



**Metro**<sup>™</sup>

**City of El Monte  
Annual Financial Report of its**

**Proposition A Local Return Fund  
Proposition C Local Return Fund  
Measure R Local Return Fund  
Measure M Local Return Fund  
Transportation Development Act Article 3 Fund**

**As of and for the Years Ended June 30, 2019 and 2018  
with Report of Independent Auditors**

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**FINANCIAL SECTION**

## **Report of Independent Auditors**

**To the Honorable Members of the City Council of the  
City of El Monte, 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, the Proposition C Local Return Fund, the Measure R Local Return Fund, the Measure M Local Return Fund and the Transportation Development Act Article 3 Fund (collectively, the Funds) of the City of El Monte, California (the City) which comprise the Funds' balance sheets as of June 30, 2019 and 2018, and the related statements of revenues, expenditures and changes in fund balances for the years then ended, and the related notes to the financial statements.

### ***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 opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits 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 City's preparation and fair presentation of the Funds' 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 City'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 Proposition A Local Return Fund, the Proposition C Local Return Fund, the Measure R Local Return Fund, the Measure M Local Return Fund and the Transportation Development Act Article 3 Fund of the City of El Monte, California as of June 30, 2019 and 2018, and the respective changes in 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 Proposition A Local Return Fund, the Proposition C Local Return Fund, the Measure R Local Return Fund, the Measure M Local Return Fund and the Transportation Development Act Article 3 Fund of the City of El Monte, California, and do not purport to, and do not present fairly the financial position of the City as of June 30, 2019 and 2018, and the changes in its financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

### ***Supplementary Information***

Our audits were conducted for the purpose of forming opinions on each of the Funds' financial statements as a whole. The supplementary information identified in the table of contents is presented for purposes of additional analysis and is not a required part of the Funds' basic financial statements.

The supplementary information identified in the table of contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the Funds' basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the Funds' 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 Funds' basic financial statements or to the Funds' 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 each of the Funds' basic financial statements as a whole.



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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2019 on our consideration of the City's internal control over the Funds' 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 the Funds' financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over the Funds' financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over the Fund's financial reporting and compliance.

A handwritten signature in black ink that reads "Vaqueria &amp; Company LLP". The signature is written in a cursive, flowing style.

**Glendale, California  
December 12, 2019**

**City of El Monte  
 Proposition A Local Return Fund  
 Balance Sheets**

		June 30	
		2019	2018
<b>ASSETS</b>			
Cash and investments	\$	2,176,583	\$ 2,556,070
Due from LACMTA		150,438	-
Accounts receivable		1,455	2,907
Prepaid expense		-	26,832
<b>Total assets</b>	<b>\$</b>	<b><u>2,328,476</u></b>	<b><u>\$ 2,585,809</u></b>
<b>LIABILITIES AND FUND BALANCE</b>			
<b>Liabilities</b>			
Accounts payable	\$	151,216	\$ 302,143
<b>Total liabilities</b>		<b><u>151,216</u></b>	<b><u>302,143</u></b>
<b>Fund balance</b>			
Restricted		<u>2,177,260</u>	2,283,666
<b>Total fund balance</b>		<b><u>2,177,260</u></b>	<b><u>2,283,666</u></b>
<b>Total liabilities and fund balance</b>	<b>\$</b>	<b><u>2,328,476</u></b>	<b><u>\$ 2,585,809</u></b>

*See notes to Funds financial statements.*



City of El Monte  
**Proposition A Local Return Fund**  
**Statements of Revenues, Expenditures and Changes in Fund Balance**

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	<b>Years ended June 30</b>	
	<b>2019</b>	<b>2018</b>
<b>Revenues</b>		
Proposition A	\$ 2,294,056	\$ 2,124,327
Interest income	42,941	32,704
Proposition A Discretionary Incentive Program grant	150,438	162,647
Federal Transit Administration - Job Access and Reverse Commute Program (JARC) Grant reimbursement	-	34,536
Project generated revenues	6,977	13,971
CNG fuel tax refund	35,742	-
<b>Total revenues</b>	<b>2,530,154</b>	<b>2,368,185</b>
<b>Expenditures</b>		
Various projects	2,636,560	2,265,806
<b>Total expenditures</b>	<b>2,636,560</b>	<b>2,265,806</b>
Excess (deficiency) of revenues over expenditures	(106,406)	102,379
Fund balance at beginning of year	2,283,666	2,181,287
Fund balance at end of year	\$ 2,177,260	\$ 2,283,666

*See notes to Funds financial statements.*

City of El Monte  
**Proposition A Local Return Fund**  
**Supplementary Information**  
**Schedule of Expenditures – Actual and LACMTA Approved Project Budget**  
**Year ended June 30, 2019**  
**(With Comparative Actuals for 2018)**

Project Code	Project Name	2019			2018 Actual
		LACMTA Budget	Actual	Variance Positive (Negative)	
110-08	Operation of Fixed Route Transit	\$ 1,024,700	\$ 1,009,522	\$ 15,178	\$ 792,037
110-142	Expansion of the Fixed-Route Transit Program - Operations	-	-	-	45,381
120-02	E & H Paratransit (Dial-A-Ride)	516,400	513,039	3,361	496,705
130-03	Maintenance/Operation Costs for Vehicles, Facility and Transit Locations	697,900	660,661	37,239	527,784
130-15	Drivers Operations E & H	56,400	42,149	14,251	33,663
140-06	Recreation / Special Transportation	34,000	18,726	15,274	22,235
150-65	Bus Stop Improvement Program	34,100	-	34,100	-
250-07	Bus Pass Subsidy	114,000	15,357	98,643	22,195
270-133	SGVCOG/SCAG Planning Dues	40,000	23,992	16,008	30,000
310-20	Trolley Station Relocation Project - Affordable Housing Apartments	2,202,227	-	2,202,227	-
480-02	Administration Prop A and C	348,600	254,463	94,137	295,806
500-191	Contracted Route-By-Route Analysis of City's Transit Services	97,322	97,322	-	-
500-96	Contracted First Aid and CPR Instructor	1,200	1,329	(129)	-
<b>Total expenditures</b>		<b>\$ 5,166,849</b>	<b>\$ 2,636,560</b>	<b>\$ 2,530,289</b>	<b>\$ 2,265,806</b>

