

**CAL STATE L.A. METROLINK  
STATION AUTHORITY**

**FINANCIAL STATEMENTS**

**WITH REPORT ON AUDIT  
BY INDEPENDENT  
CERTIFIED PUBLIC ACCOUNTANTS**

**FOR THE FISCAL YEAR  
ENDED JUNE 30, 2020**



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CAL STATE L.A. METROLINK STATION AUTHORITY

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For the year ended June 30, 2020

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## **INDEPENDENT AUDITORS' REPORT**

Board of Directors  
Cal State L.A. Metrolink  
Station Authority  
Alhambra, California

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the Cal State L.A. Metrolink Station Authority (the Authority) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Authority's basic 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.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 auditors' 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 auditors consider internal control relevant to the Authority'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 Authority'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 opinion.

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Cal State L.A. Metrolink Station Authority as of June 30, 2020, and the change in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, identified as Required Supplementary Information (RSI) in the accompanying table of contents, be presented to supplement the financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the RSI in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the RSI because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The supplementary information listed in the accompanying table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements of the Authority. Such 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic 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 basic financial statements as a whole.

## **Other Matters (Continued)**

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

In accordance with *Government Auditing Standards*, we have also issued our report dated January 28, 2021, on our consideration of the Authority'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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's 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 Authority's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

**CliftonLarsonAllen LLP**

Irvine, California  
January 28, 2021

CAL STATE L.A. METROLINK STATION AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS

For the year ended June 30, 2020

The information presented in the Management's Discussion and Analysis is intended to provide a narrative overview of the Cal State L.A. Metrolink Station Authority's (the Authority) financial activities as of and for the fiscal year ended June 30, 2020. Please consider this information in conjunction with the accompanying financial statements.

**Financial Highlights**

- ❖ The assets of the Authority exceeded its liabilities at the close of fiscal year June 30, 2020, by \$190,863 (net position).
- ❖ The Authority's total net position increased by \$88,732 in fiscal year 2019-20.

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the Authority's financial statements. The Authority's financial statements are composed of two components: (1) financial statements and (2) notes to basic financial statements.

**Authority-wide Financial Statements**

*Statement of Net Position:* The statement of net position includes all assets and liabilities. Assets and liabilities are reported at their book value, on an accrual basis, as of the statement date. It also identifies major categories of restrictions on the net position of the Authority.

*Statement of Revenues, Expenses, and Changes in Net Position:* The statement of revenues, expenses, and changes in net position presents the revenues earned and expenses incurred during the year on an accrual basis.

*Statement of Cash Flows:* The statement of cash flows presents the inflows and outflows of cash for the year and is summarized by operating and investing activities. The statement is prepared using the direct method of cash flows and therefore presents gross rather than net amounts for the year's activities.

The notes to financial statements provide additional information that is essential to a full understanding of the data provided in the Authority's financial statements. The notes to financial statements can be found on pages 11-18 of this report.

In addition to the basic financial statements, this report also presents supplementary information relating to the Authority's budget. To demonstrate compliance with the budget, a schedule comparing final budget and actual expenditures can be found on page 20 of this report.

CAL STATE L.A. METROLINK STATION AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS  
(CONTINUED)

For the year ended June 30, 2020

**Financial Analysis**

**Summary of Net Position**  
June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>	<u>Change</u>
Assets:			
Current assets	\$ 69,027	\$ 93,911	\$ (24,884)
Capital assets	<u>129,796</u>	<u>12,598</u>	<u>117,198</u>
Total assets	<u>198,823</u>	<u>106,509</u>	<u>92,314</u>
Liabilities:			
Current liabilities	<u>7,960</u>	<u>4,378</u>	<u>(3,582)</u>
Net Position:			
Invested in capital assets	123,721	12,598	111,123
Unrestricted	<u>67,142</u>	<u>89,533</u>	<u>(22,391)</u>
Net position	<u>\$ 190,863</u>	<u>\$ 102,131</u>	<u>\$ 88,732</u>

As noted earlier, net position may serve over time as a useful indicator of the Authority's financial position. In the case of the Authority, assets exceeded liabilities by \$190,863 at June 30, 2020. Current assets decreased due to a decrease in cash. Capital assets increased due to light pole project completed in the amount of \$121,500, offset by depreciation expense of \$4,302. Liabilities increased due to retentions payable for light project with a decrease in accrued expenses payable of \$2,493.

