

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



Simpson & Simpson, LLP
Certified Public Accountants

CITY OF SAN DIMAS
TABLE OF CONTENTS

	PAGE
FINANCIAL SECTION	
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>	22
COMPLIANCE SECTION	
Independent Auditor’s Report on Compliance	24
Compliance Matrix	26
Schedule of Findings and Recommendations	29
EXIT CONFERENCE	30

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 San Dimas, California and the
Los Angeles County Metropolitan Transportation Authority

Report on the Financial Statements

We have audited the accompanying financial statements of the Proposition A Local Return Fund (PALRF), Proposition C Local Return Fund (PCLRF), Measure R Local Return Fund (MRLRF), and Transportation Development Act Article 3 Fund (TDAA3F) of the City of San Dimas, 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 from material misstatement.

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

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



Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the PALRF, PCLRF, MRLRF, and TDAA3F of the City of San Dimas, 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 San Dimas, 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 San Dimas, 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 October 26, 2017, on our consideration of the City of San Dimas'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
October 26, 2017

CITY OF SAN DIMAS

PROPOSITION A LOCAL RETURN FUND

BALANCE SHEETS

JUNE 30

	<u>2017</u>	<u>2016</u>
ASSETS		
Cash and investments	\$ 483,946	\$ 399,555
Accounts receivable	<u>11,411</u>	<u>44,805</u>
Total assets	<u>\$ 495,357</u>	<u>\$ 444,360</u>
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ <u>14,213</u>	\$ <u>8,946</u>
Total liabilities	<u>14,213</u>	<u>8,946</u>
Fund Balance		
Restricted	<u>481,144</u>	<u>435,414</u>
Total fund balance	<u>481,144</u>	<u>435,414</u>
Total liabilities and fund balance	<u>\$ 495,357</u>	<u>\$ 444,360</u>

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

CITY OF SAN DIMAS

PROPOSITION A LOCAL RETURN FUND

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

For the Fiscal Years Ended June 30

	<u>2017</u>	<u>2016</u>
REVENUES		
Proposition A	\$ 633,421	\$ 615,008
Interest income	3,132	1,690
Project generated revenue (Note 7)	<u>2,087</u>	<u>3,032</u>
Total revenues	<u>638,640</u>	<u>619,730</u>
EXPENDITURES		
Various projects	<u>592,910</u>	<u>648,168</u>
Total expenditures	<u>592,910</u>	<u>648,168</u>
Excess (deficiency) of revenues over expenditures	45,730	(28,438)
Fund balance at beginning of year	<u>435,414</u>	<u>463,852</u>
Fund balance at end of year	<u>\$ 481,144</u>	<u>\$ 435,414</u>

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

CITY OF SAN DIMAS

PROPOSITION A LOCAL RETURN FUND

SUPPLEMENTARY INFORMATION

SCHEDULE OF EXPENDITURES

ACTUAL AND METRO APPROVED PROJECT BUDGET

For the Fiscal Year Ended June 30, 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		
120-02	E and H Paratransit (Get About)	\$ 178,000	\$ 177,793	\$ 207	\$ 173,745
140-03	Recreation Transit	85,000	56,716	28,284	56,458
170-07	Maintenance of Bus Stop Shelters	14,000	11,648	2,352	17,957
200-16	Vehicle Rental Program	2,500	2,500	-	2,500
200-19	Capital Purchase Van Pro Share	8,900	8,900	-	9,400
240-05	Taxi Subsidy (Dial-A-Cab)	245,000	192,339	52,661	228,583
250-04	Bus Subsidy SR/HCAP	9,600	9,600	-	7,200
290-08	Rail Station Depot Maintenance	28,000	20,629	7,371	24,600
290-15	Park and Ride Lot Maintenance	23,000	23,748	(748)	22,112
480-01	Administration	115,700	89,037	26,663	105,613
	Total expenditures	<u>\$ 709,700</u>	<u>\$ 592,910</u>	<u>\$ 116,790</u>	<u>\$ 648,168</u>

See accompanying independent auditor's report.

CITY OF SAN DIMAS

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>
1994	San Dimas Park and Ride Lot	\$ 742,683	\$ -	\$ -	\$ 742,683
1996	Construction-San Dimas Park and Ride Lot	150,395	-	-	150,395
1999	10 Bus Benches	4,250	-	-	4,250
2003	7 Cable Bench Cover	8,050	-	-	8,050
	Total	\$ 905,378	\$ -	\$ -	\$ 905,378

See accompanying independent auditor's report.

