

***CITY OF MONROVIA
ANNUAL FINANCIAL REPORT OF THE
PROPOSITION A LOCAL RETURN FUND
PROPOSITION C LOCAL RETURN FUND
MEASURE R LOCAL RETURN FUND
TRANSPORTATION DEVELOPMENT ACT
ARTICLE 3 FUND
FOR THE FISCAL YEARS ENDED
JUNE 30, 2018 AND 2017

AND MEASURE M LOCAL RETURN FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018***



Metro[®]



Simpson & Simpson, LLP
Certified Public Accountants

CITY OF MONROVIA
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FINANCIAL SECTION



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

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

Independent Auditor's Report

To the Honorable Members of the City Council of the
City of Monrovia, 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), and Transportation Development Act Article 3 Fund (TDAA3F) (collectively, the Funds), of the City of Monrovia, California (the City) as of and for the years ended June 30, 2018 and 2017, and Measure M Local Return Fund (MMLRF) (the Fund) of the City of Monrovia, California (the City) as of and for the year ended June 30, 2018, 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 an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about 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 and TDAA3F of the City of Monrovia, California, as of June 30, 2018 and 2017, and MMLRF of the City of Monrovia, California, as of June 30, 2018, and the respective changes in their financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 2, the financial statements present only the PALRF, PCLRF, MRLRF, MMLRF, and TDAA3F of the City and do not purport to, and do not, present fairly the financial position of the City of Monrovia, California, as of June 30, 2018 and 2017, and the changes in its financial position for the years then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Supplementary Information

Our audits were conducted for the purpose of forming opinions on each of the Funds' financial statements. The accompanying supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the Funds' financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the Funds' financial statements or to the Funds' financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to each of the Funds' financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have issued our report dated November 14, 2018, on our consideration of the City's internal control over the Funds' financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over the Funds' financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over the Funds' financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over the Funds' financial reporting and compliance.

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

Los Angeles, California
November 14, 2018

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

	2018	2017
ASSETS		
Cash and investments	\$ 301,898	\$ 95,026
Accounts receivable (Note 8)	237,808	238,790
Total assets	\$ 539,706	\$ 333,816
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 344,346	\$ 70,543
Total liabilities	344,346	70,543
 Deferred inflows of resources (Note 9)	174,422	208,394
Total deferred inflows of resources	174,422	208,394
 Fund Balance		
Restricted	20,938	54,879
Total fund balance	20,938	54,879
Total liabilities, deferred inflows of resources, and fund balance	\$ 539,706	\$ 333,816

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

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

	2018	2017
REVENUES		
Proposition A	\$ 700,076	\$ 682,561
Proposition A Discretionary Incentive Grant (Note 11)	264,628	29,692
Interest income	1,297	787
Project generated revenue (Note 10)	48,760	30,055
Los Angeles County Grant reimbursement (Note 12)	149,199	107,733
Reimbursement from the City of Bradbury (Note 13)	10,561	8,449
Unrealized loss on investments	(1,488)	-
Sale of vehicles (Note 14)	2,800	4,124
Total revenues	1,175,833	863,401
EXPENDITURES		
Various projects	1,209,774	997,878
Total expenditures	1,209,774	997,878
Deficiency of revenues under expenditures	(33,941)	(134,477)
Fund balance at beginning of year	54,879	189,356
Fund balance at end of year	\$ 20,938	\$ 54,879

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

CITY OF MONROVIA
PROPOSITION A LOCAL RETURN FUND
SUPPLEMENTARY INFORMATION
SCHEDULE OF EXPENDITURES
ACTUAL AND METRO APPROVED PROJECT BUDGET
For the Fiscal Year Ended June 30, 2018
(With Comparative Actual Amount for the Fiscal Year Ended June 30, 2017)

Project Code	Project Name	2018		Variance	2017 Actual
		Metro Budget	Actual	Favorable (Unfavorable)	
120-02	General Public Dial-A-Ride *	\$ 500,000	\$ 834,579	\$ (334,579)	\$ 954,327
140-07	Recreational Transportation	50,000	28,515	21,485	37,259
140-08	K-Rail Area, Temporary Shuttle Service	6,000	-	6,000	-
170-03	Bus Stop Improvement	25,000	6,627	18,373	-
200-02	Monrovia Transit Bus Replacement Purchase	200,000	-	200,000	-
270-03	Park and Ride Mixed Use Project	100,000	-	100,000	-
410-01	GoMonrovia Mobility Plan	500,000	333,599	166,401	-
480-03	SGVCOG Dues (Prev 06-270)	6,750	6,454	296	6,292
Total expenditures		\$ 1,387,750	\$ 1,209,774	\$ 177,976	\$ 997,878

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

Metro Budget	\$ 500,000
Total Expenditures	\$ 834,579
Less: Project generated revenue (Note 10)	(24,311)
Less: Proposition A Discretionary Incentive Grant (Note 11)	(264,628)
Less: Los Angeles County Grant reimbursement (Note 12)	(149,199)
Less: Reimbursement from City of Bradbury (Note 13)	(10,561)
PALRF Expenditures, Net	<u>385,880</u>
Actual variance positive	<u>\$ 114,120</u>

See accompanying independent auditor's report.

