

***CITY OF GLENDORA  
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, 2017 AND 2016***



Simpson & Simpson, LLP  
Certified Public Accountants

***CITY OF GLENDORA***  
**TABLE OF CONTENTS**

<b>FINANCIAL SECTION</b>	<b>PAGE</b>
Independent Auditor’s Report	1
Proposition A Local Return Fund:	
Basic Financial Statements:	
Balance Sheets	3
Statements of Revenues, Expenditures and Changes in Fund Balance	4
Supplementary Information:	
Schedule of Expenditures – Actual and Metro Approved Project Budget	5
Schedule of Capital Assets	6
Proposition C Local Return Fund:	
Basic Financial Statements:	
Balance Sheets	7
Statements of Revenues, Expenditures and Changes in Fund Balance	8
Supplementary Information:	
Schedule of Expenditures – Actual and Metro Approved Project Budget	9
Schedule of Capital Assets	10
Measure R Local Return Fund:	
Basic Financial Statements:	
Balance Sheets	11
Statements of Revenues, Expenditures and Changes in Fund Balance	12
Supplementary Information:	
Schedule of Expenditures – Actual and Metro Approved Project Budget	13
Schedule of Capital Assets	14
Transportation Development Act Article 3 Fund:	
Basic Financial Statements:	
Balance Sheets	15
Statements of Revenues, Expenditures and Changes in Fund Balance	16
Supplementary Information:	
Schedule of Transportation Development Act Allocation for Specific Projects	17
Notes to Financial Statements	18
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 <i>Government Auditing Standards</i>	23
<b>COMPLIANCE SECTION</b>	
Independent Auditor’s Report On Compliance	25
Compliance Matrix	27
Schedule of Findings and Recommendations	30
<b>EXIT CONFERENCE</b>	31

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*FINANCIAL SECTION*

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## Independent Auditor's Report

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

### Report on the Financial Statements

We have audited the accompanying financial statements of the Proposition A Local Return Fund (PALRF), Proposition C Local Return Fund (PCLRF), Measure R Local Return Fund (MRLRF), and Transportation Development Act Article 3 Fund (TDAA3F) of the City of Glendora, California (City) as of and for the years ended June 30, 2017 and 2016, and the related notes to the financial statements, as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

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

### *Auditor's Responsibility*

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.





### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the PALRF, PCLRF, MRLRF, and TDAA3F of the City of Glendora, California, as of June 30, 2017 and 2016, 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, and TDAA3F and do not purport to, and do not, present fairly the financial position of the City of Glendora, California, as of June 30, 2017 and 2016, and the changes in financial position thereof 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 audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Glendora, California's PALRF, PCLRF, MRLRF, and TDAA3F Fund financial statements as a whole. 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 financial statements.

The supplementary 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 financial statements or to the 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 the financial statements as a whole.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have issued our report dated December 3, 2017, on our consideration of the City of Glendora's internal control over 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 financial reporting and compliance and the results of that testing, not to provide an opinion on internal control over 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 of Glendora's internal control over financial reporting and compliance.

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

Los Angeles, California  
December 3, 2017

**CITY OF GLENDORA**

**PROPOSITION A LOCAL RETURN FUND**

**BALANCE SHEETS**

**JUNE 30**

	<u>2017</u>	<u>2016</u>
<b>ASSETS</b>		
Cash and investments	\$ 619,220	\$ 677,401
Interest receivable	1,748	1,219
Due from Transit System Fund (Note 7)	<u>61,000</u>	<u>61,000</u>
Total assets	<u>\$ 681,968</u>	<u>\$ 739,620</u>
 <b>LIABILITIES AND FUND BALANCE</b>		
<b>Liabilities</b>		
Accounts payable	\$ <u>15,903</u>	\$ <u>9,464</u>
Total liabilities	<u>15,903</u>	<u>9,464</u>
 <b>Fund Balance</b>		
Restricted	<u>666,065</u>	<u>730,156</u>
Total fund balance	<u>666,065</u>	<u>730,156</u>
 Total liabilities and fund balance	 <u>\$ 681,968</u>	 <u>\$ 739,620</u>

