

***CITY OF SAN DIMAS  
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<sup>®</sup>**



Simpson & Simpson, LLP  
Certified Public Accountants

***CITY OF SAN DIMAS***  
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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 San Dimas, 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 San Dimas, 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 San Dimas, 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 San Dimas, California, as of June 30, 2018 and 2017, and MMLRF of the City of San Dimas, 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 San Dimas, 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 October 28, 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 &amp; Simpson".

Los Angeles, California  
October 28, 2018

**CITY OF SAN DIMAS**  
**PROPOSITION A LOCAL RETURN FUND**  
**BALANCE SHEETS**  
June 30

	<u>2018</u>	<u>2017</u>
<b>ASSETS</b>		
Cash and investments	\$ 530,898	\$ 483,946
Accounts receivable	9,371	11,411
Prepayments	936	-
Total assets	<u>\$ 541,205</u>	<u>\$ 495,357</u>
 <b>LIABILITIES AND FUND BALANCE</b>		
<b>Liabilities</b>		
Accounts payable	\$ <u>12,264</u>	\$ <u>14,213</u>
Total liabilities	<u>12,264</u>	<u>14,213</u>
 <b>Fund Balance</b>		
Restricted	<u>528,941</u>	<u>481,144</u>
Total fund balance	<u>528,941</u>	<u>481,144</u>
Total liabilities and fund balance	<u>\$ 541,205</u>	<u>\$ 495,357</u>

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

**CITY OF SAN DIMAS**  
**PROPOSITION A 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>
<b>REVENUES</b>		
Proposition A	\$ 636,897	\$ 633,421
Interest income	6,785	3,132
Project generated revenue (Note 8)	<u>2,290</u>	<u>2,087</u>
Total revenues	<u>645,972</u>	<u>638,640</u>
 <b>EXPENDITURES</b>		
Various projects	<u>598,175</u>	<u>592,910</u>
Total expenditures	<u>598,175</u>	<u>592,910</u>
 Excess of revenues over expenditures	47,797	45,730
 Fund balance at beginning of year	<u>481,144</u>	<u>435,414</u>
 Fund balance at end of year	<u>\$ 528,941</u>	<u>\$ 481,144</u>

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



**CITY OF SAN DIMAS**  
**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			2017 Actual
		Metro Budget	Actual	Variance Favorable (Unfavorable)	
120-02	E and H Paratransit (Get About)	\$ 159,000	\$ 158,580	\$ 420	\$ 177,793
140-03	Recreation Transit	85,000	59,745	25,255	56,716
170-07	Maintenance of Bus Stop Shelters	14,000	11,012	2,988	11,648
200-16	Vehicle Rental Program	2,500	2,500	-	2,500
200-19	Capital Purchase Van Pro Share	12,300	12,300	-	8,900
240-05	Taxi Subsidy (Dial-A-Cab)	225,000	215,629	9,371	192,339
250-04	Bus Subsidy SR/HCAP	11,200	12,000	(800)	9,600
290-08	Rail Station Depot Maintenance	-	-	-	20,629
290-15	Park and Ride Lot Maintenance	24,000	23,164	836	23,748
480-01	Administration	115,900	103,245	12,655	89,037
	Total expenditures	\$ 648,900	\$ 598,175	\$ 50,725	\$ 592,910

See accompanying independent auditor's report.

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

<u>Date</u> <u>Acquired</u>	<u>Description</u>	<u>Balance</u> <u>7/1/2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>6/30/2018</u>
1994	San Dimas Park and Ride Lot	\$ 742,683	\$ -	\$ -	\$ 742,683
1996	Construction-San Dimas Park and Ride Lot	150,395	-	-	150,395
1999	10 Bus Benches	4,250	-	-	4,250
2003	7 Cable Bench Cover	8,050	-	-	8,050
	Total	\$ 905,378	\$ -	\$ -	\$ 905,378

See accompanying independent auditor's report.