CITY OF MONROVIA
PROPOSITION A LOCAL RETURN FUND
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS
June 30, 2018

Date Acquired	Description	Balance 7/1/2017	Additions	Deletions	Balance 6/30/2018
Dec-03	Bus Shelters	\$ 11,206	\$ -	\$ -	\$ 11,206
Aug-06	New Bus Shelters - Huntington	147,874	-	-	147,874
Aug-07	Glavel Paratransit Dial-A-Ride Bus	61,658	-	61,658	-
Aug-07	Glavel Paratransit Dial-A-Ride Bus	61,658	-	-	61,658
Aug-07	Glavel Paratransit Dial-A-Ride Bus	61,658	-	-	61,658
Jun-08	Two (2) Bus Shelters - Huntington	72,708	-	-	72,708
Jun-08	El Dorado Amerivan Paratransit	39,499	-	-	39,499
Jun-08	El Dorado Amerivan Paratransit	39,499	-	-	39,499
Jun-15	Glavel Paratransit Dial-A-Ride Bus	82,224	-	-	82,224
Jun-15	Glavel Paratransit Dial-A-Ride Bus	82,224	-	-	82,224
Jun-15	Glavel Paratransit Dial-A-Ride Bus	82,224	-	-	82,224
Jun-15	Glavel Paratransit Dial-A-Ride Bus	84,778	-	-	84,778
Total		\$ 827,210	\$ -	\$ 61,658	\$ 765,552

See accompanying independent auditor's report.

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

	<u>2018</u>	<u>2017</u>
ASSETS		
Cash and investments	\$ 907,617	\$ 1,942,529
Cash and investments - 2016 Lease Revenue Bonds (Note 15)	<u>3,360,548</u>	<u>4,689,359</u>
Total assets	<u>\$ 4,268,165</u>	<u>\$ 6,631,888</u>
 LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ -	\$ 770,561
Accounts payable - 2016 Lease Revenue Bonds (Note 15)	475,532	143,688
Accrued payroll and benefits	<u>1,341</u>	<u>562</u>
Total liabilities	<u>476,873</u>	<u>914,811</u>
 Fund Balance		
Restricted	906,276	1,171,406
Restricted - 2016 Lease Revenue Bonds (Note 15)	<u>2,885,016</u>	<u>4,545,671</u>
Total fund balance	<u>3,791,292</u>	<u>5,717,077</u>
Total liabilities and fund balance	<u>\$ 4,268,165</u>	<u>\$ 6,631,888</u>

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

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

	<u>2018</u>	<u>2017</u>
REVENUES		
Proposition C	\$ 579,041	\$ 567,790
Interest income	33,952	19,722
Reimbursement for bus purchase (Note 16)	75,416	-
Total revenues	<u>688,409</u>	<u>587,512</u>
 EXPENDITURES		
Various projects	<u>2,614,194</u>	<u>3,491,030</u>
Total expenditures	<u>2,614,194</u>	<u>3,491,030</u>
 Deficiency of revenues under expenditures	 (1,925,785)	 (2,903,518)
 Fund balance at beginning of year	 <u>5,717,077</u>	 <u>8,620,595</u>
 Fund balance at end of year	 <u>\$ 3,791,292</u>	 <u>\$ 5,717,077</u>

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

CITY OF MONROVIA
PROPOSITION C LOCAL RETURN FUND
SUPPLEMENTARY INFORMATION
SCHEDULE OF EXPENDITURES
ACTUAL AND METRO APPROVED PROJECT BUDGET
For the Fiscal Year Ended June 30, 2018
(With Comparative Actual Amount for the Fiscal Year Ended June 30, 2017)