By far, the largest portion of the Authority's net position reflects its investment in capital assets, followed by available member contributions for expenses to be incurred by the Authority.

CAL STATE L.A. METROLINK STATION AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS  
(CONTINUED)

For the year ended June 30, 2020

**Financial Analysis (Continued)**

**Summary of Changes in Net Position**  
Years ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>	<u>Change</u>
Operating revenues	\$ 292,712	\$ 225,700	\$ 67,012
Operating expenses	(204,137)	(210,421)	6,284
Operating income (loss)	88,575	15,279	73,296
Nonoperating revenues	157	95	62
Change in net position	88,732	15,374	73,358
Net position, beginning of year	<u>102,131</u>	<u>86,757</u>	<u>15,374</u>
Net position, end of year	<u>\$ 190,863</u>	<u>\$ 102,131</u>	<u>\$ 88,732</u>

Operating revenues increased by \$67,012 primarily due to increased member contributions for light project.

Operating expenses consisted of the following:

	<u>2020</u>	<u>2019</u>
Utilities	\$ 6,913	\$ 8,927
Contractual services	77,604	77,401
Professional services	3,640	3,465
Insurance premiums	111,666	113,842
Repairs and maintenance	-	4,600
Depreciation	4,302	2,110
Miscellaneous	<u>12</u>	<u>76</u>
Total	<u>\$ 204,137</u>	<u>\$ 210,421</u>

Operating expenses decreased by \$6,284 primarily due to a decrease in repairs and maintenance of \$4,600 for replacement of mats in prior year.

CAL STATE L.A. METROLINK STATION AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS  
(CONTINUED)

For the year ended June 30, 2020

**Capital Assets**

The Authority's investment in capital assets (net of accumulated depreciation) as of June 30, 2020, totaled \$129,796. This investment in capital assets includes the following:

	2020	2019
Machinery and equipment	\$ 29,964	\$ 29,964
Structures and improvements	137,556	16,056
Less: accumulated depreciation	<u>(37,724)</u>	<u>(33,422)</u>
Net capital assets	<u>\$ 129,796</u>	<u>\$ 12,598</u>

Structures and improvements increased due to light pole project completed in the amount of \$121,500. Additional information on capital assets may be found in Note 3 of the basic financial statements.

**Next Year's Budget**

In the fiscal year 2020-2021 budget, insurance costs continue to be the most significant expense at 125,000 (52%) of the total budgeted expense of \$239,055. Costs for security guard services are the second highest budgeted expense at \$64,000, followed by budgeted expenses for custodial maintenance of \$19,900. The 2020-2021 budget decreased by \$124,430 from the 2019-2020 budget due to the budgeted cost of a light pole project of \$121,500 in prior year.

**Request for Information**

This financial report is designed to provide a general overview of the Authority's finances for all those with an interest in the Authority's finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to the Cal State L.A. Metrolink Station Authority, 111 South First Street, Alhambra, CA 91801.

CAL STATE L.A. METROLINK STATION AUTHORITY

STATEMENT OF NET POSITION

June 30, 2020

ASSETS:

Cash and cash equivalents	\$ 69,027
Capital assets, net	<u>129,796</u>

TOTAL ASSETS	<u>198,823</u>
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LIABILITIES:

Accrued expenses	1,885
Retentions payable	<u>6,075</u>

TOTAL LIABILITIES	<u>7,960</u>
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NET POSITION:

Net investment in capital assets	123,721
Unrestricted net position	<u>67,142</u>

TOTAL NET POSITION	<u><u>\$ 190,863</u></u>
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See accompanying notes to financial statements.

CAL STATE L.A. METROLINK STATION AUTHORITY

STATEMENT OF REVENUES, EXPENSES, AND  
CHANGES IN NET POSITION

For the year ended June 30, 2020

OPERATING REVENUES:

Member contributions	\$ 292,200
Miscellaneous revenue	512

TOTAL OPERATING REVENUES	292,712
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OPERATING EXPENSES:

Utilities	6,913
Contractual services	77,604
Professional services	3,640
Insurance premiums	111,666
Depreciation	4,302
Miscellaneous	12

TOTAL OPERATING EXPENSES	204,137
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OPERATING INCOME	88,575
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NONOPERATING REVENUES:

Investment income	157
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CHANGE IN NET POSITION	88,732
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NET POSITION, BEGINNING OF YEAR	102,131
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NET POSITION, END OF YEAR	\$ 190,863
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See accompanying notes to financial statements.