**CITY OF SAN DIMAS**  
**PROPOSITION C LOCAL RETURN FUND**  
**BALANCE SHEETS**  
June 30

	<u>2018</u>	<u>2017</u>
<b>ASSETS</b>		
Cash and investments	\$ 2,035,246	\$ 1,638,289
Total assets	<u>\$ 2,035,246</u>	<u>\$ 1,638,289</u>
 <b>LIABILITIES AND FUND BALANCE</b>		
<b>Liabilities</b>		
Accounts payable	\$ 36,011	\$ 20,344
Total liabilities	<u>36,011</u>	<u>20,344</u>
 <b>Fund Balance</b>		
Restricted	<u>1,999,235</u>	<u>1,617,945</u>
Total fund balance	<u>1,999,235</u>	<u>1,617,945</u>
Total liabilities and fund balance	<u>\$ 2,035,246</u>	<u>\$ 1,638,289</u>

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

**CITY OF SAN DIMAS**  
**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>
<b>REVENUES</b>		
Proposition C	\$ 525,960	\$ 527,707
Interest income	<u>25,383</u>	<u>12,144</u>
Total revenues	<u>551,343</u>	<u>539,851</u>
 <b>EXPENDITURES</b>		
Various projects	<u>170,053</u>	<u>377,506</u>
Total expenditures	<u>170,053</u>	<u>377,506</u>
 Excess of revenues over expenditures	 381,290	 162,345
 Fund balance at beginning of year	 <u>1,617,945</u>	 <u>1,455,600</u>
 Fund balance at end of year	 <u>\$ 1,999,235</u>	 <u>\$ 1,617,945</u>

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

**CITY OF SAN DIMAS**  
**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)	
270-01	Phase II Goldline Planning	\$ 130,000	\$ 159,191	\$ (29,191)	\$ 6,332
380-02	San Dimas Avenue - Puddingstone to Via Verde Road Reconstruction Project	1,150,000	302	1,149,698	-
440-24	Pavement Preservation	25,000	-	25,000	20,000
440-33	Bonita Avenue Street Reconstruction	-	-	-	343,270
440-34	San Dimas Avenue Pavement Reconstruction	200,000	-	200,000	-
440-35	Badillo Street Pavement Reconstruction	110,000	6,060	103,940	-
470-01	Pavement Management System	1,500	1,500	-	404
480-01	Administration	-	-	-	7,500
500-02	Administration of Program Dues	3,000	3,000	-	-
	Total expenditures	<u>\$ 1,619,500</u>	<u>\$ 170,053</u>	<u>\$ 1,449,447</u>	<u>\$ 377,506</u>

See accompanying independent auditor's report.

**CITY OF SAN DIMAS**  
**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
12/1/1993	Land	\$ 365,000	\$ -	\$ -	\$ 365,000
1995/1996	San Dimas Park and Ride Lot	207,688	-	-	207,688
6/29/2005	Street Resurfacing (Infrastructure)	199,829	-	-	199,829
6/30/2006	4 Traffic Camera Systems	20,784	-	-	20,784
4/15/2010	10 Traffic Video Cameras	59,993	-	-	59,993
6/29/2010	San Dimas Avenue	802,702	-	-	802,702
6/30/2011	Via Verde Construction/Puente Covina Hills	64,677	-	-	64,677
6/30/2011	Lone Hill/Arrow Light Phasing/Median	339,887	-	-	339,887
6/30/2011	Foothill Boulevard Rehabilitation	5,760	-	-	5,760
6/30/2013	Lone Hill/Arrow Highway/Cienega	639,836	-	-	639,836
6/30/2015	Foothill Boulevard San Dimas Wash	178,105	-	-	178,105
6/30/2017	Bonita Avenue Street Reconstruction	375,000	-	-	375,000
Total		\$ 3,259,261	\$ -	\$ -	\$ 3,259,261

See accompanying independent auditor's report.

**CITY OF SAN DIMAS**  
**MEASURE R LOCAL RETURN FUND**  
**BALANCE SHEETS**  
June 30

	2018	2017
<b>ASSETS</b>		
Cash and investments	\$ 1,312,363	\$ 1,363,859
Total assets	\$ 1,312,363	\$ 1,363,859
 <b>LIABILITIES AND FUND BALANCE</b>		
<b>Liabilities</b>		
Accounts payable	\$ -	\$ 20,000
Total liabilities	-	20,000
 <b>Fund Balance</b>		
Restricted	1,312,363	1,343,859
Total fund balance	1,312,363	1,343,859
Total liabilities and fund balance	\$ 1,312,363	\$ 1,363,859

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

**CITY OF SAN DIMAS**  
**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>
<b>REVENUES</b>		
Measure R	\$ 395,683	\$ 394,150
Interest income	<u>16,784</u>	<u>9,749</u>
Total revenues	<u>412,467</u>	<u>403,899</u>
 <b>EXPENDITURES</b>		
Various projects	<u>443,963</u>	<u>204,500</u>
Total expenditures	<u>443,963</u>	<u>204,500</u>
 (Deficiency) excess of revenues (under) over expenditures	 (31,496)	 199,399
 Fund balance at beginning of year	 <u>1,343,859</u>	 <u>1,144,460</u>
 Fund balance at end of year	 <u>\$ 1,312,363</u>	 <u>\$ 1,343,859</u>

