

***CITY OF GLENDORA
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[®]



Simpson & Simpson, LLP
Certified Public Accountants

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FINANCIAL SECTION



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Independent Auditor's Report

To the Honorable Members of the City Council of the
City of Glendora, 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 Glendora, 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 Glendora, 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 Glendora, 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 December 13, 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 solely 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
December 13, 2021

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

	2021	2020
ASSETS		
Cash and investments	\$ 1,377,936	\$ 874,907
Accounts receivable	1,700	1,700
Interest receivable	2,681	2,104
Total assets	\$ 1,382,317	\$ 878,711
 LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 61,189	\$ 42,548
Accrued payroll liabilities	11,099	15,158
Total liabilities	72,288	57,706
 Fund Balance		
Restricted	1,310,029	821,005
Total fund balance	1,310,029	821,005
Total liabilities and fund balance	\$ 1,382,317	\$ 878,711

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

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

	<u>2021</u>	<u>2020</u>
REVENUES		
Proposition A	\$ 1,048,700	\$ 1,018,617
Proposition A Incentive Grant (Note 8)	77,907	-
Interest income	14,841	13,039
Project generated revenue (Note 9)	4,921	39,210
Unrealized gain (loss) on investments	<u>(7,047)</u>	<u>10,807</u>
Total revenues	<u>1,139,322</u>	<u>1,081,673</u>
EXPENDITURES		
Various projects	<u>657,976</u>	<u>947,274</u>
Total expenditures	<u>657,976</u>	<u>947,274</u>
OTHER FINANCING SOURCES (USE)		
Other income (Note 10)	7,678	-
Transfer-in from General Fund (Note 11)	-	4,679
Transfer-in from Pension Obligation Bond Fund (Note 12)	-	563,654
Transfer-out to Pension Obligation Bond Fund (Note 12)	<u>-</u>	<u>(563,654)</u>
Total other financing source (use)	<u>7,678</u>	<u>4,679</u>
Excess of revenues over expenditures and other financing sources (use)	489,024	139,078
Fund balance at beginning of year	<u>821,005</u>	<u>681,927</u>
Fund balance at end of year	<u>\$ 1,310,029</u>	<u>\$ 821,005</u>

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

CITY OF GLENDORA
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			2020 Actual
		Metro Budget	Actual	Variance Favorable (Unfavorable)	
105	Fixed Route Service	\$ 266,000	\$ 116,194	\$ 149,806	\$ 275,161
106	Paratransit/Senior and Disabled	514,000	357,690	156,310	482,540
135	Bus Pass Subsidy Program	15,000	2,874	12,126	20,525
155	Special Event Transit	64,360	-	64,360	48,089
155	Special Event Coordinator	23,000	24,407	(1,407)	3,595
180	Transportation Planning Superintendent/Contract Program Analyst	112,399	99,070	13,329	65,646
540	Transit Marketing	10,000	3,665	6,335	7,306
610	Administration Proposition A	55,000	54,076	924	44,412
Total expenditures		\$ <u>1,059,759</u>	\$ <u>657,976</u>	\$ <u>401,783</u>	\$ <u>947,274</u>

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

CITY OF GLENDORA
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
3/90	Computer	\$ 1,869	\$ -	\$ -	\$ 1,869
2/90	Copier	1,703	-	-	1,703
1/00	Lighting Control	19,809	-	-	19,809
12/00	Firewall Software	6,533	-	-	6,533
4/16	GMC Arboc Low Floor GNG Bus	53,777	-	-	53,777
8/16	2017 MV-1 Mobility Venture (Note 10)	63,190	-	63,190	-
8/18	2018 Ford Transit Norcal Van	65,619	-	-	65,619
Total		\$ 212,500	\$ -	\$ 63,190	\$ 149,310

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

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

	2021	2020
ASSETS		
Cash and investments	\$ 1,985,456	\$ 1,485,292
Interest receivable	6,033	6,606
Total assets	\$ 1,991,489	\$ 1,491,898
 LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ -	\$ 44,995
Total liabilities	-	44,995
 Fund Balance		
Restricted	1,991,489	1,446,903
Total fund balance	1,991,489	1,446,903
Total liabilities and fund balance	\$ 1,991,489	\$ 1,491,898

