

***CITY OF EL MONTE
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, 2015 AND 2014***



CITY OF EL MONTE
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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 Bell Gardens, 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 El Monte, California (City) as of and for the years ended June 30, 2015 and 2014, 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 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 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 El Monte, California, as of June 30, 2015 and 2014, 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 El Monte, California, as of June 30, 2015 and 2014, 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.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of El Monte, California's PALRF, PCLRF, MRLRF, and TDAA3F Fund financial statements as a whole. The accompanying supplemental 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 supplemental 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 supplemental 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 information is fairly stated in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Governmental Auditing Standards

In accordance with *Government Auditing Standards*, we have issued our report dated November 30, 2015, on our consideration of the City of El Monte'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* and should be considered in assessing the results of our audit.

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

Los Angeles, California
November 30, 2015

CITY OF EL MONTE

PROPOSITION A LOCAL RETURN FUND

BALANCE SHEETS

JUNE 30

	<u>2015</u>	<u>2014</u>
ASSETS		
Cash and investments	\$ 2,584,905	\$ 2,471,109
Accounts receivables	17,604	5,623
Prepaid expense	<u>1,200</u>	<u>10,658</u>
Total assets	<u>\$ 2,603,709</u>	<u>\$ 2,487,390</u>
 LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ <u>248,003</u>	\$ <u>135,037</u>
Total liabilities	<u>248,003</u>	<u>135,037</u>
 Fund Balance		
Restricted	<u>2,355,706</u>	<u>2,352,353</u>
Total fund balance	<u>2,355,706</u>	<u>2,352,353</u>
 Total liabilities and fund balance	 <u>\$ 2,603,709</u>	 <u>\$ 2,487,390</u>

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

CITY OF EL MONTE

PROPOSITION A LOCAL RETURN FUND

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

For the Fiscal Years Ended June 30

	<u>2015</u>	<u>2014</u>
REVENUES		
Proposition A	\$ 2,023,833	\$ 1,942,184
Proposition A Discretionary Incentive Grant (Note 7)	163,017	151,691
Interest income	10,401	12,150
Project generated revenue (Note 8)	15,200	15,269
Excise Fuel Tax Refund (Note 9)	-	50,745
FTA JARC Grant Reimbursement (Note 10)	11,000	-
Total revenues	<u>2,223,451</u>	<u>2,172,039</u>
EXPENDITURES		
Various projects	<u>2,220,098</u>	<u>2,033,858</u>
Total expenditures	<u>2,220,098</u>	<u>2,033,858</u>
Excess of revenues over expenditures	3,353	138,181
Fund balance at beginning of year	<u>2,352,353</u>	<u>2,214,172</u>
Fund balance at end of year	<u>\$ 2,355,706</u>	<u>\$ 2,352,353</u>

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

CITY OF EL MONTE

PROPOSITION A LOCAL RETURN FUND

SUPPLEMENTAL INFORMATION

SCHEDULE OF EXPENDITURES

ACTUAL AND METRO APPROVED PROJECT BUDGET

For the Fiscal Year Ended June 30, 2015

(With Comparative Actual Amount for the Fiscal Year Ended June 30, 2014)

Project Code	Project Name	2015			2014 Actual
		Metro Budget	Actual	Variance Favorable (Unfavorable)	
110-08	Operation of Fixed Route Transit	\$ 700,400	\$ 729,555	\$ (29,155)	\$ 639,722
110-142	Expansion of the Fixed Route Transit Program - Operations	358,300	38,864	319,436	-
120-02	E & H Paratransit (Dial-A-Ride)	479,700	470,303	9,397	430,815
130-03	Maintenance/Operation Costs for Vehicles, Facility and Transit Locations	517,400	436,380	81,020	448,397
130-147	Expansion of Dial-A-Ride Program (E&D) - Operations	72,900	-	72,900	-
130-15	Drivers Operations E & H	32,500	29,941	2,559	28,748
140-06	Recreation / Special Transportation	27,100	20,864	6,236	20,931
150-165	Consultant- Analysis of City's Bus Shelter Lighting	15,000	-	15,000	-
150-65	Bus Stop Improvement Program	35,000	37,676	(2,676)	-
160-149	Valley Boulevard and Santa Anita Avenue Intersection Bus Impovements (Bus Turnouts)	152,300	-	152,300	-
200-140	Vehicle Purchase - Transit Bus	400,000	-	400,000	-
200-144	Vehicle Purchase - Transit Bus	400,000	-	400,000	-
250-07	Bus Pass Subsidy	72,000	23,124	48,876	24,902
270-133	SGVCOG Planning Dues	40,000	10,658	29,342	20,000
270-136	SCAG Planning Dues	-	-	-	10,565
300-137	Valley Circle Street Transit Access Improvement Project	-	-	-	156
400-122	Traffic Signal Improvement at Garvey Avenue and Santa Anita	53,400	13,000	40,400	1,577
480-02	Administration Proposition A	394,350	409,206	(14,856)	386,241
400-135	KRONOS Software System	5,250	-	5,250	5,250
480-139	Computers and Servers	3,800	-	3,800	5,250

See accompanying independent auditor's report.

