

***CITY OF MONROVIA
ANNUAL FINANCIAL REPORT OF THE
PROPOSITION A LOCAL RETURN FUND
PROPOSITION C LOCAL RETURN FUND
MEASURE R LOCAL RETURN FUND
TRANSPORTATION DEVELOPMENT ACT
ARTICLE 3 FUND***

***FOR THE FISCAL YEARS ENDED
JUNE 30, 2017 AND 2016***



Simpson & Simpson LLP
Certified Public Accountants

CITY OF MONROVIA
TABLE OF CONTENTS

FINANCIAL SECTION	PAGE
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>	25
COMPLIANCE SECTION	
Independent Auditor’s Report On Compliance	27
Compliance Matrix	29
Schedule of Findings and Questioned Costs	32
EXIT CONFERENCE	33

FINANCIAL SECTION



SIMPSON & SIMPSON
CERTIFIED PUBLIC ACCOUNTANTS

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

Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the Proposition A Local Return Fund (PALRF), Proposition C Local Return Fund (PCLRF), Measure R Local Return Fund (MRLRF), and Transportation Development Act Article 3 Fund (TDAA3F) of the City of Monrovia, 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 Monrovia, 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 Monrovia, 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 Monrovia, 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 4, 2017, on our consideration of the City of Monrovia'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's internal control over financial reporting and compliance.

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

Los Angeles, California
December 4, 2017

CITY OF MONROVIA

PROPOSITION A LOCAL RETURN FUND

BALANCE SHEETS

JUNE 30

	<u>2017</u>	<u>2016</u>
ASSETS		
Cash and investments	\$ 95,026	\$ 9,553
Accounts receivable (Note 7)	<u>238,790</u>	<u>270,735</u>
Total assets	<u>\$ 333,816</u>	<u>\$ 280,288</u>
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ <u>70,543</u>	\$ <u>60,603</u>
Total liabilities	<u>70,543</u>	<u>60,603</u>
Deferred inflow of resources (Note 8)	<u>208,394</u>	<u>30,329</u>
Total deferred inflows of resources	<u>208,394</u>	<u>30,329</u>
Fund Balance		
Restricted	<u>54,879</u>	<u>189,356</u>
Total fund balance	<u>54,879</u>	<u>189,356</u>
Total liabilities and fund balance	<u>\$ 333,816</u>	<u>\$ 280,288</u>

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

CITY OF MONROVIA

PROPOSITION A LOCAL RETURN FUND

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

For the Fiscal Years Ended June 30

	<u>2017</u>	<u>2016</u>
REVENUES		
Proposition A	\$ 682,561	\$ 670,783
Interest income	787	1,607
Project generated revenue (Note 9)	30,055	37,557
Proposition A Discretionary Incentive Grant (Note 10)	29,692	155,520
Los Angeles County grant reimbursement (Note 11)	107,733	171,487
Reimbursement from the City of Bradbury (Note 12)	8,449	6,337
Vehicle reimbursement (Note 13)	-	13,000
Sale of vehicles (Note 14)	4,124	-
Total revenues	<u>863,401</u>	<u>1,056,291</u>
EXPENDITURES		
Various projects	<u>997,878</u>	<u>1,077,872</u>
Total expenditures	<u>997,878</u>	<u>1,077,872</u>
Deficiency of revenues over expenditures	(134,477)	(21,581)
Fund balance at beginning of year	<u>189,356</u>	<u>210,937</u>
Fund balance at end of year	<u>\$ 54,879</u>	<u>\$ 189,356</u>

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

CITY OF MONROVIA

PROPOSITION A LOCAL RETURN FUND

SUPPLEMENTARY INFORMATION

SCHEDULE OF EXPENDITURES

ACTUAL AND METRO APPROVED PROJECT BUDGET

For the Fiscal Year Ended June 30, 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)	
120-02	General Public Dial-A-Ride *	\$ 500,000	\$ 954,327	\$ (454,327)	\$ 846,935
140-07	Recreational Transportation	46,000	37,259	8,741	43,478
140-08	K-Rail Area, Temporary Shuttle Service	6,000	-	6,000	-
170-03	Bus Stop Improvement	25,000	-	25,000	43,046
270-01	Gold Line Phase II- JPA	23,000	-	23,000	-
270-02	Request for Proposal, Monrovia Transit, Roy E Glauthier	23,000	-	23,000	-
480-01	Transit Administration	275,000	-	275,000	138,782
480-03	SGVCOG Dues (Prev 06-270)	6,750	6,292	458	5,631
	Total expenditures	\$ 904,750	\$ 997,878	\$ (93,128)	\$ 1,077,872

