ensure that the Form M-One (Expenditure Plan) is properly prepared and submitted before the due date of August 1st so that the City's expenditures of Measure M Local Return Funds will be in accordance with LACMTA's approval and the guidelines. Furthermore, we recommend that the City retain a confirmation of receipt by LACMTA to indicate the form was submitted in a timely manner. |
| Management's Response | The City has established and documented a clear workflow for the timely submission and tracking of the funds. The Management Analyst will be responsible for tracking and inputting the figures in the Local Return Database, with the appropriate back-up and financial data provided by the Accounting Manager. |
| Finding Corrected During the Audit | The City subsequently submitted the Form M-One on June 30, 2020. No follow-up is required. |

CITY OF ALHAMBRA
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
 June 30, 2020
 (Continued)

TDAA3F: Finding No. 2020-004

| | |
|---|---|
| Compliance Reference | According to the Los Angeles County Metropolitan Transportation Authority Transportation Development Act Article 3 Bicycle and Pedestrian Funds, Funding and Allocation Guidelines: “Agencies may only draw down the funds that they can spend during the fiscal year in which they were allocated. Agencies are not allowed to have a fund balance at the end of the fiscal year. Any funds drawn down and that remain unspent after the end of the fiscal year must be returned to Metro to be placed on reserve for the city under the fiscal year in which they were originally allocated. Agencies must also fully spend any interest accumulated by these funds by the end of the fiscal year in which the funds were allocated.” |
| Condition | As of June 30, 2020, the City had unspent TDA 3 ending fund balance of \$4,856. The remaining funds were not placed on a reserve account with LACMTA as required by the Guidelines. This is a repeat finding from prior fiscal year. However, the City received an extension approval from LACMTA on October 13, 2020 to spend the remaining funds until June 30, 2021. |
| Cause | Given the COVID-19 shut down and orders against public gatherings, the City decided to delay the use of the funds to pay for part of the development of a Bicycle and Pedestrian Master Plan project until the orders are lifted. |
| Effect | The City is not in compliance with the requirements of the Guidelines. |
| Recommendation | In accordance with the Guidelines, we recommend that the City establish procedures to ensure that it only draws down funds that will be spent or encumbered on eligible projects before the end of the fiscal year and returns any unspent funds to LACMTA to be placed on reserve for the City as required by the Guidelines. |
| Management’s Response | The City is looking into initiating the development of the Bicycle and Pedestrian Master Plan project in fiscal year 2021. Also, the City will place any unspent funds in the appropriate reserve accounts as required by LACMTA in the future. |
| Finding Corrected During the Audit | The City was granted an extension by LACMTA to expend the remaining funds until June 30, 2021 on October 13, 2020. No follow-up is required. |

EXIT CONFERENCE

CITY OF ALHAMBRA
PROPOSITION A LOCAL RETURN FUND, PROPOSITION C LOCAL RETURN FUND,
MEASURE R LOCAL RETURN FUND, MEASURE M LOCAL RETURN FUND, AND
TRANSPORTATION DEVELOPMENT ACT ARTICLE 3 FUND
EXIT CONFERENCE
June 30, 2020

An exit conference was held on December 21, 2020 with the City of Alhambra. Those in attendance were:

Simpson & Simpson Representative:

Patrick Zhang, Auditor

City's Representatives:

Pearl Lieu, Director of Finance
Dean Johnson, Assistant Finance Director
Hsiulee Tran, Accounting Manager

Matters Discussed:

Results of the audit disclosed one (1) significant control deficiency and four (4) non-compliance issues with Metro Guidelines.

A copy of this report was forwarded to the following City representative(s) for their comments prior to the issuance of the final report:

Dean Johnson, Assistant Finance Director

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

RE: CITY OF ALHAMBRA ANNUAL FINANCIAL REPORT OF THE PROPOSITION A LOCAL RETURN FUND, PROPOSITION C LOCAL RETURN FUND, MEASURE R LOCAL RETURN FUND, MEASURE M LOCAL RETURN FUND, AND TRANSPORTATION DEVELOPMENT ACT ARTICLE 3 FUND FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019

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, 2020 and 2019 for the City of Alhambra and agree with the contents of the report except as indicated below:

(Attach additional pages if necessary)

Very truly yours,

Name

Title

Date