

***CITY OF LA CAÑADA FLINTRIDGE  
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 LA CAÑADA FLINTRIDGE**  
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***FINANCIAL SECTION***

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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 La Cañada Flintridge, 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 La Cañada Flintridge, 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 La Cañada Flintridge, 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 La Cañada Flintridge, 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 9, 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 9, 2020

**CITY OF LA CAÑADA FLINTRIDGE**  
**PROPOSITION A LOCAL RETURN FUND**  
**BALANCE SHEETS**  
June 30

	2020	2019
<b>ASSETS</b>		
Cash and investments	\$ 581,018	\$ 496,535
Total assets	\$ 581,018	\$ 496,535
 <b>LIABILITIES AND FUND BALANCE</b>		
<b>Liabilities</b>		
Accounts payable	\$ 49,129	\$ 52,370
Total liabilities	49,129	52,370
 <b>Fund Balance</b>		
Restricted	531,889	444,165
Total fund balance	531,889	444,165
Total liabilities and fund balance	\$ 581,018	\$ 496,535

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

***CITY OF LA CAÑADA FLINTRIDGE***  
**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	\$ 400,790	\$ 411,500
Interest income	10,647	11,171
Unrealized gain on investment	3,617	6,020
Total revenues	415,054	428,691
<b>EXPENDITURES</b>		
Various projects	327,330	311,864
Total expenditures	327,330	311,864
Excess of revenues over expenditures	87,724	116,827
Fund balance at beginning of year	444,165	327,338
Fund balance at end of year	\$ 531,889	\$ 444,165

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



**CITY OF LA CAÑADA FLINTRIDGE**  
**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	2019 Actual
		Metro Budget	Actual	Favorable (Unfavorable)	
110-03	The LCF Shuttle (Route 3)	\$ 225,000	\$ 226,102	\$ (1,102)	\$ 224,833
130-01	Dial-A-Ride	47,225	37,243	9,982	46,095
130-02	Sister Cities Tour	1,200	1,440	(240)	594
130-03	Residential R1 Tour	1	-	1	-
140-04	Summer Beach Bus	15,775	15,759	16	9,928
140-05	Fiesta Days Shuttle (Memorial Day Community Parade)	1	-	1	1,567
150-03	Bus Shelter Maintenance Program for City's Bus Shelters	2,250 *	3,140	(890)	-
150-06	Shuttle Stop Decaling	1	-	1	-
160-02	Foothill Link and Gateway Project	1	-	1	-
270-01	San Gabriel Valley COG	3,300	3,300	-	3,100
270-02	AVCJPA Strategic Plan Consultant	1,114	1,114	-	-
410-09	Arroyo Verdugo Transportation Subcommittee	5,750	5,727	23	4,503
480-02	Administration	29,450	33,505	(4,055)	21,244
Total expenditures \$		<u>331,068</u>	<u>\$ 327,330</u>	<u>\$ 3,738</u>	<u>\$ 311,864</u>

\* See Compliance Matrix and Schedule of Finding and Recommendation - Finding #2020-001.

See accompanying independent auditor's report.

**CITY OF LA CAÑADA FLINTRIDGE**  
**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
6/30/1997	Bus Stop Shelters	\$ 65,263	\$ -	\$ -	\$ 65,263
6/30/1999	Bus Stop Shelters	49,530	-	-	49,530
6/30/2000	Bus Stop Shelters	15,750	-	-	15,750
6/30/2003	LCHS Traffic Signal	168,625	-	-	168,625
6/30/2004	Alta Canyon Traffic Signal	69,011	-	-	69,011
6/30/2009	Overpass Lot Improvement	6,138	-	-	6,138
6/30/2011	LCF Shuttle	398,822	-	-	398,822
6/30/2012	Memorial Park Crosswalk	235,504	-	-	235,504
6/30/2013	Oak Grove Bus Shelter	42,018	-	-	42,018
6/30/2016	Foothill Overpass Lot Improvement	306,611	-	-	306,611
6/30/2016	CNG Shuttle Bus	9,998	-	-	9,998
6/30/2016	CNG Shuttle Bus	63,732	-	-	63,732
Total		\$ 1,431,002	\$ -	\$ -	\$ 1,431,002

See accompanying independent auditor's report.