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

LACMTA Budget	\$ 500,000
Total Expenditures	\$ 954,327
Less: Proposition A Discretionary Incentive Grant - Deferred (Note 8)	(157,596)
Less: County grant reimbursement - Deferred (Note 8)	(48,685)
Less: Reimbursement from the City of Bradbury - Deferred (Note 8)	(2,113)
Less: Project generated revenue (Note 9)	(30,055)
Less: Proposition A Discretionary Incentive Grant (Note 10)	(29,692)
Less: County grant reimbursement (Note 11)	(107,733)
Less: Reimbursement from the City of Bradbury (Note 12)	(8,449)
PALRF Expenditures, Net	<u>570,004</u>
Actual Variance Positive (Negative)	<u>\$ (70,004)</u>

See accompanying independent auditor's report.

CITY OF MONROVIA

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>
Dec-03	Bus Shelters	\$ 11,206	\$ -	\$ -	\$ 11,206
Aug-06	New Bus Shelters - Huntington	147,874	-	-	147,874
Aug-06	Ford Paratransit Dial-A-Ride Bus	59,908	-	59,908	-
Aug-06	Ford Paratransit Dial-A-Ride Bus	59,908	-	59,908	-
Aug-07	Glavel Paratransit Dial-A-Ride Bus	61,658	-	-	61,658
Aug-07	Glavel Paratransit Dial-A-Ride Bus	61,658	-	-	61,658
Aug-07	Glavel Paratransit Dial-A-Ride Bus	61,658	-	-	61,658
Jun-08	2 Bus Shelters - Huntington	72,708	-	-	72,708
Jun-08	El Dorado Amerivan Paratransit	39,499	-	-	39,499
Jun-08	El Dorado Amerivan Paratransit	39,499	-	-	39,499
Jun-15	Glavel Paratransit Dial-A-Ride Bus	82,224	-	-	82,224
Jun-15	Glavel Paratransit Dial-A-Ride Bus	82,224	-	-	82,224
Jun-15	Glavel Paratransit Dial-A-Ride Bus	82,224	-	-	82,224
Jun-15	Glavel Paratransit Dial-A-Ride Bus	84,778	-	-	84,778
	Total	\$ 947,026	\$ -	\$ 119,816	\$ 827,210

See accompanying independent auditor's report.

CITY OF MONROVIA

PROPOSITION C LOCAL RETURN FUND

BALANCE SHEETS

JUNE 30

	<u>2017</u>	<u>2016</u>
ASSETS		
Cash and investments	\$ 1,942,529	\$ 1,956,905
Cash and investments - 2016 Lease Revenue Bonds (Note 15)	<u>4,689,359</u>	<u>6,723,890</u>
Total assets	<u>\$ 6,631,888</u>	<u>\$ 8,680,795</u>
 LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 770,561	\$ -
Accounts payable - 2016 Lease Revenue Bonds (Note 15)	143,688	59,735
Accrued payroll and benefits	<u>562</u>	<u>465</u>
Total liabilities	<u>914,811</u>	<u>60,200</u>
 Fund Balance		
Restricted	1,171,406	1,956,440
Restricted - 2016 Lease Revenue Bonds (Note 15)	<u>4,545,671</u>	<u>6,664,155</u>
Total fund balance	<u>5,717,077</u>	<u>8,620,595</u>
 Total liabilities and fund balance	 <u>\$ 6,631,888</u>	 <u>\$ 8,680,795</u>

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

CITY OF MONROVIA

PROPOSITION C LOCAL RETURN FUND

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

For the Fiscal Years Ended June 30

	<u>2017</u>	<u>2016</u>
REVENUES		
Proposition C	\$ 567,790	\$ 557,787
Interest income	<u>19,722</u>	<u>16,958</u>
Total revenues	<u>587,512</u>	<u>574,745</u>
EXPENDITURES		
Various projects	<u>3,491,030</u>	<u>129,016</u>
Total expenditures	<u>3,491,030</u>	<u>129,016</u>
(Deficiency) excess of revenues over expenditures	(2,903,518)	445,729
Other Financing Source		
Proposition C Lease Revenue Bonds (Note 15)	<u>-</u>	<u>6,745,332</u>
(Deficiency) excess of revenues over expenditures and other financing source	(2,903,518)	7,191,061
Fund balance at beginning of year	<u>8,620,595</u>	<u>1,429,534</u>
Fund balance at end of year	<u>\$ 5,717,077</u>	<u>\$ 8,620,595</u>

