

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



Metro[®]



Simpson & Simpson, LLP
Certified Public Accountants

CITY OF PASADENA
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FINANCIAL SECTION



SIMPSON & SIMPSON

CERTIFIED PUBLIC ACCOUNTANTS

FOUNDING PARTNERS

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

U.S. BANK TOWER
633 WEST 5TH STREET, SUITE 3320
LOS ANGELES, CA 90071
(213) 736-6664 TELEPHONE
(213) 736-6692 FAX
www.simpsonandsimpsoncpas.com

Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the Proposition A Local Return Fund (PALRF), Proposition C Local Return Fund (PCLRF), Measure R Local Return Fund (MRLRF), Measure M Local Return Fund (MMLRF), and Transportation Development Act Article 3 Fund (TDAA3F) (collectively, the Funds), of the City of Pasadena, California (the City) as of and for the years ended June 30, 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 Pasadena, 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 Pasadena, 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 December 2, 2020, on our consideration of the City's internal control over the Funds' financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over the Funds' financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over the Funds' financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over the Funds' financial reporting and compliance.

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

Los Angeles, California
December 2, 2020

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

	2020	2019
ASSETS		
Cash and investments	\$ 7,428,210	\$ 6,669,721
Accounts receivable	325,106	734,566
Interest receivable	23,429	29,362
Total assets	\$ 7,776,745	\$ 7,433,649
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 252,600	\$ 152,581
Accrued salaries	11,217	10,750
Total liabilities	263,817	163,331
 Deferred Inflows of Resources		
Unavailable revenues	-	36,278
Total deferred inflows of resources	-	36,278
 Fund Balance		
Restricted	7,512,928	7,234,040
Total fund balance	7,512,928	7,234,040
Total liabilities, deferred inflows of resources and fund balance	\$ 7,776,745	\$ 7,433,649

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

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

	2020	2019
REVENUES		
Proposition A	\$ 2,784,418	\$ 2,877,567
Investment income	189,034	225,523
Proposition A Discretionary Incentive Grant (Note 9)	451,809	400,592
Federal Transit Administration (FTA) Grant (Note 13)	145,098	184,654
Project generated revenues (Note 8)	243,810	308,160
Total revenues	3,814,169	3,996,496
EXPENDITURES		
Various projects	3,535,281	2,845,695
Total expenditures	3,535,281	2,845,695
Excess of revenues over expenditures	278,888	1,150,801
Fund balance at beginning of year	7,234,040	6,083,239
Fund balance at end of year	\$ 7,512,928	\$ 7,234,040

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

CITY OF PASADENA
PROPOSITION A LOCAL RETURN FUND
SUPPLEMENTARY INFORMATION
SCHEDULE OF EXPENDITURES
ACTUAL AND METRO APPROVED PROJECT BUDGET
For the Fiscal Year Ended June 30, 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)	
130-03	Dial-A-Ride	\$ 2,000,000	\$ 2,071,369	\$ (71,369)	\$ 1,968,773
140-02	Recreation Transit	43,000	36,536	6,464	34,307
140-08	Senior Transit Project	3,500	-	3,500	-
160-02	Bus Shelters & Benches	50,000	11,493	38,507	766
180-02	Alternative Fuel Bus Purchase	1	-	1	-
200-02	Pasadena Area Rapid Transit System (ARTS) Bus Purchase	3,804,882	737,132	3,067,750	248,712
200-03	Electric Vehicle Transit Ridership Incentive Prog (EVTRIP)	1	-	1	-
210-01	Bus Signal Priority System on Pasadena Transit	243,224	-	243,224	-
250-09	Homeless Transit Subsidy	7,950	-	7,950	-
250-17	Senior/Disabled Bus Pass Buydown	25,000 a	34,011	(9,011)	52,403
250-18	Youth Summer Program Transit Subsidy	2,000	-	2,000	-
270-05	Transit Services - Proposition A	119,710 b	150,862	(31,152)	131,620
270-13	Transportation Planning Organizations	35,000	21,912	13,088	10,784
300-01	CNG Fueling Facilities for Transit Buses	1	-	1	-
310-14	Gold Line Light Rail Station Enhancements #75021	1,850,000	-	1,850,000	-
380-01	Metro Gold Line Enhancements	3,900,000	-	3,900,000	-
380-23	South Access Pedestrian Corridor to SMV Light Rail Station	1	-	1	-
410-04	Transportation Demand Management	159,591	182,813	(23,222)	148,707
480-01	Proposition A Administration	286,765	289,153	(2,388)	249,623
	Total expenditures	\$ 12,530,626	\$ 3,535,281	\$ 8,995,345	\$ 2,845,695

See accompanying independent auditor's report.

