



MetroTM

**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, 2020 and 2019
with Report of Independent Auditors**

	<u>PAGE</u>
FINANCIAL SECTION	
Report of Independent Auditors	1
Proposition A Local Return Fund:	
Basic Financial Statements:	
Balance Sheets	4
Statements of Revenues, Expenditures and Changes in Fund Balance	5
Supplementary Information:	
Schedule of Expenditures – Actual and LACMTA Approved Project Budget	6
Schedule of Capital Assets	7
Proposition C Local Return Fund:	
Basic Financial Statements:	
Balance Sheets	8
Statements of Revenues, Expenditures and Changes in Fund Balance	9
Supplementary Information:	
Schedule of Expenditures – Actual and LACMTA Approved Project Budget	10
Schedule of Capital Assets	12
Measure R Local Return Fund:	
Basic Financial Statements:	
Balance Sheets	14
Statements of Revenues, Expenditures and Changes in Fund Balance	15
Supplementary Information:	
Schedule of Expenditures – Actual and LACMTA Approved Project Budget	16
Schedule of Capital Assets	17
Measure M Local Return Fund:	
Basic Financial Statements:	
Balance Sheets	18
Statements of Revenues, Expenditures and Changes in Fund Balance	19
Supplementary Information:	
Schedule of Expenditures – Actual and LACMTA Approved Project Budget	20
Schedule of Capital Assets	21
Transportation Development Act Article 3 Fund:	
Basic Financial Statements:	
Balance Sheets	22
Statements of Revenues, Expenditures and Changes in Fund Balance	23
Supplementary Information:	
Schedule of Transportation Development Act Allocation for Specific Projects	24
Notes to Funds Financial Statements	25
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 <i>Government Auditing Standards</i>	34

	<u>PAGE</u>
COMPLIANCE SECTION	
Report of Independent Auditors on Compliance	36
Compliance Matrix	38
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	42
EXIT CONFERENCE	43

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, 2020 and 2019, 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, 2020 and 2019, 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, 2020 and 2019, 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 November 24, 2020 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.

Vasquez & Company LLP

**Glendale, California
November 24, 2020**

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

		June 30	
		2020	2019
ASSETS			
Cash and investments	\$	2,843,386	\$ 2,176,583
Due from LACMTA		-	150,438
Accounts receivable		2,737	1,455
Prepaid expense		2,272	-
Total assets	\$	<u>2,848,395</u>	\$ <u>2,328,476</u>
LIABILITIES AND FUND BALANCE			
Liabilities			
Accounts payable	\$	265,086	\$ 151,216
Total liabilities		<u>265,086</u>	<u>151,216</u>
Fund balance			
Restricted		<u>2,583,309</u>	<u>2,177,260</u>
Total fund balance		<u>2,583,309</u>	<u>2,177,260</u>
Total liabilities and fund balance	\$	<u>2,848,395</u>	\$ <u>2,328,476</u>

See notes to Funds financial statements.

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

	Years ended June 30	
	2020	2019
Revenues		
Proposition A	\$ 2,271,012	\$ 2,294,056
Interest income	32,156	42,941
Proposition A Discretionary Incentive Program grant	-	150,438
Project generated revenues	31,355	6,977
CNG fuel tax refund	4,585	35,742
Sale of capital assets	620,346	-
Total revenues	2,959,454	2,530,154
Expenditures		
Various projects	2,553,405	2,636,560
Total expenditures	2,553,405	2,636,560
Excess (deficiency) of revenues over expenditures	406,049	(106,406)
Fund balance at beginning of year	2,177,260	2,283,666
Fund balance at end of year	\$ 2,583,309	\$ 2,177,260

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, 2020
(With Comparative Actuals for 2019)