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

**CITY OF GLENDORA**

**PROPOSITION A LOCAL RETURN FUND**

**STATEMENTS OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE**

For the Fiscal Years Ended June 30

	<u>2017</u>	<u>2016</u>
<b>REVENUES</b>		
Proposition A	\$ 939,064	\$ 925,797
Interest income	9,526	7,241
Unrealized gain (loss) on investments	(6,777)	3,616
Project generated revenue (Note 8)	5,530	4,916
Total revenues	<u>947,343</u>	<u>941,570</u>
<b>EXPENDITURES</b>		
Various projects	<u>1,011,434</u>	<u>865,148</u>
Total expenditures	<u>1,011,434</u>	<u>865,148</u>
(Deficiency) excess of revenues over expenditures	(64,091)	76,422
Fund balance at beginning of year	<u>730,156</u>	<u>653,734</u>
Fund balance at end of year	<u><u>\$ 666,065</u></u>	<u><u>\$ 730,156</u></u>

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

**CITY OF GLENDORA**

PROPOSITION A LOCAL RETURN FUND

SUPPLEMENTARY INFORMATION

SCHEDULE OF EXPENDITURES

ACTUAL AND METRO APPROVED PROJECT BUDGET

For the Fiscal Year Ended June 30, 2017

(With Comparative Actual Amount for the Fiscal Year Ended June 30, 2016)

Project Code	Project Name	2017			2016 Actual
		Metro Budget	Actual	Variance Favorable (Unfavorable)	
130-01	Paratransit/Senior and Disabled	\$ 600,000	\$ 645,676	\$ (45,676)	\$ 504,492
140-03	Special Event Transit	82,500	69,246	13,254	81,299
140-08	Special Event Coordinator	20,000	24,921	(4,921)	22,079
200-12a	Dial-A-Ride Program Vehicle Replacement	-	-	-	53,777
200-13	Dial-A-Ride Program Vehicle Purchase	270,000	63,190	206,810	-
250-01	Bus Pass Subsidy Program	7,500	7,272	228	6,209
270-02	Council of Governments Annual Membership (COG)	6,000	5,533	467	8,207
270-07	Transportation Planning Superintendent/Contract Program Analyst	43,000	53,750	(10,750)	45,335
480-04	Administration Prop A	115,000	141,846	(26,846)	143,750
	Total expenditures	<u>\$ 1,144,000</u>	<u>\$ 1,011,434</u>	<u>\$ 132,566</u>	<u>\$ 865,148</u>

See accompanying independent auditor's report.



**CITY OF GLENDORA**

**PROPOSITION A LOCAL RETURN FUND**

**SUPPLEMENTARY INFORMATION  
SCHEDULE OF CAPITAL ASSETS**

June 30, 2017

<u>Date Acquired</u>	<u>Description</u>	<u>Balance 7/1/2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/2017</u>
3/90	Computer	\$ 1,869	\$ -	\$ -	\$ 1,869
2/90	Copier	1,703	-	-	1,703
1/00	Lighting Control	19,809	-	-	19,809
12/00	Firewall Software	6,533	-	-	6,533
4/16	GMC Arboc Low Floor GNG Bus	53,777	-	-	53,777
8/16	2017 MV-1 Mobility Venture	-	63,190	-	63,190
	Total	\$ 83,691	\$ 63,190	\$ -	\$ 146,881

See accompanying independent auditor's report.

