

***CITY OF COVINA
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, 2021 AND 2020***



Metro[®]



CITY OF COVINA

Simpson & Simpson, LLP
Certified Public Accountants

CITY OF COVINA
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FINANCIAL SECTION



SIMPSON & SIMPSON
CERTIFIED PUBLIC ACCOUNTANTS

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

Independent Auditor's Report

To the Honorable Members of the City Council of the
City of Covina, 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 Covina, California (the City) as of and for the years ended June 30, 2021 and 2020, and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 Covina, California, as of June 30, 2021 and 2020, and the respective changes in 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 Covina, California, as of June 30, 2021 and 2020, and the changes in its financial position for the years then ended in accordance 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 October 30, 2021, 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 the effectiveness of the City's 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
October 30, 2021

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

	<u>2021</u>	<u>2020</u>
ASSETS		
Cash and investments	\$ 1,165,004	\$ 2,592,342
Accounts receivable	155	6,461
Prepaid expenses	<u>7,418</u>	<u>-</u>
Total assets	<u>\$ 1,172,577</u>	<u>\$ 2,598,803</u>
 LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 70,126	\$ 271,024
Accrued expense	-	465
Retention payable	-	14,639
Tax payable	-	2,404
Accrued payroll and benefits	<u>3,218</u>	<u>3,703</u>
Total liabilities	<u>73,344</u>	<u>292,235</u>
 Fund Balance		
Restricted	<u>1,099,233</u>	<u>2,306,568</u>
Total fund balance	<u>1,099,233</u>	<u>2,306,568</u>
Total liabilities and fund balance	<u>\$ 1,172,577</u>	<u>\$ 2,598,803</u>

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

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

	2021	2020
REVENUES		
Proposition A	\$ 983,391	\$ 949,656
Proposition A Discretionary Incentive Grant (Note 8)	49,632	24,571
Project generated revenues (Note 9)	68,096	142,684
Interest income	11,986	60,186
Other income (Note 10)	39,478	-
Total revenues	1,152,583	1,177,097
EXPENDITURES		
Various projects	2,359,918	1,734,467
Total expenditures	2,359,918	1,734,467
OTHER FINANCING SOURCE		
Sale of capital assets	-	10,377
Total other financing source	-	10,377
Deficiency of revenues over expenditures and other financing source	(1,207,335)	(546,993)
Fund balance at beginning of year	2,306,568	2,853,561
Fund balance at end of year	\$ 1,099,233	\$ 2,306,568

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

CITY OF COVINA
PROPOSITION A LOCAL RETURN FUND
SUPPLEMENTARY INFORMATION
SCHEDULE OF EXPENDITURES
ACTUAL AND METRO APPROVED PROJECT BUDGET
For the Fiscal Year Ended June 30, 2021
(With Comparative Actual Amount for the Fiscal Year Ended June 30, 2020)

Project Code	Project Name	2021		Variance	2020 Actual
		Metro Budget	Actual	Favorable (Unfavorable)	
107	Covina E and D Dial-A-Cab	\$ 432,266	\$ 417,996	\$ 14,270	\$ 389,521
135	Bus Pass Subsidy Program	23,320	3,789	19,531	9,061
150	Metrolink Station Security	118,568	108,867	9,701	87,183
155	Senior Center Excursions	9,680	-	9,680	755
155	Recreation Excursions	13,000	2,106	10,894	7,282
170	Bus Stop Maintenance Program	66,200	41,801	24,399	43,835
170	Metrolink Parking Structure and Station (Ongoing Maintenance)	186,279	107,050	79,229	137,021
180	Metrolink Quiet Zone Feasibility Study - Engineering Services	39,593	19,025	20,568	29,736
180	Consultant Services	25,000	-	25,000	35,075
205	Covina Bus Stop Improvement Project	693,074	632,805	60,269	359,376
215	Metrolink Parking Structure Interior Painting & Street Light Improvement Project	250,000	82,721	167,279	-
220	Metrolink Traffic Signal and Pedestrian Improvement Project	150,000	-	150,000	-
250	Covina Metrolink Station Improvement Project	127,624	125,299	2,325	188,553
280	Metrolink Quiet Zone Assessment/Design Project	100,000	-	100,000	-
410	Proposition A Fund Exchange (Note 11)	600,000	600,000	-	-
470	San Gabriel Valley COG	9,750	8,186	1,564	8,286
610	Transit Administration Office Improvement:	25,883	25,883	-	24,116
610	Transit Administration	170,951	184,390	(13,439)	199,403
130-02	Covina Transit Vehicle Replacement	-	-	-	117,445
390-02	Metrolink Parking Structure Maintenance Program	-	-	-	97,819
Total expenditures		\$ 3,041,188	\$ 2,359,918	\$ 681,270	\$ 1,734,467