CITY OF SAN DIMAS

PROPOSITION C LOCAL RETURN FUND

BALANCE SHEETS

JUNE 30

	<u>2017</u>	<u>2016</u>
ASSETS		
Cash and investments	\$ <u>1,638,289</u>	\$ <u>1,461,518</u>
Total assets	\$ <u><u>1,638,289</u></u>	\$ <u><u>1,461,518</u></u>
 LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ <u>20,344</u>	\$ <u>5,918</u>
Total liabilities	<u>20,344</u>	<u>5,918</u>
 Fund Balance		
Restricted	<u>1,617,945</u>	<u>1,455,600</u>
Total fund balance	<u>1,617,945</u>	<u>1,455,600</u>
 Total liabilities and fund balance	 \$ <u><u>1,638,289</u></u>	 \$ <u><u>1,461,518</u></u>

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

CITY OF SAN DIMAS

PROPOSITION C LOCAL RETURN FUND

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

For the Fiscal Years Ended June 30

	<u>2017</u>	<u>2016</u>
REVENUES		
Proposition C	\$ 527,707	\$ 512,647
Interest income	<u>12,144</u>	<u>5,749</u>
Total revenues	<u>539,851</u>	<u>518,396</u>
EXPENDITURES		
Various projects	<u>377,506</u>	<u>165,810</u>
Total expenditures	<u>377,506</u>	<u>165,810</u>
Excess of revenues over expenditures	162,345	352,586
Fund balance at beginning of year	<u>1,455,600</u>	<u>1,103,014</u>
Fund balance at end of year	<u>\$ 1,617,945</u>	<u>\$ 1,455,600</u>

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

CITY OF SAN DIMAS

PROPOSITION C LOCAL RETURN FUND

SUPPLEMENTARY INFORMATION

SCHEDULE OF EXPENDITURES

ACTUAL AND METRO APPROVED PROJECT BUDGET

For the Fiscal Year Ended June 30, 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		
270-01	Phase II Goldline Planning	\$ 15,000	\$ 6,332	\$ 8,668	\$ 3,080
440-24	Pavement Preservation	20,000	20,000	-	-
440-29	Foothill Boulevard Widening at San Dimas Wash	-	-	-	122,000
440-33	Bonita Avenue Street Reconstruction	343,272	343,270	2	31,730
440-34	San Dimas Avenue Pavement Reconstruction	950,000	-	950,000	-
440-35	Badillo Street Pavement Reconstruction	100,000	-	100,000	-
470-01	Pavement Management System	1,500	404	1,096	1,500
480-01	Administration	7,500	7,500	-	7,500
500-01	Transit Center Property Acquisition	3,000	-	3,000	-
	Total expenditures	<u>\$ 1,440,272</u>	<u>\$ 377,506</u>	<u>\$ 1,062,766</u>	<u>\$ 165,810</u>

See accompanying independent auditor's report.

CITY OF SAN DIMAS

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
12/1/1993	Land	\$ 365,000	\$ -	\$ -	\$ 365,000
1995/1996	San Dimas Park and Ride Lot	207,688	-	-	207,688
6/29/2005	Street Resurfacing (Infrastructure)	199,829	-	-	199,829
6/30/2006	4 Traffic Camera Systems	20,784	-	-	20,784
4/15/2010	10 Traffic Video Cameras	59,993	-	-	59,993
6/29/2010	San Dimas Avenue	802,702	-	-	802,702
6/30/2011	Via Verde Construction/Puente Covina Hills	64,677	-	-	64,677
6/30/2011	Lone Hill/Arrow Light Phasing/Median	339,887	-	-	339,887
6/30/2011	Foothill Boulevard Rehabilitation	5,760	-	-	5,760
6/30/2013	Lone Hill/Arrow Highway/Cienega	639,836	-	-	639,836
6/30/2015	Foothill Boulevard San Dimas Wash	56,105	122,000	-	178,105
6/30/2017	Bonita Avenue Street Reconstruction	-	375,000	-	375,000
Total		<u>\$ 2,762,261</u>	<u>\$ 497,000</u>	<u>\$ -</u>	<u>\$ 3,259,261</u>

See accompanying independent auditor's report.

