

***CITY OF CLAREMONT  
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<sup>®</sup>**



Simpson & Simpson, LLP  
Certified Public Accountants

***CITY OF CLAREMONT***  
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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 Claremont, 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 Claremont, California (the City) as of and for the years ended June 30, 2020, 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 Claremont, 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 Claremont, 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 19, 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 &amp; Simpson".

Los Angeles, California  
November 19, 2020

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

	2020	2019
<b>ASSETS</b>		
Cash and investments	\$ 1,854,654	\$ 1,834,937
Interest receivable	5,358	9,499
Other receivable - Get About	-	150
Prepaid items	11,000	8,000
Total assets	\$ 1,871,012	\$ 1,852,586
 <b>LIABILITIES AND FUND BALANCE</b>		
<b>Liabilities</b>		
Accounts payable	\$ 58	\$ 6,790
Accrued wages	2,825	-
Total liabilities	2,883	6,790
 <b>Fund Balance</b>		
Restricted	1,868,129	1,845,796
Total fund balance	1,868,129	1,845,796
Total liabilities and fund balance	\$ 1,871,012	\$ 1,852,586

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

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

	2020	2019
<b>REVENUES</b>		
Proposition A	\$ 704,810	\$ 727,257
Interest income	41,298	45,164
Project generated revenue - Get About	-	225
Total revenues	746,108	772,646
 <b>EXPENDITURES</b>		
Various projects	723,775	683,558
Total expenditures	723,775	683,558
 Excess of revenues over expenditures	22,333	89,088
 Fund balance at beginning of year	1,845,796	1,756,708
 Fund balance at end of year	\$ 1,868,129	\$ 1,845,796

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



**CITY OF CLAREMONT**  
**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			2019 Actual
		Metro Budget	Actual	Variance Favorable (Unfavorable)	
120-01	Get About	\$ 305,000	\$ 302,510	\$ 2,490	\$ 290,880
120-03	Senior Trip Program	10,000	9,762	238	12,284
250-03	Dial-A-Ride Subsidy	437,291	238,418	198,873	214,252
250-04	Elderly & Handicapped User Subsidy	2,500	2,058	442	2,000
270-02	Gold Line Planning, Engineering and Environmental Review	67,734	68,240	(506)	65,369
480-02	Direct Administration	66,788	73,269	(6,481)	69,420
480-08	Overhead Support Services	21,518	21,518	-	18,353
500-11	SGV-COG Dues	8,000	8,000	-	11,000
Total expenditures		\$ 918,831	\$ 723,775	\$ 195,056	\$ 683,558

See accompanying independent auditor's report.

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

Date <u>Acquired</u>	<u>Description</u>	Balance <u>7/1/2019</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>6/30/2020</u>
6/30/2009	Trackless Trolley Stops	\$ 16,470	\$ -	\$ -	\$ 16,470
10/8/2015	Parking Space Counting System	27,152	-	-	27,152
5/5/2016	Additional Parking Spaces Available Sign	15,976	-	-	15,976
	Total	\$ <u>59,598</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>59,598</u>

See accompanying independent auditor's report.

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

	2020	2019
<b>ASSETS</b>		
Cash and investments	\$ 1,707,703	\$ 1,833,785
Interest receivable	4,479	9,518
Due from Metro	-	139
Total assets	\$ 1,712,182	\$ 1,843,442
 <b>LIABILITIES AND FUND BALANCE</b>		
<b>Liabilities</b>		
Accounts payable	\$ 22,533	\$ 98,842
Accrued wages	5,431	-
Total liabilities	27,964	98,842
 <b>Fund Balance</b>		
Restricted	1,684,218	1,744,600
Total fund balance	1,684,218	1,744,600
Total liabilities and fund balance	\$ 1,712,182	\$ 1,843,442

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

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

	2020	2019
<b>REVENUES</b>		
Proposition C	\$ 584,641	\$ 603,239
Interest income	35,406	42,949
Total revenues	620,047	646,188
 <b>EXPENDITURES</b>		
Various projects	680,429	449,884
Total expenditures	680,429	449,884
 Excess (deficiency) of revenues over expenditures	(60,382)	196,304
 Fund balance at beginning of year	1,744,600	1,548,296
 Fund balance at end of year	\$ 1,684,218	\$ 1,744,600