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

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

250-17	a) Metro Budget			\$	25,000
	Total expenditures	\$	34,011		
	Less: Senior/disabled bus passes (Note 8)		(25,462)		
	Less: Trip reduction parking fees (Note 8)		(12,187)		
	PALRF expenditures				(3,638)
	Actual variance positive			\$	<u><u>28,638</u></u>
270-05	b) Metro Budget			\$	119,710
	Total expenditures	\$	150,862		
	Less: Fare transit program (Note 8)		(158,210)		
	PALRF expenditures				(7,348)
	Actual variance positive			\$	<u><u>127,058</u></u>

See accompanying independent auditor's report.

CITY OF PASADENA
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
6/18/1991	Bookcase	\$ 478	\$ -	\$ -	\$ 478
3/17/1993	Communications Radio	500	-	-	500
5/17/1993	Desk	728	-	-	728
6/2/1997	Dell Optiplex GMXT 5166 Computers	9,474	-	-	9,474
5/25/1999	HP DesignJet 36" Wide Plotter	3,367	-	-	3,367
7/28/2000	Dell Dimension 4100 Computer	1,342	-	-	1,342
4/16/2001	Sony VPL-CX10 Projector	1,046	-	-	1,046
6/29/2009	2009 Starcraft Allstar	57,570	-	(57,570)	-
6/29/2009	2009 Starcraft Allstar	57,570	-	(57,570)	-
6/29/2009	2009 Starcraft Allstar	57,570	-	(57,570)	-
6/29/2009	2009 Starcraft Allstar	57,570	-	-	57,570
6/29/2009	2009 Starcraft Allstar	57,570	-	-	57,570
6/29/2009	2009 Starcraft Allstar	57,570	-	(57,570)	-
10/24/2011	2012 Starcraft Allstar 25	118,939	-	(118,939)	-
5/16/2012	2012 Starcraft Allstar 25	118,869	-	(118,869)	-
5/16/2012	2012 Starcraft Allstar 25	118,869	-	-	118,869
5/16/2012	2012 Starcraft Allstar 25	118,869	-	-	118,869
5/16/2012	2012 Starcraft Allstar 25	118,869	-	-	118,869
5/16/2012	2012 Starcraft Allstar 25	118,869	-	-	118,869
9/1/2012	2012 El Dorado E-Z Rider II Max	3,231,426	727,589	-	3,959,015
2/12/2014	2013 El Dorado E-Z Rider II Max	101,144	-	-	101,144
2/12/2014	2013 El Dorado E-Z Rider II Max	101,144	-	-	101,144
2/12/2014	2013 El Dorado E-Z Rider II Max	101,143	-	-	101,143
2/12/2014	2013 El Dorado E-Z Rider II Max	101,143	-	-	101,143
2/12/2014	2013 El Dorado E-Z Rider II Max	101,143	-	-	101,143
2/12/2014	2013 El Dorado E-Z Rider II Max	101,143	-	-	101,143
2/12/2014	2013 El Dorado E-Z Rider II Max	101,143	-	-	101,143
10/18/2019	2019 Starcraft Allstar	-	2,386	-	2,386
10/18/2019	2019 Starcraft Allstar	-	2,386	-	2,386
10/18/2019	2019 Starcraft Allstar	-	2,386	-	2,386
10/18/2019	2019 Starcraft Allstar	-	2,385	-	2,385
Total		<u>\$ 5,015,068</u>	<u>\$ 737,132</u>	<u>\$ (468,088)</u>	<u>\$ 5,284,112</u>

See accompanying independent auditor's report.

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

	2020	2019
ASSETS		
Cash and investments	\$ 12,115,543	\$ 9,130,735
Due from Metro	994,609	1,490,682
Interest receivable	44,116	52,696
Total assets	\$ 13,154,268	\$ 10,674,113
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 511,205	\$ 358,321
Accrued salaries	7,657	2,429
Total liabilities	518,862	360,750
 Deferred Inflows of Resources		
Unavailable revenues	102,315	167,988
Total deferred inflows of resources	102,315	167,988
 Fund Balance		
Restricted - transportation and transit related projects	12,146,476	10,137,387
Assigned - transit operations and fund exchange activities (Note 11)	386,615	7,988
Total fund balance	12,533,091	10,145,375
Total liabilities, deferred inflows of resources and fund balance	\$ 13,154,268	\$ 10,674,113