*See report of independent auditors.*

**City of El Monte  
Proposition A Local Return Fund  
Supplementary Information  
Schedule of Capital Assets  
Year ended June 30, 2019**

<b>Date Acquired</b>	<b>Description</b>	<b>Balance July 1, 2018</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance June 30, 2019</b>
Nov-87	1 1985 Red Chevy Trolley	\$ 99,438	\$ -	\$ -	\$ 99,438
Sep-88	1 1987 Econo 14 People Mover	41,000	-	-	41,000
Dec-89	1 1990 Ford 2 Passenger Truck	42,169	-	-	42,169
Dec-89	1 1990 El Dorado Tour Bus	79,705	-	-	79,705
Jan-93	SW Corner Railroad St 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	Trolley Station	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 Washer	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	147,740	-	-	147,740
Jun-13	Valley Circle	673,524	-	-	673,524
Feb-15	21 - Solar Lighting System	29,114	-	-	29,114
Sep-15	El Dorado National EZ Rider II Bus 32' CNG TR95	399,675	-	-	399,675
Jun-16	El Dorado National EZ Rider II Bus 32' CNG TR53	397,086	-	-	397,086
<b>Total</b>		<b>\$ 3,753,130</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,753,130</b>

*See report of independent auditors.*

**City of El Monte  
Proposition C Local Return Fund  
Balance Sheets**

		June 30	
		2019	2018
<b>ASSETS</b>			
Cash and investments	\$	6,889,930	\$ 6,366,484
Accounts receivable		20,750	22,958
Prepaid expense		-	10,000
<b>Total assets</b>	<b>\$</b>	<b>6,910,680</b>	<b>\$ 6,399,442</b>
<b>LIABILITIES AND FUND BALANCE</b>			
<b>Liabilities</b>			
Accounts payable	\$	32,888	\$ 80,182
Due to other funds		2,187	-
<b>Total liabilities</b>		<b>35,075</b>	<b>80,182</b>
<b>Fund balance</b>			
Restricted - CR #01-380 Capital reserve		-	412,651
Restricted - CR #02-380 Capital reserve		1,000,182	588,514
Restricted - CR #03-380 Capital reserve		148,188	145,730
Restricted - Other		5,727,235	5,172,365
<b>Total fund balance</b>		<b>6,875,605</b>	<b>6,319,260</b>
<b>Total liabilities and fund balance</b>	<b>\$</b>	<b>6,910,680</b>	<b>\$ 6,399,442</b>

*See notes to Funds financial statements.*

**City of El Monte**  
**Proposition C Local Return Fund**  
**Statements of Revenues, Expenditures and Changes in Fund Balance**

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	Years ended June 30	
	2019	2018
<b>Revenues</b>		
Proposition C	\$ 1,902,855	\$ 1,753,959
Interest income	127,546	85,473
Project generated revenues	56,764	30,198
Sale of capital assets	-	17,847
<b>Total revenues</b>	<b>2,087,165</b>	<b>1,887,477</b>
 <b>Expenditures</b>		
Various projects	1,530,820	1,776,190
<b>Total expenditures</b>	<b>1,530,820</b>	<b>1,776,190</b>
 Excess of revenues over expenditures	 556,345	 111,287
 Fund balance at beginning of year	 6,319,260	 6,207,973
 Fund balance at end of year	 \$ 6,875,605	 \$ 6,319,260

*See notes to Funds financial statements.*

**City of El Monte**  
**Proposition C Local Return Fund**  
**Supplementary Information**  
**Schedule of Expenditures – Actual and LACMTA Approved Project Budget**  
**Year ended June 30, 2019**  
**(With Comparative Actuals for 2018)**

Project Code	Project Name	2019			2018 Actual
		LACMTA Budget	Actual	Variance Positive (Negative)	
110-08	Operation of Fixed Route Transit	\$ -	\$ -	\$ -	47,543
150-125	Bus Stop Improvement Program	34,100	-	34,100	-
160-178	Ramona Boulevard Bus Pads	255,000	-	255,000	-
180-155	Pressure Washer Purchase	17,000	11,137	5,863	-
230-01	Transit Security - Train and Bus Station	56,200	29,732	26,468	35,623
270-85	SGVCOG Planning Dues	10,000	10,000	-	10,000
270-163	Technical Evaluation - Ramona Blvd Bus Tunnel Project Alternatives	600	-	600	-
270-181	CalTIP Membership - Insurance	116,500	121,434	(4,934)	85,383
270-184	Planning	265,100	228,758	36,342	306,465
270-187	Transit Planning on Google Map	6,750	6,750	-	-
280-70	Transit Marketing	8,600	875	7,725	-
300-157	Repainting of Metrolink Platform Shelters	6,800	-	6,800	-
300-176	Trolley Station Improvements	52,500	-	52,500	-
300-180	Contracted ADA Compliance Evaluation and Survey Preparation	29,800	-	29,800	-
300-184	Phase One (1) Bid Specification for ADA Facility Improvements	62,000	-	62,000	-
300-193	Planning and Design - Cypress Facility Improvements	237,000	-	237,000	-
310-10	Multi-Modal Transit Center and Transit Locations - Operations and Maintenance	1,030,450	850,684	179,766	861,597
310-20	Trolley Station Relocation Project - Affordable Housing Apartments	171,556	-	171,556	-
310-145	Expansion of the Fixed-Route Transit Program - Maintenance	-	-	-	1,452
310-167	Contracted Language Assistance Line	10,000	-	10,000	5,431
380-02	Ramona Blvd at Valley Blvd Intersection Improvement	1,171,600	14,270	1,157,330	153,135
380-03	Ramona Blvd/Badillo St/Covina Blvd TSSP/BSP	141,300	-	141,300	-
400-161	Contracted Traffic Signal Repairs and Maintenance	28,000	-	28,000	-
430-190	Regional Bicycle Commuter Access Improvement Project	428,900	-	428,900	-