CAL STATE L.A. METROLINK STATION AUTHORITY

STATEMENT OF CASH FLOWS

For the year ended June 30, 2020

CASH FLOWS FROM OPERATING ACTIVITIES:

Cash received from participating entities	\$ 292,200
Cash received from other	512
Cash paid for insurance premiums	(111,666)
Cash paid for services	<u>(84,587)</u>

NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>96,459</u>
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CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:

Purchase of capital asset	<u>(121,500)</u>
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CASH FLOWS FROM INVESTING ACTIVITIES:

Investment income	<u>157</u>
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NET DECREASE IN CASH	(24,884)
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CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>93,911</u>
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CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 69,027</u></u>
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RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:

Operating income	\$ 88,575
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	4,302
Changes in operating assets and liabilities:	
Decrease in accrued expenses	(2,493)
Increase in retentions payable	<u>6,075</u>

NET CASH PROVIDED BY OPERATING ACTIVITIES	<u><u>\$ 96,459</u></u>
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See accompanying notes to financial statements.

# CAL STATE L.A. METROLINK STATION AUTHORITY

## NOTES TO FINANCIAL STATEMENTS

June 30, 2020

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### a. General

The Cal State L.A. Metrolink Station Authority (the Authority) was organized on September 25, 1995, under a joint powers agreement among the County of Los Angeles, California State University of Los Angeles, the City of Alhambra, the City of Los Angeles, and the City of Monterey Park.

The purpose of the Authority is to operate and maintain the Metrolink station located at California State University, Los Angeles until June 30, 2036.

The Authority has no employees, and all accounting is done by the City of Alhambra.

#### b. Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe which transactions are recorded within the various financial statements. Basis of accounting refers to when transactions are recorded regardless of the measurement focus applied. The accompanying financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under the economic measurement focus, all assets and liabilities (whether current or noncurrent) associated with these activities are included on the statement of net position. The statement of revenues, expenses, and changes in net position present increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

An enterprise fund distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the Authority's principal ongoing operations. The principal operating revenues of the Authority are contributions from members. Operating expenses for the Authority include utilities, contractual and professional services, insurance premiums, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. Nonoperating revenues consist of investment income.

CAL STATE L.A. METROLINK STATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c. Net Position

In the statement of net position, net position is classified in the following categories:

- Net investment in capital assets - This amount consists of capital assets net of accumulated depreciation and reduced by outstanding liabilities that are attributed to the acquisition, construction, or improvement of the assets.
- Restricted net position - This amount is restricted by external creditors, grantors, contributors, or laws or regulations of other governments.
- Unrestricted net position - This amount is all net position that does not meet the definition of net investment in capital assets or restricted net position.

d. Statement of Cash Flows

For purposes of the statement of cash flows, the Authority considers all cash and investments with initial maturities of less than three months to be cash equivalents.

e. New Accounting Pronouncements

**Current-Year Standards**

In May 2020, GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authority Guidance*, which was effective immediately. This Statement provided temporary relief to governments and other stakeholders in light of the COVID-19 pandemic and postponed the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

In June 2020, GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84*, and a supersession of GASB Statement No. 32. Paragraph 4 of this Statement requires that for purposes of determining whether a primary government is financially accountable for a potential component unit, except for a potential component unit that is a defined contribution pension plan, a defined contribution OPEB plan, or an other employee benefit plan (for example, certain Section 457 plans), the absence of a governing board should be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform.

CAL STATE L.A. METROLINK STATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

e. New Accounting Pronouncements (Continued)

**Current-Year Standards (Continued)**

Paragraph 5 of Statement No. 97 also requires that the financial burden criterion in paragraph 7 of Statement No. 84, *Fiduciary Activities*, be applicable to only defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement No. 67, *Financial Reporting for Pension Plans*, or paragraph 3 of Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, respectively.

The requirements of these statements did not impact the Authority.

**Pending Accounting Standards**

GASB has issued the following statements, which may impact the Authority's financial reporting requirements in the future:

In January 2017, GASB issued Statement No. 84, *Fiduciary Activities*. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. Events that compel a government to disburse fiduciary resources occur when a demand for the resources has been made or when no further action, approval, or condition is required to be taken or met by the beneficiary to release the assets. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

In June 2017, GASB issued Statement No. 87, *Leases*. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset for leases with a term of more than 12 months.