**CITY OF LA CAÑADA FLINTRIDGE**  
**PROPOSITION C LOCAL RETURN FUND**  
**BALANCE SHEETS**  
June 30

	2020	2019
<b>ASSETS</b>		
Cash and investments	\$ 1,049,542	\$ 847,608
Total assets	\$ 1,049,542	\$ 847,608
 <b>LIABILITIES AND FUND BALANCE</b>		
<b>Liabilities</b>		
Accounts payable	\$ 29,575	\$ 24,866
Total liabilities	29,575	24,866
 <b>Fund Balance</b>		
Restricted	1,019,967	822,742
Total fund balance	1,019,967	822,742
Total liabilities and fund balance	\$ 1,049,542	\$ 847,608

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

**CITY OF LA CAÑADA FLINTRIDGE**  
**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>
<b>REVENUES</b>		
Proposition C	\$ 332,456	\$ 341,328
Interest income	15,988	15,962
Unrealized gain on investments	6,542	10,279
Total revenues	<u>354,986</u>	<u>367,569</u>
 <b>EXPENDITURES</b>		
Various projects	<u>157,761</u>	<u>152,558</u>
Total expenditures	<u>157,761</u>	<u>152,558</u>
Excess of revenues over expenditures	197,225	215,011
Fund balance at beginning of year	<u>822,742</u>	<u>607,731</u>
Fund balance at end of year	<u>\$ 1,019,967</u>	<u>\$ 822,742</u>

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

**CITY OF LA CAÑADA FLINTRIDGE**  
**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)	
110-03	The LCF Shuttle (Route 3)	\$ 150,000	\$ 150,735	\$ (735)	\$ 149,889
160-02	Foothill Link and Gateway Project	1	-	1	-
270-01	San Gabriel Valley COG	2,700	2,688	12	2,669
400-02	Traffic Signal at Foothill Boulevard and Palm Drive	1	-	1	-
410-10	3-Year Strategic Plan	1	-	1	-
440-08	Foothill Boulevard Street Restriping	1 *	4,338	(4,337)	-
440-09	Foothill Boulevard Storm Drain Debris	1	-	1	-
Total expenditures		\$ 152,705	\$ 157,761	\$ (5,056)	\$ 152,558

\* This is a capital project and therefore, the 25% excess over the budget compliance requirement does not apply.

See accompanying independent auditor's report.

**CITY OF LA CAÑADA FLINTRIDGE**  
**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
6/30/2005	Infrastructure - Ocean View Boulevard Left - Turn Pocket	\$ 22,721	\$ -	\$ -	\$ 22,721
6/30/2007	Infrastrure - Angeles Crest Highway Traffic Signal Improvement	208,769	-	-	208,769
6/30/2011	Infrastructure - Red Route Bikeway Corridor	74,289	-	-	74,289
6/30/2014	Infrastructure - West Foothill Boulevard Bike Lane	295,191	-	-	295,191
6/30/2015	Infrastructure - Catch Basin Grate Replacement	51,601	-	-	51,601
6/30/2015	Infrastructure - Left Turn Arrow (Foothill and Corrishon)	108,166	-	-	108,166
6/30/2016	CNG Shuttle Purchase (Call-For- Projects Match)	123,873	-	-	123,873
6/30/2018	Infrastructure-Foothill Boulevard Link	60,000	-	-	60,000
Total		\$ 944,610	\$ -	\$ -	\$ 944,610

See accompanying independent auditor's report.

**CITY OF LA CAÑADA FLINTRIDGE**  
**MEASURE R LOCAL RETURN FUND**  
**BALANCE SHEETS**  
June 30

	2020	2019
<b>ASSETS</b>		
Cash and investments	\$ 359,806	\$ 341,809
Total assets	\$ 359,806	\$ 341,809
 <b>LIABILITIES AND FUND BALANCE</b>		
<b>Liabilities</b>		
Accounts payable	\$ -	\$ -
Total liabilities	-	-
 <b>Fund Balance</b>		
Restricted	359,806	341,809
Total fund balance	359,806	341,809
Total liabilities and fund balance	\$ 359,806	\$ 341,809

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

***CITY OF LA CAÑADA FLINTRIDGE***  
**MEASURE R 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>
<b>REVENUES</b>		
Measure R	\$ 248,985	\$ 256,069
Interest income	7,823	5,111
Unrealized gain on investments	2,238	4,145
Total revenues	<u>259,046</u>	<u>265,325</u>
 <b>EXPENDITURES</b>		
Various projects	<u>241,049</u>	<u>256,820</u>
Total expenditures	<u>241,049</u>	<u>256,820</u>
Excess of revenues over expenditures	17,997	8,505
Fund balance at beginning of year	<u>341,809</u>	<u>333,304</u>
Fund balance at end of year	<u>\$ 359,806</u>	<u>\$ 341,809</u>