See accompanying independent auditor's report.

CITY OF COVINA
PROPOSITION A LOCAL RETURN FUND
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS
June 30, 2021

Date Acquired	Description	Balance 7/1/2020	Additions	Deletions	Balance 6/30/2021
1999	Land and Land Improvements	\$ 365,697	\$ -	\$ -	\$ 365,697
2005	Rail Station Bollards	6,245	-	-	6,245
2005	Transit Center	69,457	-	-	69,457
2007	Bus Shelter	61,374	-	61,374	-
2010	Bikestation	85,216	-	-	85,216
2017	Metrolink Station Cameras	152,559	-	-	152,559
2019	Metrolink Parking Complex Cameras	18,562	-	-	18,562
2020	2019 Nor Cal Vans Transit 350 Wagon	58,546	-	-	58,546
2020	2019 Nor Cal Vans Transit 350 Wagon	58,851	-	-	58,851
2021	Metrolink Station Improvement	-	313,852	-	313,852
2021	Citywide Bus Stop	-	992,180	-	992,180
2021	City Hall Engineering Office Renovations	-	50,000	-	50,000
Total		\$ 876,507	\$ 1,356,032	\$ 61,374	\$ 2,171,165

See accompanying independent auditor's report.

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

	2021	2020
ASSETS		
Cash and investments	\$ 1,079,394	\$ 1,729,814
Total assets	\$ 1,079,394	\$ 1,729,814
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 14,177	\$ 17,805
Accrued expense	10,063	44,463
Retention payable	27,155	-
Accrue payroll and benefits	225	11
Total liabilities	51,620	62,279
Fund Balance		
Restricted	1,027,774	1,667,535
Total fund balance	1,027,774	1,667,535
Total liabilities and fund balance	\$ 1,079,394	\$ 1,729,814

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

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

	2021	2020
REVENUES		
Proposition C	\$ 815,687	\$ 787,742
Interest income	12,784	37,307
Other income (Note 10)	-	37,960
Total revenues	828,471	863,009
EXPENDITURES		
Various projects	1,468,232	515,584
Total expenditures	1,468,232	515,584
Excess (deficiency) of revenues over expenditures	(639,761)	347,425
Fund balance at beginning of year	1,667,535	1,320,110
Fund balance at end of year	\$ 1,027,774	\$ 1,667,535

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

CITY OF COVINA
PROPOSITION C LOCAL RETURN FUND
SUPPLEMENTARY INFORMATION
SCHEDULE OF EXPENDITURES
ACTUAL AND METRO APPROVED PROJECT BUDGET
For the Fiscal Year Ended June 30, 2021
(With Comparative Actual Amount for the Fiscal Year Ended June 30, 2020)

Project Code	Project Name	2021			2020 Actual
		Metro Budget	Actual	Variance Favorable (Unfavorable)	
180	Citrus Avenue Complete Street Project	\$ 143,497	\$ 70,846	\$ 72,651	\$ 93,826
180	Town Center Specific Plan Update	25,210	436	24,774	17,790
302	Traffic Signal Modifications - Citywide	125,000	-	125,000	-
620	Proposition C Administration	50,000	7,442	42,558	-
705	West Badillo Street Rehabilitation Project	200,000	173,540	26,460	-
705	San Bernardino Road Street Rehabilitation Project	527,633	432,940	94,693	-
705	Badillo Street Rehabilitation Project	650,000	650,000	-	-
710	In-Pavement Flashing Crosswalks - Construction Only	62,500	49,211	13,289	-
710	Citywide Median Modification/Beautification Project	267,322	83,817	183,505	107,678
710	Traffic Signal, Street Light Pole and Equipment Replacement Program	125,000	-	125,000	126,232
781	Grand Avenue Rehabilitation	10,000	-	10,000	-
400-01	Traffic Signal Modernization - Sunflower Avenue and Cypress Street	-	-	-	62,013
470-02	Pavement Management System Update	-	-	-	58,138
480-05	Transit Administration - Proposition C Projects	-	-	-	49,907
	Total expenditures	\$ 2,186,162	\$ 1,468,232	\$ 717,930	\$ 515,584

See accompanying independent auditor's report.