CITY OF EL MONTE

PROPOSITION A LOCAL RETURN FUND

**SUPPLEMENTAL INFORMATION
SCHEDULE OF EXPENDITURES
ACTUAL AND METRO APPROVED PROJECT BUDGET**

For the Fiscal Year Ended June 30, 2015
(With Comparative Actual Amount for the Fiscal Year Ended June 30, 2014)

Project Code	Project Name	2015			2014 Actual
		Metro Budget	Actual	Variance Favorable (Unfavorable)	
480-140	Office Furniture	\$ 5,200	\$ 394	\$ 4,806	\$ -
480-141	Expansion of Fixed Route Program - Administration	31,000	-	31,000	11,000
480-146	Expansion on Dial-A-Ride Program (E&D) - Administration	7,390	-	7,390	-
500-96	Contracted First Aid and CPR Instructor	1,300	133	1,167	304
	Total expenditures	<u>\$ 3,804,290</u>	<u>\$ 2,220,098</u>	<u>\$ 1,584,192</u>	<u>\$ 2,033,858</u>

See accompanying independent auditor's report.

CITY OF EL MONTE

PROPOSITION A LOCAL RETURN FUND

**SUPPLEMENTAL INFORMATION
SCHEDULE OF CAPITAL ASSETS**

June 30, 2015

Date Acquired	Description	Balance 7/1/2014	Additions	Deletions	Balance 6/30/2015
Sep-90	1 Orange Trackless Trolley	\$ 138,291	\$ -	\$ -	\$ 138,291
Nov-87	1 1985 Red Chevy Trolley	99,438	-	-	99,438
Sep-88	1 1987 Econo 14 People Mover	41,000	-	-	41,000
May-89	1 1989 2 Passenger Ranger	12,608	-	-	12,608
Dec-89	1 1990 Ford 2 Passenger Truck	42,169	-	-	42,169
Dec-89	1 1990 El Dor Tour Bus	79,705	-	-	79,705
Jan-93	SW Corner Railroad Street Center	450,000	-	-	450,000
Jun-96	1 Chevrolet Pickup Truck	21,332	-	-	21,332
Jun-98	1 Chevrolet Maintenance Truck	29,304	-	-	29,304
Jun-98	7 Computers	13,970	-	-	13,970
May-00	Transit Facility	903,806	-	-	903,806
Jun-04	Lobby Retrofit	3,325	-	-	3,325
Mar-05	Fuel Card Reader System	28,158	-	-	28,158
Mar-05	23-72" Backed Benches	27,496	-	-	27,496
Apr-07	Scissor Lift	25,000	-	-	25,000
May-08	GPA Navigator	1,609	-	-	1,609
Oct-08	Glaval Titan Cutaway Bus	94,354	-	-	94,354
Oct-08	Glaval Titan Cutaway Bus	64,354	-	-	64,354
Aug-11	Trailer Mount Hot Water Power	9,104	-	-	9,104
Apr-11	15 Bus Shelters	145,480	-	-	145,480
Sep-12	Traffic Signal - Garvey/Santa Anita	15,480	-	-	15,480
Feb-13	Bus Benches	1,072	-	-	1,072
Feb-13	Office Furniture	9,835	-	-	9,835
Jun-13	Valley/Santa Anita Avenue Intersection Bus Improvements	147,740	-	-	147,740
Jun-13	Valley Circle Street Transit Improvements	673,524	-	-	673,524
Feb-15	21 Solar Lighting Systems	-	29,114	-	29,114
Total		\$ 3,078,154	\$ 29,114	\$ -	\$ 3,107,268

See accompanying independent auditor's report.

CITY OF EL MONTE

PROPOSITION C LOCAL RETURN FUND

BALANCE SHEETS

JUNE 30

	<u>2015</u>	<u>2014</u>
ASSETS		
Cash and investments	\$ 6,714,085	\$ 5,884,505
Accounts receivable	<u>31,338</u>	<u>17,280</u>
Total assets	<u>\$ 6,745,423</u>	<u>\$ 5,901,785</u>
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ <u>81,003</u>	\$ <u>49,542</u>
Total liabilities	<u>81,003</u>	<u>49,542</u>
Fund Balance		
Restricted	<u>6,664,420</u>	<u>5,852,243</u>
Total fund balance	<u>6,664,420</u>	<u>5,852,243</u>
Total liabilities and fund balance	<u>\$ 6,745,423</u>	<u>\$ 5,901,785</u>