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

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

	<u>2021</u>	<u>2020</u>
REVENUES		
Proposition C	\$ 869,859	\$ 844,945
Interest income	30,739	39,030
Unrealized gain (loss) on investments	<u>(26,114)</u>	<u>34,236</u>
Total revenues	<u>874,484</u>	<u>918,211</u>
 EXPENDITURES		
Various projects	<u>329,898</u>	<u>1,200,297</u>
Total expenditures	<u>329,898</u>	<u>1,200,297</u>
 Excess (deficiency) of revenues over expenditures	 544,586	 (282,086)
 Fund balance at beginning of year	 <u>1,446,903</u>	 <u>1,728,989</u>
 Fund balance at end of year	 <u>\$ 1,991,489</u>	 <u>\$ 1,446,903</u>

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

CITY OF GLENDORA
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		Variance Favorable (Unfavorable)	2020 Actual
		Metro Budget	Actual		
106	Paratransit	\$ 69,000	\$ 60,067	\$ 8,933	\$ -
107	Dial-A-Ride	133,000	100,000	33,000	-
180	Transportation Planning Superintendent/Contract Program Analyst	112,399	99,070	13,329	65,646
450	Section 5310 Grant Match	66,000	11,471	54,529	-
450	Lone Hill Avenue Street Rehabilitation	285,000	-	285,000	-
620	Administration Proposition C	65,000	54,392	10,608	83,976
705	Lone Hill Avenue Phase I	475,000	1,898	473,102	-
705	Urban Trail and Greenway Network	330,000	3,000	327,000	-
170-04	Bus Shelter Maintenance Personnel	-	-	-	150,378
440-24	Loraine Avenue Street Improvements - Sierra Madre to Foothill	-	-	-	900,297
Total expenditures		\$ <u>1,535,399</u>	\$ <u>329,898</u>	\$ <u>1,205,501</u>	\$ <u>1,200,297</u>

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

CITY OF GLENDORA
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
03/97	Paratransit Bus	\$ 51,304	\$ -	\$ -	\$ 51,304
06/97	Ericson Bus Radios	6,676	-	-	6,676
07/97	Radio Base	1,283	-	-	1,283
11/98	3/4 Ton Van	24,262	-	-	24,262
Various	Various Furnitures	4,215	-	-	4,215
01/99	High Pressure System	10,579	-	-	10,579
12/99	Paratransit Minibus	37,087	-	-	37,087
03/11	ADA Accessible Mini Van	45,219	-	-	45,219
02/12	11 Braun Entervan White	41,216	-	-	41,216
06/12	Route Match Software	29,447	-	-	29,447
12/12	Handicap Minivan	44,556	-	-	44,556
03/14	Braun Entervan	45,257	-	-	45,257
07/14	2014 Starcraft Ford All Star VN	21,470	-	-	21,470
04/21	2019 Braunability Van	-	5,587	-	5,587
04/21	2019 Braunability Van	-	5,587	-	5,587
Total		\$ 362,571	\$ 11,174	\$ -	\$ 373,745

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

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

	2021	2020
ASSETS		
Cash and investments	\$ 597,858	\$ 462,845
Interest receivable	1,652	1,617
Total assets	\$ 599,510	\$ 464,462
 LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 4,825	\$ 13,097
Accrued payroll liabilities	17,827	17,550
Total liabilities	22,652	30,647
 Fund Balance		
Restricted	576,858	433,815
Total fund balance	576,858	433,815
Total liabilities and fund balance	\$ 599,510	\$ 464,462

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

CITY OF GLENDORA
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	\$ 653,299	\$ 632,802
Interest income	8,600	7,925
Unrealized gain (loss) on investments	(5,831)	8,105
Total revenues	656,068	648,832
EXPENDITURES		
Various projects	513,025	644,371
Total expenditures	513,025	644,371
OTHER FINANCING SOURCES (USE)		
Transfer-in from General Fund (Note 11)	-	6,145
Transfer-in from Pension Obligation Bond Fund (Note 12)	-	882,904
Transfer-out to Pension Obligation Bond Fund (Note 12)	-	(870,480)
Total other financing sources (use)	-	18,569
Excess of revenues over expenditures and other financing sources (use)	143,043	23,030
Fund balance at beginning of year	433,815	410,785
Fund balance at end of year	\$ 576,858	\$ 433,815