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

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

	2020	2019
REVENUES		
Proposition C	\$ 2,309,681	\$ 2,386,861
Investment income	294,011	324,072
Proposition A Discretionary Incentive Grant (Note 9)	-	236,417
Proposition A Growth Over Inflation Grant (Note 10)	348,922	489,197
Federal Transit Administration (FTA) Grant (Note 13)	697,628	715,330
Project generated revenues (Note 8)	895,713	1,139,425
Miscellaneous revenues (Note 12)	195	41,320
Total revenues	4,546,150	5,332,622
EXPENDITURES		
Various projects	6,488,569	6,013,758
Total expenditures	6,488,569	6,013,758
Deficiency of revenues over expenditures	(1,942,419)	(681,136)
OTHER FINANCING SOURCES		
Transfers in from General Fund	378,994	7,988
Transfers in from MRLRF	1,852,097	1,200,000
Transfers in from MMLRF	2,099,044	1,581,970
Total other financing sources	4,330,135	2,789,958
Excess of revenues over expenditures and other financing sources	2,387,716	2,108,822
Fund balance at beginning of year	10,145,375	8,036,553
Fund balance at end of year	\$ 12,533,091	\$ 10,145,375

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

CITY OF PASADENA
PROPOSITION C LOCAL RETURN FUND
SUPPLEMENTARY INFORMATION
SCHEDULE OF EXPENDITURES
ACTUAL AND METRO APPROVED PROJECT BUDGET
For the Fiscal Year Ended June 30, 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)	
110-01	Community Circulator	\$ 2,000,000 a	\$ 5,863,302	\$ (3,863,302)	\$ 5,632,427
140-02	Recreation Transit	15,000	-	15,000	6,506
180-02	Alternative Fuel Bus Purchase	1	-	1	-
180-03	Fixed Route & Demand Response Vehicles and Misc. Equipment	2,000,000	202,631	1,797,369	-
200-02	ARTS Bus Purchase	500,000	-	500,000	-
250-01	College Pass Subsidy Program	25,000	-	25,000	-
270-13	Transportation Planning Organizations	15,000	-	15,000	-
310-14	Gold Line Light Rail Station Enhancements #75021	166,500	-	166,500	-
380-01	Metro Gold Line Enhancements	666,347	-	666,347	-
380-20	Gold Line Pedestrian Enhancements	1	-	1	-
480-02	Proposition C Administration	410,123	422,074	(11,951)	347,879
	Internal Administrative Expenses for Transit Operations - Other Funding Sources*	-	562	(562)	26,946
	Total expenditures	\$ 5,797,972	\$ 6,488,569	\$ (690,597)	\$ 6,013,758

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

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

110-01 a) Metro Budget	\$ 2,000,000
Total expenditures	\$ 5,863,302
Less: Project generated revenues (Note 8)	(895,713)
Less: Proposition A Growth Over Inflation Grant (Note 10)	(348,922)
Less: FTA Grant (Note 13)	(697,628)
Less: Transfers in from MRLRF	(1,852,097)
Less: Transfer in from MMLRF	(2,099,044)
PCLRF expenditures	(30,102)
Actual variance positive	<u>\$ 2,030,102</u>

See accompanying independent auditor's report.