CITY OF COVINA
PROPOSITION C LOCAL RETURN FUND
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS
June 30, 2021

Date Acquired	Description	Balance 7/1/2020	Additions	Deletions	Balance 6/30/2021
May-17	2017 Glaval Bus	\$ 77,440	\$ -	\$ -	\$ 77,440
June-18	Ford E450 Bus	84,830	-	-	84,830
June-18	2018 Ford Wagon	72,682	-	-	72,682
Total		\$ 234,952	\$ -	\$ -	\$ 234,952

See accompanying independent auditor's report.

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

	2021	2020
ASSETS		
Cash and investments	\$ 222,869	\$ 129,149
Total assets	\$ 222,869	\$ 129,149
 LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 85	\$ 77,619
Retention payable	-	10,727
Total liabilities	85	88,346
 Fund Balance		
Restricted	222,784	40,803
Total fund balance	222,784	40,803
Total liabilities and fund balance	\$ 222,869	\$ 129,149

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

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

	2021	2020
REVENUES		
Measure R	\$ 612,613	\$ 589,961
Interest income	1,950	906
Interest income on COPs (Note 12)	-	46,832
Total revenues	614,563	637,699
EXPENDITURES		
Various projects	432,582	4,027,740
Total expenditures	432,582	4,027,740
Excess (deficiency) of revenues over expenditures	181,981	(3,390,041)
Fund balance at beginning of year	40,803	3,430,844
Fund balance at end of year	\$ 222,784	\$ 40,803

The accompanying notes are an integral part of the financial statements

CITY OF COVINA
MEASURE R LOCAL RETURN FUND
SUPPLEMENTARY INFORMATION
SCHEDULE OF EXPENDITURES
ACTUAL AND METRO APPROVED PROJECT BUDGET
For the Fiscal Year Ended June 30, 2021
(With Comparative Actual Amount for the Fiscal Year Ended June 30, 2020)

Project Code	Project Name	2021			2020 Actual
		Metro Budget	Actual	Variance Favorable (Unfavorable)	
705	Citywide Street Rehabilitation Project	\$ 213,652	\$ 63,863	\$ 149,789	\$ -
705	Citywide Pothole and Concrete Repair	75,000	-	75,000	-
705	Pothole and Concrete Repair	266,557	-	266,557	280,116
705	Citywide Street Reconstruction Plan - Bond Payment (Note 12)	369,238	368,719	519	370,947
705	Citywide Street Reconstruction Plan - TRIP	8,773	-	8,773	600,284
	<i>Expenditures Funded by Measure R Local Return Fund</i>	<u>933,220</u>	<u>432,582</u>	<u>500,638</u>	<u>1,251,347</u>
705	Citywide Street Reconstruction Plan - TRIP (Note 12)	-	-	-	2,776,393
	<i>Expenditures Funded by the COPs</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,776,393</u>
	Total expenditures	<u><u>\$ 933,220</u></u>	<u><u>\$ 432,582</u></u>	<u><u>\$ 500,638</u></u>	<u><u>\$ 4,027,740</u></u>

See accompanying independent auditor's report.

CITY OF COVINA
MEASURE R LOCAL RETURN FUND
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS
 June 30, 2021

Date Acquired	Description	Balance 7/1/2020	Additions	Deletions	Balance 6/30/2021
	None	\$ -	\$ -	\$ -	\$ -
	Total	\$ -	\$ -	\$ -	\$ -

See accompanying independent auditor's report.