The accompanying notes are an integral part of the financial statements

CITY OF GLENDORA
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	Street Repair and Maintenance I	\$ 606,568	\$ 446,065	\$ 160,503	\$ 535,857
720	Traffic Signal Study	100,000	66,960	33,040	-
1.20	Traffic Signal Enhancements	-	-	-	108,514
	Total expenditures	<u>\$ 706,568</u>	<u>\$ 513,025</u>	<u>\$ 193,543</u>	<u>\$ 644,371</u>

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

CITY OF GLENDORA
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	\$ -	\$ -	\$ -	\$ -

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

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

	2021	2020
ASSETS		
Cash and investments	\$ 1,219,240	\$ 1,191,362
Interest receivable	3,043	4,405
Total assets	\$ 1,222,283	\$ 1,195,767
 LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 216,065	\$ 43,075
Accrued payroll liabilities	5,460	1,035
Total liabilities	221,525	44,110
 Fund Balance		
Restricted	1,000,758	1,151,657
Total fund balance	1,000,758	1,151,657
Total liabilities and fund balance	\$ 1,222,283	\$ 1,195,767

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

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

	<u>2021</u>	<u>2020</u>
REVENUES		
Measure M	\$ 740,211	\$ 712,711
Interest income	16,901	20,814
Unrealized gain (loss) on investments	<u>(18,814)</u>	<u>22,958</u>
Total revenues	<u>738,298</u>	<u>756,483</u>
EXPENDITURES		
Various projects	<u>889,197</u>	<u>300,172</u>
Total expenditures	<u>889,197</u>	<u>300,172</u>
OTHER FINANCING SOURCE (USE)		
Transfer-in from Pension Obligation Bond Fund (Note 12)	-	41,789
Transfer-out to Pension Obligation Bond Fund (Note 12)	<u>-</u>	<u>(41,212)</u>
Total other financing source (use)	<u>-</u>	<u>577</u>
Excess (deficiency) of revenues over expenditures and other financing source (use)	(150,899)	456,888
Fund balance at beginning of year	<u>1,151,657</u>	<u>694,769</u>
Fund balance at end of year	\$ <u><u>1,000,758</u></u>	\$ <u><u>1,151,657</u></u>

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

CITY OF GLENDORA
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			2020 Actual
		Metro Budget	Actual	Variance Favorable (Unfavorable)	
640	Administration Cost not to exceed 20%	\$ 12,327	\$ 11,918	\$ 409	\$ 26,150
705	Bike Lane Rehabilitation and Others	408,540	328,749	79,791	9,460
705	Leadora Resurfacing - Design	117,609	42,288	75,321	36,843
765	Citywide Pavement Evaluation Update	50,000	41,969	8,031	-
780	Transportation Impact Evaluation - SB743	9,480	-	9,480	35,470
806	Bike/Pedestrian Path or Facility Maintenance	247,856	155,407	92,449	-
815	Pedestrian Crossing Enhancement by Elementary Schools	300,000	-	300,000	-
880	Transportation Coordinator	27,253	27,051	202	-
990	Glendora Boulevard Parklet	400,000	281,815	118,185	-
1.05	Slurry Seal	-	-	-	8,788
1.05	Leadora Resurfacing - Construction 255	-	-	-	400
1.05	Loraine Avenue Street Rehabilitation	-	-	-	180,541
1.05	Lone Hill Avenue Improvements	-	-	-	2,520
	Total expenditures	\$ <u>1,573,065</u>	\$ <u>889,197</u>	\$ <u>683,868</u>	\$ <u>300,172</u>

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

CITY OF GLENDORA
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	\$ -	\$ -	\$ -	\$ -

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

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

BALANCE SHEETS

June 30

	2021	2020
ASSETS		
Due from Metro	\$ 61,242	\$ 22,815
Total assets	\$ 61,242	\$ 22,815
 LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 523	\$ 3,993
Due to General Fund	41,897	-
Total liabilities	42,420	3,993
 Fund Balance		
Restricted	18,822 *	18,822
Total fund balance	18,822	18,822
Total liabilities and fund balance	\$ 61,242	\$ 22,815

* Since the unspent fund balance of \$18,822 is a receivable from Metro as of June 30, 2021, the City is not required to return the ending fund balance to Metro to be placed on reserve for the City.