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



**CITY OF SAN DIMAS**  
**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		Variance	2017 Actual
		Metro Budget	Actual	Favorable (Unfavorable)	
1.05	Cienega Street Reconstruction	\$ 587,265	\$ 436,158	\$ 151,107	\$ -
1.05	Puente Avenue Reconstruction	200,000	-	200,000	-
1.05	Pavement Preservation Zone G	120,000	-	120,000	23,000
1.05	San Dimas Avenue Reconstruction	100,000	-	100,000	-
1.05	Badillo Street Reconstruction	55,000	-	55,000	-
1.05	Via Verde Street Reconstruction	7,805	7,805	-	-
1.90	Bonita Avenue Reconstruction	100,000	-	100,000	178,000
8.10	Fund Administration	-	-	-	3,500
	Total expenditures	<u>\$ 1,170,070</u>	<u>\$ 443,963</u>	<u>\$ 726,107</u>	<u>\$ 204,500</u>

See accompanying independent auditor's report.

**CITY OF SAN DIMAS**  
**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
6/30/2017	Bonita Avenue Reconstruction	\$ 180,800	\$ -	\$ -	\$ 180,800
6/30/2018	Cienega Street Reconstruction	-	436,158	-	436,158
	Total	\$ 180,800	\$ 436,158	\$ -	\$ 616,958

See accompanying independent auditor's report.

**CITY OF SAN DIMAS**  
**MEASURE M LOCAL RETURN FUND**  
**BALANCE SHEET**  
June 30

	2018
<b>ASSETS</b>	
Cash and investments	\$ <u>342,276</u>
Total assets	\$ <u><u>342,276</u></u>
 <b>LIABILITIES AND FUND BALANCE</b>	
<b>Liabilities</b>	
Accounts payable	\$ <u>-</u>
Total liabilities	<u>-</u>
 <b>Fund Balance</b>	
Restricted	<u>342,276</u>
Total fund balance	<u>342,276</u>
Total liabilities and fund balance	\$ <u><u>342,276</u></u>

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

**CITY OF SAN DIMAS**  
**MEASURE M LOCAL RETURN FUND**  
**STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCE**  
For the Fiscal Year Ended June 30

		2018
<b>REVENUES</b>		
Measure M	\$	358,579
Interest income		1,867
Total revenues		360,446
 <b>EXPENDITURES</b>		
Street Repair Project		18,170
Total expenditures		18,170
Excess of revenues over expenditures		342,276
Fund balance at beginning of year		-
Fund balance at end of year	\$	342,276

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

**CITY OF SAN DIMAS**  
**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 Repair Project	\$ 20,000	\$ 18,170	\$ 1,830
	Total expenditures	\$ 20,000	\$ 18,170	\$ 1,830

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

**CITY OF SAN DIMAS**  
**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	\$ -	\$ -	\$ -	\$ -

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

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

	2018	2017
<b>ASSETS</b>		
Cash and investments	\$ -	\$ -
Total assets	\$ -	\$ -
 <b>LIABILITIES AND FUND BALANCE</b>		
<b>Liabilities</b>		
Due to other funds	\$ -	\$ -
Total liabilities	-	-
 <b>Fund Balance</b>		
Restricted	-	-
Total fund balance	-	-
Total liabilities and fund balance	\$ -	\$ -

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

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

	2018	2017
<b>REVENUES</b>		
TDA 3	\$ 20,000	\$ 20,000
Total revenues	20,000	20,000
 <b>EXPENDITURES</b>		
Reconstruction of Slotted Cross Gutters and Wheelchair Ramps at Various Intersections	20,000	18,165
Total expenditures	20,000	18,165
Excess of revenues over expenditures	-	1,835
Fund balance at beginning of year	-	(1,835)
Fund balance at end of year	\$ -	\$ -

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



**CITY OF SAN DIMAS**  
**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 Year</u>	<u>Allocations</u>	<u>Expenditures</u>	<u>Unexpended Allocations</u>	<u>Project Status</u>
<b>Local allocations</b>					
Reconstruction of Slotted Cross Gutters and Wheelchair Ramps at Various Intersections	2017-18	\$ 20,000	\$ 20,000	\$ -	Ongoing
Total		<u>\$ 20,000</u>	<u>\$ 20,000</u>	-	
Unexpended interest accumulated to date				-	
Fund balance at beginning of year				-	
Fund balance at end of year				<u>\$ -</u>	

See accompanying independent auditor's report.