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

	2021	2020
ASSETS		
Cash and investments	\$ <u>727,921</u>	\$ <u>1,120,302</u>
Total assets	\$ <u><u>727,921</u></u>	\$ <u><u>1,120,302</u></u>
 LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 58,537	\$ 42,337
Retention payable	9,964	-
Accrued payroll and benefits	<u>6,000</u>	<u>6,203</u>
Total liabilities	<u>74,501</u>	<u>48,540</u>
 Fund Balance		
Restricted	<u>653,420</u>	<u>1,071,762</u>
Total fund balance	<u>653,420</u>	<u>1,071,762</u>
Total liabilities and fund balance	\$ <u><u>727,921</u></u>	\$ <u><u>1,120,302</u></u>

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

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

	2021	2020
REVENUES		
Measure M	\$ 694,113	\$ 663,772
Interest income	9,887	22,685
Total revenues	704,000	686,457
EXPENDITURES		
Various projects	1,122,342	465,582
Total expenditures	1,122,342	465,582
Excess (deficiency) of revenues over expenditures	(418,342)	220,875
Fund balance at beginning of year	1,071,762	850,887
Fund balance at end of year	\$ 653,420	\$ 1,071,762

The accompanying notes are an integral part of the financial statements

CITY OF COVINA
MEASURE M LOCAL RETURN FUND
SUPPLEMENTARY INFORMATION
SCHEDULE OF EXPENDITURES
ACTUAL AND METRO APPROVED PROJECT BUDGET
For the Fiscal Year Ended June 30, 2021
(With Comparative Actual Amount for the Fiscal Year Ended June 30, 2020)

Project Code	Project Name	2021		Variance	2020 Actual
		Metro Budget	Actual	Favorable (Unfavorable)	
301	Traffic Signal Installation Project - Cypress and Sunflower	\$ 250,000	\$ 84,160	\$ 165,840	\$ -
380	Traffic Signal Master Plan	2,490	2,490	-	22,410
380	Traffic Signal Master Plan	2,490	-	2,490	-
390	Citywide Traffic Calming Improvements	132,200	111,754	20,446	75,248
390	Citywide In-Road Pavement Flashing Crosswalks	75,000	760	74,240	-
705	Citywide Street Rehabilitation Project	50,000	24,542	25,458	-
705	Bridge Maintenance	150,000	-	150,000	20,484
705	Total Road Improvement Program - Phase III Project	162,535	-	162,535	347,440
705	Pothole and Concrete Repair	266,557	316,716	(50,159)	-
755	Citywide Median Beautification Project	125,000	82,750	42,250	-
805	Covina Park Walking/Bicycle Trail Project	250,000	249,750	250	-
805	Banna Park - Bicycle Lane in Connection with Class I Bike Lane	250,000	249,420	580	-
	Total expenditures	\$ <u>1,716,272</u>	\$ <u>1,122,342</u>	\$ <u>593,930</u>	\$ <u>465,582</u>

See accompanying independent auditor's report.

CITY OF COVINA
MEASURE M LOCAL RETURN FUND
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS
 June 30, 2021

Date Acquired	Description	Balance 7/1/2020	Additions	Deletions	Balance 6/30/2021
None		\$ -	\$ -	\$ -	\$ -
	Total	\$ -	\$ -	\$ -	\$ -

See accompanying independent auditor's report.

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

BALANCE SHEETS

June 30

	2021	2020
ASSETS		
Due from Metro	\$ 141,380	\$ 6,128
Total assets	\$ 141,380	\$ 6,128
 LIABILITIES AND FUND BALANCE		
Liabilities		
Retention payable	\$ 7,500	\$ -
Due to General Fund	142,500	6,128
Total liabilities	150,000	6,128
 Fund Balance		
Unassigned	(8,620)	-
Total fund balance	(8,620)	-
Total liabilities and fund balance	\$ 141,380	\$ 6,128

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

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

	2021	2020
REVENUES		
TDA 3	\$ <u>141,380</u>	\$ <u>6,128</u>
Total revenues	<u>141,380</u>	<u>6,128</u>
 EXPENDITURES		
Various projects	<u>150,000</u>	<u>10,388</u>
Total expenditures	<u>150,000</u>	<u>10,388</u>
Deficiency of revenues over expenditures	(8,620)	(4,260)
Fund balance at beginning of year	<u>-</u>	<u>4,260</u>
Fund balance at end of year	\$ <u><u>(8,620)</u></u>	\$ <u><u>-</u></u>