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

CITY OF GLENDORA
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	\$ 60,719	\$ 22,815
Interest income	72	-
Total revenues	60,791	22,815
EXPENDITURES		
Various projects	60,791	3,993
Total expenditures	60,791	3,993
Excess of revenues over expenditures	-	18,822
Fund balance at beginning of year	18,822	-
Fund balance at end of year *	\$ 18,822	\$ 18,822

* Since the unspent fund balance of \$18,822 is a receivable from Metro as of June 30, 2021, the City is not required to return the ending fund balance to Metro to be placed on reserve for the City.

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

CITY OF GLENDORA
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					
San Dimas Wash Urban Trail and Greenway	2020-21	\$ 2,150	\$ 2,150	-	Completed
Glendora Avenue First/Last Mile Demonstration	2020-21	<u>59,092</u>	<u>58,641</u>	<u>451</u>	Completed
Total		<u>\$ 61,242</u>	<u>\$ 60,791</u>	451	
Fund balance at beginning of year				18,822	
Interest income				72	
Funds returned to Metro (Note 13)				<u>(523)</u>	
Fund balance at end of year				<u>\$ 18,822</u> *	

* Since the unspent fund balance of \$18,822 is a receivable from Metro as of June 30, 2021, the City is not required to return the ending fund balance to Metro to be placed on reserve for the City.

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

CITY OF GLENDORA
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 GLENDORA
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).

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

NOTE 2 – ANNUAL FINANCIAL STATEMENTS

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

CITY OF GLENDORA
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Years Ended June 30, 2021 and 2020
(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 balances to the total of the pooled cash and investments.

CITY OF GLENDORA
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
July 1, 2019	7/1/19 – 6/30/23	FY 2016-17	\$ 77,907	\$ 77,907	\$ -
			Total	\$ 77,907	\$ -

The Proposition A Discretionary Incentive Grant was recorded under PALRF.

NOTE 9 – PROJECT GENERATED REVENUE - PALRF

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

	2021	2020
Transit Fares	\$ 2,957	\$ 31,238
Bus Pass Subsidy	1,965	7,972
Total	\$ 4,921	\$ 39,210

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

The City received a reimbursement from the insurance company in the amount of \$7,678 on August 17, 2020 for the loss of a PALRF vehicle from an accident in fiscal year ended June 30, 2021.

NOTE 11 – TRANSFER-IN FROM GENERAL FUND - PALRF AND MRLRF

The amount of \$4,679 and \$6,145 represents reimbursements from the General Fund to PALRF and MRLRF, respectively, that were related to the fiscal year ended June 30, 2019 Finding No. 2019-002 for the unreconciled variances on the payroll charges.

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

NOTE 12 – TRANSFER-IN (OUT) FROM (TO) PENSION OBLIGATION BOND FUND - PALRF, MRLRF AND MMLRF

The City authorized the issuance of pension obligation bonds, “Taxable Pension Obligation Bonds, Series 2019” (2019 Bonds) on March 12, 2019 to manage the increasing unfunded accrued liability (UAL) of the pension plan that was provided through the California Public Employees’ Retirement System (CalPERS). The purchase agreement for the 2019 Bonds was executed on August 22, 2019. The bond proceeds of \$64,420,000 were used to fund the UAL, the normal annual contributions, and the issuance costs.

In fiscal year ended June 30, 2020, the transfer-in and out to the Pension Obligation Bond Fund consisted of the following:

	<u>Transfer-In</u>	<u>Transfer-Out</u>
Proposition A Local Return Fund	\$ 563,654	\$ 563,654
Measure R Local Return Fund	882,904	870,480
Measure M Local Return Fund	41,789	41,212
Total	<u>\$ 1,488,347</u>	<u>\$ 1,475,346</u>

NOTE 13 – TRANSPORTATION DEVELOPMENT ACT FUND REVENUE ALLOCATION

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

	<u>2021</u>	<u>2020</u>
FY 2014-15 allocation *	\$ -	\$ 2,815
FY 2018-19 allocation	15,668	20,000
FY 2019-20 allocation **	45,051	-
Total payment requested	<u>\$ 60,719</u>	<u>\$ 22,815</u>

* Metro granted the City an extension to spend the fiscal year 2014-15 allocation in fiscal year 2019-20.