Project Code	Project Name	2018			2017 Actual
		Metro Budget	Actual	Variance Favorable (Unfavorable)	
200-02	Monrovia Transit Bus Replacement Program	\$ 172,000	\$ 377,079	\$ (205,079)	\$ -
420-05	Congestion Management Program	20,000	-	20,000	16,944
430-01	Huntington Drive/5th Avenue	73,000	-	73,000	-
430-02	Comprehensive Old Town Upgrade Project	75,000	3,511	71,489	-
430-03	Bradoaks/Santa Fe Project	75,000	-	75,000	-
450-15	Citywide Street Reconstruction Plan	400,000	396,003	3,997	394,084
450-17	Foothill Boulevard Improvement Project	-	-	-	800,760
450-19	Non-Monrovia Renewal Street and Sidewalk Project	113,183	72,779	40,404	35,206
450-20	Mountain/Lemon Improvements	-	-	-	56,656
450-21	Huntington Drive Phase II	279,000	-	279,000	-
480-03	SGVCOG Dues (Prev 06-270)	6,750	5,969	781	5,832
480-04	Direct Administration	85,000	77,407	7,593	49,697
	<i>Expenditures Funded by Proposition C Local Return Fund</i>	<u>1,298,933</u>	<u>932,748</u>	<u>366,185</u>	<u>1,359,179</u>
450-18	Monrovia Renewal Capital Project Expenditures (Note 15)	<u>2,720,240</u>	<u>1,681,446</u>	<u>1,038,794</u>	<u>2,131,851</u>
	<i>Expenditures Funded by the Lease Revenue Bonds</i>	<u>2,720,240</u>	<u>1,681,446</u>	<u>1,038,794</u>	<u>2,131,851</u>
	Total expenditures	\$ <u>4,019,173</u>	\$ <u>2,614,194</u>	\$ <u>1,404,979</u>	\$ <u>3,491,030</u>

See accompanying independent auditor's report.

CITY OF MONROVIA
PROPOSITION C LOCAL RETURN FUND
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS
June 30, 2018

Date Acquired	Description	Balance 7/1/2017	Additions	Deletions	Balance 6/30/2018
FY 10-11	Street Resurfacing - Project No. C 3013	\$ 500,019	\$ -	\$ -	\$ 500,019
FY 12-13	Street Resurfacing - Project No. C 3059	845,802	-	-	845,802
FY 13-14	Street Resurfacing - Project No. C 3063	360,089	-	-	360,089
FY 15-16	Monrovia Renewal NW/S Construction in Progress	174,391	1,626,536	-	1,800,927
FY 16-17	Monrovia Renewal North Construction in Progress	5,447	25,368	-	30,815
FY 16-17	Monrovia Renewal NE Construction in Progress	5,418	13,895	-	19,313
FY 16-17	Foothill Boulevard Improvement Projects (Streets)	800,760	-	-	800,760
FY 16-17	Monrovia Renewal SW/SE - Streets Proposition C (Streets)	2,276,913	-	-	2,276,913
FY 16-17	Monrovia Renewal SW/SE - Streets Proposition C (Sidewalks)	70,420	-	-	70,420
FY 16-17	2014-15 Station Square Infrastructure	600,000	-	-	600,000
FY 16-17	Non-Renewal Sidewalk Repairs (Sidewalks)	35,205	-	-	35,205
FY 17-18	Non-Renewal Sidewalk Repairs (Sidewalks)	-	72,779	-	72,779
FY 17-18	2017 Starcraft Allstar 22	-	79,980	-	79,980
FY 17-18	2017 Starcraft Allstar 20	-	74,275	-	74,275
FY 17-18	2017 Starcraft Allstar 20	-	74,275	-	74,275
FY 17-18	2017 Starcraft Allstar 20	-	74,275	-	74,275
FY 17-18	2017 Starcraft Allstar 20	-	74,275	-	74,275
Total		<u>\$ 5,674,464</u>	<u>\$ 2,115,658</u>	<u>\$ -</u>	<u>\$ 7,790,122</u>

See accompanying independent auditor's report.

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

	2018	2017
ASSETS		
Cash and investments	\$ 1,456,349	\$ 1,845,540
Cash and investments - 2016 Lease Revenue Bonds (Note 15)	3,216,926	4,693,029
Total assets	\$ 4,673,275	\$ 6,538,569
 LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 205,070	\$ 20,671
Accounts payable - 2016 Lease Revenue Bonds (Note 15)	511,697	319,276
Total liabilities	716,767	339,947
 Fund Balance		
Restricted	1,251,279	1,824,869
Restricted - 2016 Lease Revenue Bonds (Note 15)	2,705,229	4,373,753
Total fund balance	3,956,508	6,198,622
Total liabilities and fund balance	\$ 4,673,275	\$ 6,538,569

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

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

	<u>2018</u>	<u>2017</u>
REVENUES		
Measure R	\$ 434,934	\$ 424,727
Interest income	39,626	17,913
Project generated revenue (Note 17)	15,921	-
Total revenues	<u>490,481</u>	<u>442,640</u>
 EXPENDITURES		
Various projects	<u>2,732,595</u>	<u>3,068,718</u>
Total expenditures	<u>2,732,595</u>	<u>3,068,718</u>
 Deficiency of revenues under expenditures	 (2,242,114)	 (2,626,078)
 Fund balance at beginning of year	 <u>6,198,622</u>	 <u>8,824,700</u>
 Fund balance at end of year	 <u>\$ 3,956,508</u>	 <u>\$ 6,198,622</u>