Project Code	Project Name	2020			2019 Actual
		LACMTA Budget	Actual	Variance Positive (Negative)	
110-08	Operation of Fixed Route Transit	\$ 1,095,560	\$ 1,093,286	\$ 2,274	\$ 1,009,522
120-207	Contracted Taxi Service - Support During COVID-19 Pandemic	20,000	2,555	17,445	-
130-02	E & H Special Paratransit (Dial-A-Ride)	576,200	470,359	105,841	513,039
130-03	Maintenance/Operating Costs for Transit and Paratransit Vehicles, Facilities and Transit Locations	658,790	504,060	154,730	660,661
130-15	Drivers Operations E & D	31,400	11,183	20,217	42,149
140-06	Recreation / Special Transportation	74,400	12,742	61,658	18,726
150-125	Bus Stop Improvement Program	16,900	-	16,900	-
250-07	Bus Pass Subsidy	39,200	35,493	3,707	15,357
270-133	SGVCOG and SCAG Planning Dues	40,000	20,000	20,000	23,992
270-194	Planning - Salaries and Benefits	21,900	18,326	3,574	-
310-20	Trolley Station Relocation Project - Affordable Housing Apartments	2,202,227	-	2,202,227	-
480-02	Administration Prop A & C	356,853	385,401	(28,548)	254,463
500-191	Contracted Route-By-Route Analysis of City's Transit Services	-	-	-	97,322
500-208	Consultant to Assist with Carl Moyer Grant Application	10,800	-	10,800	-
500-96	Contracted First Aid and CPR Instructor	1,200	-	1,200	1,329
Total expenditures		\$ 5,145,430	\$ 2,553,405	\$ 2,592,025	\$ 2,636,560

See report of independent auditors.

**City of El Monte
Proposition A Local Return Fund
Supplementary Information
Schedule of Capital Assets
Year ended June 30, 2020**

Date Acquired	Description	Balance July 1, 2019 (as restated)	Additions	Deletions	Balance June 30, 2020
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	94,354 *	-	-	94,354
Jun-10	Traffic Signal - Garvey/Santa Anita	79,600 *	-	-	79,600
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
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
Jun-15	Public Works Yard Relocation	10,229 *	-	-	10,229
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
Jun-20	Aero Clave Room Decontamination System - Transit	-	15,756	-	15,756
	Total	\$ 3,872,959	\$ 15,756	\$ 1,661,571	\$ 2,227,144

* The City conducted a physical inventory count of the City's capital assets during FY 2020. Acquisition of these assets were funded by the Local Return (LR) Funds; however, these were not included in the LR Fund's Schedule of Capital Assets reported in prior years.

** See Note 10 to the financial statements.

See report of independent auditors.

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

		June 30	
		2020	2019
ASSETS			
Cash and investments	\$	6,996,663	\$ 6,889,930
Accounts receivable		7,773	20,750
Total assets	\$	7,004,436	\$ 6,910,680
LIABILITIES AND FUND BALANCE			
Liabilities			
Accounts payable	\$	100,670	\$ 32,888
Due to other funds		-	2,187
Total liabilities		100,670	35,075
Fund balance			
Restricted - CR #01-380 Capital reserve		150,145	148,188
Restricted - CR #02-380 Capital reserve		496,016	1,000,182
Restricted - Other		6,257,605	5,727,235
Total fund balance		6,903,766	6,875,605
Total liabilities and fund balance	\$	7,004,436	\$ 6,910,680

See notes to Funds financial statements.

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

	Years ended June 30	
	2020	2019
Revenues		
Proposition C	\$ 1,883,809	\$ 1,902,855
Interest income	91,675	127,546
Project generated revenues	32,091	56,764
Sale of capital assets	48,326	-
Total revenues	2,055,901	2,087,165
 Expenditures		
Various projects	2,027,740	1,530,820
Total expenditures	2,027,740	1,530,820
 Excess of revenues over expenditures	28,161	556,345
 Fund balance at beginning of year	6,875,605	6,319,260
 Fund balance at end of year	\$ 6,903,766	\$ 6,875,605

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, 2020
(With Comparative Actuals for 2019)