** Metro allocated additional funds of \$18,822 to the previously reported \$37,916 fiscal year 2019-20 allocation totaling to \$56,738. The amount of \$45,051 was requested for drawdown in fiscal year ended June 30, 2021 and the remaining \$11,687 is still on reserve for the City.

CITY OF GLENDORA
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 2018-19 allocation	\$	-	\$	15,668
FY 2019-20 allocation *		11,687		37,916
FY 2020-21 allocation		29,058		-
Available reserve balance	\$	40,745	\$	53,584

* Metro allocated additional funds of \$18,822 to the previously reported \$37,916 fiscal year 2019-20 allocation totaling to \$56,738. The amount of \$45,051 was requested for drawdown in fiscal year ended June 30, 2021 and the remaining \$11,687 is still on reserve for the City. Furthermore, the funds on reserve of \$11,687 includes the amount of \$523 that was returned by the City during fiscal year ended June 30, 2021.

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 December 13, 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 Glendora, 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 Glendora, 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 December 13, 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
December 13, 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 Glendora, California and the
Los Angeles County Metropolitan Transit Authority

Report on Compliance

We have audited the compliance of the City of Glendora, 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, except as noted in the Compliance Matrix and the Schedule of Findings and Recommendations, the City complied, in all material respects, with the compliance requirements of the Guidelines for the year ended June 30, 2021.





Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Guidelines and which are described in the accompanying Schedule of Findings and Recommendations as Finding Nos. 2021-001 and 2021-002. Our opinion on each local return program and Transportation Development Act Article 3 is not modified with respect to these matters.

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

Report on Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that we consider to be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify a deficiency in internal control over compliance described in the accompanying Schedule of Findings and Recommendations as Finding No. 2021-001 that we consider to be a significant deficiency.

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



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

Simpson & Simpson

Los Angeles, California
December 13, 2021

CITY OF GLENDORA
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 GLENDORA
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	See Finding No. 2021-001 on the Schedule of Findings and Recommendations.

CITY OF GLENDORA
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 GLENDORA
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		\$8,647	See Finding Nos. 2021-001 and 2021-002 on the Schedule of Findings and Recommendations.

CITY OF GLENDORA
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 GLENDORA
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	See Finding No. 2021-001 on the Schedule of Findings and Recommendations.

CITY OF GLENDORA
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 GLENDORA
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
Year Ended June 30, 2021

PALRF, MRLRF, and MMLRF: Finding No. 2021-001

<p>Compliance Reference</p>	<p>According to Proposition A and Proposition C Local Return Guidelines, Section II: Project Eligibility, “A proposed expenditure of funds shall be deemed to be for public transit purposes to the extent that it can reasonably be expected to sustain or improve the quality and safety of and/or access to public transit services by the general public or those requiring special public transit assistance,” and Section V: Audit Section, “It is the jurisdictions’ responsibility to maintain proper accounting records and documentation...”</p> <p>The Measure R Local Return Guidelines, Section A.I: Program Summary, states, “The Measure R Ordinance specifies that Local Return funds are to be used for transportation purposes. No net revenue distributed to Jurisdictions may be used for purposes other than transportation purposes.” and Section B.VII: Audit Section, “It is the Jurisdictions’ responsibility to maintain proper accounting records and documentation to facilitate the performance of audit prescribed in these guidelines.”</p> <p>Likewise, the Measure M Local Return Guidelines, Section XXV: Program Objective, states, “The Measure M Ordinance specifies that LR funds are to be used for transportation purposes. No net revenues distributed to cities and County of Los Angeles (Jurisdictions) may be used for purposes other than transportation purposes.” and Audit Requirements, “It is each Jurisdiction’s responsibility to maintain proper accounting records and documentation...”</p>
<p>Condition</p>	<p>During our payroll testing, the City did not provide the timesheets but only provided the Special Funding Time Certification (Certification) which is a supplemental form for the timesheet that is signed by both the employee and the employee’s supervisor. The Certification is prepared annually and provides the hours worked by the employee on PALRF, MRLRF, and MMLRF projects for all payroll periods during the fiscal year 2020-21.</p> <p>The pay periods tested were as follows:</p> <ul style="list-style-type: none"> a) December 27, 2020 b) January 10, 2021 c) January 24, 2021 d) June 27, 2021 <p>We noted that the Certifications sampled were signed and dated by the employees and supervisors after the year-end, October 2021, which were four to ten months after the fact.</p> <p>This is a repeat finding from prior fiscal year.</p>