CITY OF PASADENA
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
9/13/2006	2007 El Dorado CNG Buses 2007	\$ 309,684	\$ -	\$ (309,684)	\$ -
9/13/2006	El Dorado CNG Bus 2007	309,684	-	(309,684)	-
6/7/2011	Computer Software Adobe Illustrator	599	-	-	599
6/1/2011	Computer/Monitor	1,218	-	-	1,218
9/1/2012	2012 El Dorado E-Z Rider II Max	42,654	-	-	42,654
9/1/2012	2012 El Dorado E-Z Rider II Max	42,654	-	-	42,654
9/1/2012	2012 El Dorado E-Z Rider II Max	42,654	-	-	42,654
9/1/2012	2012 El Dorado E-Z Rider II Max	42,654	-	-	42,654
9/1/2012	2012 El Dorado E-Z Rider II Max	42,654	-	-	42,654
9/1/2012	2012 El Dorado E-Z Rider II Max	42,654	-	-	42,654
9/1/2012	2012 El Dorado E-Z Rider II Max	42,654	-	-	42,654
9/1/2012	2012 El Dorado E-Z Rider II Max	42,654	-	-	42,654
9/1/2012	2012 El Dorado E-Z Rider II Max	42,654	-	-	42,654
9/1/2012	2012 El Dorado E-Z Rider II Max	42,654	-	-	42,654
4/13/2017	2016 Paratransit Minivan	4,639	-	-	4,639
4/13/2017	2016 Paratransit Minivan	4,638	-	-	4,638
6/30/2017	2017 El Dorado EZ Rider II/BRT	171,671	-	-	171,671
6/30/2017	2017 El Dorado EZ Rider II/BRT	171,671	-	-	171,671
6/30/2017	2017 El Dorado EZ Rider II/BRT	171,671	-	-	171,671
6/30/2017	2017 El Dorado EZ Rider II/BRT	171,670	-	-	171,670
6/29/2018	New Flyer / Excelsior - SX35	183,292	-	-	183,292
6/29/2018	New Flyer / Excelsior - SX35	183,292	-	-	183,292
6/29/2018	New Flyer / Excelsior - SX35	183,292	-	-	183,292
6/29/2018	New Flyer / Excelsior - SX35	183,292	-	-	183,292
7/14/2018	Ford Starcraft All-Star	11,056	-	-	11,056
7/14/2018	Ford Starcraft All-Star	11,056	-	-	11,056
7/14/2018	Ford Starcraft All-Star	11,055	-	-	11,055
7/14/2018	Ford Starcraft All-Star	11,055	-	-	11,055
7/14/2018	Ford Starcraft All-Star	11,055	-	-	11,055
7/14/2018	Ford Starcraft All-Star	11,055	-	-	11,055
7/14/2018	Ford Starcraft All-Star	11,055	-	-	11,055
10/18/2019	2019 Starcraft Allstar	-	6,665	-	6,665
10/18/2019	2019 Starcraft Allstar	-	6,665	-	6,665
10/18/2019	2019 Starcraft Allstar	-	6,664	-	6,664
10/18/2019	2019 Starcraft Allstar	-	6,664	-	6,664
5/8/2020	New Flyer Xcelsior XN35	-	87,986	-	87,986
5/8/2020	New Flyer Xcelsior XN35	-	87,987	-	87,987
Total		<u>\$ 2,554,240</u>	<u>\$ 202,631</u>	<u>\$ (619,368)</u>	<u>\$ 2,137,503</u>

See accompanying independent auditor's report.

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

	2020	2019
ASSETS		
Cash and investments	\$ 370,094	\$ 569,462
Interest receivable	5,657	6,114
Total assets	\$ 375,751	\$ 575,576
 LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ -	\$ -
Total liabilities	-	-
 Fund Balance		
Restricted	375,751	575,576
Total fund balance	375,751	575,576
Total liabilities and fund balance	\$ 375,751	\$ 575,576

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

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

	2020	2019
REVENUES		
Measure R	\$ 1,729,783	\$ 1,790,661
Investment income	14,088	22,171
Total revenues	1,743,871	1,812,832
 EXPENDITURES		
Various projects	91,599	772,686
Total expenditures	91,599	772,686
 Excess of revenues over expenditures	1,652,272	1,040,146
 OTHER FINANCING USES		
Transfer out to PCLRF	(1,852,097)	(1,200,000)
Total other financing uses	(1,852,097)	(1,200,000)
 Deficiency of revenues over expenditures and other financing uses	(199,825)	(159,854)
 Fund balance at beginning of year	575,576	735,430
 Fund balance at end of year	\$ 375,751	\$ 575,576

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

CITY OF PASADENA
MEASURE R LOCAL RETURN FUND
SUPPLEMENTARY INFORMATION
SCHEDULE OF EXPENDITURES
ACTUAL AND METRO APPROVED PROJECT BUDGET
For the Fiscal Year Ended June 30, 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)	
1.30	Cordova Street Road Diet	\$ 183,859	\$ -	\$ 183,859	\$ 330,907
1.30	Union Cycle Track	-	-	-	92,995
1.30	Citywide Program	100,000	-	100,000	-
2.05	Mobility Corridors - Rose Bowl	-	-	-	77,669
3.20	Pedestrian Safety Enhancements at Signalized Intersections	316,000	91,599	224,401	-
3.25	Pasadena Bike Share Program	-	-	-	271,115
	Total expenditures	<u>599,859</u>	<u>91,599</u>	<u>508,260</u>	<u>772,686</u>
Transfer Out To PCLRF					
4.90	Support existing levels of transit operations	<u>1,852,097</u>	<u>1,852,097</u>	<u>-</u>	<u>1,200,000</u>
	Total expenditures and transfer out to PCLRF	<u>\$ 2,451,956</u>	<u>\$ 1,943,696</u>	<u>\$ 508,260</u>	<u>\$ 1,972,686</u>

See accompanying independent auditor's report.

CITY OF PASADENA
MEASURE R 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	\$ -	\$ -	\$ -	\$ -

See accompanying independent auditor's report.