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

**CITY OF CLAREMONT**  
**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			2019 Actual
		Metro Budget	Actual	Variance Favorable (Unfavorable)	
170-01	Bus Stop Maintenance	\$ 45,000	\$ 42,330	\$ 2,670	\$ 25,184
230-14	Transit Store Security	20,000	17,658	2,342	37,046
270-01	Phase II Gold Line Planning, Design and Review	45,000	42,835	2,165	67,706
300-07	Transit Center Maintenance	125,000	128,857	(3,857)	130,275
300-08	Claremont Transit Deposit Seismic Renovations and ADA Improvements	280,000	310,504	(30,504)	6,920
300-09	Citywide Bus Stop Design Project	30,000	27,625	2,375	39,765
440-01	On-Call Asphalt Repair	24,900	22,410	2,490	-
450-07	Foothill Boulevard Master Plan Improvements	-	-	-	50,000
480-08	Overhead Support Service	48,165	53,210	(5,045)	57,988
500-01	Design & Construction Of Joint Use City Yard Facility/Long Term Debt Payment	35,000	35,000	-	35,000
	Total expenditures	\$ <u>653,065</u>	\$ <u>680,429</u>	\$ <u>(27,364)</u>	\$ <u>449,884</u>

See accompanying independent auditor's report.

**CITY OF CLAREMONT**  
**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
4/30/2008	Hotsy Pressure Washer - Unit #81008	\$ 10,236	\$ -	\$ -	\$ 10,236
6/30/2012	Bicycle Station, Bicycle Amenities And Safety Features	54,962	-	-	54,962
2/9/2016	A/C Unit at Depot	7,832	-	-	7,832
12/22/2017	Carpet for City Hall and Community Development Department	17,400	-	-	17,400
6/30/2020	Claremont Museum of Art and Claremont Depot	-	381,451	*	381,451
Total \$		<u>90,430</u>	<u>\$ 381,451</u>	<u>\$ -</u>	<u>\$ 471,881</u>

\*Claremont Museum of Art and Claremont Depot Project that was started in fiscal year 2016 was completed in fiscal year 2020 and as such recorded as an addition to capital assets in fiscal year 2020.

See accompanying independent auditor's report.

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

	2020	2019
<b>ASSETS</b>		
Cash and investments	\$ 1,486,860	\$ 1,344,718
Interest receivable	3,840	6,665
Total assets	\$ 1,490,700	\$ 1,351,383
 <b>LIABILITIES AND FUND BALANCE</b>		
<b>Liabilities</b>		
Accounts payable	\$ 14,571	\$ -
Total liabilities	14,571	-
 <b>Fund Balance</b>		
Restricted	1,476,129	1,351,383
Total fund balance	1,476,129	1,351,383
Total liabilities and fund balance	\$ 1,490,700	\$ 1,351,383

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

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

	2020	2019
<b>REVENUES</b>		
Measure R	\$ 437,854	\$ 452,559
Interest income	30,147	28,652
Total revenues	468,001	481,211
 <b>EXPENDITURES</b>		
Various projects	343,255	80,634
Total expenditures	343,255	80,634
 Excess of revenues over expenditures	124,746	400,577
 Fund balance at beginning of year	1,351,383	950,806
 Fund balance at end of year	\$ 1,476,129	\$ 1,351,383

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



**CITY OF CLAREMONT**  
**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
		Metro Budget	Actual	Variance Favorable (Unfavorable)	
1.05	Street Repair & Maintenance	\$ -	\$ -	\$ -	\$ 12,404
1.20	Farmers Market Bollards	-	-	-	74,751
3.05	Sidewalk Removal and Replacement	430,700	343,255	87,445	(6,521) *
	Total expenditures	\$ <u>430,700</u>	\$ <u>343,255</u>	\$ <u>87,445</u>	\$ <u>80,634</u>

\*The City returned a sign retro reflectometer in FY 2018-19.