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

CITY OF EL MONTE

PROPOSITION C LOCAL RETURN FUND

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

For the Fiscal Years Ended June 30

	<u>2015</u>	<u>2014</u>
REVENUES		
Proposition C	\$ 1,686,326	\$ 1,618,296
Interest income	26,210	30,550
Other revenue (Note 11)	61,949	60,911
Total revenues	<u>1,774,485</u>	<u>1,709,757</u>
EXPENDITURES		
Various projects	<u>962,308</u>	<u>1,940,492</u>
Total expenditures	<u>962,308</u>	<u>1,940,492</u>
Excess (deficiency) of revenues over expenditures	<u>812,177</u>	<u>(230,735)</u>
Fund balance at beginning of year, as previously reported	5,852,243	6,105,578
Prior period adjustment (Note 12)	<u>-</u>	<u>(22,600)</u>
Fund balance at beginning of year, as restated	<u>5,852,243</u>	<u>6,082,978</u>
Fund balance at end of year	<u>\$ 6,664,420</u>	<u>\$ 5,852,243</u>

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

CITY OF EL MONTE

PROPOSITION C LOCAL RETURN FUND

SUPPLEMENTAL INFORMATION

SCHEDULE OF EXPENDITURES

ACTUAL AND METRO APPROVED PROJECT BUDGET

For the Fiscal Year Ended June 30, 2015

(With Comparative Actual Amount for the Fiscal Year Ended June 30, 2014)

Project Code	Project Name	2015			2014 Actual
		Metro Budget	Actual	Variance Favorable (Unfavorable)	
150-125	Bus Stop Improvement Program	\$ 25,000	\$ -	\$ 25,000	-
180-142	Transit Bus Surveillance Equipment	30,000	-	30,000	-
180-155	Pressure Washer Purchase	5,000	-	5,000	-
180-162	Rotary Lifts for Vehicle Maintenance	-	-	-	23,885
200-168	Vehicle Purchase - Replacement of Six (6) Local Fixed-Route Transit Buses	2,400,000	-	2,400,000	-
200-143	Vehicle Purchase - CNG Cutaways Buses	-	-	-	671,752
230-01	Transit Security- Train and Bus Station	39,000	30,667	8,333	39,336
270-85	SGVCOG Planning Dues	10,000	-	10,000	10,000
270-138	Commuter Parking Study	4,600	-	4,600	2,330
270-151	Computers for Pavement Management Systems	20,000	13,731	6,269	-
270-154	Consultant - Project Management/ Support for Round 3 TOD Planning Grant	20,000	-	20,000	-
270-163	Technical Evaluation- Ramona Boulevard Bus Tunnel Project Alternatives	73,940	69,060	4,880	-
280-70	Transit Marketing	20,000	4,470	15,530	1,145
280-144	Expansion of the Fixed Route Transit Program- Advertising	2,700	1,927	773	2,311
280-148	Expansion of the Dial-A-Ride Program (E&D) - Marketing	1,000	-	1,000	-
300-156	Metrolink Parking Lot Improvements	18,000	17,048	952	-
300-157	Repainting of Metrolink Platform Shelters	6,800	-	6,800	-
310-10	Multi-Modal Transit Center and Transit Locations - Operations and Maintenance	529,700	482,650	47,050	465,090

See accompanying independent auditor's report.

CITY OF EL MONTE

PROPOSITION C LOCAL RETURN FUND

**SUPPLEMENTAL INFORMATION
SCHEDULE OF EXPENDITURES
ACTUAL AND METRO APPROVED PROJECT BUDGET**

For the Fiscal Year Ended June 30, 2015
(With Comparative Actual Amount for the Fiscal Year Ended June 30, 2014)
(Continued)

Project Code	Project Name	2015			2014 Actual
		Metro Budget	Actual	Variance Favorable (Unfavorable)	
310-145	Expansion of the Fixed Route Transit Program - Maintenance	\$ 19,800	\$ -	\$ 19,800	\$ -
310-167	Contracted Language Assistance Line	25,000	-	25,000	-
380-01	El Monte Santa Anita Bridge Overcrossing	400,000	87	399,913	-
380-02	Ramona Boulevard and Valley Boulevard Intersection Improvement	771,600	-	771,600	-
380-03	Ramona Boulevard/Badillo Street/Covina Boulevard/TSSP/BSP	141,300	-	141,300	-
400-116	Traffic Signal Improvement at Santa Anita Avenue and Lower Azusa Road	-	-	-	1,577
400-117	Traffic Signal Improvement at Valley Boulevard and Peck Road	-	-	-	1,577
400-118	Traffic Signal Improvement at Ramona Boulevard and Peck Road	-	-	-	1,577
400-119	Traffic Signal Improvement at Peck Road and Fineview Signalization	-	-	-	1,577
400-153	Traffic Signal Improvements	170,400	76,476	93,924	405,589
400-161	Contracted Traffic Signal Repairs and Maintenance	28,000	-	28,000	4,919
400-173	Traffic Signal Conflict Monitor Tester	16,500	-	16,500	-
430-164	Bikeways and Other Improvements	55,000	45,523	9,477	-
440-159	Street Repair and ADA Improvements on Santa Anita	28,000	-	28,000	12,836
440-160	Street Repair on Northbound Peck Road	30,000	-	30,000	-
450-02	Santa Anita Bridge Overcrossing (Bus Access) Project	600,000	-	600,000	-

See accompanying independent auditor's report.