CAL STATE L.A. METROLINK STATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

e. New Accounting Pronouncements (Continued)

**Pending Accounting Standards (Continued)**

Under Statement No. 87, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. For leases with a term of 12 months or less, lessees and lessors should recognize short-term lease payments as outflows of resources or inflows of resources, respectively, based on the payment provisions of the lease contract. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021, early application is encouraged.

In June 2018, GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020, and early application is encouraged. The requirements of this Statement should be applied prospectively.

In January 2020, GASB issued Statement No. 92, *Omnibus 2020*. This Statement addresses practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to leases, fiduciary activities, measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition, reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers, reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature and terminology used to refer to derivative instruments.

The requirements of Statement No. 92 are effective as follows:

- The requirements related to the effective date of Statement 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance.
- The requirements related to intra-entity transfers of assets and those related to the applicability of Statements 73 and 74 are effective for fiscal years beginning after June 15, 2021.

CAL STATE L.A. METROLINK STATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

e. New Accounting Pronouncements (Continued)

**Pending Accounting Standards (Continued)**

- The requirements related to application of Statement 84 to postemployment benefit arrangements and those related to nonrecurring fair value measurements of assets or liabilities are effective for reporting periods beginning after June 15, 2021.
- The requirements related to the measurement of liabilities (and assets, if any) associated with AROs in a government acquisition are effective for government acquisitions occurring in reporting periods beginning after June 15, 2021.

f. Net Position Flow Assumption

Sometimes the Authority will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position, a flow assumption must be made about the order in which the resources are considered to be applied.

It is the Authority's policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

g. Capital Assets

Capital assets purchased or acquired are reported at historical cost. Contributed assets are reported at acquisition value as of the date received. Capital outlays that cost \$5,000 or more and that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation is calculated on the straight-line method over the estimated useful lives of seven years for equipment.

h. Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the basic financial statements and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from those estimates.

CAL STATE L.A. METROLINK STATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2020

2. CASH, CASH EQUIVALENTS, AND INVESTMENTS

At June 30, 2020, cash and cash equivalents of \$69,027 consist of an interest-earning money market and a checking account.

**Investments Authorized by the California Government Code**

The California Government Code authorizes the Authority to invest in certain types of investments.

The table below identifies these investment types and the related maximum percentages by the California Government Code. The table also identifies certain provisions of the California Government Code that address interest rate risk, credit risk, and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
US Treasury Securities	5 years	None	None
US Government-Sponsored Agency Securities	5 years	50%	30%
Banker's Acceptance	180 days	40%	5%
Commercial Paper	270 days	25%	5%
Negotiable Certificates of Deposit	5 years	30%	5%
Repurchase Agreements	30 days	None	5%
Medium-Term Notes	5 years	None	5%
Receivable-Back Securities	5 years	20%	5%
Money Market Mutual Funds	N/A	20%	10%
Local Agency Investment Fund	N/A	None	None

N/A - Not Applicable

**Custodial Credit Risk**

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code and the Authority's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit).

CAL STATE L.A. METROLINK STATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2020

2. CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)

**Custodial Credit Risk (Continued)**

The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure the Authority's deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. At June 30, 2020, the Authority's deposits are covered by the Federal Deposit Insurance Corporation.

3. CAPITAL ASSETS

A summary of changes in the capital assets for the year ended June 30, 2020, is as follows:

	Balance at July 1, 2019	Additions	Deletions	Balance at June 30, 2020
Machinery and equipment	\$ 29,964	\$ -	\$ -	\$ 29,964
Structures and improvements	16,056	121,500	-	137,556
Less: accumulated depreciation	<u>(33,422)</u>	<u>(4,302)</u>	<u>-</u>	<u>(37,724)</u>
Total capital assets, net	<u>\$ 12,598</u>	<u>\$ 117,198</u>	<u>\$ -</u>	<u>\$ 129,796</u>

4. JOINT POWERS AUTHORITY

The Authority receives annual contributions from each participating entity for its share of the annual operating budget based on the following percentages, and at June 30, 2020, the equity interest of each participating entity is as follows:

Entity	Percentages	Equity Interest
County of Los Angeles	25.0%	\$ 47,716
California State University of Los Angeles	17.5%	33,401
City of Alhambra	22.5%	42,944
City of Los Angeles	22.5%	42,944
City of Monterey Park	<u>12.5%</u>	<u>23,858</u>
	<u>100.0%</u>	<u>\$ 190,863</u>

Upon discontinuance of the Authority, all assets of the Authority shall be conveyed to the contracting parties in proportion to their respective contributions during the preceding period of 12 months.