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

	2020	2019
ASSETS		
Cash and investments	\$ 60,970	\$ 396,479
Interest receivable	-	209
Total assets	\$ 60,970	\$ 396,688
 LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ -	\$ -
Total liabilities	-	-
 Fund Balance		
Restricted	60,970	396,688
Total fund balance	60,970	396,688
Total liabilities and fund balance	\$ 60,970	\$ 396,688

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

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

	2020	2019
REVENUES		
Measure M	\$ 1,950,429	\$ 2,013,462
Investment income	21,676	34,527
Total revenues	1,972,105	2,047,989
 EXPENDITURES		
Various projects	208,779	70,231
Total expenditures	208,779	70,231
 Excess of revenues over expenditures	1,763,326	1,977,758
 OTHER FINANCING USES		
Transfer out to PCLRF	(2,099,044)	(1,581,970)
Total other financing uses	(2,099,044)	(1,581,970)
 Excess (deficiency) of revenues over expenditures and other financing uses	(335,718)	395,788
 Fund balance at beginning of year	396,688	900
 Fund balance at end of year	\$ 60,970	\$ 396,688

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

CITY OF PASADENA
MEASURE M LOCAL RETURN FUND
SUPPLEMENTARY INFORMATION
SCHEDULE OF EXPENDITURES
ACTUAL AND METRO APPROVED PROJECT BUDGET
For the Fiscal Year Ended June 30, 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)	
2.01	Traffic Signal at Orange Grove and Sunnyslope	\$ 50,071	\$ -	\$ 50,071	\$ 14,929
2.01	Traffic Signal at Arroyo Parkway and Green	50,000	46,539	3,461	-
2.01	Traffic Signal at Fair Oaks and Bellevue	34,121	16,490	17,631	45,147
2.01	Traffic Signal at Garfield and Washington	146,000	100,750	45,250	-
2.01	Traffic Signal at Orange Grove and Craig	49,950		49,950	10,155
2.01	Rose Bowl Access System	- *	45,000	(45,000)	-
	Total expenditures	<u>330,142</u>	<u>208,779</u>	<u>121,363</u>	<u>70,231</u>
	Transfer Out to PCLRF				
4.90	Support Existing Levels of Transit Operations	<u>2,099,044</u>	<u>2,099,044</u>	<u>-</u>	<u>1,581,970</u>
	Total expenditures and transfer out to PCLRF	<u>\$ 2,429,186</u>	<u>\$ 2,307,823</u>	<u>\$ 121,363</u>	<u>\$ 1,652,201</u>

* The City received a retroactive approval from Metro on October 15, 2020 to use Measure M Local Return funds in the amount of \$45,000 for Rose Bowl Access System Project. See Compliance Matrix and Schedule of Finding and Questioned Costs - Finding No. 2020-002.

See accompanying independent auditor's report.

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

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

See accompanying independent auditor's report.

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

	2020	2019
ASSETS		
Due from Metro	\$ 112,338	\$ 125,441
Total assets	\$ 112,338	\$ 125,441
 LIABILITIES AND FUND BALANCE		
Liabilities		
Due to General Fund	\$ 198,598	\$ 144,884
Total liabilities	198,598	144,884
 Fund Balance		
Unassigned	(86,260)	(19,443)
Total fund balance	(86,260)	(19,443)
Total liabilities and fund balance	\$ 112,338	\$ 125,441

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

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

	2020	2019
REVENUES		
TDA 3	\$ 112,338	\$ 125,441
Total revenues	112,338	125,441
 EXPENDITURES		
Bicycle program sidewalk construction	179,155	37,918
Total expenditures	179,155	37,918
 Excess (deficiency) of revenues over expenditures	(66,817)	87,523
 Fund balance at beginning of year	(19,443)	(106,966)
 Fund balance at end of year	\$ (86,260)	\$ (19,443)

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

CITY OF PASADENA
TRANSPORTATION DEVELOPMENT ACT ARTICLE 3 FUND
SUPPLEMENTARY INFORMATION
SCHEDULE OF TRANSPORTATION DEVELOPMENT ACT
ALLOCATION FOR SPECIFIC PROJECTS
For the Fiscal Year Ended June 30, 2020

<u>Project Description</u>	<u>Program Year</u>	<u>Allocations</u>	<u>Expenditures</u>	<u>Unexpended Allocations</u>	<u>Project Status</u>
Local allocations					
Bicycle program sidewalk construction	2019-20	\$ 112,338	\$ 179,155	\$ (66,817)	Completed
	Total	<u>\$ 112,338</u>	<u>\$ 179,155</u>		
Fund balance at beginning of year				<u>(19,443)</u>	
Fund balance at end of year				<u>\$ (86,260)</u>	

See accompanying independent auditor's report.

CITY OF PASADENA
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 PASADENA
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 2020 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).
- Assigned – Amounts that are intended to be used by the City for specific purposes that are neither restricted nor committed. Intent is expressed by the City Council or the City Manager, to whom the City Council has delegated the authority to assign amounts to be used for specific purposes.
- Unassigned - The unassigned classification is used only if expenditures incurred for specific purposes exceed the amounts restricted to those purposes.