CITY OF EL MONTE

PROPOSITION C LOCAL RETURN FUND

**SUPPLEMENTAL INFORMATION
SCHEDULE OF EXPENDITURES
ACTUAL AND METRO APPROVED PROJECT BUDGET**

For the Fiscal Year Ended June 30, 2015
(With Comparative Actual Amount for the Fiscal Year Ended June 30, 2014)
(Continued)

Project Code	Project Name	2015			2014 Actual
		Metro Budget	Actual	Variance Favorable (Unfavorable)	
450-149	Valley Boulevard and Santa Anita Intersection Improvements	\$ -	\$ -	\$ -	\$ 52,252
450-158	Rosemead and Telstar Intersection Improvements	17,700	15,347	2,353	15,555
450-170	Ramona Boulevard at Valley Boulevard Intersection Improvements	274,015	-	274,015	-
470-126	Upgrade City's Pavement Management System	208,900	-	208,900	-
480-02	Administration Proposition C	220,600	188,727	31,873	221,791
480-151	Computers for Pavement Management System	15,100	-	15,100	5,393
480-166	Computers for Transportation Services Division	12,000	792	11,208	-
500-169	Traffic Analysis on Peck Road North of Rio Hondo Parkway	7,146	6,023	1,123	-
500-171	Location Map on Peck Road	2,820	-	2,820	-
500-172	Traffic Engineering Analysis for Lower	9,780	9,780	-	-
500-174	Consultant - Analysis and Grant Preparation for Peck Road Safe Mid-Block Crossing Project	15,400	-	15,400	-
500-175	Consultant - Analysis and Grant Preparation for Lower Azusa Corridor Project	19,450	-	19,450	-
	Total expenditures	\$ 6,294,251	\$ 962,308	\$ 5,331,943	\$ 1,940,492

See accompanying independent auditor's report.

CITY OF EL MONTE

PROPOSITION C LOCAL RETURN FUND

**SUPPLEMENTAL INFORMATION
SCHEDULE OF CAPITAL ASSETS**

June 30, 2015

Date Acquired	Description	Balance 7/1/2014	Additions	Deletions	Balance 6/30/2015
Apr-93	Ramona Right-of-Way Acquisition	\$ 624,190	\$ -	\$ -	\$ 624,190
1996	Ford Windstar H/C Van TR 19	20,000	-	-	20,000
Mar-96	Five '96 Ford Aerotech 240 Bus	164,868	-	-	164,868
Mar-96	96 Chevy Astro Van	21,290	-	-	21,290
Feb-00	Three Honda Civic GX	56,514	-	-	56,514
May-00	Konic 7033 Copier	8,069	-	-	8,069
May-00	Transit Facility	903,806	-	-	903,806
Jun-00	Natural Gas Van	22,516	-	-	22,516
2001	Ford Cargo Van	18,773	-	-	18,773
Feb-02	Hydro Retriever Brush Scrubber	11,340	-	-	11,340
May-03	Hotsy Power Wash Trailer	7,722	-	-	7,722
Jun-03	2003 Ford F150 Truck	25,144	-	-	25,144
Nov-03	Two 2003 Ford Bus Type III	97,318	-	-	97,318
Feb-04	Lobby Retrofit Carpet	14,229	-	-	14,229
May-05	Dell 2300 Projector with Screen	2,146	-	-	2,146
Jul-05	CNG BUS - xy197	325,318	-	-	325,318
Jul-05	CNG BUS - xy198	325,318	-	-	325,318
Jul-05	CNG BUS - xy200	325,318	-	-	325,318
Aug-05	CNG BUS - xy194	325,318	-	-	325,318
Aug-05	CNG BUS - xy199	325,318	-	-	325,318
Aug-05	CNG BUS - xy201	325,318	-	-	325,318
Dec-05	CNG BUS - xy195	325,318	-	-	325,318
Dec-05	CNG BUS - xy196	325,318	-	-	325,318
Dec-06	2006 Blue Bird Bus	353,013	-	-	353,013
May-07	GEM Electric Car	15,734	-	-	15,734
Jun-08	Lots at Tyler (3448, 3454) and 11016 Ramona	1,000,000	-	-	1,000,000
May-09	2009 Ford F150 4x2 SuperCab	20,292	-	-	20,292
May-09	2009 Ford F150 4x2 Long Bed	16,501	-	-	16,501
Apr-11	15 Bus Shelters	145,525	-	-	145,525
Sep-12	Traffic Signal Santa Anita/Lower Azusa	15,480	-	-	15,480
Sep-12	Traffic Signal Peck/Valley	15,480	-	-	15,480

See accompanying independent auditor's report.