**CITY OF SAN DIMAS**  
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) and Proposition C Local Return Funds (PCLRF), Measure R Local Return Fund (MRLRF), Measure M Local Return Fund (MMLRF), and Transportation Development Act Article 3 Fund (TDAA3F) are accounted for in separate sets of self-balancing accounts that comprise their assets, liabilities, fund balance, revenues and expenditures.

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

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

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

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 balances 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 SAN DIMAS**  
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 Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*, which became effective for the fiscal year ended June 30, 2016, the City categorizes its fair value measurement within the fair value hierarchy that is based on the valuation inputs used to measure the fair value of the investment. Level 1 inputs are quoted prices in active markets for identical investments; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Accordingly, the City reports its investments at fair value and recognizes unrealized gain (loss) on investments.

Refer to City's 2018 Comprehensive Annual Financial Report for detailed disclosures regarding the City's investments policy and fair value measurements.

*Fund Balance Reporting*

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

The PALRF, PCLRF, MRLRF, MMLRF, and TDAA3F report the following fund balance classification as of June 30, 2018:

- Restricted – Amounts that are constrained for specific purposes, which are externally imposed by providers, such as creditors, or amounts constrained due to constitutional provisions or enabling legislation. The use of the Funds' remaining fund balances are restricted for projects approved by Los Angeles County Metropolitan Transportation Authority (Metro).

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

**NOTE 2 – ANNUAL FINANCIAL STATEMENTS**

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

**CITY OF SAN DIMAS**  
**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 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 – PROJECT GENERATED REVENUE - PALRF**

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

	2018		2017
Recreation Fees	\$ 2,290	\$	2,087
Total	\$ 2,290	\$	2,087

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

**NOTE 9 – 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 2013-14 allocation	\$ -	\$ 10,107
FY 2014-15 allocation	12,348	9,893
FY 2015-16 allocation	7,652	-
Total payment requested	\$ <u>20,000</u>	\$ <u>20,000</u>

**NOTE 10 – 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 2014-15 allocation	\$ -	\$ 12,348
FY 2015-16 allocation	14,069	21,721
FY 2016-17 allocation	23,010	23,010
FY 2017-18 allocation	22,246	-
Available reserve balance	\$ <u>59,325</u>	\$ <u>57,079</u>

**NOTE 11 – SUBSEQUENT EVENTS**

The City has evaluated events or transactions that occurred subsequent to June 30, 2018 through October 28, 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

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**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 San Dimas, 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 San Dimas, 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 October 28, 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 &amp; Simpson".

Los Angeles, California  
October 28, 2018

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*COMPLIANCE SECTION*

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SIMPSON & SIMPSON

CERTIFIED PUBLIC ACCOUNTANTS  
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## Independent Auditor's Report on Compliance

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

### Report on Compliance

We have audited the compliance of the City of San Dimas, 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 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 Findings #2018-001 and #2018-002. Our opinion on each local return program 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, 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 &amp; Simpson".

Los Angeles, California  
October 28, 2018

**CITY OF SAN DIMAS**  
**COMPLIANCE MATRIX**  
Year Ended June 30, 2018

Compliance Requirement		In Compliance			Questioned Costs	If no, provide details and management response.
		Yes	No	N/A		
<b>A. Proposition A and Proposition C Local Return Funds</b>						
1.	Uses the State Controller's Uniform System of Accounts and Records.	X			None	
2.	Timely use of funds.	X			None	
3.	Funds expended were approved and have not been substituted for property tax.	X			None	
4.	Expenditures that exceeded 25% of approved project budget have approved amended project Description Form (Form A).	X			None	
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	See Finding #2018-001 on the Schedule of Findings and Recommendations.
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 SAN DIMAS**  
**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>B. Measure R Local Return Fund</b>						
1.	Funds were expended for transportation purposes.	X			None	
2.	Fund were used to augment, not supplant, existing local revenues being used for transportation purposes unless there is a funding shortfall.	X			None	
3.	Signed Assurances and Understandings on file.	X			None	
4.	Separate Measure R Local Return Account was established.	X			None	
5.	Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure R Local Return Account.	X			None	
6.	Funds were expended with Metro's approval.	X			None	
7.	Expenditure Plan (Form One) was submitted on time.		X		None	See Finding #2018-002 on the Schedule of Findings and Recommendations.
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		