*See report of independent auditors.*

City of El Monte  
**Proposition C Local Return Fund  
 Supplementary Information**  
**Schedule of Expenditures – Actual and LACMTA Approved Project Budget (Continued)**  
**Year ended June 30, 2019**  
**(With Comparative Actuals for 2018)**

Project Code	Project Name	2019			2018 Actual
		LACMTA Budget	Actual	Variance Positive (Negative)	
450-02	Santa Anita Bridge Overcrossing (Bus Access) Project	\$ 1,000,000	\$ -	\$ 1,000,000	\$ -
450-170	Ramona Boulevard and Valley Boulevard Intersection Improvements	274,000	-	274,000	-
450-189	Planning and Design: Traffic Calming Measures on Parkway Drive	320,000	-	320,000	-
450-192	Call for Projects - Ramona and Valley Intersection Improvements	523,700	2,430	521,270	-
470-126	Upgrade City's Pavement Management System	204,500	-	204,500	-
480-02	Administration Prop A and C	291,100	244,223	46,877	256,887
480-179	Kronos Time Clocks for Transit Center and Transportation Office	5,700	-	5,700	-
480-191	Attorney Fees	100,000	-	100,000	-
500-169	Traffic Analysis on Peck Road North of Rio Hondo Parkway	1,100	-	1,100	-
500-174	Consultants - 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	7,500	-	7,500	-
500-176	Geographic Information System Startup	160,000	-	160,000	-
500-182	Electric Vehicle Charging Stations	141,500	10,527	130,973	12,674
<b>Total expenditures</b>		<b>\$ 7,184,256</b>	<b>\$ 1,530,820</b>	<b>\$ 5,653,436</b>	<b>\$ 1,776,190</b>

*See report of independent auditors.*

**City of El Monte  
Proposition C Local Return Fund  
Supplementary Information  
Schedule of Capital Assets  
Year ended June 30, 2019**

<u>Date Acquired</u>	<u>Description</u>	<u>Balance July 1, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2019</u>
Apr-93	Ramona Right-of-Way Acquisition	\$ 624,190	\$ -	\$ -	\$ 624,190
Mar-96	96 Chevy Astro Van	21,290	-	-	21,290
Feb-00	Three Honda Civic GX	56,514	-	-	56,514
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	-	-	-	-
Feb-04	Lobby Retrofit Carpet	14,229	-	-	14,229
May-05	Dell 2300 Projector with Screen	2,146	-	-	2,146
Dec-06	2006 Blue Bird Bus	-	-	-	-
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
Jun-13	Fence at Yard	5,033	-	-	5,033
Sep-12	Traffic Signal Santa Anita/Lower Azusa	15,480	-	-	15,480
Sep-12	Traffic Signal Valley/Peck	15,480	-	-	15,480
Sep-12	Traffic Signal Peck/Ramona	15,480	-	-	15,480
Sep-12	Traffic Signal Peck/Fineview	15,480	-	-	15,480
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

*See report of independent auditors.*



**City of El Monte**  
**Proposition C Local Return Fund**  
**Supplementary Information**  
**Schedule of Capital Assets (Continued)**  
**Year ended June 30, 2019**

<u>Date Acquired</u>	<u>Description</u>	<u>Balance July 1, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2019</u>
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
Jun-16	2016 El Dorado National EZ Rider II CNG 32" Transit Bus TR54	397,086	-	-	397,086
Jun-16	2016 El Dorado National EZ Rider II CNG 32" Transit Bus TR55	397,086	-	-	397,086
Jun-16	2016 El Dorado National EZ Rider II CNG 32" Transit Bus TR56	397,086	-	-	397,086
Jun-16	2016 El Dorado National EZ Rider II CNG 32" Transit Bus TR57	397,086	-	-	397,086
Jun-16	2016 El Dorado National EZ Rider II CNG 32" Transit Bus TR58	397,086	-	-	397,086
Jun-16	2016 El Dorado National EZ Rider II CNG 32" Transit Bus TR59	397,086	-	-	397,086
Oct-17	El Dorado EZ Rider II Bus Partial Wrap	17,077	-	-	17,077
Mar-17	8000 T - Conflict Monitor Tester	13,374	-	-	13,374
Jun-17	2016 Mobility Ventures MV - Van	56,761	-	-	56,761
Jun-17	2016 Mobility Ventures MV - Van	56,761	-	-	56,761
Jun-17	2016 Mobility Ventures MV - Van	56,761	-	-	56,761
Jun-17	2016 Mobility Ventures MV - Van	56,761	-	-	56,761
Jun-17	2017 Starcraft Allstar Cutaway Bus	76,272	-	-	76,272
Jun-17	2016 Mobility Ventures MV - Van	56,761	-	-	56,761
Jun-17	2017 Starcraft Allstar Cutaway Bus	76,272	-	-	76,272
Jun-17	2017 Starcraft Allstar Cutaway Bus	76,272	-	-	76,272
Jun-17	Ramona / Valley Blvd Intersection (CIP)	53,609	-	-	53,609
Feb-19	Hydro Tex Pressure Washer	-	12,198	-	12,198
<b>Total</b>		<b>\$ 6,758,406</b>	<b>\$ 12,198</b>	<b>\$ -</b>	<b>\$ 6,770,604</b>

*See report of independent auditors.*

**City of El Monte  
Measure R Local Return Fund  
Balance Sheets**

		June 30	
		2019	2018
<b>ASSETS</b>			
Cash and investments		\$ <u>7,042,787</u>	\$ <u>6,672,096</u>
	<b>Total assets</b>	<b>\$ <u>7,042,787</u></b>	<b>\$ <u>6,672,096</u></b>
<b>LIABILITIES AND FUND BALANCE</b>			
<b>Liabilities</b>			
Accounts payable		\$ <u>43,485</u>	\$ <u>48,889</u>
	<b>Total liabilities</b>	<b><u>43,485</u></b>	<b><u>48,889</u></b>
<b>Fund balance</b>			
Restricted		<u>6,999,302</u>	<u>6,623,207</u>
	<b>Total fund balance</b>	<b><u>6,999,302</u></b>	<b><u>6,623,207</u></b>
	<b>Total liabilities and fund balance</b>	<b>\$ <u>7,042,787</u></b>	<b>\$ <u>6,672,096</u></b>