The accompanying notes are an integral part of the financial statements



**CITY OF LA CAÑADA FLINTRIDGE**  
**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		Variance	2019 Actual
		Metro Budget	Actual	Favorable (Unfavorable)	
1.05	Street Resurfacing and Slurry Seal 2019-20	\$ 97,575	\$ 97,575	\$ -	\$ 249,575
1.20	Guardrail Improvements	24,675	-	24,675	324
1.90	I-210 Soundwall Project Phase IV-SB I LPP Application	61,800	61,789	11	-
1.90	AVCJPA Strategic Plan Consultant	2,000	2,000	-	-
1.90	Installation of Flock Safety Cameras	26,400	-	26,400	-
3.05	Bike/Pedestrian Facilities, Construction and Maintenance	351,388	79,685	271,703	-
3.05	Foothill Boulevard Link Project (Bikeway)	-	-	-	6,921
	Total expenditures	\$ 563,838	\$ 241,049	\$ 322,789	\$ 256,820

See accompanying independent auditor's report.

**CITY OF LA CAÑADA FLINTRIDGE**  
**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
6/30/2015	Infrastructure - Foothill Boulevard Link (Work in Progress)	\$ 16,633	\$ -	\$ -	\$ 16,633
6/30/2016	Infrastructure - Foothill Boulevard Link (Work in Progress)	34,386	-	-	34,386
6/30/2017	Infrastructure - Foothill Boulevard Link (Work in Progress)	9,803	-	-	9,803
6/30/2018	Infrastructure - Foothill Boulevard Link (Work in Progress)	126,954	-	-	126,954
6/30/2019	Infrastructure - Foothill Boulevard Link (Work in Progress)	6,921	-	-	6,921
6/30/2020	Infrastructure - Foothill Boulevard Link (Work in Progress)	-	79,685	-	79,685
Total		\$ 194,697	\$ 79,685	\$ -	\$ 274,382

See accompanying independent auditor's report.

**CITY OF LA CAÑADA FLINTRIDGE**  
**MEASURE M LOCAL RETURN FUND**  
**BALANCE SHEETS**  
June 30

	<u>2020</u>	<u>2019</u>
<b>ASSETS</b>		
Cash and investments	\$ 148,755	\$ 35,530
Total assets	<u>\$ 148,755</u>	<u>\$ 35,530</u>
 <b>LIABILITIES AND FUND BALANCE</b>		
<b>Liabilities</b>		
Accounts payable	\$ -	\$ -
Total liabilities	<u>-</u>	<u>-</u>
 <b>Fund Balance</b>		
Restricted	<u>148,755</u>	<u>35,530</u>
Total fund balance	<u>148,755</u>	<u>35,530</u>
Total liabilities and fund balance	<u>\$ 148,755</u>	<u>\$ 35,530</u>

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

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

	<u>2020</u>	<u>2019</u>
<b>REVENUES</b>		
Measure M	\$ 280,216	\$ 288,457
Interest income	1,424	1,291
Unrealized gain on investments	928	431
Total revenues	<u>282,568</u>	<u>290,179</u>
 <b>EXPENDITURES</b>		
Various projects	<u>169,343</u>	<u>282,850</u>
Total expenditures	<u>169,343</u>	<u>282,850</u>
Excess of revenues over expenditures	113,225	7,329
Fund balance at beginning of year	<u>35,530</u>	<u>28,201</u>
Fund balance at end of year	<u>\$ 148,755</u>	<u>\$ 35,530</u>

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

**CITY OF LA CAÑADA FLINTRIDGE**  
**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		Variance Favorable (Unfavorable)	2019 Actual
		Metro Budget	Actual		
1.10	Street Resurface and Slurry Seal FY 2019-20	\$ 285,725	\$ 152,343	\$ 133,382	\$ 282,850
3.05	Foothill Boulevard Link Project	17,000	17,000	-	-
	Total expenditures	\$ 302,725	\$ 169,343	\$ 133,382	\$ 282,850

See accompanying independent auditor's report.