**CITY OF GLENDORA**

**PROPOSITION C LOCAL RETURN FUND**

**BALANCE SHEETS**

**JUNE 30**

	<u>2017</u>	<u>2016</u>
<b>ASSETS</b>		
Cash and investments	\$ 1,231,220	\$ 1,393,293
Interest receivable	<u>4,980</u>	<u>4,771</u>
Total assets	<u>\$ 1,236,200</u>	<u>\$ 1,398,064</u>
<b>LIABILITIES AND FUND BALANCE</b>		
<b>Liabilities</b>		
Accounts payable	\$ <u>-</u>	\$ <u>-</u>
Total liabilities	<u>-</u>	<u>-</u>
<b>Fund Balance</b>		
Restricted	<u>1,236,200</u>	<u>1,398,064</u>
Total fund balance	<u>1,236,200</u>	<u>1,398,064</u>
Total liabilities and fund balance	<u>\$ 1,236,200</u>	<u>\$ 1,398,064</u>

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

**CITY OF GLENDORA**

**PROPOSITION C LOCAL RETURN FUND**

**STATEMENTS OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE**

For the Fiscal Years Ended June 30

	<u>2017</u>	<u>2016</u>
<b>REVENUES</b>		
Proposition C	\$ 779,714	\$ 768,219
Interest income	24,292	20,288
Unrealized gain (loss) on investments	<u>(23,036)</u>	<u>14,026</u>
Total revenues	<u>780,970</u>	<u>802,533</u>
<b>EXPENDITURES</b>		
Various projects	<u>954,229</u>	<u>443,979</u>
Total expenditures	<u>954,229</u>	<u>443,979</u>
(Deficiency) excess of revenues over expenditures	(173,259)	358,554
<b>Other Financing Source</b>		
Transfer from General Fund (Note 9)	<u>11,395</u>	<u>-</u>
Deficiency of revenues over expenditures and other financing source	(161,864)	358,554
Fund balance at beginning of year	<u>1,398,064</u>	<u>1,039,510</u>
Fund balance at end of year	<u>\$ 1,236,200</u>	<u>\$ 1,398,064</u>

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

**CITY OF GLENDORA**

PROPOSITION C LOCAL RETURN FUND

SUPPLEMENTARY INFORMATION

SCHEDULE OF EXPENDITURES

ACTUAL AND METRO APPROVED PROJECT BUDGET

For the Fiscal Year Ended June 30, 2017

(With Comparative Actual Amount for the Fiscal Year Ended June 30, 2016)

Project Code	Project Name	2017			2016 Actual
		Metro Budget	Actual	Variance Favorable (Unfavorable)	
130-01	Paratransit/Senior and Disabled	\$ 150,000	\$ 161,419	\$ (11,419)	\$ 150,693
170-04	Bus Shelter Maintenance Personnel	125,000	156,144	(31,144)	126,304
270-02	Council of Governments Annual Membership (COG)	6,000	5,533	467	8,207
270-07	Transportation Planning Superintendent/Contract Program Analyst	43,000	53,750	(10,750)	45,335
440-15	Baseline Road Rehabilitation - Grand to Glendora	70,707	60,280	10,427	-
440-16	Grand Avenue Rehabilitation (Bennett to Leadora)	219,812	242,980	(23,168)	-
440-18	Loraine Avenue Street Improvements - Sierra Madre to Foothill	20,000	-	20,000	15,125
440-21	Traffic Signal Battery Backup	77,000	58,995	18,005	404
440-22	Lone Hill Phase I	475,000	-	475,000	-
440-23	Upgrade Traffic Signal Controllers	90,000	78,598	11,402	-
480-03	Administration Proposition C - Formerly Transportation Superintendent	110,000	136,530	(26,530)	97,911
	Total expenditures	\$ 1,386,519	\$ 954,229	\$ 432,290	\$ 443,979

See accompanying independent auditor's report.