*See notes to Funds financial statements.*

City of El Monte  
Measure R Local Return Fund

**Statements of Revenues, Expenditures and Changes in Fund Balance**

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		Years ended June 30	
		2019	2018
<b>Revenues</b>			
Measure R	\$	1,427,551	\$ 1,319,774
Interest income		131,745	90,236
Reimbursement		-	51,021
<b>Total revenues</b>		<b>1,559,296</b>	1,461,031
<b>Expenditures</b>			
Various projects		1,183,201	958,494
<b>Total expenditures</b>		<b>1,183,201</b>	958,494
Excess of revenues over expenditures		376,095	502,537
Fund balance at beginning of year		6,623,207	6,120,670
Fund balance at end of year	\$	<b>6,999,302</b>	\$ 6,623,207

*See notes to Funds financial statements.*

City of El Monte  
Measure R Local Return Fund  
Supplementary Information  
Schedule of Expenditures – Actual and LACMTA Approved Project Budget  
Year ended June 30, 2019  
(With Comparative Actuals for 2018)

Project Code	Project Name	2019		Variance Positive (Negative)	2018 Actual
		LACMTA Budget	Actual		
1.05	Slurry Seal/Overlay Project Phase II - Mt. View	\$ 1,880,000	\$ -	\$ 1,880,000	\$ 510,000
1.05	Federal Drive Street Repair and Maintenance	124,000	-	124,000	-
1.15	Install Sharrow Bike Lanes	200,000	-	200,000	-
1.90	Safe Route to School Cycle II - ("Bulbouts")	807,997	788,584	19,413	22,565
1.90	Street Maintenance and Contract Services	40,000	-	40,000	-
1.90	Street Improvements: Replace and Remove at Klingerman, Strozier and Fern	462,500	-	462,500	-
1.90	Valley/Arden Drainage Improvement	100,000	-	100,000	-
1.90	Shared Parking/Smart Detection System	315,700	-	315,700	8,237
1.90	Pavement Rehabilitation Program	163,000	-	163,000	413,706
1.90	Other Streets and Roads	150,000	-	150,000	-
1.90	Capital Reserve Citywide Street Improvement	10,000,000	-	10,000,000	-
1.90	Resurfacing of Ramona Boulevard	762,700	269,585	493,115	-
5.25	Right of Way Acquisition	40,000	-	40,000	-
7.90	Planning - City Staff	56,500	-	56,500	-
7.90	PMS Software - Roadmatrix	61,000	38,674	22,326	-
7.90	Safe Routes to School - Design a Roundabout at "5-Points" in El Monte	150,000	51,908	98,092	-
7.90	Slurry Seal/Overlay Project Phase II	10,000	-	10,000	-
7.90	SR 60 Coalition	108,000	-	108,000	-
7.90	Street Improvements: Replace and Remove at Klingerman, Strozier and Fern	53,200	-	53,200	3,986
8.10	Salaries and Benefits to Support Measure R Projects	35,500	34,450	1,050	-
	<b>Total expenditures</b>	<b>\$ 15,520,097</b>	<b>\$ 1,183,201</b>	<b>\$ 14,336,896</b>	<b>\$ 958,494</b>

See report of independent auditors.

**City of El Monte**  
**Measure R Local Return Fund**  
**Supplementary Information**  
**Schedule of Capital Assets**  
**Year ended June 30, 2019**

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<u>Date Acquired</u>	<u>Description</u>	<u>Balance July 1, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2019</u>
None		\$ -	\$ -	\$ -	\$ -
	<b>Total</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

*See report of independent auditors.*  
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**City of El Monte  
Measure M Local Return Fund  
Balance Sheets**

		June 30	
		2019	2018
<b>ASSETS</b>			
Cash and investments	\$	2,728,841	\$ 1,132,993
<b>Total assets</b>	<b>\$</b>	<b>2,728,841</b>	<b>\$ 1,132,993</b>
<b>LIABILITIES AND FUND BALANCE</b>			
<b>Liabilities</b>			
Sales tax payable	\$	7,090	\$ 5,182
<b>Total liabilities</b>		<b>7,090</b>	<b>5,182</b>
<b>Fund balance</b>			
Restricted		2,721,751	1,127,811
<b>Total fund balance</b>		<b>2,721,751</b>	<b>1,127,811</b>
<b>Total liabilities and fund balance</b>	<b>\$</b>	<b>2,728,841</b>	<b>\$ 1,132,993</b>

*See notes to Funds financial statements.*

**City of El Monte**  
**Measure M Local Return Fund**

**Statements of Revenues, Expenditures and Changes in Fund Balance**

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	Years ended June 30	
	2019	2018
<b>Revenues</b>		
Measure M	\$ 1,607,144	\$ 1,196,017
Interest income	38,692	7,541
<b>Total revenues</b>	<b>1,645,836</b>	<b>1,203,558</b>
 <b>Expenditures</b>		
Various projects	51,896	75,747
<b>Total expenditures</b>	<b>51,896</b>	<b>75,747</b>
 Excess of revenues over expenditures	 1,593,940	 1,127,811
 Fund balance at beginning of year	 1,127,811	 -
 Fund balance at end of year	 \$ 2,721,751	 \$ 1,127,811

*See notes to Funds financial statements.*

**City of El Monte**  
**Measure M Local Return Fund**  
**Supplementary Information**  
**Schedule of Expenditures – Actual and LACMTA Approved Project Budget**  
**Year ended June 30, 2019**  
**(With Comparative Actuals for 2018)**