CITY OF EL MONTE

PROPOSITION C LOCAL RETURN FUND

SUPPLEMENTAL INFORMATION
SCHEDULE OF CAPITAL ASSETS

(Continued)

June 30, 2015

Date Acquired	Description	Balance 7/1/2014	Additions	Deletions	Balance 6/30/2015
Sep-12	Traffic Signal Peck/Ramona	\$ 15,480	\$ -	\$ -	\$ 15,480
Sep-12	Traffic Signal Peck/Fineview	15,480	-	-	15,480
Jun-13	Fence	5,033	-	-	5,033
Jun-13	Valley Santa Anita Intersection	105,567	-	-	105,567
Jul-13	2013 El Dorado National Aero Elite CNG Cutaway Buses TR-1b	134,108	-	-	134,108
Jul-13	2013 El Dorado National Aero Elite CNG Cutaway Buses TR-2b	134,108	-	-	134,108
Jul-13	2013 El Dorado National Aero Elite CNG Cutaway Buses TR-14b	134,108	-	-	134,108
Jul-13	2013 El Dorado National Aero Elite CNG Cutaway Buses TR-15b	134,108	-	-	134,108
Jul-13	2013 El Dorado National Aero Elite CNG Cutaway Buses TR-17b	134,108	-	-	134,108
Aug-13	Rotery Lift	23,885	-	-	23,885
Nov-14	Power Edge R320-Dell	-	6,542	-	6,542
Total		<u>\$ 7,018,479</u>	<u>\$ 6,542</u>	<u>\$ -</u>	<u>\$ 7,025,021</u>

See accompanying independent auditor's report.

CITY OF EL MONTE

MEASURE R LOCAL RETURN FUND

BALANCE SHEETS

JUNE 30

	<u>2015</u>	<u>2014</u>
ASSETS		
Cash and investments	\$ <u>4,895,610</u>	\$ <u>3,596,574</u>
Total assets	\$ <u><u>4,895,610</u></u>	\$ <u><u>3,596,574</u></u>
 LIABILITIES AND FUND BALANCE		
Liabilities		
Retention payable	\$ <u>156</u>	\$ <u>156</u>
Total liabilities	<u>156</u>	<u>156</u>
 Fund Balance		
Restricted	<u>4,895,454</u>	<u>3,596,418</u>
Total fund balance	<u>4,895,454</u>	<u>3,596,418</u>
 Total liabilities and fund balance	 \$ <u><u>4,895,610</u></u>	 \$ <u><u>3,596,574</u></u>

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

CITY OF EL MONTE

MEASURE R LOCAL RETURN FUND

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

For the Fiscal Years Ended June 30

	<u>2015</u>	<u>2014</u>
REVENUES		
Measure R	\$ 1,259,323	\$ 1,202,270
Interest income	<u>17,810</u>	<u>15,300</u>
Total revenues	<u>1,277,133</u>	<u>1,217,570</u>
EXPENDITURES		
Valley Circle Construction	<u>-</u>	<u>3,111</u>
Total expenditures	<u>-</u>	<u>3,111</u>
Excess of revenues over expenditures	1,277,133	1,214,459
TRANSFERS-IN		
Transfer from General Fund (Note 13)	21,903	-
Fund balance at beginning of year	<u>3,596,418</u>	<u>2,381,959</u>
Fund balance at end of year	<u>\$ 4,895,454</u>	<u>\$ 3,596,418</u>

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

CITY OF EL MONTE

MEASURE R LOCAL RETURN FUND

SUPPLEMENTAL INFORMATION

SCHEDULE OF EXPENDITURES

ACTUAL AND METRO APPROVED PROJECT BUDGET

For the Fiscal Year Ended June 30, 2015

(With Comparative Actual Amount for the Fiscal Year Ended June 30, 2014)

Project Code	Project Name	2015			2014 Actual
		Metro Budget	Actual	Variance Favorable (Unfavorable)	
1.90	Valley Circle Construction	\$ -	\$ -	\$ -	\$ 3,111
	Total expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,111</u>

See accompanying independent auditor's report.

CITY OF EL MONTE

MEASURE R LOCAL RETURN FUND

SUPPLEMENTAL INFORMATION
SCHEDULE OF CAPITAL ASSETS

June 30, 2015

<u>Date</u> <u>Acquired</u>	<u>Description</u>	<u>Balance</u> <u>7/1/2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>6/30/2015</u>
None		\$ -	\$ -	\$ -	\$ -
	Total	\$ -	\$ -	\$ -	\$ -

See accompanying independent auditor's report.