**CITY OF GLENDORA**

**PROPOSITION C LOCAL RETURN FUND**

**SUPPLEMENTARY INFORMATION  
SCHEDULE OF CAPITAL ASSETS**

June 30, 2017

<u>Date Acquired</u>	<u>Description</u>	<u>Balance 7/1/2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/2017</u>
03/97	Paratransit Bus	\$ 51,304	\$ -	\$ -	\$ 51,304
06/97	Ericson Bus Radios	6,676	-	-	6,676
07/97	Radio Base	1,283	-	-	1,283
11/98	3/4 Ton Van	24,262	-	-	24,262
Various	Various Furnitures	4,215	-	-	4,215
01/99	High Pressure System	10,579	-	-	10,579
12/99	Paratransit Minibus	37,087	-	-	37,087
03/11	ADA Accessible Mini Van	45,219	-	-	45,219
02/12	11 Braun Entervan White	41,216	-	-	41,216
06/12	Route Match Software	29,447	-	-	29,447
12/12	Handicap Minivan	44,556	-	-	44,556
03/14	Braun Entervan	45,257	-	-	45,257
07/14	2014 Starcraft Ford All Star VN	21,470	-	-	21,470
	Total	\$ 362,571	\$ -	\$ -	\$ 362,571

See accompanying independent auditor's report.

**CITY OF GLENDORA**

**MEASURE R LOCAL RETURN FUND**

**BALANCE SHEETS**

**JUNE 30**

	<u>2017</u>	<u>2016</u>
<b>ASSETS</b>		
Cash and investments	\$ 502,737	\$ 539,569
Interest receivable	<u>1,517</u>	<u>1,381</u>
Total assets	<u>\$ 504,254</u>	<u>\$ 540,950</u>
<b>LIABILITIES AND FUND BALANCE</b>		
<b>Liabilities</b>		
Accrued payroll liabilities	\$ <u>13,792</u>	\$ <u>14,630</u>
Total liabilities	<u>13,792</u>	<u>14,630</u>
<b>Fund Balance</b>		
Restricted	<u>490,462</u>	<u>526,320</u>
Total fund balance	<u>490,462</u>	<u>526,320</u>
Total liabilities and fund balance	<u>\$ 504,254</u>	<u>\$ 540,950</u>

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

**CITY OF GLENDORA**

**MEASURE R LOCAL RETURN FUND**

**STATEMENTS OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE**

For the Fiscal Years Ended June 30

	<u>2017</u>	<u>2016</u>
<b>REVENUES</b>		
Measure R	\$ 584,338	\$ 576,292
Interest income	8,271	6,251
Unrealized gain (loss) on investments	<u>(6,809)</u>	<u>4,069</u>
Total revenues	<u>585,800</u>	<u>586,612</u>
 <b>EXPENDITURES</b>		
Various projects	<u>621,658</u>	<u>460,865</u>
Total expenditures	<u>621,658</u>	<u>460,865</u>
 (Deficiency) excess of revenues over expenditures	(35,858)	125,747
 Fund balance at beginning of year	<u>526,320</u>	<u>400,573</u>
 Fund balance at end of year	<u>\$ 490,462</u>	<u>\$ 526,320</u>

The accompanying notes are an integral part of the financial statements

**CITY OF GLENDORA**

**MEASURE R LOCAL RETURN FUND**

**SUPPLEMENTARY INFORMATION**

**SCHEDULE OF EXPENDITURES**

**ACTUAL AND METRO APPROVED PROJECT BUDGET**

For the Fiscal Year Ended June 30, 2017

(With Comparative Actual Amount for the Fiscal Year Ended June 30, 2016)

Project Code	Project Name	2017			2016 Actual
		Metro Budget	Actual	Variance Favorable (Unfavorable)	
1.05	Street Repair & Maintenance 1	\$ 501,700	\$ 492,385	\$ 9,315	\$ 460,865
1.05	Street Repair & Maintenance 2	150,000	129,273	20,727	-
	Total expenditures	<u>\$ 651,700</u>	<u>\$ 621,658</u>	<u>\$ 30,042</u>	<u>\$ 460,865</u>

See accompanying independent auditor's report.



**CITY OF GLENDORA**  
**MEASURE R LOCAL RETURN FUND**  
**SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF CAPITAL ASSETS**

June 30, 2017

Date Acquired	Description	Balance 7/1/2016	Additions	Deletions	Balance 6/30/2017
None		\$ -	\$ -	\$ -	\$ -
	Total	\$ -	\$ -	\$ -	\$ -

See accompanying independent auditor's report.