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Project Code	Project Name	2019			2018 Actual
		LACMTA Budget	Actual	Variance Positive (Negative)	
1.90	Storm Drain Design Improvements	\$ 250,000	\$ 43,498	\$ 206,502	\$ -
5.10	Vehicles - New	292,077	-	292,077	-
5.90	Transit and Paratransit Bus Surveillance Systems	500,000	-	500,000	75,747
7.90	Engineering and Traffic Survey	25,500	-	25,500	-
7.90	Planning and Engineering - Storm Drain Improvements	100,000	-	100,000	-
7.90	Planning and Engineering - Traffic Calming Measures	70,000	-	70,000	-
8.10	Salary and Benefits - Admin	35,500	8,398	27,102	-
	<b>Total expenditures</b>	<b>\$ 1,273,077</b>	<b>\$ 51,896</b>	<b>\$ 1,221,181</b>	<b>\$ 75,747</b>

*See report of independent auditors.*



**City of El Monte**  
**Measure M Local Return Fund**  
**Supplementary Information**  
**Schedule of Capital Assets**  
**Year ended June 30, 2019**

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<u>Date Acquired</u>	<u>Description</u>	<u>Balance July 1, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2019</u>
None		\$ -	\$ -	\$ -	\$ -
	<b>Total</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**City of El Monte**  
**Transportation Development Act Article 3 Fund**  
**Pursuant to Public Utilities Code Section 99234**  
**Balance Sheets**

		June 30	
		2019	2018
<b>ASSETS</b>			
Due from LACMTA	\$	-	\$ 116,783
<b>Total assets</b>		<b>\$ -</b>	<b>\$ 116,783</b>
<b>LIABILITIES AND FUND BALANCE (DEFICIT)</b>			
<b>Liabilities</b>			
Cash overdraft	\$	14,717	\$ 72,294
Sales tax payable		-	189
<b>Total liabilities</b>		<b>14,717</b>	<b>72,483</b>
<b>Fund balance (deficit)</b>			
Restricted		(14,717)	44,300
<b>Total fund balance (deficit)</b>		<b>(14,717)</b>	<b>44,300</b>
<b>Total liabilities and fund balance (deficit)</b>		<b>\$ -</b>	<b>\$ 116,783</b>

*See notes to Funds financial statements.*

City of El Monte  
 Transportation Development Act Article 3 Fund  
 Pursuant to Public Utilities Code Section 99234  
**Statements of Revenues, Expenditures and Changes in Fund Balance**

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		Years ended June 30	
		2019	2018
<b>Revenues</b>			
Intergovernmental Allocations:			
TDA Article 3	\$	50,831	\$ 116,783
<b>Total revenues</b>		<b>50,831</b>	116,783
 <b>Expenditures</b>			
Various projects		109,848	65,734
<b>Total expenditures</b>		<b>109,848</b>	65,734
Excess (deficiency) of revenues over expenditures		(59,017)	51,049
Fund balance (deficit) at beginning of year		44,300	(6,749)
Fund balance (deficit) at end of year	\$	(14,717)	\$ 44,300

*See notes to Funds financial statements.*

**City of El Monte**  
**Transportation Development Act Article 3 Fund**  
**Pursuant to Public Utilities Code Section 99234**  
**Supplementary Information**  
**Schedule of Transportation Development Act Allocation for Specific Projects**  
**Year ended June 30, 2019**

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<b>Project Description</b>	Program Year	Totals to Date		Unexpended Allocations	Project Status
		Allocations	Expenditures		
<b>Local Allocations:</b>					
Sidewalk Improvement Project	2018	\$ -	\$ 64,606	\$ (64,606)	Ongoing
Traffic Calming Durfee/Ramona Area	2019	50,831	45,242	5,589	Ongoing
<b>Totals</b>		\$ 50,831	\$ 109,848	(59,017)	
Fund balance at beginning of year				44,300	
Fund balance (deficit) at end of year				\$ (14,717)	

*See report of independent auditors.*

**NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Fund Accounting**

The operations of the Proposition A Local Return Fund (PALRF), the Proposition C Local Return Fund (PCLRF), the Measure R Local Return Fund (MRLRF), the Measure M Local Return Fund (MMLRF) and the Transportation Development Act Article 3 Fund (TDAA3F) (collectively, the Funds) 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 is derived from 15% of the county-wide ½ cent Measure R 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.

MMLRF is derived from 17% of the county-wide ½ cent Measure M 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.

TDAA3F is a Special Revenue Fund that accounts for the City's share of the Transportation Development Act Article 3 allocations which are legally restricted for specific purposes.

**Basis of Accounting and Measurement Focus**

The PALRF, PCLRF, MRLRF, MMLRF and TDAA3F are reported as Special Revenue Funds of the City and are accounted for using the modified accrual basis of accounting. Revenues are recognized when they become "susceptible to accrual", that is, measurable and available to finance expenditures of the current period. Expenditures are recorded when the liability is incurred.

Special Revenue Funds are reported on a spending or "financial flow" measurement focus. This means that generally, only current assets, current liabilities and deferred inflows and outflows of resources are included on their balance sheets. Statements of revenues, expenditures and changes in fund balances for Special Revenue Funds generally present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

**Budgets and Budgetary Accounting**

The budgeted amounts presented in this report for comparison to the actual amounts are based on budgets approved by LACMTA and are presented in accordance with accounting principles generally accepted in the United States of America.

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

**Fair Value Measurement**

In accordance with GASB Statement No. 72, *Fair Value Measurement and Application*, the City categorizes its fair value measurement within the fair value hierarchy that is based on the valuation inputs used to measure the fair value of the investment. Level 1 inputs are quoted prices in active markets for identical investments; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Accordingly, the City reports its investments at fair value and recognizes unrealized gain (loss) on investments.

Refer to the City's Comprehensive Annual Financial Report for detailed disclosures regarding the City's investments policy and fair value measurement disclosures.

**Fund Balance Reporting**

Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, establishes the fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

The PALRF, PCLRF, MRLRF, MMLRF and TDAA3F report the following fund balance classification as of June 30, 2019 and 2018:

- Restricted - Amounts that are constrained for specific purposes, which are externally imposed by providers, such as creditors, or amounts constrained due to constitutional provisions or enabling legislation. The use of the Funds' remaining fund balances are restricted for projects approved by LACMTA.