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

CITY OF COVINA
TRANSPORTATION DEVELOPMENT ACT ARTICLE 3 FUND
SUPPLEMENTARY INFORMATION
SCHEDULE OF TRANSPORTATION DEVELOPMENT ACT
ALLOCATION FOR SPECIFIC PROJECTS
For the Fiscal Year Ended June 30, 2021

<u>Project Description</u>	<u>Program Year</u>	<u>Allocations</u>	<u>Expenditures</u>	<u>Unexpended Allocations</u>	<u>Project Status</u>
Local allocations					
Covina Park Walking and Bicycle Trail	2020-21	\$ <u>141,380</u>	\$ <u>150,000</u>	\$ <u>(8,620)</u>	Complete
Total		\$ <u><u>141,380</u></u>	\$ <u><u>150,000</u></u>	(8,620)	
Fund balance at beginning of year				<u>-</u>	
Fund balance at end of year				\$ <u><u>(8,620)</u></u>	

See accompanying independent auditor's report.

CITY OF COVINA
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Years Ended June 30, 2021 and 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fund Accounting

The operations of the Proposition A Local Return Fund (PALRF), Proposition C Local Return Fund (PCLRF), Measure R Local Return Fund (MRLRF), Measure M Local Return Fund (MMLRF), and Transportation Development Act Article 3 Fund (TDAA3F) (collectively, the Funds) are accounted for in separate sets of self-balancing accounts that comprise their assets, liabilities, fund balance, revenues and expenditures.

PALRF and PCLRF represent 25% and 20%, respectively, of the ½ cent Proposition A and ½ cent Proposition C sales taxes which are distributed to the jurisdictions within Los Angeles County based on population and must be used exclusively for transportation related programs and projects.

MRLRF is derived from 15% of a county-wide ½ cent sales tax which is distributed to the jurisdictions within Los Angeles County based on a per capita basis and must be used exclusively for transportation purposes.

MMLRF is derived from 17% of a county-wide ½ cent sales tax which is distributed to the jurisdictions within Los Angeles County based on a per capita basis and must be used exclusively for transportation purposes.

TDAA3F is a Special Revenue Fund that accounts for the City’s share of the Transportation Development Act Article 3 allocations which are legally restricted for specific purposes.

Basis of Accounting and Measurement Focus

PALRF, PCLRF, MRLRF, MMLRF, and TDAA3F are accounted for using the modified accrual basis of accounting whereby revenues are recognized when they become both measurable and available to finance expenditures of the current period and expenditures are generally recognized when the related fund liabilities are incurred.

Special Revenue Funds are reported on the spending or “financial flow” measurement focus. This means that generally only current assets, current liabilities and deferred inflows and outflows of resources are included on their balance sheets. The statement of revenues, expenditures and changes in fund balance for Special Revenue Funds generally present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

Budgets and Budgetary Accounting

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

CITY OF COVINA
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Years Ended June 30, 2021 and 2020
(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 2021 Comprehensive Annual Financial Report for detailed disclosures regarding the City's investment policy and fair value measurement.

Fund Balance Reporting

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, establishes the fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of resources reported in governmental funds.

The PALRF, PCLRF, MRLRF, MMLRF, and TDAA3F report the following fund balance classification as of June 30, 2021:

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

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

Reclassification

Certain reclassifications have been made to fiscal year 2020 amounts in order to conform to the fiscal year 2021 presentation. Such reclassifications had no effect on the previously reported change in fund balance.