CITY OF EL MONTE

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

BALANCE SHEETS

JUNE 30

	<u>2015</u>	<u>2014</u>
ASSETS		
Cash and investments	\$ -	\$ 7,997
Due from Metro	<u>57,919</u>	<u>-</u>
Total assets	<u>\$ 57,919</u>	<u>\$ 7,997</u>
 LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts Payable	\$ 1,005	\$ -
Due to General Funds	<u>65,344</u>	<u>-</u>
Total liabilities	<u>66,349</u>	<u>-</u>
 Fund Balance		
Restricted	<u>(8,430)</u>	<u>7,997</u>
Total fund balance	<u>(8,430)</u>	<u>7,997</u>
	-	-
Total liabilities and fund balance	<u>\$ 57,919</u>	<u>\$ 7,997</u>

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

CITY OF EL MONTE

TRANSPORTATION DEVELOPMENT ACT ARTICLE 3 FUND

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

For the Fiscal Years Ended June 30

	<u>2015</u>	<u>2014</u>
REVENUES		
From prior year reserve	\$ 57,919	\$ -
Interest income	<u>-</u>	<u>270</u>
Total revenues	<u>57,919</u>	<u>270</u>
EXPENDITURES		
Various projects	<u>60,541</u>	<u>91,605</u>
Total expenditures	<u>60,541</u>	<u>91,605</u>
Deficiency of revenues over expenditures	<u>(2,622)</u>	<u>(91,335)</u>
Fund balance at beginning of year, as previously reported	7,997	99,332
Prior period adjustment (Note 14)	<u>(13,805)</u>	<u>-</u>
Fund Balance (deficit) at the beginning of year, as restated	<u>(5,808)</u>	<u>-</u>
Fund balance (deficit) at end of year	\$ <u><u>(8,430)</u></u>	\$ <u><u>7,997</u></u>

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

CITY OF EL MONTE

TRANSPORTATION DEVELOPMENT ACT ARTICLE 3 FUND
SUPPLEMENTAL INFORMATION

SCHEDULE OF TRANSPORTATION DEVELOPMENT ACT
ALLOCATION FOR SPECIFIC PROJECTS

For the Fiscal Year Ended June 30, 2015

<u>Project Description</u>	<u>Program Year</u>	<u>Allocations</u>	<u>Expenditures</u>	<u>Unexpended Allocations</u>	<u>Project Status</u>
807 Safe Routes to School (State)	2014-15	\$ 57,919	\$ 60,541	\$ (2,622)	On-going
	Total	<u>\$ 57,919</u>	<u>\$ 60,541</u>	(2,622)	
Unexpended interest accumulated to date				-	
Fund balance at beginning of year				7,997	
Prior period adjustment (Note 14)				<u>(13,805)</u>	
Fund balance (deficit) at end of year				<u>\$ (8,430)</u>	

See accompanying independent auditor's report.

CITY OF EL MONTE

NOTES TO FINANCIAL STATEMENTS
For the Fiscal Years Ended June 30, 2015 and 2014

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) on its external investment pools.

CITY OF EL MONTE

NOTES TO FINANCIAL STATEMENTS
For the Fiscal Years Ended June 30, 2015 and 2014
(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 quarterly balances to the total of the pooled cash and investments.

CITY OF EL MONTE

NOTES TO FINANCIAL STATEMENTS
For the Fiscal Years Ended June 30, 2015 and 2014
(Continued)

NOTE 7 – PROPOSITION A DISCRETIONARY INCENTIVE GRANT - PALRF

The City entered into various Memorandum of Understanding (MOU) agreements with the Los Angeles County Metropolitan Transportation Authority (Metro) to receive Proposition A discretionary incentive grants for participating in the Consolidated National Transit Database (NTD) Voluntary Reporting. The amounts received for the years ended June 30, 2015 and 2014 consisted of the following:

Agreement Date	Period	NTD Voluntary Reporting	MOU Amount	Amount Received	
				2015	2014
May 21, 2014	7/1/13 – 6/30/15	FY 2011-12	\$ 163,017	\$ 163,017	\$ -
May 22, 2013	7/1/12 – 6/30/14	FY 2010-11	\$ 151,191	-	151,691
Total				\$ 163,017	\$ 151,691

The Proposition A discretionary incentive grants were recorded under PALRF.

NOTE 8 – PROJECT GENERATED REVENUE – PALRF

Project generated revenue for the years ended June 30, 2015 and 2014 consisted of the following:

	2015	2014
Trips and Tours	\$ 3,186	\$ 2,690
Sales of Trolley Tokens	7,975	8,723
Summer Bus Revenues	3,684	2,982
Go RIO Pilot Bus Incentive Bus Program	204	201
Senior Transportation	151	673
Total	\$ 15,200	\$ 15,269

NOTE 9 – EXCISE FUEL TAX REFUND – PALRF

The amount of \$50,745 represents excise tax refunds received from the federal government agency for the payments made by the City on the use of alternative fuel and alternative fuel mixture.