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

**NOTE 2      ANNUAL FINANCIAL STATEMENTS**

The financial statements reflect only the financial position and results of operations of the PALRF, PCLRF, MRLRF, MMLRF and TDAA3F, and do not purport to, and do not present fairly the City's financial position as of June 30, 2019 and 2018, and the changes in its financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**NOTE 3      PROPOSITION A AND PROPOSITION C LOCAL RETURN COMPLIANCE REQUIREMENTS**

The Proposition A Ordinance requires that Local Return (LR) funds be used exclusively to benefit public transit. Expenditures related to fixed route and paratransit services, Transportation Demand Management, Transportation Systems Management and fare subsidy programs that exclusively benefit transit are all eligible uses of Proposition A LR funds. Proposition A LR funds may also be traded with other Jurisdictions in exchange for general or other funds.

The Proposition C Ordinance directs that LR funds also be used to benefit public transit, as described above, but provides an expanded list of eligible project expenditures including Congestion Management Programs, bikeways and bike lanes, street improvements supporting public transit service, and Pavement Management System projects. Proposition C LR funds cannot be traded.

Proposition A and Proposition C LR funds must be expended within three years of the last day of the fiscal year in which funds were originally allocated.

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. See accompanying Compliance Matrix.

**NOTE 4      MEASURE R LOCAL RETURN COMPLIANCE REQUIREMENTS**

The Measure R Ordinance specifies that LR funds be used exclusively for transportation purposes.

Measure R LR funds must be expended within five years of the first day of the fiscal year in which funds were originally allocated or received.

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. See accompanying Compliance Matrix.

**NOTE 5      MEASURE M LOCAL RETURN COMPLIANCE REQUIREMENTS**

Measure M was approved by the voters of Los Angeles County on November 8, 2016 to improve transportation and ease traffic congestion consistent with the Los Angeles County Traffic Improvement Plan Ordinance approved by the Metro Board of Directors on June 23, 2016. The Measure M Ordinance specifies that LR funds be used exclusively for transportation purposes.

**NOTE 5 MEASURE M LOCAL RETURN COMPLIANCE REQUIREMENTS (CONTINUED)**

Measure M LR funds must be expended within five years of the first day of the fiscal year in which funds were originally allocated or received.

In accordance with *Measure M Local Return Program Guidelines*, funds received pursuant to these guidelines may only be used for Measure M Local Return approved programs. See accompanying Compliance Matrix.

**NOTE 6 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. See accompanying Compliance Matrix.

**NOTE 7 CASH AND INVESTMENTS**

The PALRF, PCLRF, MRLRF, MMLRF 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.

Please refer to the City's Comprehensive Annual Financial Report (CAFR) for a full description of risks relating to cash and investments.

**NOTE 8 PROPOSITION A DISCRETIONARY INCENTIVE PROGRAM GRANT**

The City entered into various Memorandum of Understanding (MOU) agreements with the LACMTA to receive Proposition A discretionary incentive grants for participating in the National Transit Database (NTD) Voluntary Reporting. The amounts received for the years ended June 30, 2019 and 2018, consisted of the following:

<u>Reporting Year</u>	<u>MOU Amount</u>	<u>Amount Received</u>	
		<u>2019</u>	<u>2018</u>
FY 2015	\$ 162,647	\$ -	\$ 162,647
FY 2016	150,438	<b>150,438</b>	-
		<b>\$ 150,438</b>	<b>\$ 162,647</b>

The Proposition A Discretionary Incentive Program grants were recorded under the PALRF.



**NOTE 9 PROJECT GENERATED REVENUES**

Project generated revenues for the years ended June 30, 2019 and 2018 consisted of the following:

**PALRF:**

	2019	2018
Trolley tokens	\$ 6,055	\$ 8,344
Go RIO RioHondo Pilot Bus Incentive Bus Program	646	473
Trips and tours	-	1,007
Bus passes	-	2,000
Summer bus revenues	-	1,770
Other	276	377
	\$ 6,977	\$ 13,971

**PCLRF:**

	2019	2018
Access fare reimbursement	\$ 35,834	\$ 18,306
Commuter subsidy	15,024	4,917
Farebox revenues	5,906	6,610
Reimbursements - CalTIP	-	365
	\$ 56,764	\$ 30,198

**NOTE 10 FEDERAL TRANSIT ADMINISTRATION – JOB ACCESS AND REVERSE COMMUTE PROGRAM GRANT REIMBURSEMENT**

On May 1, 2013, the City entered into a Funding Agreement with the LACMTA for Section 5316 Job Access and Reverse Commute (JARC) Program funds (MOU.JARCELMONTE12). The LACMTA Board approved the award of \$418,100 to the City for operating assistance and \$407,000 in capital assistance to implement the expansion of fixed-route transit program.

For the years ended June 30, 2019 and 2018, the City received grant reimbursements from LACMTA for capital and operating assistance under MOU.JARCELMONTE12 as follows:

	2019	2018
Operating assistance reimbursement	\$ -	\$ 34,536
	\$ -	\$ 34,536

The JARC reimbursement was recorded under the PALRF.

**NOTE 11      CAPITAL RESERVE AGREEMENTS – PCLRF**

**Agreement #01-380 – El Monte Santa Anita Bridge Overcrossing**

In June 2013, LACMTA and the City entered into a capital reserve agreement to establish a \$400,000 capital reserve account (#01-380) for the El Monte Santa Anita Bridge Overcrossing Project. The expected overall total cost for this project is \$15 million. In June 2016, the LACMTA Board of Directors approved the City's request to extend this capital reserve agreement to June 30, 2019. The City did not anticipate that the project to go forward anytime soon. In June 2018, LACMTA Board of Directors approved the City's request to transfer the capital reserve fund account balance to the Ramona Boulevard at Valley Boulevard Intersection Improvement Project (Agreement #02-380).