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

CITY OF MONROVIA

PROPOSITION C LOCAL RETURN FUND

SUPPLEMENTARY INFORMATION

SCHEDULE OF EXPENDITURES

ACTUAL AND METRO APPROVED PROJECT BUDGET

For the Fiscal Year Ended June 30, 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)	
420-05	Congestion Management Program	\$ 20,000	\$ 16,944	\$ 3,056	\$ 15,485
450-15	Citywide Street Reconstruction Plan - Monrovia Renewal Debt Service Payment	400,000	394,084	5,916	-
450-17	Foothill Blvd Improvement Project	880,000	800,760	79,240	-
450-19	Non-Monrovia Renewal Street and Sidewalk Project	58,700	35,206	23,494	-
450-20	Mountain/Lemon Improvements	60,500	56,656	3,844	-
480-03	SGVCOG Dues (Prev 06-270)	6,750	5,832	918	5,631
480-04	Direct Administration	40,000	49,697	(9,697)	23,335
	<i>Expenditures Funded by Proposition C Local Return Fund</i>	<u>1,465,950</u>	<u>1,359,179</u>	<u>106,771</u>	<u>44,451</u>
450-15	Citywide Street Reconstruction Plan (Note 15)	-	-	-	84,565
450-18	Monrovia Renewal Capital Project Expenditures (Note 15)	2,023,797	2,131,851	(108,054)	-
	<i>Expenditures Funded by the Lease Revenue Bonds</i>	<u>2,023,797</u>	<u>2,131,851</u>	<u>(108,054)</u>	<u>84,565</u>
	Total expenditures	<u><u>\$ 3,489,747</u></u>	<u><u>\$ 3,491,030</u></u>	<u><u>\$ (1,283)</u></u>	<u><u>\$ 129,016</u></u>

See accompanying independent auditor's report.

CITY OF MONROVIA

PROPOSITION C 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
FY 10-11	Street Resurfacing - Project No. C 3013	\$ 500,019	\$ -	\$ -	\$ 500,019
FY 12-13	Street Resurfacing - Project No. C 3059	845,802	-	-	845,802
FY 13-14	Street Resurfacing - Project No. C 3063	360,089	-	-	360,089
FY 14-15	Station Square Construction in Progress *	600,000	-	600,000	-
FY 15-16	Monrovia Renewal SW/SE Construction in Progress *	32,592	-	32,592	-
FY 15-16	Monrovia Renewal NW/S Construction in Progress	51,973	-	-	51,973
FY 16-17	Monrovia Renewal NW/S Construction in Progress	-	122,418	-	122,418
FY 16-17	Monrovia Renewal North Construction in Progress	-	5,447	-	5,447
FY 16-17	Monrovia Renewal NE Construction in Progress	-	5,418	-	5,418
FY 16-17	Foothill Boulevard Improvement Projects (Streets)	-	800,760	-	800,760
FY 16-17	Monrovia Renewal SW/SE - Streets Proposition C (Streets)	-	2,276,913	-	2,276,913
FY 16-17	Monrovia Renewal SW/SE - Streets Proposition C (Sidewalks)	-	70,420	-	70,420
FY 16-17	2014-15 Station Square Infrastructure	-	600,000	-	600,000
FY 16-17	Non-Renewal Sidewalk Repairs (Sidewalks)	-	35,205	-	35,205
	Total	\$ 2,390,475	\$ 3,916,581	\$ 632,592	\$ 5,674,464

* The deletions relate to change in classification from Construction in Progress to Capitalized Assets.

See accompanying independent auditor's report.