NOTE 10 – FTA JARC GRANT REIMBURSEMENT – PALRF

The amount of \$11,000 represents JARC grant received from LACMTA for operating assistance to PALRF.

CITY OF EL MONTE

NOTES TO FINANCIAL STATEMENTS
For the Fiscal Years Ended June 30, 2015 and 2014
(Continued)

NOTE 11 – OTHER REVENUE – PCLRF

Other revenue for the years ended June 30, 2015 and 2014 consisted of the following:

	2015	2014
Metrolink Farebox Revenue	\$ 8,316	\$ 7,841
Metrolink Commuter Subsidy	2,494	12,382
Access Fare Reimbursement	29,140	38,688
Sale of Vehicles*	-	2,000
Rental Income**	22,000	-
Total	\$ <u>61,949</u>	\$ <u>60,911</u>

*The City sold two 1996 Ford Aerotech 240 Gasoline Cutaway Buses for \$2,000 in FY13-14.

**The City received rental payments from SGV Conservation Corps for leasing warehouse space in the City's Transportation building.

NOTE 12 – PRIOR PERIOD ADJUSTMENT - PCLRF

The opening balance at July 1, 2014 for PCLRF reflects an understatement in fund balance by \$22,600. This amount represents additional expenditures incurred for Traffic Signal Improvements, Vehicle Purchase – CNG Cutaways Buses and Rosemead and Telstar Intersection Improvements projects in fiscal year ended June 30, 2013. The result is a restatement of the beginning fund balance account in the financial statement adjusted to \$6,082,978 for the year ended June 30, 2014.

NOTE 13 – TRANSFER FROM GENERAL FUND – MRLRF

The amounts of \$21,903 represents a reimbursement from General Fund to MRLRF related to the fiscal year ended June 30, 2013 Finding No. 13-03 for administrative expenditures exceeding 20 percent of the total local return annual expenditures

NOTE 14 – PRIOR PERIOD ADJUSTMENT – TDAA3F

The opening balance at July 1, 2015 for TDAA3F reflects an understatement in fund balance by \$13,805. This amount represents an additional expenditure incurred for Safe Routes to School Cycle 8 (State) Design in fiscal year ended June 30, 2014. The result is a restatement of the beginning fund balance account in the financial statement adjusted to a fund balance deficit of \$5,808 for the year ended June 30, 2015.

CITY OF EL MONTE

NOTES TO FINANCIAL STATEMENTS
For the Fiscal Years Ended June 30, 2015 and 2014
(Continued)

NOTE 15 – TRANSPORTATION DEVELOPMENT ACT FUND REVENUE ALLOCATION

The revenue allocation for the years ended June 30, 2015 and 2014 consisted of the following:

	2015	2014
FY 2010-11 allocation	\$ 7,336	\$ -
FY 2011-12 allocation	50,583	-
Total	\$ <u>57,919</u>	\$ <u>-</u>

NOTE 16 – 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, 2015 and 2014, the City has funds on reserve as follows:

	2015	2014
FY 2010-11 allocation	\$ -	\$ 7,336
FY 2011-12 allocation	10,328	60,911
FY 2012-13 allocation	89,981	89,981
FY 2013-14 allocation	92,728	92,728
FY 2014-15 allocation	75,516	-
Available reserve balance	\$ <u>268,553</u>	\$ <u>250,956</u>

NOTE 17 – SUBSEQUENT EVENTS

The City has evaluated events or transactions that occurred subsequent to June 30, 2015 through November 30, 2015, 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 El Monte, California and the
Los Angeles County Metropolitan Transit Authority

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Proposition A Local Return Fund (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 El Monte, California (City), as of and for the year ended June 30, 2015, and the related notes to the financial statements, and have issued our report thereon dated November 30, 2015.

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". The signature is written in a cursive, flowing style.

Los Angeles, California
November 30, 2015

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 El Monte, California and the
Los Angeles County Metropolitan Transit Authority

Report on Compliance

We have audited the compliance of the City of El Monte, 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, 2015.

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 El Monte 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 for the year ended June 30, 2015.





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 No. 15-01. Our opinion on Proposition A and Proposition C Local Returns Funds is not modified with respect to these matters.

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 El Monte, 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.

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 might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified a certain deficiency in internal control over compliance that we consider to be significant deficiency as described in the accompanying Schedule of Findings and Recommendations as Finding number 15-01. 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.

The City's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Recommendations. We did not audit the City's response and, accordingly, we express no opinion on the response.



This report is intended solely for the information and use of the City and the Los Angeles County Metropolitan Transportation Authority and is not intended to be and should not be used by anyone other than these specified parties.