**CITY OF GLENDORA**

**TRANSPORTATION DEVELOPMENT ACT ARTICLE 3 FUND  
(PURSUANT TO PUBLIC UTILITIES CODE SECTION 99234)**

**BALANCE SHEETS  
JUNE 30**

	<u>2017</u>	<u>2016</u> as restated
<b>ASSETS</b>		
Due from LACMTA	\$ 2,842	\$ -
Total assets	<u>\$ 2,842</u>	<u>\$ -</u>
<b>LIABILITIES AND FUND BALANCE</b>		
<b>Liabilities</b>		
Due to the General Fund	\$ -	\$ 73,744
Total liabilities	<u>-</u>	<u>73,744</u>
<b>Fund Balance</b>		
Restricted	<u>2,842</u> *	<u>(73,744)</u>
Total fund balance	<u>2,842</u>	<u>(73,744)</u>
 Total liabilities and fund balance	 <u>\$ 2,842</u>	 <u>\$ -</u>

\* Since the unspent fund balance of \$2,842 is a receivable from LACMTA as of June 30, 2017, the City is not required to return the ending fund balance of \$2,842 to LACMTA to be placed on reserve for the City.

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

**CITY OF GLENDORA**

**TRANSPORTATION DEVELOPMENT ACT ARTICLE 3 FUND**

**STATEMENTS OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE**

For the Fiscal Years Ended June 30

	<u>2017</u>	<u>2016</u> as restated
<b>REVENUES</b>		
Payment from prior year's reserve	\$ 56,693	\$ -
Drawdown FY 2016-17 apportionment	<u>34,105</u>	<u>-</u>
Total revenues	<u>90,798</u>	<u>-</u>
<b>EXPENDITURES</b>		
San Dimas Wash Trail Project - Multi-use Trail Along the San Dimas Wash Flood Control Channel Design and Construction	14,212	73,744
Total expenditures	<u>14,212</u>	<u>73,744</u>
Excess (deficiency) of revenues over expenditures	76,586	(73,744)
<b>OTHER FINANCING USE</b>		
Funds returned to LACMTA	<u>-</u>	<u>(2,815)</u>
Total other financing use	<u>-</u>	<u>(2,815)</u>
Excess (deficiency) of revenues over expenditures and other financing use	76,586	(76,559)
Fund balance at beginning of year	<u>(73,744)</u>	<u>2,815</u>
Fund balance at end of year *	<u>\$ 2,842</u>	<u>\$ (73,744)</u>

\* Since the unspent fund balance of \$2,842 is a receivable from LACMTA as of June 30, 2017, the City is not required to return the ending fund balance of \$2,842 to LACMTA to be placed on reserve for the City.

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

**CITY OF GLENDORA**

TRANSPORTATION DEVELOPMENT ACT ARTICLE 3 FUND  
SUPPLEMENTARY INFORMATION

SCHEDULE OF TRANSPORTATION DEVELOPMENT ACT  
ALLOCATION FOR SPECIFIC PROJECTS

For the Fiscal Year Ended June 30, 2017

<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>					
San Dimas Wash Trail Project - Multi- use Trail Along the San Dimas Wash Flood Control Channel Design and Construction	FY 2016-17	\$ 90,798	\$ 14,212	\$ 76,586	Ongoing
	Total	<u>\$ 90,798</u>	<u>\$ 14,212</u>	76,586	
Fund balance at beginning of year, as restated				<u>(73,744)</u>	
Fund balance at end of year				<u>\$ 2,842</u>	*

\* Since the unspent fund balance of \$2,842 is a receivable from LACMTA as of June 30, 2017, the City is not required to return the ending fund balance of \$2,842 to LACMTA to be placed on reserve for the City.

See accompanying independent auditor's report.