CITY OF MONROVIA

MEASURE R LOCAL RETURN FUND

BALANCE SHEETS

JUNE 30

	<u>2017</u>	<u>2016</u>
ASSETS		
Cash and investments	\$ 1,845,540	\$ 2,153,690
Cash and investments - 2016 Lease Revenue Bonds (Note 15)	<u>4,693,029</u>	<u>6,701,214</u>
Total assets	<u>\$ 6,538,569</u>	<u>\$ 8,854,904</u>
 LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 20,671	\$ 403
Accounts payable - 2016 Lease Revenue Bonds (Note 15)	<u>319,276</u>	<u>29,801</u>
Total liabilities	<u>339,947</u>	<u>30,204</u>
 Fund Balance		
Restricted	1,824,869	2,153,287
Restricted - 2016 Lease Revenue Bonds (Note 15)	<u>4,373,753</u>	<u>6,671,413</u>
Total fund balance	<u>6,198,622</u>	<u>8,824,700</u>
 Total liabilities and fund balance	 <u>\$ 6,538,569</u>	 <u>\$ 8,854,904</u>

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

CITY OF MONROVIA

MEASURE R LOCAL RETURN FUND

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

For the Fiscal Years Ended June 30

	<u>2017</u>	<u>2016</u>
REVENUES		
Measure R	\$ 424,727	\$ 417,550
Interest income	<u>17,913</u>	<u>19,855</u>
Total revenues	<u>442,640</u>	<u>437,405</u>
EXPENDITURES		
Various projects	<u>3,068,718</u>	<u>103,238</u>
Total expenditures	<u>3,068,718</u>	<u>103,238</u>
(Deficiency) excess of revenues over expenditures	(2,626,078)	334,167
Other Financing Source		
Measure R Lease Revenue Bonds (Note 15)	<u>-</u>	<u>6,745,332</u>
(Deficiency) excess of revenues over expenditures and other financing source	(2,626,078)	7,079,499
Fund balance at beginning of year	<u>8,824,700</u>	<u>1,745,201</u>
Fund balance at end of year	<u>\$ 6,198,622</u>	<u>\$ 8,824,700</u>

The accompanying notes are an integral part of the financial statements

CITY OF MONROVIA

MEASURE R LOCAL RETURN FUND

SUPPLEMENTARY INFORMATION

SCHEDULE OF EXPENDITURES

ACTUAL AND METRO APPROVED PROJECT BUDGET

For the Fiscal Year Ended June 30, 2017

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

Project Code	Project Name	2017		Variance Favorable (Unfavorable)	2016 Actual
		Metro Budget	Actual		
1.05	Non-Monrovia Renewal Sidewalk Projects: Non-Monrovia Renewal	\$ 58,700	\$ 35,206	\$ 23,494	\$ -
1.05	Citywide Street Reconstruction Plan - Bond Service Payments	400,000	394,084	5,916	-
1.05	Huntington Dr. Median Curb Replacement	22,000	18,177	3,823	-
1.05	Huntington Dr. Median Upgrade	440,178	310,224	129,954	-
5.90	Citywide Street Reconstruction Plan	-	-	-	24,825
	<i>Expenditures Funded by Measure R Local Return Fund</i>	<u>920,878</u>	<u>757,691</u>	<u>163,187</u>	<u>24,825</u>
1.05	Monrovia Renewal Capital Project Expenditures (Note 15)	2,023,797	2,311,027	(287,230)	-
5.90	Citywide Street Reconstruction Plan (Note 15)	-	-	-	78,413
	<i>Expenditures Funded by the Lease Revenue Bonds</i>	<u>2,023,797</u>	<u>2,311,027</u>	<u>(287,230)</u>	<u>78,413</u>
	Total expenditures	<u>\$ 2,944,675</u>	<u>\$ 3,068,718</u>	<u>\$ (124,043)</u>	<u>\$ 103,238</u>

See accompanying independent auditor's report.

CITY OF MONROVIA

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
FY 14-15	Station Square Construction in Progress	\$ 336,962	\$ -	\$ 336,962	\$ -
FY 15-16	Monrovia Renewal SW/SE Construction in Progress	48,612	-	48,612	-
FY 15-16	Monrovia Renewal NW/S Construction in Progress	29,801	-	-	29,801
FY 16-17	Monrovia Renewal NW/S Construction in Progress	-	200,060	-	200,060
FY 16-17	Monrovia Renewal North Construction in Progress	-	14,279	-	14,279
FY 16-17	Monrovia Renewal NE Construction in Progress	-	26,728	-	26,728
FY 16-17	Huntington Drive Concrete Curb Repair (Median)	-	18,177	-	18,177
FY 16-17	Huntington Drive Median Upgrade (Median)	-	226,138	-	226,138
FY 16-17	Monrovia Renewal SW/SE - Streets Measure R (Streets)	-	2,360,594	-	2,360,594
FY 16-17	Monrovia Renewal SW/SE - Streets Measure R (Sidewalks)	-	73,008	-	73,008
FY 16-17	2014-15 Station Square Infrastructure	-	336,963	-	336,963
FY 16-17	Non-Renewal Sidewalk Repairs (Sidewalks)	-	35,205	-	35,205
	Total	<u>\$ 415,375</u>	<u>\$ 3,291,152</u>	<u>\$ 385,574</u>	<u>\$ 3,320,953</u>