See accompanying independent auditor's report.

**CITY OF CLAREMONT**  
**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
6/28/2018	Sign Retro Reflectometer*	\$ 9,768	\$ -	\$ 9,768	\$ -
1/10/2019	Bollard Footing Project	74,751	-	-	74,751
	Total	\$ <u>84,519</u>	\$ <u>-</u>	\$ <u>9,768</u>	\$ <u>74,751</u>

\*The deletion is a sign retro reflectometer returned in FY 2018-19 that was not previously reported.

See accompanying independent auditor's report.

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

	2020	2019
<b>ASSETS</b>		
Cash and investments	\$ 756,230	\$ 592,649
Interest receivable	2,684	4,394
Total assets	\$ 758,914	\$ 597,043
 <b>LIABILITIES AND FUND BALANCE</b>		
<b>Liabilities</b>		
Accounts payable	\$ -	\$ 15,776
Total liabilities	-	15,776
 <b>Fund Balance</b>		
Restricted	758,914	581,267
Total fund balance	758,914	581,267
Total liabilities and fund balance	\$ 758,914	\$ 597,043

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

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

	2020	2019
<b>REVENUES</b>		
Measure M	\$ 492,924	\$ 509,648
Interest income	15,027	16,967
Total revenues	507,951	526,615
 <b>EXPENDITURES</b>		
Various projects	330,304	328,520
Total expenditures	330,304	328,520
 Excess of revenues over expenditures	177,647	198,095
 Fund balance at beginning of year	581,267	383,172
 Fund balance at end of year	\$ 758,914	\$ 581,267

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

**CITY OF CLAREMONT**  
**MEASURE M LOCAL RETURN FUND**  
**SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF EXPENDITURES**  
**ACTUAL AND METRO APPROVED PROJECT BUDGET**  
**For the Fiscal Year Ended June 30, 2020**

Project Code	Project Name	2020			2019 Actual
		Metro Budget	Actual	Variance Favorable (Unfavorable)	
1.25	Accessibility Improvements	\$ 100,000	\$ -	\$ 100,000	\$ -
1.90	Foothill Blvd Refurbishment Project - Debit Service Payments	327,500	313,775	13,725	311,464
2.29	Signaled Intersection Upgrades	120,000	16,529	103,471	17,056
	Total expenditures	\$ <u>547,500</u>	\$ <u>330,304</u>	\$ <u>217,196</u>	\$ <u>328,520</u>

See accompanying independent auditor's report.

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

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

See accompanying independent auditor's report.

**CITY OF CLAREMONT**  
TRANSPORTATION DEVELOPMENT ACT ARTICLE 3 FUND  
(PURSUANT TO PUBLIC UTILITIES CODE SECTION 99234)

BALANCE SHEETS  
June 30

	2020	2019
<b>ASSETS</b>		
Due from Metro	\$ -	\$ 89,165
Prepaid items	1,145	1,012
Total assets	\$ 1,145	\$ 90,177
 <b>LIABILITIES AND FUND BALANCE</b>		
<b>Liabilities</b>		
Due to General Fund	\$ 6,448	\$ 95,480
Total liabilities	6,448	95,480
 <b>Fund Balance</b>		
Unassigned	(5,303)	(5,303)
Total fund balance	(5,303)	(5,303)
Total liabilities and fund balance	\$ 1,145	\$ 90,177

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

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

	2020	2019
<b>REVENUES</b>		
TDA 3	\$ -	\$ 89,165
Total revenues	-	89,165
 <b>EXPENDITURES</b>		
Traffic Signal Upgrades for Bicycle and Pedestrian Use	-	91,295
Total expenditures	-	91,295
 Deficiency of revenues under expenditures	-	(2,130)
 Fund balance at beginning of year	(5,303)	(3,173)
 Fund balance at end of year	\$ (5,303)	\$ (5,303)

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



**CITY OF CLAREMONT**  
**TRANSPORTATION DEVELOPMENT ACT ARTICLE 3 FUND**  
**SCHEDULE OF TRANSPORTATION DEVELOPMENT ACT**  
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>
<b>Local allocations</b>					
None		\$ -	\$ -	\$ -	
Total		<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	
Unexpended interest accumulated to date				-	
Fund balance at beginning of year				<u>(5,303)</u>	
Fund balance at end of year				<u>\$ (5,303)</u>	

See accompanying independent auditor's report.