CITY OF COVINA
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Years Ended June 30, 2021 and 2020
(Continued)

NOTE 2 – ANNUAL FINANCIAL STATEMENTS

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

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

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

NOTE 4 – MEASURE R LOCAL RETURN COMPLIANCE REQUIREMENTS

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

NOTE 5 – MEASURE M LOCAL RETURN COMPLIANCE REQUIREMENTS

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

NOTE 6 – TRANSPORTATION DEVELOPMENT ACT COMPLIANCE REQUIREMENTS

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

NOTE 7 – CASH AND INVESTMENTS

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

CITY OF COVINA
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Years Ended June 30, 2021 and 2020
(Continued)

NOTE 8 – PROPOSITION A DISCRETIONARY INCENTIVE GRANT - PALRF

The City entered into a Memorandum of Understanding (MOU) agreement with Metro to receive Proposition A Discretionary Incentive Grant for participating in the Consolidated National Transit Database (NTD) Voluntary Reporting. The amounts received for the years ended June 30, 2021 and 2020 consisted of the following:

Agreement Date	Period	NTD Voluntary Reporting	MOU Amount	Amount Received	
				2021	2020
May 1, 2020	5/1/20 – 6/30/23	FY 2017-18	\$ 25,744	\$ 25,744	\$ -
July 1, 2019	7/1/19 – 6/30/23	FY 2016-17	\$ 23,888	23,888	-
July 31, 2018	7/1/18 – 6/30/22	FY 2015-16	\$ 24,571	-	24,571
			Total	\$ 49,632	\$ 24,571

The Proposition A Discretionary Incentive Grant was recorded under PALRF.

NOTE 9 – PROJECT GENERATED REVENUES - PALRF

Project generated revenues for the years ended June 30, 2021 and 2020 consisted of the following:

	2021	2020
Metro bus pass revenues	\$ 2,861	\$ 4,665
Metro parking permit revenues	65,235	138,019
Total	\$ 68,096	\$ 142,684

The significant decrease in project generated revenues in fiscal year ended June 30, 2021 was caused by the coronavirus that adversely affected the operations and services of the City.

NOTE 10 – OTHER INCOME – PALRF AND PCLRF

PALRF’s other income for the year ended June 30, 2021 in the amount of \$39,478 is for the space rented to place a satellite antenna on the roof of the Metrolink parking structure. The income was previously reported under PCLRF in the amount of \$37,960 in fiscal year ended June 30, 2020.

NOTE 11 – PROPOSITION A FUND EXCHANGE - PALRF

In fiscal year 2021, the City entered into an agreement on July 7, 2020 with the City of Beverly Hills to exchange \$1 of Proposition A Local Return Funds for every \$.70 (or 70 cents) of General Fund. Accordingly, the City received \$420,000 of the City of Beverly Hill’s General Funds on November 24, 2020 and assigned \$600,000 of its Proposition A Local Return Funds to the City of Beverly Hills on November 18, 2020.

CITY OF COVINA
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Years Ended June 30, 2021 and 2020
(Continued)

NOTE 12 – RESTRICTED CASH AND RESTRICTED FUND BALANCE – TOTAL ROAD IMPROVEMENT PROGRAM - MRLRF

On August 2, 2017, Stifel, Nicolaus & Company, Incorporated (“Stifel”) issued the California Communities Transportation Revenue (installment sale) Certificates of Participation (COPs), Series 2017A in the amount of \$5,625,000 with a premium of \$254,307. The premium is amortized over the life of the COPs. The proceeds from the COPs are to finance the Citywide Street Reconstruction Plan Project, which will upgrade, reconstruct, and rehabilitate public streets within the City, through participation in the California Statewide Communities Development Authority Total Road Improvement Program (TRIP).

Principal and interest payments are due on each December 1st and June 1st, commencing on December 1, 2017 and maturing on June 1, 2039. The principal payments range from \$175,000 to \$355,000 and bear interest at rates ranging from 2.000% to 5.000%.

The MRLRF allocation revenues are used to pay the debt service on the COPs and to finance the costs of the project that was approved by Metro on the letter dated July 1, 2017.

The bond payments for the years ended June 30, 2021 and 2020 are \$368,719 and \$370,947, respectively.

In fiscal year ended June 30, 2020, the City earned interest income of \$46,832 and incurred expenditures of \$2,776,393 for the TRIP project.

In fiscal years ended June 30, 2021 and June 30, 2020, there were no balances remaining for the cash and fund balance related to the COPs.