* The deletions relate to change in classification from Construction in Progress to Capitalized Assets.

See accompanying independent auditor's report.

CITY OF MONROVIA

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

BALANCE SHEETS

JUNE 30

	<u>2017</u>	<u>2016</u>
ASSETS		
Due from LACMTA	\$ <u>495</u>	\$ <u>17,258</u>
Total assets	\$ <u><u>495</u></u>	\$ <u><u>17,258</u></u>
 LIABILITIES AND FUND BALANCE		
Liabilities		
Due to General Fund	\$ <u>495</u>	\$ <u>17,258</u>
Total liabilities	<u>495</u>	<u>17,258</u>
 Fund Balance		
Restricted	<u>-</u>	<u>-</u>
Total fund balance	<u>-</u>	<u>-</u>
Total liabilities and fund balance	\$ <u><u>495</u></u>	\$ <u><u>17,258</u></u>

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

CITY OF MONROVIA

TRANSPORTATION DEVELOPMENT ACT ARTICLE 3 FUND

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

For the Fiscal Years Ended June 30

	<u>2017</u>	<u>2016</u>
REVENUES		
TDA 3	\$ 100,000	\$ 17,258
Total revenues	<u>100,000</u>	<u>17,258</u>
EXPENDITURES		
Construction/Maintenance	<u>100,000</u>	<u>17,258</u>
Total expenditures	<u>100,000</u>	<u>17,258</u>
Excess of revenues over expenditures	-	-
Fund balance at beginning of year	<u>-</u>	<u>-</u>
Fund balance at end of year	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>

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

CITY OF MONROVIA

TRANSPORTATION DEVELOPMENT ACT ARTICLE 3 FUND
SUPPLEMENTARY INFORMATION

SCHEDULE OF TRANSPORTATION DEVELOPMENT ACT
ALLOCATION FOR SPECIFIC PROJECTS

For the Fiscal Year Ended June 30, 2017

<u>Project Description</u>	<u>Program Year</u>	<u>Allocations</u>	<u>Expenditures</u>	<u>Unexpended Allocations</u>	<u>Project Status</u>
Local Allocations:					
Non-Monrovia Renewal Sidewalk Repairs	2016-17	\$ 100,000	\$ 100,000	\$ -	Ongoing
		<u>\$ 100,000</u>	<u>\$ 100,000</u>	<u>-</u>	
Fund balance at beginning of year				<u>-</u>	
Fund balance at end of year				<u>\$ -</u>	

See accompanying independent auditor's report.

CITY OF MONROVIA

NOTES TO FINANCIAL STATEMENTS
For the Fiscal Years Ended June 30, 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 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. 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 MONROVIA

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 of the City's Comprehensive Annual Financial Report.

Reclassification

The fiscal year 2016 fund balance line items have been reclassified to conform with 2017 financial statement presentations for PCLRF and MRLRF. The reclassifications had no effect on the changes in fund balance.

CITY OF MONROVIA

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

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.

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 – ACCOUNTS RECEIVABLE – PALRF

Accounts receivable under PALRF as of June 30, 2017 and 2016 consisted of the following:

	2017	2016
LACMTA	\$ 187,289	\$ 152,901
Los Angeles County Department of Public Works	48,685	109,385
City of Bradbury	2,816	8,449
Total	\$ <u>238,790</u>	\$ <u>270,735</u>

CITY OF MONROVIA

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

NOTE 8 – DEFERRED INFLOW OF RESOURCES - PALRF

The City recognizes revenue when the payments for services rendered become measurable and available. In fiscal years ended June 30, 2017 and 2016, the City recorded deferred inflow of resources when the availability of the funds was not determined at fiscal year end.