Simpson & Simpson

Los Angeles, California
November 30, 2015

CITY OF EL MONTE
COMPLIANCE MATRIX
Year Ended June 30, 2015

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) was submitted on time.	X		None	
9.	Cash or cash equivalents were maintained.	X		None	
10.	Accounting procedures, record keeping and documentation were adequate.		X	\$36,297	See Finding No. 15-01 at the Schedule of Findings and Recommendations.

CITY OF EL MONTE
COMPLIANCE MATRIX
Year Ended June 30, 2015
(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.	N/A		None	
3.	Funds were used on approved projects only and expenditures were supported and allowable per Guidelines.	N/A		None	
4.	Fund were not substituted for property tax.	N/A		None	
5.	Administrative expenses were within the 20% cap.	N/A		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	

N/A - Not applicable as the City did not expend funds.

CITY OF EL MONTE
COMPLIANCE MATRIX
Year Ended June 30, 2015
(Continued)

Compliance Requirement		In Compliance		Questioned Costs	If no, provide details and management response.
		Yes	No		
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	
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 EL MONTE

SCHEDULE OF FINDINGS AND RECOMMENDATIONS

June 30, 2015

Finding No. 15-01 – Funds: PALRF & PCLRF

Criteria:

According to Proposition A and C Local Return Guidelines, Section II, “A proposed expenditure of funds shall be deemed to be for public transit purposes to the extent that it can reasonably be expected to sustain or improve the quality and safety of and/or access to public transit services by the general public or those requiring special public transit assistance” and Section V, “It is jurisdictions’ responsibility to maintain proper accounting records and documentation...”

Condition:

To support the propriety of expenditures being charged to the Proposition A&C Local Return Funds, non-payroll expenditures should be supported by properly executed contracts, invoices, and vouchers. Although payments to vendors were properly supported by invoices and cancelled checks, the following expenditures were not supported by existing contract or purchase order form for the following vendors:

- (a) Payments made to the vendor, Maintex, were charged Maintenance/Operation Costs for Vehicles, Facility & Transit project in the amounts of \$4,723 and \$4,279 to PALRF and PCLRF, respectively.
- (b) Payments made to vendor, CommLine Inc., were charged to PALRF's Maintenance/Operation Costs for Vehicles, Facility and Transit Locations project in the amount of \$3,070.
- (c) Payments made to vendor, Quality Auto Supply, were charged to PALRF's Maintenance/Operation Costs for Consultants - Analyst of City’s Bus Shelter Lighting project in the amount of \$5,478.
- (d) Payments made to vendor, Dewitt Petroleum, were charged to PALRF's Maintenance/Operation Costs for Vehicles, Facility and Transit Locations project in the amount of \$15,428.
- (e) Payments made to vendor, SC Fuels, were charged to PALRF's Maintenance/Operation Costs for Vehicles, Facility and Transit Locations project in the amount of \$3,319.

This is a repeat finding of FY 2014.

Cause:

The items/services provided by this vendor were used on an as needed basis. In accordance with the City’s purchasing policy, no invoices in the amount of \$2,500 or more were paid without a purchase order/contract. However, multiple small purchases by various departments could exceed this threshold.

Effect:

The unsupported expenditures resulted in questioned costs of \$32,018 for PALRF and \$4,279 for PCLRF.

Questioned Cost:

PALRF - \$32,018

PCLRF - \$4,279

CITY OF EL MONTE

SCHEDULE OF FINDINGS AND RECOMMENDATIONS

June 30, 2015

(Continued)

Recommendation:

In accordance with the Guidelines, we recommend that the City reimburse its Proposition A and Proposition C Local Return Accounts of \$32,018 and \$4,279, respectively. In addition, we recommend that the City establish controls to ensure that the costs charged to the Local Return funds are adequately supported by contracts, invoices, canceled checks or similar documentation and that it revise its current labor costs reporting procedures to ensure that labor costs charged to Local Return Funds are adequately supported by time sheets, payroll registers, personal action forms with job descriptions, or similar documentation so that Local Return expenditures are in compliance with the Guidelines.

Management's Response:

In order to address this issue and implement improved tracking, the City has begun to issue Blanket Purchase Orders to better manage these items.

EXIT CONFERENCE

CITY OF EL MONTE

PROPOSITION A, PROPOSITION C, MEASURE R LOCAL RETURN FUNDS, AND
TRANSPORTATION DEVELOPMENT ACT ARTICLE 3 FUND
EXIT CONFERENCE
June 30, 2015

An exit conference was held on December 22, 2015 via telephone conference. Those in attendance were:

Simpson & Simpson Representative:

Yung Dang, Semi-Senior Auditor

City's Representative:

Anne Blakeley, Accountant

Matters Discussed:

Results of the audit disclosed one (1) significant control deficiency and one (1) 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:

Anne Blakeley, Accountant