**CITY OF CLAREMONT**  
**TRANSPORTATION DEVELOPMENT ACT ARTICLE 3 FUND**  
**SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF CAPITAL ASSETS**  
June 30, 2020

Date Acquired	Description	Balance 7/1/2019	Additions	Deletions	Balance 6/30/2020
6/30/2013	Citrus Regional Bikeway*	\$ -	\$ 83,529	\$ -	\$ 83,529
6/30/2018	Towne Ave/210 Freeway Pedestrian Improvements*	-	35,000	-	35,000
Total		\$ -	\$ 118,529	\$ -	\$ 118,529

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

See accompanying independent auditor's report.

**CITY OF CLAREMONT**  
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 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 CLAREMONT**  
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 classifications 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).
- 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.

**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.

**CITY OF CLAREMONT**  
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 average quarterly balances to the total of the pooled cash and investments.

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

**NOTE 8 – 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 2015-16 allocation	\$ -	\$ 16,955
FY 2016-17 allocation	-	24,049
FY 2017-18 allocation	-	23,596
FY 2018-19 allocation	-	24,565
Total payment requested	\$ -	\$ 89,165

**NOTE 9 – 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 2019-20 allocation	\$ 26,240	\$ -
Available reserve balance	\$ 26,240	\$ -

**NOTE 10 – 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 events or transactions that occurred subsequent to June 30, 2020 through November 19, 2020, 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 Claremont, 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 Claremont, 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 19, 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 black ink that reads "Simpson &amp; Simpson".

Los Angeles, California  
November 19, 2020



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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 Claremont, California and the  
Los Angeles County Metropolitan Transit Authority

### **Report on Compliance**

We have audited the compliance of the City of Claremont, 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, 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 an instance of noncompliance, which is required to be reported in accordance with the Guidelines and which is described in the accompanying Schedule of Findings and Recommendations as Finding No. 2020-001. Our opinion is not modified with respect to this matter.

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

### **Report on Internal Control Over Compliance**

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

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

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

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

A handwritten signature in black ink that reads "Simpson &amp; Simpson".

Los Angeles, California  
November 19, 2020

**CITY OF CLAREMONT**  
**COMPLIANCE MATRIX**  
Year Ended June 30, 2020

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	
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	See Finding No. 2020-001 on the Schedule of Findings and Recommendations.
12.	Local Return Account is credited for reimbursable expenditures.	X			None	
13.	Self-Certification was completed and submitted for Intelligent Transportation Systems projects or elements.			X	None	There were no Intelligent Transportation Systems projects or elements in FY 2019/20.
14.	Assurances and Understandings form was on file.	X			None	
15.	Recreational transit form was submitted on time.			X	None	There was no recreational transit in FY 2019/20.

**CITY OF CLAREMONT**  
**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>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 2019/20.
11.	Fund exchanges were approved by Metro.			X	None	There were no fund exchanges in FY 2019/20.
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 2019/20.
13.	Recreational transit form was submitted on time.			X	None	There was no recreational transit in FY 2019/20.

**CITY OF CLAREMONT**  
**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>C. Measure M Local Return Fund</b>						
1.	Funds were expended for transportation purposes.	X				
2.	Funds were used to augment, not supplant existing local revenues being used for transportation purposes unless there is a funding shortfall.	X				
3.	Signed Assurances and Understandings was on file.	X				
4.	Separate Measure M Local Return Account was established.	X				
5.	Revenue received including allocations, project generated revenues and interest income was properly credited to the Measure M Local Return Account.	X				
6.	Funds were expended with Metro's approval.	X				
7.	Expenditure Plan (Form One) was submitted on time.	X				
8.	Expenditure Report (Form Two) was submitted on time.	X				
9.	Timely use of funds.	X				
10.	Administrative expenses are within the 20% cap.			X		There were no administrative expenditures in FY 2019/20.
11.	Fund exchanges were approved by Metro.			X		There were no fund exchanges in FY 2019/20.
12.	A separate account was established for capital reserve funds and capital reserve was approved by Metro.			X		There were no capital reserve funds in FY 2019/20.
13.	Recreational transit form was submitted timely.			X		There was no recreational transit in FY 2019/20.