CITY OF GLENDORA
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
Year Ended June 30, 2021
(Continued)

PALRF, MRLRF, and MMLRF: Finding No. 2021-001 (Continued)

Cause	During fiscal year 2020-21, the Finance division experienced staff turnovers and the City staff who is directly involved in the preparation of the annual Certifications was on leave for four months from June 2021 through September 2021. Due to the turnover and the absence of the City staff, the Certifications were not prepared and signed by both employees and supervisors in a timely manner.
Effect	Without employees and supervisors preparing the timecards/certifications in a timely manner, the City may be unable to substantiate the actual hours worked by the employees that were charged to the programs. Untimely support for salaries could result in disallowed costs.
Recommendation	We recommend the City strengthen controls over payroll so that all employees and supervisors prepare, review, sign, and date the Certifications at minimum, on a monthly basis, to ensure the accuracy of hours worked on the local return funds' projects.
Management's Response	The City will re-evaluate the preparation of the Certifications process to ensure that the forms are signed and dated by the employees and supervisors within a reasonable period of time, either monthly or quarterly.

CITY OF GLENDORA
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
Year Ended June 30, 2021
(Continued)

MRLRF: Finding No. 2021-002

Compliance Reference	The Measure R Local Return Guidelines, Section A.I: Program Summary, states, “The Measure R Ordinance specifies that Local Return funds are to be used for transportation purposes. No net revenue distributed to Jurisdictions may be used for purposes other than transportation purposes.” and Section B.VII: Audit Section, “It is the Jurisdictions’ responsibility to maintain proper accounting records and documentation to facilitate the performance of audit prescribed in these guidelines.”
Condition	<p>During fiscal year 2020-21, the City recorded expenditures to MRLRF’s Street Repair and Maintenance Project Code 705 in the amount of \$38,874 which are contributions to the pension plan that was provided through CalPERS. The contributions are based on CalPERS employer rate of 10.502% multiplied by the employees’ gross salaries.</p> <p>Based on our calculation, we determined that the City over-allocated \$8,647 of pension contributions to MRLRF.</p>
Cause	This is the first year that the City allocated debt service payments to the Pension Obligation Bonds outside of the issuance year. The City estimated the allocations based on trends and analysis, but has not established a system to allocate the payments of the actual pension costs to the affected funds.
Effect	The unsupported pension benefits allocated to MRLRF resulted in questioned costs of \$8,647.
Recommendation	We recommend that the City reimburse its MRLRF account for \$8,647. In addition, we recommend that the City strengthen its controls over the allocation of pension costs by using the proper basis, the actual salaries charged to the fund multiplied by the appropriate employer rate provided by CalPERS.
Management’s Response	The City plans to reimburse its MRLRF account in the amount of \$8,647 in January 2022. Also, the City will continue to monitor and evaluate the process for charging pension benefits to ensure that the proper debt service payments are allocated to the City funds, including the local return funds.

EXIT CONFERENCE

CITY OF GLENDORA
PROPOSITION A LOCAL RETURN FUND, PROPOSITION C LOCAL RETURN FUND,
MEASURE R LOCAL RETURN FUNDS, MEASURE M LOCAL RETURN FUND, AND
TRANSPORTATION DEVELOPMENT ACT ARTICLE 3 FUND
EXIT CONFERENCE
June 30, 2021

An exit conference was held on December 29, 2021 with the City of Glendora. Those in attendance were:

Simpson & Simpson Representative:

Patrick Zhang, Auditor

City's Representative:

Brittany Aguilar, Accounting Manager

Matters Discussed:

Results of the audit disclosed one (1) significant control deficiency 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:

Brittany Aguilar, Accounting Manager

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

RE: CITY OF GLENDORA 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 Glendora and agree with the contents of the report except as indicated below:

(Attach additional pages if necessary)

Very truly yours,

Name

Title

Date