The accompanying notes are an integral part of the financial statements

CITY OF MONROVIA
MEASURE R LOCAL RETURN FUND
SUPPLEMENTARY INFORMATION
SCHEDULE OF EXPENDITURES
ACTUAL AND METRO APPROVED PROJECT BUDGET
For the Fiscal Year Ended June 30, 2018
(With Comparative Actual Amount for the Fiscal Year Ended June 30, 2017)

Project Code	Project Name	2018			2017 Actual
		Metro Budget	Actual	Variance Favorable (Unfavorable)	
1.05	Non-Monrovia Renewal Sidewalk Projects: Non-Monrovia Renewal	\$ 113,183	\$ 72,779	\$ 40,404	\$ 35,206
1.05	Citywide Street Reconstruction Plan - Bond Debt Service Payment	400,000	396,003	3,997	394,084
1.05	Huntington Drive Median Curb Replacement	-	-	-	18,177
1.05	Huntington Drive Median Upgrade	-	-	-	310,224
1.05	Huntington Drive Phase II	279,000	-	279,000	-
1.05	Street Repair & Maintenance Program: Program Funding for Repair	350,000	350,000	-	-
2.19	GoMonrovia Program	220,000	220,990	(990)	-
3.05	Comprehensive Old Town Upgrade Project	75,000	3,511	71,489	-
3.10	Citywide Street Sign Replacement	350,000	-	350,000	-
	<i>Expenditures Funded by Measure R Local Return Fund</i>	<u>1,787,183</u>	<u>1,043,283</u>	<u>743,900</u>	<u>757,691</u>
1.05	Monrovia Renewal Capital Project Expenditures (Note 15)	<u>2,720,240</u>	<u>1,689,312</u>	<u>1,030,928</u>	<u>2,311,027</u>
	<i>Expenditures Funded by the Lease Revenue Bonds</i>	<u>2,720,240</u>	<u>1,689,312</u>	<u>1,030,928</u>	<u>2,311,027</u>
	Total expenditures	\$ <u>4,507,423</u>	\$ <u>2,732,595</u>	\$ <u>1,774,828</u>	\$ <u>3,068,718</u>

See accompanying independent auditor's report.

CITY OF MONROVIA
MEASURE R LOCAL RETURN FUND
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS
June 30, 2018

Date Acquired	Description	Balance 7/1/2017	Additions	Deletions	Balance 6/30/2018
FY 15-16	Monrovia Renewal NW/S Construction in Progress	\$ 229,861	\$ 1,506,526	\$ -	\$ 1,736,387
FY 16-17	Monrovia Renewal North Construction in Progress	14,279	129,573	-	143,852
FY 16-17	Monrovia Renewal NE Construction in Progress	26,728	37,567	-	64,295
FY 16-17	Huntington Drive Concrete Curb Repair (Median)	18,177	-	-	18,177
FY 16-17	Huntington Drive Median Upgrade (Median)	226,138	-	-	226,138
FY 16-17	Monrovia Renewal SW/SE - Streets Measure R (Streets)	2,360,594	-	-	2,360,594
FY 16-17	Monrovia Renewal SW/SE - Streets Measure R (Sidewalks)	73,008	-	-	73,008
FY 16-17	2014-15 Station Square Infrastructure	336,963	-	-	336,963
FY 16-17	Non-Renewal Sidewalk Repairs (Sidewalks)	35,205	-	-	35,205
FY 17-18	Non-Renewal Sidewalk Repairs (Sidewalks)	-	72,779	-	72,779
Total		\$ 3,320,953	\$ 1,746,445	\$ -	\$ 5,067,398

See accompanying independent auditor's report.

CITY OF MONROVIA
MEASURE M LOCAL RETURN FUND
BALANCE SHEET
June 30

		2018
ASSETS		
Cash and investments	\$	96,245
Total assets	\$	96,245
 LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$	96,150
Total liabilities		96,150
 Fund Balance		
Restricted		95
Total fund balance		95
Total liabilities and fund balance	\$	96,245

The accompanying notes are an integral part of the financial statements

CITY OF MONROVIA
MEASURE M LOCAL RETURN FUND
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGE IN FUND BALANCE
For the Fiscal Year Ended June 30

		2018
REVENUES		
Measure M	\$	394,150
Interest income		95
Project generated revenue (Note 17)		6,870
Total revenues		401,115
EXPENDITURES		
Various projects		401,020
Total expenditures		401,020
Excess of revenues over expenditures		95
Fund balance at beginning of year		-
Fund balance at end of year	\$	95

The accompanying notes are an integral part of the financial statements

CITY OF MONROVIA
MEASURE M LOCAL RETURN FUND
SUPPLEMENTARY INFORMATION
SCHEDULE OF EXPENDITURES
ACTUAL AND METRO APPROVED PROJECT BUDGET
For the Fiscal Year Ended June 30, 2018

Project Code	Project Name	2018		Variance Favorable (Unfavorable)
		Metro Budget	Actual	
1.05	Street and Road Maintenance of City Streets	\$ 348,000	\$ 298,000	\$ 50,000
2.19	GoMonrovia Mobility Plan: Multi-Modal Program	150,000	103,020	46,980
	Total expenditures	<u>\$ 498,000</u>	<u>\$ 401,020</u>	<u>\$ 96,980</u>

See accompanying independent auditor's report.