**Agreement #02-380 – Ramona Boulevard at Valley Boulevard Intersection Improvement Project**

In June 2013, LACMTA and the City entered into a capital reserve agreement to establish a \$771,591 capital reserve account (#02-380) for the Ramona Boulevard and Valley Boulevard Intersection Improvement Project. This project will make major improvements to the intersection of Ramona Boulevard, Valley Boulevard and Valley Mall which include the reconfiguration of existing roadway and the addition of dedicated turn lanes to improve existing traffic conditions. In June 2016, the LACMTA Board of Directors approved the City's request to extend this capital reserve agreement to June 30, 2018. In June 2018, the LACMTA Board of Directors approved the City's request to transfer the capital reserve fund balance from the El Monte Santa Anita Bridge Overcrossing (Agreement #01-380) to this project for a total funding of \$1,771,600 and further extend this capital reserve agreement to June 30, 2023.

**Agreement #03-380 – Ramona Boulevard/Badillo Street/Covina Boulevard/TSSP/BSP**

In July 2011, LACMTA and the City entered into a capital reserve agreement to establish a \$141,252 capital reserve account (#03-380) for the Ramona Boulevard, Badillo Street, and Covina Boulevard Intersection Project. The project is multi-jurisdictional, involving the Cities of El Monte, Baldwin Park, West Covina, Covina and led by the Los Angeles County Public Works. The scope of the project entails synchronizing the traffic signals along the subject corridor and providing for bus signal priority to improve travel time. The County of Los Angeles Department of Public Works Traffic Division expects the funding for the Ramona project to be programmed by LACMTA in FY 2019. In June 2016, the LACMTA Board of Directors approved the City's request to extend this capital reserve agreement to June 30, 2019. In March 2019, the City requested to further extend this capital reserve agreement to June 30, 2023. The request is pending approval of LACMTA Board of Directors.

**NOTE 11 CAPITAL RESERVE AGREEMENTS – PCLRF (CONTINUED)**

<u>Project Title</u>	<u>Agreement Date</u>	<u>Reserve Amount</u>	<u>Original Termination Date</u>	<u>Amended Termination Date</u>
El Monte Santa Anita Bridge Overcrossing (#01-380)	6/19/2013	\$400,000	6/30/2016	6/30/2019
Ramona Blvd at Valley Blvd Intersection Improvement (#02-380)	6/19/2013	\$1,771,600	6/30/2016	6/30/2023
Ramona Blvd/Badillo St/ Covina Blvd TSSP/BSP (#03-380)	7/23/2011	\$141,262	6/30/2016	6/30/2019

As of and for the years ended June 30, 2019 and 2018, the capital reserve amounts and transactions were as follows:

	<u>#01-380</u>	<u>#02-380</u>	<u>#03-380</u>
Capital reserve, June 30, 2017	\$ 407,058	\$ 731,597	\$ 143,755
Interest income earned	5,593	10,052	1,975
Expenditures during the year	-	(153,135)	-
Capital reserve, June 30, 2018	412,651	588,514	145,730
Transfer of capital reserve balance	(412,651)	412,651	-
Interest income earned	-	13,287	2,458
Expenditures during the year	-	(14,270)	-
Capital reserve, June 30, 2019	\$ -	\$ 1,000,182	\$ 148,188

**NOTE 12 TRANSPORTATION DEVELOPMENT ACT ARTICLE 3 FUND REVENUE ALLOCATION**

The revenue allocations for the years ended June 30, 2019 and 2018 consisted of the following:

	<u>2019</u>	<u>2018</u>
FY 2013/14 reserve	\$ -	\$ 92,098
FY 2014/15 reserve	50,831	24,685
	\$ <u>50,831</u>	\$ <u>116,783</u>

**NOTE 13      TRANSPORTATION DEVELOPMENT ACT ARTICLE 3 FUNDS RESERVED**

In accordance with TDA Article 3 (SB821) Guidelines, funds which will not be 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 LACMTA. As of June 30, 2019 and 2018, the City has funds on reserve as follows:

		<u>2019</u>		<u>2018</u>
FY 2014/15 reserve	\$	-	\$	50,831
FY 2015/16 reserve		<b>73,312</b>		73,312
FY 2016/17 reserve		<b>76,704</b>		76,704
FY 2017/18 reserve		<b>74,161</b>		74,161
FY 2018/19 allocation		<b>77,455</b>		-
	<b>\$</b>	<b><u>301,632</u></b>	<b>\$</b>	<b><u>275,008</u></b>

For FY 2018/19, any TDA Article 3 funds left on reserve for FY 2014/15 or prior, are subject to lapse if not claimed by the City by June 30, 2019. There were no funds that lapsed in FY 2018/19.

**NOTE 14      SUBSEQUENT EVENTS**

The City has evaluated subsequent events through December 12, 2019 the date the financial statements were available to be issued, and concluded no events have occurred that require disclosure or adjustments to the financial statements.

**Report of Independent Auditors 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 Transportation Authority**

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 Proposition A Local Return Fund, the Proposition C Local Return Fund, the Measure R Local Return Fund, the Measure M Local Return Fund and the Transportation Development Act Article 3 Fund (collectively, the Funds) of the City of El Monte, California (the City) as of and for the year ended June 30, 2019, and the related notes to the financial statements, and have issued our report thereon dated December 12, 2019.

**Internal Control over Financial Reporting**

In planning and performing our audit of the Funds' financial statements, we considered the City's internal control over the Funds' financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the Funds' 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 Funds' 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 Proposition A Local Return Fund, Proposition C Local Return Fund, Measure R Local Return Fund, Measure M Local Return Fund and Transportation Development Act Article 3 Fund 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 this 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 City'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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

**Glendale, California  
December 12, 2019**

**COMPLIANCE SECTION**

## Report of Independent Auditors on Compliance

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

### Report on Compliance

We have audited the compliance of the City of El Monte, California (the City) with the Proposition A and Proposition C Local Return Guidelines, Measure R Local Return Guidelines, Measure M Local Return Guidelines, Transportation Development Act Article 3, and the Los Angeles County Metropolitan Transportation Authority's Funding and Allocation Guidelines for Transportation Development Act Article 3 Bicycle and Pedestrian Funds (collectively, the Guidelines) for the year ended June 30, 2019.