**CITY OF CLAREMONT**  
**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>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	There were no expenditures in FY 2019/20.

**CITY OF CLAREMONT**  
**SCHEDULE OF FINDINGS AND RECOMMENDATIONS**  
 June 30, 2020

**PCLRF: Finding No. 2020-001**

<p><b>Compliance Requirement</b></p>	<p>According to Proposition A and C Local Return Guidelines, Section II.C.7, “Jurisdictions are required to certify that they have conducted and maintain Pavement Management Systems when proposing “Street Repair and Maintenance: or “Bikeway” Projects”.</p> <p><b>PMS must include the following:</b></p> <ul style="list-style-type: none"> <li>• Inventory of existing pavements including, as a minimum, arterial and collector routes, reviewed and updated triennially;</li> <li>• Inventory of existing Class I bikeways, reviewed and updated triennially;</li> <li>• Assessment of pavement condition including, as a minimum, arterial and collector routes, reviewed and updated triennially;</li> <li>• Identification of all pavement sections needing rehabilitation/replacement; and</li> <li>• Determination of budget needs for rehabilitation or replacement of deficient sections of pavement for current and following triennial period(s)</li> </ul> <p>Self-certifications (included in Appendix III) executed by the Jurisdiction’s Engineer or designated, registered civil engineer, must be submitted with a Form A for new street maintenance or bikeway projects, or Form B (biannually) for ongoing projects, to satisfy “Street Repair and Maintenance” and “Bikeway” project eligibility criteria.</p> <p>A Pavement Management System (PMS) Certification should be prepared and submitted to LACMTA when the City incurred expenditures on projects with project codes 430, 440, 450, and 470</p>
<p><b>Condition</b></p>	<p>A PMS Certification Form was due for the fiscal year 2020 since the City incurred PCLRF expenditures for its Project Code 440-01, On-Call Asphalt Repair. However, the City did not submit the form. The last PMS Certification Form submitted was for fiscal year 2017 which was provided to LACMTA on December 8, 2016.</p> <p>Subsequently, the City submitted the PMS Certification on December 10, 2020.</p>
<p><b>Cause</b></p>	<p>This is due to the City staff’s oversight.</p>
<p><b>Effect</b></p>	<p>The City did not comply with the Proposition A and Proposition C Local Return Guidelines.</p>
<p><b>Recommendation</b></p>	<p>We recommended that the City establish procedures to ensure that if the City incurs expenditures for projects with codes 430, 440, 450, or 470, a PMS Certification Form is properly certified and executed by the City’s Engineer or designated registered Civil Engineer and submitted to LACMTA on the third year from the last submission date to be in compliance with the Guidelines.</p>



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

**PCLRF: Finding No. 2020-001 (Continued)**

<b>Management's Response</b>	The Management concurred with the finding.
<b>Finding Corrected During the Audit</b>	The City subsequently submitted the PMS Certification on December 10, 2020. No follow-up is required.

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***EXIT CONFERENCE***

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

An exit conference was held on December 17, 2020 with the City of Claremont. Those in attendance were:

***Simpson & Simpson Representative:***

May Yi, Audit Senior

***City's Representative:***

Bibi Ameer, Accounting Supervisor

***Matters Discussed:***

Results of the audit disclosed no significant control deficiency and one (1) non-compliance issue with Metro Guidelines.

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

Bibi Ameer, Accounting Supervisor

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

RE: CITY OF CLAREMONT 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 Claremont and agree with the contents of the report except as indicated below:

(Attach additional pages if necessary)

Very truly yours,

\_\_\_\_\_  
Name

\_\_\_\_\_  
Title

\_\_\_\_\_  
Date