**CITY OF GLENDORA**

**NOTES TO FINANCIAL STATEMENTS**  
For the Fiscal Years Ended June 30, 2017 and 2016

**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), 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 represents 15% of the 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, 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 a spending of “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. Statements of revenues, expenditures and changes in fund balances for Special Revenue Funds generally present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

*Budgets and Budgetary Accounting*

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

## **CITY OF GLENDORA**

### **NOTES TO FINANCIAL STATEMENTS** For the Fiscal Years Ended June 30, 2017 and 2016 (Continued)

#### **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

##### *Fair Value Measurement*

In accordance with 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 the City's 2017 Comprehensive Annual Financial Report for detailed disclosures regarding the City's investments policy and fair value measurements.

##### *Fund Balance Reporting*

Governmental Accounting Standards Board (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, and TDAA3F report the following fund balance classification as of June 30, 2017:

- 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 LACMTA.

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

##### *Reclassification*

Certain fiscal year 2016 items have been reclassified to conform with the 2017 financial statement presentation. The reclassifications had no effect on the changes in fund balance.

#### **NOTE 2 – ANNUAL FINANCIAL STATEMENTS**

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

**CITY OF GLENDORA**

**NOTES TO FINANCIAL STATEMENTS**  
For the Fiscal Years Ended June 30, 2017 and 2016  
(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.

**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.

**NOTE 5 – 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.

**NOTE 6 – CASH AND INVESTMENTS**

The PALRF, PCLRF, MRLRF, and TDAA3F cash balances were pooled with various other City funds for deposit and investment purposes. The share of each fund in the pooled cash 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 7 – DUE FROM TRANSIT SYSTEM FUND - PALRF**

At June 30, 2017 and 2016, the Due from Transit System Fund in the amount of \$61,000 under PALRF consists of reimbursements to be received by PALRF for the GASB 68 implementation adjustments recognized in fiscal year 2015.

**NOTE 8 – PROJECT GENERATED REVENUE - PALRF**

Project generated revenue for the years ended June 30, 2017 and June 30, 2016 consisted of the following:

	2017		2016
Bus pass sales	\$ 5,530	\$	4,916
Total	\$ 5,530	\$	4,916

**CITY OF GLENDORA**

NOTES TO FINANCIAL STATEMENTS  
For the Fiscal Years Ended June 30, 2017 and 2016  
(Continued)

**NOTE 9 – TRANSFER IN FROM GENERAL FUND - PCLRF**

The amount of \$11,395 represents a reimbursement from the General Fund to PCLRF related to the fiscal year ended June 30, 2016 Finding #2016-001 for the administration costs that exceeded more than twenty percent of its total PCLRF annual expenditures.

**NOTE 10 – RESTATEMENT OF TDAA3F’S 2016 FINANCIAL STATEMENTS**

The 2016 financial statements of TDAA3F were restated to report for certain expenditures for the San Dimas Wash Trail Project – Multi-use Trail Along the San Dimas Wash Flood Control Channel Design and Construction that were not reported in fiscal year ended June 30, 2016.

		Due to General Fund	Expenditures	Fund Balance
Balance, as previously reported	\$	-	-	-
Adjustment		73,744	73,744	(73,744)
Balance, as restated	\$	<u>73,744</u>	<u>73,744</u>	<u>(73,744)</u>

**NOTE 11 – TRANSPORTATION DEVELOPMENT ACT FUND REVENUE ALLOCATION**

The revenue allocation for the years ended June 30, 2017 and 2016 consisted of the following:

		2017		2016
FY 2014-15 allocation	\$	24,005	\$	-
FY 2015-16 allocation		32,688		-
FY 2016-17 allocation		34,105		-
Total	\$	<u>90,798</u>	\$	<u>-</u>

**NOTE 12 – 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, 2017 and 2016, the City has funds on reserve as follows:

		2017		2016
FY 2014-15 allocation	\$	-	\$	24,005
FY 2015-16 allocation		-		32,688
Available reserve balance	\$	<u>-</u>	\$	<u>56,693</u>