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

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

NOTE 8 – PROJECT GENERATED REVENUES

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

PALRF:	2020	2019
Senior/disabled bus passes	\$ 25,462	\$ 39,540
Trip reduction parking fees	12,187	14,019
Fare transit program	158,210	203,350
Farebox revenue	39,365	51,251
Salvage sales	7,617	-
ARTS night transportation fare	969	-
Total	\$ 243,810	\$ 308,160
PCLRF:	2020	2019
Transit shelter program	\$ 356,100	\$ 351,900
Farebox revenue	539,613	687,525
Other private contribution	-	100,000
Total	\$ 895,713	\$ 1,139,425

NOTE 9 – PROPOSITION A DISCRETIONARY INCENTIVE GRANTS

Proposition A Discretionary Incentive Grants for the fiscal years ended June 30, 2020 and 2019 consisted of the following:

	2020	2019
Sub-regional paratransit services (under Prop A)	\$ 451,809	\$ 400,592
Voluntary NTD reporting (under Prop C)	-	236,417
Total	\$ 451,809	\$ 637,009

The Proposition A Discretionary Incentive Grant - Sub-Regional Paratransit Services amounting to \$451,809 and \$400,592 for the fiscal years ended June 30, 2020 and 2019, respectively, represents incentive funds received from Metro for extended services provided by the Dial-A-Ride program in the Pasadena area. The revenue was recorded under PALRF.

The Proposition A Discretionary Incentive Grant - Voluntary National Transit Database (NTD) Reporting amounting to \$0 and \$236,417 for the fiscal years ended June 30, 2020 and 2019, respectively, represents additional funds received from Metro for participating in the Voluntary NTD Program. The revenue was recorded under PCLRF where the corresponding project expenditures were recorded.

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

NOTE 10 – PROPOSITION A GROWTH OVER INFLATION GRANT

The Proposition A Growth Over Inflation Grant amounting to \$348,922 and \$489,197 for the fiscal years ended June 30, 2020 and 2019, respectively, represent additional funds received from Metro to expand and improve fixed route transit services provided in the Pasadena area. The revenue was recorded in the PCLRF where the corresponding expenditures were recorded.

NOTE 11 – ASSIGNED FUND BALANCE - PCLRF

The City has elected to track General Fund transfer separately for future transit operations and fund exchange activities. For the fiscal years ended on June 30, 2020 and 2019, the following are fund balance appropriated for future transit operations and fund exchange activities:

		PCLRF	
Assigned Fund balance at 6/30/19	\$	7,988	
Appropriation during the year		378,994	
General fund expenditures during the year		(367)	
Assigned Fund balance at 6/30/20	\$	386,615	

NOTE 12 – MISCELLANEOUS REVENUES

Miscellaneous revenues for the fiscal years ended June 30, 2020 and 2019 consisted of the following:

PCLRF:		2020		2019
Route 88 service	\$	-	\$	35,696
Bus shelter removal due to construction		-		4,672
Bus stop closures for filming		195		952
Total	\$	195	\$	41,320

NOTE 13 – FEDERAL TRANSIT ADMINISTRATION GRANTS

The Federal Transit Administration (FTA) grant in PALRF amounting to \$145,098 and \$184,654 for the fiscal years ended June 30, 2020 and 2019, respectively, represents funds received from FTA for operating costs of Dial-A-Ride Expansion Program.

The FTA grant in PCLRF amounting to \$697,628 and \$715,330 for the fiscal years ended June 30, 2020 and 2019, respectively, represents funds received from FTA to increase local transit capacity for improved jobs access in Pasadena Sunday Service Project. The revenue was recorded under PCLRF where the corresponding project expenditures were recorded.

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

NOTE 14 – TRANSPORTATION DEVELOPMENT ACT FUND REVENUE ALLOCATION

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

	2020	2019
FY 2014-15 allocation	\$ -	\$ 21,767
FY 2015-16 allocation	-	89,755
FY 2016-17 allocation	79,832	13,919
FY 2017-18 allocation	32,506	-
Total payment requested	\$ <u>112,338</u>	\$ <u>125,441</u>

NOTE 15 – TRANSPORTATION DEVELOPMENT ACT FUNDS RESERVED

In accordance with Transportation Development Act Article 3 (SB 821) Guidelines, funds not spent during the fiscal year have been placed on reserve in the Local Transportation Fund (LTF) account with the County Auditor-Controller to be drawn down whenever the funds become eligible for a specific project and an approved drawdown request is received by Metro. As of June 30, 2020, and 2019, the City has funds on reserve as follows:

	2020	2019
FY 2016-17 allocation	\$ -	\$ 79,832
FY 2017-18 allocation	59,323	91,829
FY 2018-19 allocation	97,153	97,153
FY 2019-20 allocation	103,622	-
Available reserve balance	\$ <u>260,098</u>	\$ <u>268,814</u>

NOTE 16 – SUBSEQUENT EVENTS

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

The City has evaluated subsequent events through December 2, 2020, the date the financial statements were available to be issued and concluded no other events have occurred that require disclosure or adjustments to the financial statements.