**CITY OF SAN DIMAS**  
**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>C. Measure M Local Return Fund</b>						
1.	Funds were expended for transportation purposes.	X			None	
2.	Funds were used to augment, not supplant existing local revenues being used for transportation purposes unless there is a fund shortfall.	X			None	
3.	Signed Assurances and Understandings 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 SAN DIMAS**  
**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>D. Transportation Development Act Article 3 Fund</b>						
1.	Timely use of funds.	X			None	
2.	Expenditures were incurred for activities relating to pedestrian and bicycle facilities and amenities.	X			None	

**CITY OF SAN DIMAS**  
**SCHEDULE OF FINDINGS AND RECOMMENDATIONS**  
 June 30, 2018

**PALRF and PCLRF: Finding #2018-001**

<b>Compliance Reference</b>	According to Proposition A and Proposition C Guidelines, Section I. C, “Jurisdictions shall submit on or before August 1 of each fiscal year an Annual Project Update to provide current information on all approved on-going and carryover LR projects.”
<b>Condition</b>	The City did not meet the August 1, 2017 deadline for submission of the Annual Project Update (Form B). However, the City submitted the Form B on August 4, 2017.
<b>Cause</b>	Staff member who completes report failed to submit the completed report before the due date. It was an oversight and the issue has been addressed.
<b>Effect</b>	The City’s Form B was not submitted timely.
<b>Recommendation</b>	We recommend that the City establish procedures to ensure that the Form B is properly prepared and submitted before the due date of August 1st so that the City’s expenditures of the Proposition A and C Local Return Funds will be in accordance with Metro’s approval and the Guidelines. Furthermore, we recommend the City to retain a confirmation of receipt by Metro to indicate the form was submitted in a timely manner.
<b>Management’s Response</b>	The late submission was an unfortunate oversight by staff. Management is requiring that concerned personnel are carbon copied in correspondences with Metro to assure timely submission and shared task lists will be implemented to track progress.
<b>Finding Corrected During the Audit</b>	The City subsequently submitted the Form B on August 4, 2017. No follow up is required.

**CITY OF SAN DIMAS**  
**SCHEDULE OF FINDINGS AND RECOMMENDATIONS**  
 June 30, 2018  
 (Continued)

**MRLRF: Finding No. 2018-002**

<b>Compliance Reference</b>	According to Measure R Local Return Guidelines, Section B. II, “To maintain legal eligibility and meet Measure R LR Program compliance requirements, Jurisdictions shall submit to LACMTA an Expenditure Plan (Form One), annually, by August 1 of each year.”
<b>Condition</b>	The City did not meet the August 1, 2017 deadline for submission of the Expenditure Plan (Form One). However, the City submitted the Form One on August 4, 2017.
<b>Cause</b>	Staff member who completes report failed to submit the completed report before the due date. It was an oversight and the issue has been addressed.
<b>Effect</b>	The City’s Expenditure Plan (Form One) was not submitted to LACMTA by August 1st as required by Measure R Local Return Guideline
<b>Recommendation</b>	We recommend that the City establish procedures to ensure that the Form B is properly prepared and submitted before the due date of August 1st so that the City’s expenditures of the Measure R Local Return Funds will be in accordance with LACMTA’s approval and the Guidelines. Furthermore, we recommend the City to retain a confirmation of receipt by LACMTA to indicate the form was submitted in a timely manner.
<b>Management’s Response</b>	The late submission was an unfortunate oversight by staff. Management is requiring that concerned personnel are carbon copied in correspondences with LACMTA to assure timely submission and shared task lists will be implemented to track progress.
<b>Finding Corrected During the Audit</b>	The City subsequently submitted the Form One on August 4, 2017. No follow up is required.



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***EXIT CONFERENCE***

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***CITY OF SAN DIMAS***

**PROPOSITION A, PROPOSITION C, MEASURE R LOCAL RETURN FUNDS, MEASURE M  
LOCAL RETURN FUND, AND TRANSPORTATION DEVELOPMENT ACT ARTICLE 3 FUND  
EXIT CONFERENCE**

June 30, 2018

An exit conference was held on December 17, 2018 with the City of San Dimas. Those in attendance were:

***Simpson & Simpson Representative:***

John Longoria, Senior Auditor

***City's Representative:***

Michael O'Brien, Administrative Services Manager

***Matters Discussed:***

Results of the audit disclosed no significant control deficiencies and two (2) noncompliance 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:

Eric Hendrickson, Finance Manager

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

RE: CITY OF SAN DIMAS 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, 2018 AND 2017

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, 2018 and 2017 for the City of San Dimas and agree with the contents of the report except as indicated below:

(Attach additional pages if necessary)

Very truly yours,

\_\_\_\_\_  
Name

\_\_\_\_\_  
Title

\_\_\_\_\_  
Date