***CITY OF GLENDORA***

**NOTES TO FINANCIAL STATEMENTS**  
For the Fiscal Years Ended June 30, 2017 and 2016  
(Continued)

**NOTE 13 – SUBSEQUENT EVENTS**

The City has evaluated events or transactions that occurred subsequent to June 30, 2017 through December 3, 2017 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 Glendora, California and the  
Los Angeles County Metropolitan Transportation 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 (PALRF), Proposition C Local Return Fund (PCLRF), Measure R Local Return Fund (MRLRF), and Transportation Development Act Article 3 (TDAA3F) Fund of the City of Glendora, California (City), as of and for the year ended June 30, 2017, and the related notes to the financial statements, and have issued our report thereon dated December 3, 2017.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the 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 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 City's local return funds and TDAA3F 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 any 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 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) 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 audit, 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  
December 3, 2017

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*COMPLIANCE SECTION*

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SIMPSON & SIMPSON  
CERTIFIED PUBLIC ACCOUNTANTS

FOUNDING PARTNERS  
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## Independent Auditor's Report On Compliance

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

### Report on Compliance

We have audited the compliance of the City of Glendora, California (City) with the Proposition A and Proposition C Local Return Guidelines, Measure R 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 (Guidelines) for the year ended June 30, 2017.

### *Management's Responsibility*

Management is responsible for the City's compliance with those 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 a local return program and the Transportation Development Act Article 3 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. Our audit does not provide a legal determination of the City's compliance with those requirements.

### *Opinion on Each Local Return Program and Transportation Development Act Article 3*

In our opinion, the City of Glendora complied, in all material respects, with the compliance requirements referred to above that apply to Proposition A Local Return Fund, Proposition C Local Return Fund, Measure R Local Return Fund, and Transportation Development Act Article 3 (TDAA3F) Fund for the year ended June 30, 2017.





### ***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 #2017-001. Our opinion on each local return program 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 of Glendora is responsible for establishing and maintaining effective internal control over compliance with the Requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the Requirements that could have a direct and material effect on the Local Return programs and the TDAA3F to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance and to test and report on internal control over compliance in accordance with the Requirements, 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 under the Requirements 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 Requirements 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 Requirements 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 weakness 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 requirement 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  
December 3, 2017

**CITY OF GLENDORA**  
**COMPLIANCE MATRIX**  
Year Ended June 30, 2017

Compliance Requirement	In Compliance		Questioned Costs	If no, provide details and management response.
	Yes	No		
<b>A. Proposition A and Proposition C Local Return Funds</b>				
1. Timely use of funds.	X		None	
2. Expenditures were approved before being incurred.		X	None	See Finding #2017-001 on the Schedule of Findings and Recommendations.
3. Funds were used on approved projects only and expenditures were supported and allowable per Guidelines.	X		None	
4. Expenditures did not exceed 25% of Metro's approved budget.	X		None	
5. Administrative expenses were within the 20% cap.	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) and listing of Recreational Transit Services, if applicable, were submitted on time.	X		None	
9. Cash or cash equivalents were maintained.	X		None	
10. Accounting procedures, record keeping and documentation were adequate.	X		None	

**CITY OF GLENDORA**  
**COMPLIANCE MATRIX**  
Year Ended June 30, 2017  
(Continued)

Compliance Requirement		In Compliance		Questioned Costs	If no, provide details and management response.
		Yes	No		
11.	Revenues received including allocations, project generated revenues, and interest income were properly credited to the PALRF and PCLRF accounts.	X		None	
<b>B. Measure R Local Return Fund</b>					
1.	Timely use of funds.	X		None	
2.	Expenditures were approved before being incurred.	X		None	
3.	Funds were used on approved projects only and expenditures were supported and allowable per Guidelines.	X		None	
4.	Funds were not substituted for property tax.	X		None	
5.	Administrative expenses were within the 20% cap.	X		None	
6.	Expenditure Plan (Form One) was submitted on time.	X		None	
7.	Expenditure Report (Form Two) was submitted on time.	X		None	
8.	Cash or cash equivalents were maintained.	X		None	
9.	Accounting procedures, record keeping and documentation were adequate.	X		None	
10.	Revenues received including allocations, project generated revenues, and interest income were properly credited to the Measure R account.	X		None	