**CITY OF LA CAÑADA FLINTRIDGE**  
**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
6/30/2020	Infrastructure - Foothill Boulevard Link Project	\$ -	\$ 17,000	\$ -	\$ 17,000
	Total	\$ -	\$ 17,000	\$ -	\$ 17,000

**CITY OF LA CAÑADA FLINTRIDGE**  
**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	\$ -	\$ 27,305
Total assets	\$ -	\$ 27,305
 <b>LIABILITIES AND FUND BALANCE</b>		
<b>Liabilities</b>		
Due to General Fund	\$ -	\$ 27,305
Total liabilities	-	27,305
 <b>Fund Balance</b>		
Restricted	-	-
Total fund balance	-	-
Total liabilities and fund balance	\$ -	\$ 27,305

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

**CITY OF LA CAÑADA FLINTRIDGE**  
**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	\$ -	\$ 27,305
Total revenues	-	27,305
 <b>EXPENDITURES</b>		
Miscellaneous Concrete Repairs (Sidewalk)	-	27,305
Total expenditures	-	27,305
Excess of revenues over expenditures	-	-
Fund balance at beginning of year	-	-
Fund balance at end of year	\$ -	\$ -

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



**CITY OF LA CAÑADA FLINTRIDGE**  
**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>
<b>Local allocations</b>					
None	2019-20	\$ -	\$ -	\$ -	
	Total	<u>\$ -</u>	<u>\$ -</u>	-	
Fund balance at beginning of the year				-	
Fund balance at end of year				<u>\$ -</u>	

See accompanying independent auditor's report.

**CITY OF LA CAÑADA FLINTRIDGE**  
**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) and Proposition C Local Return Funds (PCLRF), Measure R Local Return Fund (MRLRF), Measure M Local Return Fund (MMLRF), and Transportation Development Act Article 3 Fund (TDAA3F) 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 LA CAÑADA FLINTRIDGE**  
**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 Standards 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 investments at fair value and recognizes unrealized gain (loss) on investments.

Refer to City's 2020 Comprehensive Annual Financial Report for detailed disclosures regarding the City's investment policy and fair value measurements.

*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 the 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 purposes, which are externally imposed by providers, such as creditors, or amounts constrained due to constitutional provisions or enabling legislation. The use 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 LA CAÑADA FLINTRIDGE***  
**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 balances were pooled with various other City funds for deposit and investment purposes. The share of each fund in the pooled cash and investments account was separately maintained and interest income was apportioned to the participating funds based on the relationship of their average balances to the total of the pooled cash and investments.

**CITY OF LA CAÑADA FLINTRIDGE**  
**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 2017-18 allocation	\$	-	\$	13,399
FY 2018-19 allocation		-		13,906
Total payment requested	\$	-	\$	27,305

**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	\$	14,927	\$	-
Available reserve balance	\$	14,927	\$	-

**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 government entities.

The City has evaluated subsequent events through November 9, 2020, the date the accompanying 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 La Cañada Flintridge, 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 La Cañada Flintridge, 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 9, 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 &amp; Simpson".

Los Angeles, California  
November 9, 2020

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*COMPLIANCE SECTION*

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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 La Cañada Flintridge, California and the  
Los Angeles County Metropolitan Transit Authority

### Report on Compliance

We have audited the compliance of the City of La Cañada Flintridge, 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 Finding and Recommendation, 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 Finding and Recommendation as Finding No. 2020-001. Our opinion on each local return program and Transportation Development Act Article 3 program 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 Finding and Recommendation. 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, we did identify a deficiency in internal control over compliance described in the accompanying Schedule of Finding and Recommendation as Finding No. 2020-001 that we consider to be a significant deficiency.

The City's response to the internal control over compliance finding identified in our audit is described in the accompanying Schedule of Finding and Recommendation. 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.