CITY OF MONROVIA
MEASURE M LOCAL RETURN FUND
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS
 June 30, 2018

<u>Date Acquired</u>	<u>Description</u>	<u>Balance 7/1/2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/2018</u>
None		\$ -	\$ -	\$ -	\$ -
	Total	\$ -	\$ -	\$ -	\$ -

See accompanying independent auditor's report.

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

	<u>2018</u>	<u>2017</u>
ASSETS		
Due from Metro	\$ <u>43,304</u>	\$ <u>495</u>
Total assets	\$ <u><u>43,304</u></u>	\$ <u><u>495</u></u>
 LIABILITIES AND FUND BALANCE		
Liabilities		
Due to General Fund	\$ <u>43,304</u>	\$ <u>495</u>
Total liabilities	<u>43,304</u>	<u>495</u>
 Fund Balance		
Restricted	<u>-</u>	<u>-</u>
Total fund balance	<u>-</u>	<u>-</u>
Total liabilities and fund balance	\$ <u><u>43,304</u></u>	\$ <u><u>495</u></u>

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

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

	2018	2017
REVENUES		
TDA 3	\$ 43,304	\$ 100,000
Total revenues	43,304	100,000
EXPENDITURES		
Various projects	43,304	100,000
Total expenditures	43,304	100,000
Excess of revenues over expenditures	-	-
Fund balance at beginning of year	-	-
Fund balance at end of year	\$ -	\$ -

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

CITY OF MONROVIA
TRANSPORTATION DEVELOPMENT ACT ARTICLE 3 FUND
SUPPLEMENTARY INFORMATION
SCHEDULE OF TRANSPORTATION DEVELOPMENT ACT
ALLOCATION FOR SPECIFIC PROJECTS
For the Fiscal Year Ended June 30, 2018

<u>Project Description</u>	<u>Program</u> <u>Year</u>	<u>Allocations</u>	<u>Expenditures</u>	<u>Unexpended</u> <u>Allocations</u>	<u>Project</u> <u>Status</u>
Local Allocations:					
Julian Fisher Park Restroom	2017-18	\$ 43,304	\$ 43,304	\$ -	Completed
Total		<u>\$ 43,304</u>	<u>\$ 43,304</u>	-	
Fund balance at beginning of year				<u>-</u>	
Fund balance at end of year				<u>\$ -</u>	

See accompanying independent auditor's report.

CITY OF MONROVIA
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Years Ended June 30, 2018 and 2017

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.

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

Basis of Accounting and Measurement Focus

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

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

Budgets and Budgetary Accounting

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

CITY OF MONROVIA
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Years Ended June 30, 2018 and 2017
(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 2018 Comprehensive Annual Financial Report for detailed disclosures regarding the City's investments 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, 2018:

- 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 MONROVIA
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Years Ended June 30, 2018 and 2017
(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. The first revenue allocation was received in the current period. 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.

NOTE 8 – ACCOUNTS RECEIVABLE – PALRF

Accounts receivable under PALRF as of June 30, 2018 and 2017 consisted of the following:

	2018	2017
Metro	\$ 44,815	\$ 187,289
Los Angeles County Department of Public Works	190,881	48,685
City of Bradbury	2,112	2,816
Total	\$ <u>237,808</u>	\$ <u>238,790</u>

CITY OF MONROVIA
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Years Ended June 30, 2018 and 2017
(Continued)

NOTE 9 – DEFERRED INFLOW OF RESOURCES - PALRF

The City recognizes revenue when the payments for services rendered become measurable and available. In fiscal years ended June 30, 2018 and 2017, the City recorded deferred inflow of resources when the availability of the funds was not determined at fiscal year end.

The issuance of GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, established accounting and financial reporting standards that reclassify certain liabilities as deferred inflows of resources. A deferred inflow of resources is defined as those resources that are not available for spending in the current period. Since the reimbursements from other funds were not available for spending PALRF in fiscal years ended June 30, 2018 and 2017, the amounts are reported as deferred inflows of resources.

As of June 30, 2018, and 2017, the deferred inflows of resources under PALRF consists of reimbursements from the following:

	2018	2017
Proposition A Discretionary Incentive Grant	\$ 44,815	\$ 157,596
Los Angeles County Grant	129,607	48,685
City of Bradbury	-	2,113
Total	\$ 174,422	\$ 208,394

NOTE 10 – PROJECT GENERATED REVENUE - PALRF

Project generated revenues for the years ended June 30, 2018 and June 30, 2017 for PALRF consisted of the following:

	2018	2017
Dial-A-Ride fares	\$ 24,311	\$ 30,055
GoMonrovia fares	24,449	-
Total	\$ 48,760	\$ 30,055

NOTE 11 – PROPOSITION A DISCRETIONARY INCENTIVE GRANT - PALRF

The Proposition A Discretionary Incentive Grant amounting to \$264,628 and \$29,692 for the years ended June 30, 2018 and 2017, respectively, represents additional funds received from Metro for participating in the sub-regional paratransit services program. The City is to operate a demand-response paratransit Dial-A-Ride program available to eligible disabled residents or known as the Monrovia Dial-A-Ride Program.