NOTE 13 – TRANSPORTATION DEVELOPMENT ACT FUND REVENUE ALLOCATION

The revenue allocation for the years ended June 30, 2021 and 2020 consisted of the following:

	2021	2020
FY 2016-17 allocation	\$ 13,442	\$ 6,128
FY 2017-18 allocation	32,107	-
FY 2018-19 allocation	33,230	-
FY 2019-20 allocation	35,350	-
FY 2020-21 allocation	27,251	-
Total payment requested	\$ 141,380	\$ 6,128

CITY OF COVINA
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Years Ended June 30, 2021 and 2020
(Continued)

NOTE 14 – TRANSPORTATION DEVELOPMENT ACT FUNDS RESERVED

In accordance with TDA Article 3 (SB821) Guidelines, funds not spent during the fiscal year have been placed on reserve in the Local Transportation Fund (LTF) account with the County Auditor-Controller to be drawn down whenever the funds become eligible for a specific project and an approved drawdown request is received by Metro. As of June 30, 2021 and 2020, the City has funds on reserve as follows:

		2021		2020
FY 2016-17 allocation	\$	-	\$	13,442
FY 2017-18 allocation		-		32,107
FY 2018-19 allocation		-		33,230
FY 2019-20 allocation		-		35,350
Available reserve balance	\$	-	\$	114,129

NOTE 15 – IMPACT OF CORONAVIRUS

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. 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, including the United States.

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. However, the City's management believes that the financial impact, if any, will not materially affect the June 30, 2021 Funds' financial statements.

NOTE 16 – SUBSEQUENT EVENTS

The City has evaluated subsequent events through October 30, 2021, the date the financial statements were available to be issued and concluded no other events have occurred that require disclosure or adjustments to the financial statements.



SIMPSON & SIMPSON
CERTIFIED PUBLIC ACCOUNTANTS

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

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

To the Honorable Members of the City Council of the
City of Covina, 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 Covina, California (the City), as of and for the year ended June 30, 2021, and the related notes to the financial statements, and have issued our report thereon dated October 30, 2021.

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) as a basis for designing 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 financial statements. 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
October 30, 2021

COMPLIANCE SECTION



SIMPSON & SIMPSON
CERTIFIED PUBLIC ACCOUNTANTS

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

Independent Auditor's Report on Compliance

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

Report on Compliance

We have audited the compliance of the City of Covina, 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, 2021.

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, 2021.





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
October 30, 2021

CITY OF COVINA
COMPLIANCE MATRIX
Year Ended June 30, 2021

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 or has established a separate Proposition A and Proposition C Local Transit Assistance Account for Local Return purposes.	X			None	
2.	Revenues received including allocations, project generated revenues and interest income was properly credited to the Proposition A and/or Proposition C Local Return Account.	X			None	
3.	Funds were expended with Metro’s approval and were not substituted for property tax.	X			None	
4.	Timely use of funds.	X			None	
5.	Administrative expenses are within the 20% cap.	X			None	
6.	Expenditures that exceeded 25% of approved project budget have approved amended Project Description Form (Form A) or electronic equivalent.			X	None	
7.	Annual Project Update Report (Form B) or electronic equivalent was submitted on time.	X			None	
8.	Annual Expenditure Report (Form C) or electronic equivalent was submitted on time.	X			None	
9.	Pavement Management System (PMS) is in place and being used for Street Maintenance or Improvement Projects Expenditures.	X			None	
10.	Local Return Account is credited for reimbursable expenditures.	X			None	
11.	Where Proposition A funds were given, loaned or exchanged by one jurisdiction to another, the receiving jurisdiction has credited its Local Return Account with the funds received.	X			None	
12.	Self-Certification was completed and submitted for Intelligent Transportation Systems projects or elements.			X	None	

CITY OF COVINA
COMPLIANCE MATRIX
Year Ended June 30, 2021
(Continued)

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						
13.	A separate account was established for Capital reserve funds, Capital reserve was approved by Metro and current status is reported in the Annual Project Update (Form B) or electronic equivalent.			X	None	
14.	Recreational transit form was submitted on time.	X			None	
15.	Fund exchanges (trades, loans, or gifts) were approved by Metro.	X			None	
16.	Proposition C Local Return Funds were used to augment, not supplant existing local revenues being used for road improvement purposes.	X			None	
17.	All on-going and carryover projects were reported on Form B or electronic equivalent.	X			None	
18.	Cash or cash equivalents are maintained.	X			None	
19.	Accounting procedures, record keeping, and documentation are adequate.	X			None	