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

Los Angeles, California  
November 9, 2020

**CITY OF LA CAÑADA FLINTRIDGE**  
**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	See Finding No. 2020-001 on Schedule of Finding and Recommendation.
5.	Administrative expenses are within the 20% cap of the total annual Local Return Expenditures.	X			None	
6.	All on-going and carryover projects were reported in Form B.	X			None	
7.	Annual Project Summary Report (Form B) was submitted on time.	X			None	
8.	Annual Expenditure Report (Form C) was submitted on time.	X			None	
9.	Cash or cash equivalents are maintained.	X			None	
10.	Accounting procedures, record keeping and documentation are adequate.	X			None	
11.	Pavement Management System (PMS) is in place and being used for Street Maintenance or Improvement Projects Expenditures.	X			None	
12.	Local Return Account is credited for reimbursable expenditures.			X	None	
13.	Self-Certification was completed and submitted for Intelligent Transportation Systems projects or elements.			X	None	
14.	Signed Assurances and Understandings form was on file.	X			None	
15.	Recreational transit form was submitted on time.	X			None	

**CITY OF LA CAÑADA FLINTRIDGE**  
**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.	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	
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 LA CAÑADA FLINTRIDGE**  
**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			None	
2.	Funds were used to augment, not supplant existing local revenues being used for transportation purposes unless there is a fund shortfall.	X			None	
3.	Signed Assurances and Understandings form was on file.	X			None	
4.	Separate Measure M Local Return Account was established.	X			None	
5.	Revenue received including allocations, project generated revenues and interest income was properly credited to the Measure M Local Return Account.	X			None	
6.	Funds were expended with Metro's approval.	X			None	
7.	Expenditure Plan (Form M-One) was submitted on time.	X			None	
8.	Expenditure Report (Form M-Two) was submitted on time.	X			None	
9.	Timely use of funds.	X			None	
10.	Administrative expenses are within the 20% cap.			X	None	
11.	Fund exchanges were approved by Metro.			X	None	
12.	A separate account was established for Capital reserve funds and Capital reserve was approved by Metro.			X	None	
13.	Recreational transit form was submitted timely.			X	None	

**CITY OF LA CAÑADA FLINTRIDGE**  
**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	

**CITY OF LA CAÑADA FLINTRIDGE**  
**SCHEDULE OF FINDING AND RECOMMENDATION**  
June 30, 2020

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

<b>Compliance Reference</b>	According to Proposition A and Proposition C Local Return Guidelines, Section I (C) Project Description Form (Form A), “Jurisdictions shall submit for approval a Project Description Form prior to the expenditure of funds for: 5) a 25 percent or greater change in an approved Local Return project budget or scope on all operating or capital Local Return projects.”
<b>Condition</b>	<p>The City exceeded more than 25 percent of LACMTA's approved budget on PALRF Project Code 150.03, Bus Shelter Maintenance Program for City’s Bus Shelters, in the amount of \$328. However, the City submitted a Project Description Form (Form A) to obtain a budget increase from LACMTA and received subsequent approval on October 5, 2020.</p> <p>This is a repeat finding from fiscal year ending June 30, 2018.</p>
<b>Cause</b>	The work performed on this project was completed in late June. The invoice was received in July 2020 and determined that the actual cost of the project was higher than the amount budgeted. Since the invoice was received after June 2020, the City was not able to submit a request for a budget increase from LACMTA in a timely manner.
<b>Effect</b>	The City’s PALRF project expenditure exceeded 25 percent of LACMTA’s approved budget without LACMTA’s approval and the City did not comply with the Guidelines.
<b>Recommendation</b>	We recommend that the City establish procedures to ensure that project expenditures are within the 25 percent cap of the LACMTA’s approved budget and an amended Form A (Project Description Form) is properly prepared and submitted prior to the expenditure of funds which would result in a 25 percent or greater change in an approved Local Return project budget or scope on all operating Local Return projects.
<b>Management’s Response</b>	The City will review the PALRF expenditures on a monthly basis to ensure that all expenditures incurred are within the budget. The City will obtain approvals from LACMTA when the City determines that more costs are necessary to complete a project or task.
<b>Finding Corrected During the Audit</b>	LACMTA Program Manager granted retroactive budget approval in the amount of \$3,140 for the said project on October 5, 2020. No follow-up is required.

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***EXIT CONFERENCE***

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**CITY OF LA CAÑADA FLINTRIDGE**  
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 2, 2020 with the City of La Cañada Flintridge. Those in attendance were:

***Simpson & Simpson Representative:***

Elizabeth Mendoza, Senior Auditor

***City's Representatives:***

Winnie Fung, Senior Accountant

***Matters Discussed:***

Results of the audit disclosed one (1) 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:

Winnie Fung, Senior Accountant

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

RE: CITY OF LA CAÑADA FLINTRIDGE 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 La Cañada Flintridge and agree with the contents of the report except as indicated below:

(Attach additional pages if necessary)

Very truly yours,

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Name

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Title

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Date