The Proposition A Discretionary Incentive Grant was recorded under PALRF.

CITY OF MONROVIA
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Years Ended June 30, 2018 and 2017
(Continued)

NOTE 12 – LOS ANGELES COUNTY GRANT REIMBURSEMENTS - PALRF

Since 1994, the City has provided Dial-A-Ride services to residents of the surrounding unincorporated areas south of the City. The City is reimbursed by the County of Los Angeles for the rides that it furnishes to the residents of the unincorporated areas. The amounts reimbursed for the years ended June 30, 2018 and June 30, 2017 for PALRF amounted to \$149,199 and \$107,733, respectively.

NOTE 13 – REIMBURSEMENT FROM THE CITY OF BRADBURY - PALRF

The City provides Dial-A-Ride services to residents of the City of Bradbury. The City is reimbursed by the City of Bradbury for the rides that it furnishes to those residents. The amounts reimbursed for the years ended June 30, 2018 and June 30, 2017 for PALRF amounted to \$10,561 and \$8,449, respectively.

NOTE 14 – SALE OF VEHICLES – PALRF

On October 4, 2016, the City sold two (2) Ford Paratransit Dial-A-Ride Buses at an auction for \$4,124. The proceeds were recorded under PALRF for the fiscal year ended June 30, 2017.

On May 31, 2018 the City transferred one Glavel Paratransit Dial-A-Ride bus to a City program named Monrovia Reads. The bus was assessed for its value and resulted in the Monrovia Reads program paying \$2,800 to the PALRF for the fiscal year ended June 30, 2018.

NOTE 15 – 2016 LEASE REVENUE BONDS – PCLRF AND MRLRF

On March 1, 2016, the City issued Proposition C and Measure R Street Improvements Projects Lease Revenue Bonds in the amount of \$13,600,000. The proceeds of the bonds are anticipated to be used to finance the costs of acquisition, construction, rehabilitation, reconstruction, and resurfacing of the City's public street facilities, fund a reserve account and pay costs of issuance. Use of Proposition C Revenues and Measure R Revenues to pay debt service on the Bonds to finance the costs of the project was approved by Metro by the letter dated February 26, 2016.

The serial bonds mature annually each December 1 from 2016 to 2036, in amounts ranging from \$155,000 to \$530,000 and bear interest at rates ranging from 3.000% to 5.000%. Interest is payable semi-annually on June 1 and December 1 in each year, commencing on December 1, 2016.

The Lease Revenue Bonds were split 50/50 between PCLRF and MRLRF.

CITY OF MONROVIA
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Years Ended June 30, 2018 and 2017
(Continued)

NOTE 15 – 2016 LEASE REVENUE BONDS – PCLRF AND MRLRF (Continued)

The lease revenue cash and fund balances for PCLRF and MRLRF for the years ended June 30, 2018 and 2017 are as follows:

	<u>PCLRF</u>	<u>MRLRF</u>	<u>Total</u>
Lease Revenue Fund Balance at June 30, 2016	\$ 6,664,155	\$ 6,671,413	\$ 13,335,568
Add: Interest income	24,782	24,782	49,564
Less:			
Unrealized loss on investments	(11,415)	(11,415)	(22,830)
FY 2017 PCLRF's Monrovia Renewal Capital Project Code 450-18 Expenditures	(2,131,851)	-	(2,131,851)
FY 2017 MRLRF's Monrovia Renewal Capital Project Code 1.05 Expenditures	-	(2,311,027)	(2,311,027)
Lease Revenue Fund Balance at June 30, 2017	<u>4,545,671</u>	<u>4,373,753</u>	<u>8,919,424</u>
Add: Accounts Payable at June 30, 2017	<u>143,688</u>	<u>319,276</u>	<u>462,964</u>
Cash and investments – Restricted at June 30, 2017	<u>4,689,359</u>	<u>4,693,029</u>	<u>9,382,388</u>
Lease Revenue Fund Balance at June 30, 2017	4,689,359	4,693,029	9,382,388
Add: Interest income	20,940	20,939	41,879
Less:			
Unrealized loss on investments	(149)	(151)	(300)
Accounts Payable at June 30, 2017	(143,688)	(319,276)	(462,964)
FY 2018 PCLRF's Monrovia Renewal Capital Project Code 450-18 Expenditures	(1,681,446)	-	(1,681,446)
FY 2018 MRLRF's Monrovia Renewal Capital Project Code 1.05 Expenditures	-	(1,689,312)	(1,689,312)
Lease Revenue Fund Balance at June 30, 2018	<u>2,885,016</u>	<u>2,705,229</u>	<u>5,590,245</u>
Add: Accounts Payable at June 30, 2018	<u>475,532</u>	<u>511,697</u>	<u>987,229</u>
Cash and investments – Restricted at June 30, 2018	<u>\$ 3,360,548</u>	<u>\$ 3,216,926</u>	<u>\$ 6,577,474</u>