**CITY OF GLENDORA**  
**COMPLIANCE MATRIX**  
Year Ended June 30, 2017  
(Continued)

Compliance Requirement		In Compliance		Questioned Costs	If no, provide details and management response.
		Yes	No		
11.	Funds were not used to supplant existing local revenues being used for transportation purpose.	X		None	
<b>C. 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 GLENDORA**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
June 30, 2017

**PALRF and PCLRF: Finding #2017-001**

<b>Compliance Reference</b>	According to Proposition A and C Local Return Guidelines, Section I (B3), “If Local Return Funds have been expended prior to Metro approval and/or used for ineligible purposes, Jurisdictions will be required to reimburse their Proposition A and Proposition C Local Return account...”
<b>Condition</b>	The City incurred expenditures prior to receiving approval from LACMTA for PALRF’s Dial-A-Ride Program Vehicle Purchase Project Code 200-13, PCLRF’s Grand Avenue Rehabilitation Project Code 440-16 and Upgrade Traffic Signal Controllers Project Code 440-23 in the amounts of \$63,190, \$242,980 and \$78,598, respectively. However, LACMTA granted a retroactive approval of the expenditures on October 11, 2017.
<b>Cause</b>	The PALRF’s Dial-A-Ride Program Vehicle Purchase and PCLRF’s Grand Avenue Rehabilitation were carryover projects that were approved in fiscal year ended 2015-16 but were not carried to completion until the following fiscal year. The City mistakenly did not submit a request for budget approval from LACMTA in fiscal year ended 2016-17. Also, the City was not able to submit budget approval for PCLRF’s Upgrade Traffic Signal Controllers due to an oversight.
<b>Effect</b>	The City did not comply with the Guidelines when expenditures for PALRF and PCLRF projects were incurred prior to LACMTA’s approval.
<b>Recommendation</b>	We recommend that the City establish procedures to ensure that it obtains approval from LACMTA prior to implementing any Proposition A and Proposition C Local Return projects. Form B (Annual Project Summary Report) should be properly prepared so that the City’s expenditures of Proposition A and Proposition C 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 B.
<b>Management’s Response</b>	The City will modify existing procedures and strengthen controls to ensure that approval is obtained from LACMTA prior to implementing PALRF and PCLRF funded projects.
<b>Finding Corrected During Audit</b>	LACMTA Program Manager granted retroactive approval of the expenditures on October 11, 2017.

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***EXIT CONFERENCE***

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**CITY OF GLENDORA**

PROPOSITION A, PROPOSITION C, MEASURE R LOCAL RETURN FUNDS, AND  
TRANSPORTATION DEVELOPMENT ACT ARTICLE 3 FUND  
EXIT CONFERENCE  
June 30, 2017

An exit conference was held on December 14, 2017 via telephone conference. Those in attendance were:

***Simpson & Simpson Representative:***

John Longoria, Auditor

***City's Representative:***

Brittany Aguilar, Accounting Manager

***Matters Discussed:***

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

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

Brittany Aguilar, Accounting Manager

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

RE: CITY OF GLENDORA ANNUAL FINANCIAL REPORT OF THE PROPOSITION A LOCAL RETURN FUND, PROPOSITION C LOCAL RETURN FUND, MEASURE R LOCAL RETURN FUND, AND TRANSPORTATION DEVELOPMENT ACT ARTICLE 3 FUND FOR THE FISCAL YEARS ENDED JUNE 30, 2017 AND 2016

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, 2017 and 2016 for the City of Glendora and agree with the contents of the report except s indicated below:

(Attach additional pages if necessary)

Very truly yours,

\_\_\_\_\_  
Name

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Title

\_\_\_\_\_  
Date