The issuance of Governmental Accounting Standards Board No. 65, *Items Previously Reported as Assets and Liabilities*, established accounting and financial reporting standards that reclassify certain liabilities as deferred inflows of resources. A deferred inflow of resources is defined as those resources that are not available for spending in the current period. Since the reimbursements from other funds were not available for spending PALRF in fiscal years ended June 30, 2017 and 2016, the amounts are reported as deferred inflows of resources.

As of June 30, 2017, and 2016, the deferred inflows of resources under PALRF consists of reimbursements from the following:

	2017		2016
Proposition A Discretionary Incentive Grant	\$ 157,596	\$	15,290
Los Angeles County Grant	48,685		12,926
City of Bradbury	2,113		2,113
Total	\$ 208,394	\$	30,329

NOTE 9 – PROJECT GENERATED REVENUE - PALRF

Project generated revenues for the years ended June 30, 2017 and June 30, 2016 for PALRF amounted to \$30,055 and \$37,557, respectively. These revenues consisted of passenger fares from its Dial-A-Ride services.

NOTE 10 – PROPOSITION A DISCRETIONARY INCENTIVE GRANT - PALRF

The Proposition A Discretionary Grant amounting to \$29,692 and \$155,520 for the years ended June 30, 2017 and 2016, respectively, represents additional funds received from Metro for participating in the sub-regional paratransit services program. The City is to operate a demand-response paratransit Dial-A-Ride program available to eligible disabled residents or known as the Monrovia Dial-A-Ride Program.

The Proposition A Discretionary Incentive Grant was recorded under PALRF.

CITY OF MONROVIA

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

NOTE 11 – LOS ANGELES COUNTY GRANT REIMBURSEMENTS - PALRF

Since 1994, the City has provided Dial-A-Ride services to residents of the surrounding unincorporated areas south of the City. The City is reimbursed by the County of Los Angeles for the rides that it furnishes to the residents of the unincorporated areas. The amounts reimbursed for the years ended June 30, 2017 and June 30, 2016 for PALRF amounted to \$107,733 and \$171,487, respectively.

NOTE 12 – REIMBURSEMENT FROM THE CITY OF BRADBURY - PALRF

The City provides Dial-A-Ride services to residents of the City of Bradbury. The City is reimbursed by the City of Bradbury for the rides that it furnishes to those residents. The amounts reimbursed for the years ended June 30, 2017 and June 30, 2016 for PALRF amounted to \$8,449 and \$6,337, respectively.

NOTE 13 – VEHICLE REIMBURSEMENT - PALRF

The City contracted with an outside company, Keolis Transit (Keolis), to provide Dial-A-Ride services to its residents. During the fiscal year ended June 30, 2015, two vehicles were damaged on separate accidents. After the investigation process, the City received reimbursement from Keolis for the damaged vehicles in the total amount of \$13,000 in fiscal year ended June 30, 2016.

NOTE 14 – SALE OF VEHICLES – PALRF

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

NOTE 15 – 2016 LEASE REVENUE BONDS – PCLRF AND MRLRF

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

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

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

CITY OF MONROVIA

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

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

The lease revenue cash and fund balances for PCLRF and MRLRF for the years ended June 30, 2017 and 2016 are as follows:

	PCLRF	MRLRF	Total
Lease Revenue Bond Proceeds Received	\$ 6,745,332	\$ 6,745,332	\$ 13,490,664
Add: Interest income	1,898	3,004	4,902
Unrealized gain on investments	1,490	1,490	2,980
Less:			
FY 2016 PCLRF's Citywide Street Reconstruction Plan Project Code 450-15 Expenditures	(84,565)	-	(84,565)
FY 2016 MRLRF's Citywide Street Reconstruction Plan Project Code 5.90 Expenditures	-	(78,413)	(78,413)
Lease Revenue Fund Balance at June 30, 2016	6,664,155	6,671,413	13,335,568
Add: Accounts Payable at June 30, 2016	59,735	29,801	89,536
Cash and investments – Restricted at June 30, 2016	6,723,890	6,701,214	13,425,104
Lease Revenue Fund Balance at June 30, 2016	6,664,155	6,671,413	13,335,568
Add: Interest income	24,782	24,782	49,564
Less:			
Unrealized loss on investments	(11,415)	(11,415)	(22,830)
FY 2017 PCLRF Monrovia Renewal Capital Project Code 450-18 Expenditures	(2,131,851)	-	(2,131,851)
FY 2017 MRLRF's Monrovia Renewal Capital Project Code 1.05 Expenditures	-	(2,311,027)	(2,311,027)
Lease Revenue Fund Balance at June 30, 2017	4,545,671	4,373,753	8,919,424
Add: Accounts Payable at June 30, 2017	143,688	319,276	462,964
Cash and investments – Restricted at June 30, 2017	\$ 4,689,359	\$ 4,693,029	\$ 9,382,388