SIMPSON & SIMPSON
CERTIFIED PUBLIC ACCOUNTANTS
FOUNDING PARTNERS
BRAINARD C. SIMPSON, CPA
MELBA W. SIMPSON, CPA

U.S. BANK TOWER
633 WEST 5TH STREET, SUITE 3320
LOS ANGELES, CA 90071
(213) 736-6664 TELEPHONE
(213) 736-6692 FAX
www.simpsonandsimpsoncpas.com

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Proposition A Local Return Fund, Proposition C Local Return Fund, Measure R Local Return Fund, Measure M Local Return Fund, and Transportation Development Act Article 3 Fund (collectively, the Funds) of the City of Pasadena, California (the City), as of and for the year ended June 30, 2020, and the related notes to the financial statements, and have issued our report thereon dated December 2, 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 & Simpson". The signature is written in a cursive, flowing style.

Los Angeles, California
December 2, 2020

COMPLIANCE SECTION



SIMPSON & SIMPSON

CERTIFIED PUBLIC ACCOUNTANTS
FOUNDING PARTNERS
BRAINARD C. SIMPSON, CPA
MELBA W. SIMPSON, CPA

U.S. BANK TOWER
633 WEST 5TH STREET, SUITE 3320 LOS
ANGELES, CA 90071
(213) 736-6664 TELEPHONE
(213) 736-6692 FAX
www.simpsonandsimpsoncpas.com

Independent Auditor's Report On Compliance

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

Report on Compliance

We have audited the compliance of the City of Pasadena, California (the City) with the Proposition A and Proposition C Local Return Guidelines, Measure R Local Return Guidelines, Measure M Local Return Guidelines, Transportation Development Act Article 3, and the Los Angeles County Metropolitan Transportation Authority's Funding and Allocation Guidelines for the Transportation Development Act Article 3 Bicycle and Pedestrian Funds (collectively, the Guidelines) for the year ended June 30, 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 instances of noncompliance, which are required to be reported in accordance with the Guidelines and which are described in the accompanying Schedule of Findings and Recommendations as Finding No. 2020-001 and Finding No. 2020-002. Our opinion on each local return and Transportation Development Act Article 3 program is not modified with respect to these matters.

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

Report on Internal Control Over Compliance

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

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

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

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

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

Los Angeles, California
December 2, 2020

CITY OF PASADENA
COMPLIANCE MATRIX
Year Ended June 30, 2020

Compliance Requirement		In Compliance			Questioned Costs	If no, provide details and management response.
		Yes	No	N/A		
A. Proposition A and Proposition C Local Return Funds						
1.	Uses the State Controller's Uniform System of Accounts and Records.	X			None	
2.	Timely use of funds.	X			None	
3.	Funds expended were approved and have not been substituted for property tax.	X			None	
4.	Expenditures that exceeded 25% of approved project budget have approved amended Project Description Form (Form A).			X	None	The City used other funding sources to offset expenditures over budget.
5.	Administrative expenses are within the 20% cap of the total annual Local Return Expenditures.	X			None	
6.	All on-going and carryover projects were reported in Form B.	X			None	
7.	Annual Project Summary Report (Form B) was submitted on time.	X			None	
8.	Annual Expenditure Report (Form C) was submitted on time.	X			None	
9.	Cash or cash equivalents are maintained.	X			None	
10.	Accounting procedures, record keeping, and documentation are adequate.	X			None	
11.	Pavement Management System (PMS) is in place and being used for Street Maintenance or Improvement Projects Expenditures.	X			None	
12.	Local Return Account is credited for reimbursable expenditures.	X			None	
13.	Self-Certification was completed and submitted for Intelligent Transportation Systems projects or elements.			X	None	There was no Intelligent Transportation Systems projects or elements in FY 2019/20.
14.	Assurances and Understandings form was on file.	X			None	
15.	Recreational transit form was submitted on time.		X		None	See Finding No.2020-001 on the Schedule of Findings and Recommendations.