CITY OF COVINA
COMPLIANCE MATRIX
Year Ended June 30, 2021
(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.	Separate Measure R Local Return Account was established.	X			None	
3.	Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure R Local Return Account.	X			None	
4.	Funds were expended with Metro's approval.	X			None	
5.	Funds were not substituted for property tax and are in compliance with the Maintenance of Effort.	X			None	
6.	Timely use of funds.	X			None	
7.	Administrative expenses are within the 20% cap.			X	None	
8.	Expenditure Plan (Form One or electronic equivalent) was submitted on time.	X			None	
9.	Annual Expenditure Report (Form Two or electronic equivalent) was submitted on time.	X			None	
10.	Where funds expended were reimbursable by other grants or fund sources, the reimbursement was credited to the Local Return Account upon receipt of the reimbursement.			X	None	
11.	Where Measure R funds were given, loaned or exchanged by one jurisdiction to another, the receiving jurisdiction has credited its Local Return Account with the funds received.			X	None	
12.	A separate account was established for Capital reserve funds and Capital reserve was approved by Metro.			X	None	
13.	Funds were used to augment, not supplant existing local revenues being used for transportation purposes unless there is a fund shortfall.	X			None	

CITY OF COVINA
COMPLIANCE MATRIX
 Year Ended June 30, 2021
 (Continued)

Compliance Requirement		In Compliance			Questioned Costs	If no, provide details and management response.
		Yes	No	N/A		
B. Measure R Local Return Fund						
14.	Recreational transit form was submitted on time.			X	None	
15.	Fund exchanges were approved by Metro.			X	None	
16.	Accounting procedures, record keeping, and documentation are adequate.	X			None	

CITY OF COVINA
COMPLIANCE MATRIX
Year Ended June 30, 2021
(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.	Separate Measure M Local Return Account was established.	X			None	
3.	Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure M Local Return Account.	X			None	
4.	Funds were expended with Metro's approval.	X			None	
5.	Funds were not substituted for property tax and are in compliance with the Maintenance of Effort.	X			None	
6.	Timely use of funds.	X			None	
7.	Administrative expenses are within the 20% cap.			X	None	
8.	Expenditure Plan (Form M-One or electronic equivalent) was submitted on time.	X			None	
9.	Expenditure Report (Form M-Two or electronic equivalent) was submitted on time.	X			None	
10.	Where funds expended were reimbursable by other grants or fund sources, the reimbursement was credited to the Local Return Account upon receipt of the reimbursement.			X	None	
11.	Where Measure M funds were given, loaned or exchanged by one jurisdiction to another, the receiving jurisdiction has credited its Local Return Account with the funds received.			X	None	
12.	A separate account was established for Capital reserve funds and Capital reserve was approved by Metro.			X	None	
13.	Funds were used to augment, not supplant existing local revenues being used for transportation purposes unless there is a fund shortfall.	X			None	
14.	Recreational transit form was submitted on time.			X	None	

CITY OF COVINA
COMPLIANCE MATRIX
 Year Ended June 30, 2021
 (Continued)

Compliance Requirement		In Compliance			Questioned Costs	If no, provide details and management response.
		Yes	No	N/A		
C. Measure M Local Return Fund						
15.	Fund exchanges (trades, loans, or gifts) were approved by Metro.			X	None	
16.	Accounting procedures, record keeping, and documentation are adequate.	X			None	

CITY OF COVINA
COMPLIANCE MATRIX
 Year Ended June 30, 2021
 (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 COVINA
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
June 30, 2021

No findings were noted.

EXIT CONFERENCE

CITY OF COVINA
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, 2021

An exit conference was held on December 15, 2021 with the City of Covina. Those in attendance were:

Simpson & Simpson Representative:

Daryl Maxwell, Auditor

City's Representative:

Alan Sands, Senior Accountant

Matters Discussed:

Results of the audit disclosed no significant control deficiencies or 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:

Alan Sands, Senior Accountant

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

RE: CITY OF COVINA 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, 2021 AND 2020

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, 2021 and 2020 for the City of Covina and agree with the contents of the report except as indicated below:

(Attach additional pages if necessary)

Very truly yours,

Name

Title

Date