CITY OF SAN DIMAS

MEASURE R LOCAL RETURN FUND

BALANCE SHEETS

JUNE 30

	<u>2017</u>	<u>2016</u>
ASSETS		
Cash and investments	\$ <u>1,363,859</u>	\$ <u>1,148,105</u>
Total assets	\$ <u><u>1,363,859</u></u>	\$ <u><u>1,148,105</u></u>
 LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ <u>20,000</u>	\$ <u>3,645</u>
Total liabilities	<u>20,000</u>	<u>3,645</u>
 Fund Balance		
Restricted	<u>1,343,859</u>	<u>1,144,460</u>
Total fund balance	<u>1,343,859</u>	<u>1,144,460</u>
Total liabilities and fund balance	\$ <u><u>1,363,859</u></u>	\$ <u><u>1,148,105</u></u>

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

CITY OF SAN DIMAS

MEASURE R LOCAL RETURN FUND

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

For the Fiscal Years Ended June 30

	<u>2017</u>	<u>2016</u>
REVENUES		
Measure R	\$ 394,150	\$ 382,831
Interest income	<u>9,749</u>	<u>4,299</u>
Total revenues	<u>403,899</u>	<u>387,130</u>
EXPENDITURES		
Various projects	<u>204,500</u>	<u>33,339</u>
Total expenditures	<u>204,500</u>	<u>33,339</u>
Excess of revenues over expenditures	199,399	353,791
Fund balance at beginning of year	<u>1,144,460</u>	<u>790,669</u>
Fund balance at end of year	\$ <u><u>1,343,859</u></u>	\$ <u><u>1,144,460</u></u>

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

CITY OF SAN DIMAS

MEASURE R LOCAL RETURN FUND

SUPPLEMENTARY INFORMATION

SCHEDULE OF EXPENDITURES

ACTUAL AND METRO APPROVED PROJECT BUDGET

For the Fiscal Year Ended June 30, 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	Cienega Street Repairs	\$ -	\$ -	\$ -	\$ 17,074
1.05	Badillo Street Reconstruction	55,000	-	55,000	-
1.05	Puente Avenue Reconstruction	200,000	-	200,000	-
1.05	San Dimas Avenue Reconstruction	100,000	-	100,000	-
1.05	Pavement Preservation Zone G	120,000	23,000	97,000	(3,000)
1.90	Bonita Avenue Reconstruction	100,000	178,000	(78,000)	2,800
1.90	Via Verde Street Deisgn	-	-	-	12,965
8.10	Fund Adminsitration	3,500	3,500	-	3,500
	Total expenditures	<u>\$ 578,500</u>	<u>\$ 204,500</u>	<u>\$ 374,000</u>	<u>\$ 33,339</u>

See accompanying independent auditor's report.

CITY OF SAN DIMAS
MEASURE R 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>
6/30/2017	Bonita Avenue Reconstruction	\$ -	\$ 180,800	\$ -	\$ 180,800
	Total	<u>\$ -</u>	<u>\$ 180,800</u>	<u>\$ -</u>	<u>\$ 180,800</u>

See accompanying independent auditor's report.

CITY OF SAN DIMAS

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

BALANCE SHEETS

JUNE 30

	<u>2017</u>	<u>2016</u>
ASSETS		
Cash and investments	\$ -	\$ -
Total assets	\$ -	\$ -
LIABILITIES AND FUND BALANCE		
Liabilities		
Due to other funds	\$ -	\$ 1,835
Total liabilities	-	1,835
Fund Balance		
Restricted	-	(1,835)
Total fund balance	-	(1,835)
Total liabilities and fund balance	\$ -	\$ -

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

CITY OF SAN DIMAS

TRANSPORTATION DEVELOPMENT ACT ARTICLE 3 FUND

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

For the Fiscal Years Ended June 30

	<u>2017</u>	<u>2016</u>
REVENUES		
Payment from previous years reserve	\$ 20,000	\$ 20,000
Total revenues	<u>20,000</u>	<u>20,000</u>
EXPENDITURES		
Reconstruction of Slotted Cross Gutters and Wheelchair Ramps at Various Intersections	<u>18,165</u>	<u>18,480</u>
Total expenditures	<u>18,165</u>	<u>18,480</u>
Excess of revenues over expenditures	1,835	1,520
Fund balance at beginning of year	<u>(1,835)</u>	<u>(3,355)</u>
Fund balance at end of year	\$ <u><u>-</u></u>	\$ <u><u>(1,835)</u></u>

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

CITY OF SAN DIMAS

TRANSPORTATION DEVELOPMENT ACT ARTICLE 3 FUND
SUPPLEMENTARY INFORMATION

SCHEDULE OF TRANSPORTATION DEVELOPMENT ACT
ALLOCATION FOR SPECIFIC PROJECTS

For the Fiscal Year Ended June 30, 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					
Reconstruction of Slotted Cross Gutters and Wheelchair Ramps at Various Intersections	2016-17	\$ 20,000	\$ 18,165	\$ 1,835	Ongoing
Total		<u>\$ 20,000</u>	<u>\$ 18,165</u>	<u>1,835</u>	
Unexpended interest accumulated to date				-	
Fund balance at beginning of year				<u>(1,835)</u>	
Fund balance at end of year				<u>\$ -</u>	

See accompanying independent auditor's report.