NOTE 16 – REIMBURSEMENT FOR BUS PURCHASE – PCLRF

On September 28, 2017, the City purchased five buses for their Dial-A-Ride program for \$377,079. As mentioned in Note 12 above, the City provides Dial-A-Ride services to residents of the surrounding unincorporated areas south of the City. As a result of providing these services to County residents, the Los Angeles County reimbursed the City in the amount of \$75,416 for the bus purchases for the year ended June 30, 2018.

CITY OF MONROVIA
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Years Ended June 30, 2018 and 2017
(Continued)

NOTE 17 – PROJECT GENERATED REVENUE – MRLRF AND MMLRF

Project generated revenues for the year ended June 30, 2018 and 2017 consisted of the following:

	2018	2017
GoMonrovia fares - MRLRF	\$ 15,921	\$ -
GoMonrovia fares - MMLRF	6,870	-
Total	\$ 22,791	\$ -

NOTE 18 – TRANSPORTATION DEVELOPMENT ACT FUND REVENUE ALLOCATION

The revenue allocation for the years ended June 30, 2018 and 2017 consisted of the following:

	2018	2017
FY 2012-13 allocation	\$ -	\$ 16,037
FY 2013-14 allocation	-	29,943
FY 2014-15 allocation	-	24,390
FY 2015-16 allocation	-	23,689
FY 2016-17 allocation	18,853	5,941
FY 2017-18 allocation	24,451	-
Total payment requested	\$ 43,304	\$ 100,000

NOTE 19 – 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, 2018 and 2017, the City has funds on reserve as follows:

	2018	2017
FY 2016-17 allocation	\$ -	\$ 18,853
Available reserve balance	\$ -	\$ 18,853

NOTE 20 – SUBSEQUENT EVENTS

The City has evaluated events or transactions that occurred subsequent to June 30, 2018 through November 14, 2018, the date the accompanying financial statements were available to be issued, for potential recognition or disclosure in the financial statements and determined no subsequent matters require disclosure or adjustment to the accompanying financial statements.



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

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

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

To the Honorable Members of the City Council of the
City of Monrovia, 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 Monrovia, California (the City), as of and for the year ended June 30, 2018, and the related notes to the financial statements, and have issued our report thereon dated November 14, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the Funds’ financial statements, we considered the City’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the Funds’ financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City’s internal control. Accordingly, we do not express an opinion on the effectiveness of the City’s internal control.

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

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



Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's Proposition A Local Return Fund, Proposition C Local Return Fund, Measure R Local Return Fund, Measure M Local Return Fund, and Transportation Development Act Article 3 Fund financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Los Angeles, California
November 14, 2018

COMPLIANCE SECTION



SIMPSON & SIMPSON

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

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

Independent Auditor's Report on Compliance

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

Report on Compliance

We have audited the compliance of the City of Monrovia, 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, 2018.

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, 2018.



Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Guidelines and which is described in the accompanying Schedule of Findings and Recommendations as Finding No. 2018-001. Our opinion on each local return program and Transportation Development Act Article 3 is not modified with respect to this matter.

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

Report on Internal Control Over Compliance

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

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

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

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

A handwritten signature in cursive script that reads "Simpson & Simpson". The signature is written in dark ink.

Los Angeles, California
November 14, 2018

CITY OF MONROVIA
COMPLIANCE MATRIX
Year Ended June 30, 2018

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

CITY OF MONROVIA
COMPLIANCE MATRIX
Year Ended June 30, 2018
(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.	Funds were used to augment, not supplant, existing local revenues being used for transportation purposes unless there is a funding shortfall.	X			None	
3.	Signed Assurances and Understandings on file.	X			None	
4.	Separate Measure R Local Return Account was established.	X			None	
5.	Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure R Local Return Account.	X			None	
6.	Funds were expended with Metro's approval.		X		None	See Finding No. 2018-001 in the Schedule of Findings and Recommendations.
7.	Expenditure Plan (Form One) was submitted on time.	X			None	
8.	Expenditure Report (Form Two) was submitted on time.	X			None	
9.	Timely use of funds.	X			None	
10.	Administrative expenditures are within the 20% cap.			X	None	
11.	Fund exchanges were approved by Metro.			X	None	
12.	A separate account was established for Capital reserve funds and Capital reserve was approved by Metro.			X	None	
13.	Recreational transit form was submitted on time.			X	None	