CITY OF MONROVIA

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

NOTE 16 – 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 2011-12 allocation	\$ -	\$ 4,836
FY 2012-13 allocation	16,037	12,422
FY 2013-14 allocation	29,943	-
FY 2014-15 allocation	24,390	-
FY 2015-16 allocation	23,689	-
FY 2016-17 allocation	5,941	-
Total	<u>\$ 100,000</u>	<u>\$ 17,258</u>

NOTE 17 – 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 2012-13 allocation	\$ -	\$ 16,037
FY 2013-14 allocation	-	29,943
FY 2014-15 allocation	-	24,390
FY 2015-16 allocation	-	23,689
FY 2016-17 allocation	18,853	-
Available reserve balance	<u>\$ 18,853</u>	<u>\$ 94,059</u>

NOTE 18 – SUBSEQUENT EVENTS

The City has evaluated events or transactions that occurred subsequent to June 30, 2017 through December 4, 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

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

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

To the Honorable Members of the City Council of the
City of Monrovia, 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 Monrovia, 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 4, 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 & Simpson".

Los Angeles, California
December 4, 2017

COMPLIANCE SECTION



SIMPSON & SIMPSON
CERTIFIED PUBLIC ACCOUNTANTS

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

Independent Auditor's Report On Compliance

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

Report on Compliance

We have audited the compliance of the City of Monrovia, 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 Monrovia 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 Fund (TDAA3F) for the year ended June 30, 2017.



Report on Internal Control Over Compliance

Management of the City of Monrovia 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 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 requirement of the Guidelines. Accordingly, this report is not suitable for any other purpose.

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

Los Angeles, California
December 4, 2017

CITY OF MONROVIA
COMPLIANCE MATRIX
Year Ended June 30, 2017

Compliance Requirement	In Compliance		Questioned Costs	If no, provide details and management response.	
	Yes	No			
A. Proposition A and Proposition C Local Return Funds					
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.	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	
11.	Revenues received including allocations, project generated revenues, and interest income were properly credited to the PALRF and PCLRF accounts.	X		None	

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

Compliance Requirement	In Compliance		Questioned Costs	If no, provide details and management response.	
	Yes	No			
B. Measure R Local Return Fund					
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	
11.	Funds were not used to supplant existing local revenues being used for transportation purpose.	X		None	

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

Compliance Requirement	In Compliance		Questioned Costs	If no, provide details and management response.
	Yes	No		
C. Transportation Development Act Article 3 Fund				
1.	Timely use of funds.	X		None
2.	Expenditures were incurred for activities relating to pedestrian and bicycle facilities and amenities.	X		None

CITY OF MONROVIA

SCHEDULE OF FINDINGS AND RECOMMENDATIONS
June 30, 2017

No findings were noted.

EXIT CONFERENCE

CITY OF MONROVIA

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 21, 2017 via telephone conference. Those in attendance were:

Simpson & Simpson Representative:

John Longoria, Auditor

City's Representative:

Rae Bowman, Accountant

Emy-Rose Hanna, Management Analyst

Buffy Bullis, Administrative Services Director

Alex Kung, Deputy Administrative Services Director

Matters Discussed:

Results of the audit disclosed no significant control deficiencies or non-compliance issues 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:

Emy-Rose Hanna, Management Analyst

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

RE: CITY OF MONROVIA ANNUAL FINANCIAL REPORT OF THE PROPOSITION A LOCAL RETURN FUND, PROPOSITION C LOCAL RETURN FUND, MEASURE R LOCAL RETURN FUND, AND TRANSPORTATION DEVELOPMENT ACT ARTICLE 3 FUND FOR THE FISCAL YEARS ENDED JUNE 30, 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 Monrovia and agree with the contents of the report except s indicated below:

(Attach additional pages if necessary)

Very truly yours,

Name

Title

Date