#### ***Management's Responsibility***

Management is responsible for the City's compliance with the Guidelines.

#### ***Auditors' Responsibility***

Our responsibility is to express an opinion on the City's compliance with the Guidelines based on our audit. We conducted our audit of compliance in accordance with the 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. Those standards and the Guidelines require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on the Proposition A Local Return Program, Proposition C Local Return Program, Measure R Local Return Program, Measure M Local Return Program and Transportation Development Act Article 3 Program 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 with the Guidelines. However, our audit does not provide a legal determination of the City's compliance with the Guidelines.

#### ***Opinion***

In our opinion, the City of El Monte, California complied, in all material respects, with the compliance requirements of the Guidelines for the year ended June 30, 2019.





## Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance, 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 on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with the requirements, such that there is a reasonable possibility that material noncompliance will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with the requirements that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Guidelines. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "Vagney &amp; Company LLP".

**Glendale, California  
December 12, 2019**

**City of El Monte  
Compliance Matrix  
Year ended June 30, 2019**

Compliance Requirements	In Compliance			Questioned Costs	If no, provide details and management response.
	Yes	No	N/A		
<b>A. Proposition A and Proposition C Local Return Funds</b>					
1. Uses the State Controller's Uniform System of Accounts and Records.	X				
2. Timely use of funds.	X				
3. Funds expended were approved and have not been substituted for property tax.	X				
4. Expenditures that exceeded 25% of approved project budget have approved amended Project Description Form (Form A)	X				
5. Administrative expenses are within the 20% cap of the total annual Local Return Expenditures.	X				
6. All on-going and carryover projects were reported in Form B.	X				
7. Annual Project Summary Report (Form B) was submitted timely.	X				
8. Annual Expenditure Report (Form C) was submitted timely.	X				
9. Cash or cash equivalents are maintained.	X				
10. Accounting procedures, record keeping and documentation are adequate.	X				
11. Pavement Management System (PMS) in place and being used for Street Maintenance or Improvement Projects Expenditures.	X				
12. Local Return Account is credited for reimbursable expenditures.			X		
13. Self-Certification was completed and submitted for Intelligent Transportation Systems projects or elements.			X		
14. Assurances and Understandings form was on file.	X				
15. Recreational Transit Form was submitted timely.	X				

*See report of independent auditors on compliance.*

**City of El Monte  
Compliance Matrix  
Year ended June 30, 2019**

Compliance Requirements	In Compliance			Questioned Costs	If no, provide details and management response.
	Yes	No	N/A		
<b>B. Measure R Local Return Fund</b>					
1. Funds were expended for transportation purposes.	X				
2. Funds were used to augment, not supplant, existing local revenues being used for transportation purposes unless there is a funding shortfall.	X				
3. Signed Assurances and Understandings on file.	X				
4. Separate Measure R Local Return Account was established.	X				
5. Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure R Local Return Account.	X				
6. Funds were expended with LACMTA's approval.	X				
7. Expenditure Plan (Form One) was submitted timely.					
8. Expenditure Report (Form Two) was submitted timely.	X				
9. Timely use of funds.	X				
10. Administrative expenses are within the 20% cap.	X				
11. Fund exchanges were approved by LACMTA.			X		
12. A separate account was established for Capital reserve funds and Capital reserve was approved by LACMTA.			X		
13. Recreational transit form was submitted timely.			X		

*See report of independent auditors on compliance.*

**City of El Monte  
Compliance Matrix  
Year ended June 30, 2019**

Compliance Requirements	In Compliance			Questioned Costs	If no, provide details and management response.
	Yes	No	N/A		
<b>C. Measure M Local Return Fund</b>					
1. Funds were expended for transportation purposes.	X				
2. Funds were used to augment, not supplant, existing local revenues being used for transportation purposes unless there is a fund shortfall.	X				
3. Signed Assurances and Understandings on file.	X				
4. Separate Measure M Local Return Account was established.	X				
5. Revenues received including allocations, project generated revenues and interest income were properly credited to the Measure M Local Return Account.	X				
6. Funds were expended with LACMTA's approval.	X				
7. Expenditure Plan (Form M-One) was submitted timely.	X				
8. Expenditure Report (Form M-Two) was submitted timely.	X				
9. Timely use of funds.	X				
10. Administrative expenses are within the 20% cap.	X				
11. Fund exchanges were approved by LACMTA.			X		
12. A separate account was established for Capital reserve funds and Capital reserve was approved by LACMTA.			X		
13. Recreational transit form was submitted timely.			X		

*See report of independent auditors on compliance.*

**City of El Monte  
Compliance Matrix  
Year ended June 30, 2019**

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Compliance Requirements	In Compliance			Questioned Costs	If no, provide details and management response.
	Yes	No	N/A		
<b>D. Transportation Development Act Article 3 Fund</b>					
1. Timely use of funds.	X				
2. Expenditures were incurred for activities relating to pedestrian and bicycle facilities and amenities.	X				

*See report of independent auditors on compliance.*

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

There were no findings noted.

**EXIT CONFERENCE**



An exit conference was held on December 12, 2019, with the City of El Monte representatives. Those in attendance were:

Vasquez and Company LLP representatives:  
    Marialyn Salvador – Audit Senior Manager  
    Erica Ong – Audit Senior

City of El Monte representatives:  
    Anne Blakeley – Finance Manager  
    Carmen Tsui – Grant Accountant  
    Sarah Zadok – Transportation Operations Manager

Matters discussed:

Results of the audit disclosed no significant compliance or financial statements issues.

A copy of this report was forwarded to the following City of El Monte representatives for comments prior to the issuance of the final report:

    Anne Blakeley – Finance Manager  
    Carmen Tsui – Grant Accountant  
    Sarah Zadok – Transportation Operations Manager



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