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

Compliance Requirement		In Compliance			Questioned Costs	If no, provide details and management response.
		Yes	No	N/A		
B. Measure R Local Return Fund						
1.	Funds were expended for transportation purposes.	X			None	
2.	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 PASADENA
COMPLIANCE MATRIX
Year Ended June 30, 2020
(Continued)

Compliance Requirement		In Compliance			Questioned Costs	If no, provide details and management response.
		Yes	No	N/A		
C. Measure M Local Return Fund						
1.	Funds were expended for transportation purposes.	X			None	
2.	Funds were used to augment, not supplant existing local revenues being used for transportation purposes unless there is a funding shortfall.	X			None	
3.	Signed Assurances and Understandings was on file.	X			None	
4.	Separate Measure M Local Return Account was established.	X			None	
5.	Revenue received including allocations, project generated revenues and interest income was properly credited to the Measure M Local Return Account.	X			None	
6.	Funds were expended with Metro's approval.		X		None	See Finding No.2020-002 on the Schedule of Findings and Recommendations.
7.	Expenditure Plan (Form One) was submitted on time.	X			None	
8.	Expenditure Report (Form Two) was submitted on time.	X			None	
9.	Timely use of funds.	X			None	
10.	Administrative expenses are within the 20% cap.			X	None	There were no administrative expenditures in FY 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 timely.			X	None	There was no recreational transit in FY 2019/20.

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

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

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

PALRF: Finding No. 2020-001

Compliance Requirement	According to Proposition A and Proposition C Local Return Guidelines, Section II.A.1.3, Recreational Transit Service, “Jurisdictions shall submit a Listing of Recreational Transit Services no later than October 15 after the fiscal year.”
Condition	The City did not meet the October 15, 2020 deadline for submission of the Recreational Transit Form. However, the City submitted the Recreational Transit Form on October 20, 2020.
Cause	It was due to an oversight.
Effect	The City did not comply with the Proposition A and Proposition C Local Return Guidelines.
Recommendation	We recommend the City strengthen internal controls to ensure the timely submission of all required forms and documentations.
Management’s Response	There was a staff turnover in Transportation Department and the new staff missed the deadline when submitting the required forms. A reminder has been added to the reporting task calendar to ensure future Recreation Transit reporting due dates are met.
Finding Corrected During the Audit	The City’s Recreational Transit Form was submitted to LACMTA on October 20, 2020. No follow-up is required.

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

MMLRF: Finding No. 2020-002

Compliance Requirement	According to Measure M Local Return Guidelines, Section XXV, Reporting Requirements, “Form M-One provides a listing of projects funded with Measure M LR funds along with estimated expenditures for the year.” Section XXV, Financial and Compliance Provisions, “The Measure M LR Audits shall include, but not limited to, verification of adherence to the following financial and compliance provisions of these guidelines: Verification that funds were expended with Metro’s approval.”
Condition	During FY 2019-20, the City used Measure M Local Return funds for the Project 2.01- Rose Bowl Access Systems in the amount of \$45,000 prior to LACMTA’s approval as the project was not reported on the Expenditure Plan (Form M-One).
Cause	The City did not submit an accurate and complete Form M-One with a listing of projects to Metro due to an oversight.
Effect	The City was not in compliance with the Measure M Local Return Guidelines.
Recommendation	We recommend that the City strengthen its internal control procedures by obtaining prior approval from LACMTA for all projects that are funded by Measure M Local Return Funds before incurring expenditures.
Management’s Response	The City did not submit the Form M-One to LACMTA on time with the updated information due to the staff turnover. The Department of Transportation will submit the Form M-One timely in the future
Finding Corrected During the Audit	The City’s Form M-One was submitted and retroactively approved by LACMTA on October 15, 2020. No follow-up is required.

EXIT CONFERENCE

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

An exit conference was held on December 23, 2020 with the City of Pasadena. Those in attendance were:

Simpson & Simpson Representative:

Tian Bian, Audit Senior

City's Representative:

Vicky Ly, Senior Accountant

Matters Discussed:

Results of the audit disclosed no significant control deficiencies and two (2) non-compliance issues with Metro Guidelines.

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

Vicky Ly, Senior Accountant

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

RE: CITY OF PASADENA ANNUAL FINANCIAL REPORT OF THE PROPOSITION A LOCAL RETURN FUND, PROPOSITION C LOCAL RETURN FUND, MEASURE R LOCAL RETURN FUND, MEASURE M LOCAL RETURN FUND AND TRANSPORTATION DEVELOPMENT ACT ARTICLE 3 FUND FOR THE FISCAL YEARS ENDED JUNE 30, 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 Pasadena and agree with the contents of the report except as indicated below:

(Attach additional pages if necessary)

Very truly yours,

Name

Title

Date