CAL STATE L.A. METROLINK STATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2020

5. RISK MANAGEMENT

**General Liability Insurance**

The Authority is exposed to various risks of losses related to third-party liability and property damage. The Authority maintains limits of general liability insurance in the amount of \$10,000,000 per occurrence, with an aggregate limit of \$20,000,000 subject to a self-insured retention of \$25,000 per occurrence. In the event of a claim, the Authority is responsible for the first \$25,000 for each claim occurrence and the remaining \$9,975,000 to be paid by the carrier for each claim per occurrence. There were no instances in the past three years when a settlement exceeded the Authority's coverage. There have been no reductions in coverage from prior years.

**Property Insurance**

The Authority's property is currently insured according to a schedule of covered property submitted by the Authority. The Authority's property currently has all-risk property insurance protection in the amount of \$2,741,942 with a \$5,000 deductible. Premiums are paid annually and are not subject to retrospective adjustments. There were no instances in the past three years when a settlement exceeded the Authority's coverage. There have been no significant reductions in coverage from coverage in prior years.

6. COVID-19 PANDEMIC

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of an outbreak of a new strain of coronavirus ("COVID-19") and the risks that is posed to the international community as the virus spread globally beyond its point of origin. In March 2020, the WHO classified COVID-19 as a pandemic based on the rapid increase in exposure globally.

COVID-19 may have a continued material adverse impact on economic and market conditions, triggering a period of global economic slowdown. The outbreak could also have other potential impacts, including disruptions, restrictions, or delays in the services that contractors and professionals are providing to the Authority. In addition, the Authority's operations are dependent on the ability to receive contributions from its member agencies who are having to deal with the effects of COVID-19 on their own constituents. As such, this may hinder the ability for the Authority to operate and maintain the Metrolink station located at California State University, Los Angeles. The Authority cannot estimate the length or gravity of the impact of COVID-19 at this time; however, if the pandemic continues, it may have a material effect on the Authority's results of future operations and financial position in fiscal year 2020-21.

## **SUPPLEMENTARY INFORMATION**

CAL STATE L.A. METROLINK STATION AUTHORITY

SCHEDULE OF REVENUES, EXPENSES, AND  
CHANGES IN NET POSITION - BUDGET AND ACTUAL

For the year ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
OPERATING REVENUES:				
Member contributions	\$ 292,200	292,200	\$ 292,200	\$ -
Miscellaneous revenue	1,200	1,200	512	(688)
 TOTAL OPERATING REVENUES	 293,400	 293,400	 292,712	 (688)
OPERATING EXPENSES:				
Utilities	10,000	10,000	6,913	3,087
Contractual services	91,745	91,745	77,604	14,141
Professional services	3,640	3,640	3,640	-
Insurance premiums	130,000	130,000	111,666	18,334
Depreciation	-	-	4,302	(4,302)
Various capital outlay	124,200	127,500	-	127,500
Miscellaneous	600	600	12	588
 TOTAL OPERATING EXPENSES	 360,185	 363,485	 204,137	 159,348
 OPERATING INCOME (LOSS)	 (66,785)	 (70,085)	 88,575	 158,660
NONOPERATING REVENUES:				
Investment income	90	90	157	67
 CHANGE IN NET POSITION	 (66,695)	 (69,995)	 88,732	 158,727
NET POSITION, BEGINNING OF YEAR	102,131	102,131	102,131	-
NET POSITION, END OF YEAR	\$ 35,436	\$ 32,136	\$ 190,863	\$ 158,727



**INDEPENDENT AUDITORS' 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***

Board of Directors  
Cal State L.A. Metrolink  
Station Authority  
Alhambra, California

We have audited, in accordance with the 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 Cal State L.A. Metrolink Station Authority (the Authority), as of and for the year ended June 30, 2020, and the related notes to the financial statements and have issued our report thereon dated January 28, 2021.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Authority'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 Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority'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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Authority'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 are required to be reported under *Government Auditing Standards*.

## **Purpose of Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority'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 Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

**CliftonLarsonAllen LLP**

Irvine, California  
January 28, 2021

Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC,  
an SEC-registered investment advisor. | CliftonLarsonAllen LLP