CITY OF SAN DIMAS

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

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.

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.

Unrealized Gain (Loss)

In accordance with GASB Statement No. 31, Accounting and Financial Reporting for Certain Investments and External Investment Pools, local governments are required to use fair value (instead of amortized costs) for financial reporting purposes. As a result of such implementation, the City recognizes the unrealized gain (loss).

CITY OF SAN DIMAS

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.

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 SAN DIMAS

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 – PROJECT GENERATED REVENUE - PALRF

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

	2017		2016
Recreation Fees	\$ 2,087	\$	3,032
Total	\$ 2,087	\$	3,032

CITY OF SAN DIMAS

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

NOTE 8 – 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 2012-13 allocation	\$ -	\$ 2,803
FY 2013-14 allocation	10,107	17,197
FY 2014-15 allocation	9,893	-
Total	\$ 20,000	\$ 20,000

NOTE 9 – 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 2013-14 allocation	\$ -	\$ 10,107
FY 2014-15 allocation	12,348	22,241
FY 2015-16 allocation	21,721	21,721
FY 2016-17 allocation	23,010	-
Available reserve balance	\$ 57,079	\$ 54,069

NOTE 10 – SUBSEQUENT EVENTS

The City has evaluated events or transactions that occurred subsequent to June 30, 2017 through October 26, 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 San Dimas, 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 Fund (TDAA3F) of the City of San Dimas, 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 October 26, 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 all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However material weaknesses may exist that have not been identified.



Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in black ink that reads "Simpson & Simpson".

Los Angeles, California
October 26, 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 San Dimas, California and the
Los Angeles County Metropolitan Transportation Authority

Report on Compliance

We have audited the compliance of the City of San Dimas, 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 (collectively, the 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 San Dimas 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.



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 San Dimas, California 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

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
October 26, 2017

CITY OF SAN DIMAS
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	PCLRF: \$59,596	See Finding #2017-001 on the Schedule of Findings and Recommendations.
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	

CITY OF SAN DIMAS
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. 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. Fund 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 SAN DIMAS
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	
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 SAN DIMAS

SCHEDULE OF FINDINGS AND RECOMMENDATIONS
June 30, 2017

PCLRF: Finding #2017-001

Compliance Reference	According to Proposition A and C Local Return Guidelines, IV. Finance Section: E – Timely Use of Funds, “Jurisdictions have three years to expend LR funds. Funds must be expended within three years of the last day of the fiscal year in which funds were originally allocated. Therefore, by method of calculation, each Jurisdiction has the Fiscal Year of allocation plus three years to expend Proposition A and/or Proposition C funds.”
Condition	<p>A portion of the City’s fiscal year 2014 ending fund balance in the amount of \$59,596 was not expended within 3 years as of June 30, 2017 and was not reserved for capital projects as required by Local Return guidelines.</p> <p>The City submitted Form A to LACMTA on October 26, 2017 to request the Proposition C Local Return funds to be placed on capital reserve and obtain LACMTA Board of Directors’ approval. The MTA Board meeting will be held in May 2018.</p>
Cause	The email notice received from LACMTA each year to inform the cities of the potential funds to lapse was mistakenly forwarded to the City's spam folder.
Effect	The Proposition C Local Return funds were not expended or reserved within the Timely Use period resulting in questioned costs of \$59,596.
Recommendation	We recommend that the City return the lapsed Proposition C Local Return Funds of \$59,596 to LACMTA. In addition, we recommend that the City establish a policy in place where the City Manager, City Engineer and Finance Department discuss the availability of Proposition C Local Return funds in conjunction with any eligible PCLRF projects and submit its Form B (Annual Project Update Form) on time. Alternative measures would include requesting a Capital Reserve Agreement with LACMTA.
Management’s Response	We have worked with our Information Systems Administrator to assure that notices from LACMTA will reach the email inboxes of the City's staff and not the spam folder. As an additional precaution, the Administrative Services Manager will contact LACMTA at the beginning of each year (January) to assure measures are taken to spend the local return funds in order to prevent any lapse of funds.

CITY OF SAN DIMAS

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

Simpson & Simpson Representative:

John Longoria, Auditor

City's Representative:

Michael O'Brien, Administrative Services 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:

Michael O'Brien, Administrative Services Manager

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

RE: CITY OF SAN DIMAS ANNUAL FINANCIAL REPORT OF THE PROPOSITION A LOCAL RETURN FUND, PROPOSITION C LOCAL RETURN FUND, MEASURE R LOCAL RETURN FUND, 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 San Dimas and agree with the contents of the report except as indicated below:

(Attach additional pages if necessary)

Very truly yours,

Name

Title

Date