CITY OF MONROVIA
COMPLIANCE MATRIX
Year Ended June 30, 2018
(Continued)

Compliance Requirement		In Compliance			Questioned Costs	If no, provide details and management response.
		Yes	No	N/A		
C. Measure M Local Return Fund						
1.	Funds were expended for transportation purposes.	X			None	
2.	Funds were used to augment, not supplant existing local revenues being used for transportation purposes unless there is a fund shortfall.	X			None	
3.	Signed Assurances and Understandings on file.	X			None	
4.	Separate Measure M Local Return Account was established.	X			None	
5.	Revenue received including allocations, project generated revenues and interest income was properly credited to the Measure M Local Return Account.	X			None	
6.	Funds were expended with Metro's approval.	X			None	
7.	Expenditure Plan (Form M-One) was submitted on time.	X			None	
8.	Expenditure Report (Form M-Two) was submitted on time.	X			None	
9.	Timely use of funds.	X			None	
10.	Administrative expenses are within the 20% cap.			X	None	
11.	Fund exchanges were approved by Metro.			X	None	
12.	A separate account was established for Capital reserve funds and Capital reserve was approved by Metro.			X	None	
13.	Recreational transit form was submitted timely.			X	None	

CITY OF MONROVIA
COMPLIANCE MATRIX
 Year Ended June 30, 2018
 (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 MONROVIA
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
 June 30, 2018

MRLRF: Finding No. 2018-001

Compliance Reference	According to Measure R Local Return Guidelines, Section B.VII.A, Financial and Compliance Provisions, “The Measure R LR Audits shall include, but not limited to, verification of adherence to the following financial and compliance provisions of this guidelines: Verification that funds were expended with Metro’s approval.”
Condition	The expenditures for MRLRF’s GoMonrovia Program Project Code 2.19 in the amount of \$220,990 were incurred prior to LACMTA’s approval. However, the City subsequently received LACMTA’s approval on the MRLRF project on August 28, 2018.
Cause	The budget for the GoMonrovia Mobility Program was originally approved as an MMLRF project. The City reevaluated/reallocated funding to MRLRF for this project due to the shortfall in MMLRF revenue. Due to the revenue shortfall which was not identified until the close of the fiscal year, the City submitted a budget approval to LACMTA for MRLRF expenditures after the close of the fiscal year.
Effect	The City did not comply with the Guidelines when expenditures for MRLRF projects are incurred without LACMTA’s approval.
Recommendation	We recommend that the City establish procedures to ensure that it obtains approval from LACMTA prior to implementing any Measure R Local Return projects, and Form One (Expenditure Plan) should be properly prepared and submitted before the due date of August 1st so that the City’s expenditures of Measure R Local Return Funds are in accordance with LACMTA’s approval and the Guidelines. In accordance with the Guidelines, the City should include all approved on-going and carryover Local Return projects in Form One.
Management’s Response	We agree with the finding. Going forward, the City will closely monitor the LACMTA program/project expenditures and revenues and submit project amendments/requests in a timely manner. We will continue to track all Local Return Funds to help identify projects that may require additional funding in the future, which will allow the City to amend the budget forms prior to incurring the additional expenditures.
Finding Corrected During the Audit	LACMTA Program Manager granted retroactive approval of the said expenditures on August 28, 2018. No follow-up is required.

EXIT CONFERENCE

CITY OF MONROVIA
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, 2018

An exit conference was held on December 20, 2018 with the City of Monrovia. Those in attendance were:

Simpson & Simpson Representative:

John Longoria, Senior Auditor

City's Representative:

Emy-Rose Hanna, Management Analyst
Buffy Bullis, Administrative Services Director
Alex Kung, Deputy Administrative Service Director
Rae Bowman, Accountant

Matters Discussed:

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

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

Emy-Rose Hanna, Management Analyst
Rae Bowman, Accountant

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

RE: CITY OF MONROVIA ANNUAL FINANCIAL REPORT OF THE PROPOSITION A LOCAL RETURN FUND, PROPOSITION C LOCAL RETURN FUND, MEASURE R LOCAL RETURN FUND, AND TRANSPORTATION DEVELOPMENT ACT ARTICLE 3 FUND FOR THE FISCAL YEARS ENDED JUNE 30, 2018 AND 2017, AND MEASURE M LOCAL RETURN FUND FOR THE FISCAL YEAR ENDED JUNE 30, 2018

I have received the annual financial report of the Proposition A Local Return Fund, Proposition C Local Return Fund, Measure R Local Return Fund, and Transportation Development Act Article 3 Fund for the years ended June 30, 2018 and 2017, and Measure M Local Return Fund for the year ended June 30, 2018 for the City of Monrovia and agree with the contents of the report except as indicated below:

(Attach additional pages if necessary)

Very truly yours,

Name

Title

Date