Project Code	Project Name	2020			2019 Actual
		LACMTA Budget	Actual	Variance Positive (Negative)	
150-125	Bus Stop Improvement Program	\$ 582,000	\$ 55,395	\$ 526,605	\$ -
160-178	Ramona Boulevard Bus Pads	257,625	2,625	255,000	11,137
180-195	Power Washers and Trailers	24,400	-	24,400	-
230-01	Transit Security - Train and Bus Station	53,100	10,049	43,051	29,732
270-133	SGVCOG and SCAG 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	116,000	115,320	680	121,434
270-184	Planning	260,403	150,780	109,623	228,758
270-187	Transit Planning on Google Map	1,860	-	1,860	6,750
270-203	Contracted Engineering Staff/Assistance	25,000	21,000	4,000	-
280-70	Transit Marketing	8,600	188	8,412	875
300-157	Repainting of Metrolink Platform Shelters	6,800	-	6,800	-
300-180	Contracted ADA Compliance Evaluation and Survey Preparation	29,800	-	29,800	-
300-200	Demo of Cypress Facility and CNG Station	200,000	-	200,000	-
300-202	Transit Station Relocation Costs	52,500	-	52,500	-
300-204	Project Management	105,000	21,110	83,890	-
310-167	Contracted Language Assistance Line	10,000	130	9,870	-
310-20	Trolley Station Relocation Project - Affordable Housing Apartments	171,556	-	171,556	-
310-206	Multi-Modal Transit Center and Transit Locations Operations, FT Drivers and Facility Maintenance	1,020,680	749,093	271,587	850,684
380-02	Ramona Blvd at Valley Blvd Intersection Improvement	1,005,470	513,979	491,491	14,270
380-03	Ramona Blvd/Badillo St/Covina Blvd TSSP/BSP	141,300	-	141,300	-
400-161	Contracted Traffic Signal Repairs and Maintenance	12,200	-	12,200	-
430-190	Regional Bicycle Commuter Access Improvement Project	413,892	-	413,892	-
450-02	Santa Anita Bridge Overcrossing (Bus Access) Project	1,000,000	-	1,000,000	-
450-170	Ramona Boulevard at Valley Boulevard Intersection Improvements	274,000	-	274,000	-
450-192	Call for Projects - Ramona and Valley Intersection Improvements	521,270	-	521,270	2,430
450-201	Construction, Planning and Design: Traffic Calming Measure on Parkway Drive	320,000	10,872	309,128	-
470-126	Upgrade City's Pavement Management System	204,500	-	204,500	-
480-02	Administration Prop A and C	376,625	335,753	40,872	244,223
480-179	Kronos Time Clocks for Transit Center and Transportation Office	5,700	-	5,700	-

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, 2020
(With Comparative Actuals for 2019)

Project Code	Project Name	2020			2019 Actual
		LACMTA Budget	Actual	Variance Positive (Negative)	
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	56,375	-	56,375	-
500-182	Electric Vehicle Charging Stations	141,500	31,446	110,054	10,527
500-196	Electric Vehicle Charging Stations behind City Hall - Edison	50,000	-	50,000	-
500-197	Salary Benefits for Street Maintenance, Street Signs, Striping, and Traffic Signal Maintenance	3,625	-	3,625	-
500-198	Portable Restrooms and Office for Temporary Transit Station	41,000	-	41,000	-
Total expenditures		\$ 7,527,381	\$ 2,027,740	\$ 5,499,641	\$ 1,530,820

See report of independent auditors.

**City of El Monte
Proposition C Local Return Fund
Supplementary Information
Schedule of Capital Assets
Year ended June 30, 2020**

<u>Date Acquired</u>	<u>Description</u>	<u>Balance July 1, 2019 (as restated)</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2020</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
Feb-04	Lobby Retrofit Carpet	14,229	-	-	14,229
May-05	Dell 2300 Projector with Screen	2,146	-	2,146	-
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
Jun-10	CNG Fuel Station	801,477 *	-	-	801,477
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
Jul-13	2013 El Dorado national Aero Elite CNG Cutaway Buses TR-17b	134,108	-	-	134,108
Aug-13	Rotary Lift	23,885	-	-	23,885
Nov-14	Power Edge R320-Dell	6,542	-	-	6,542
Jun-15	Public Works Yard Relocation	5,033 *	-	-	5,033
Jan-16	Pavement Management System	24,360 *	-	-	24,360
Jun-16	Valley/Santa Anita	52,252 *	-	-	52,252
Jun-16	CBDG ADA Ramp and Sidewalk Project	31,016 *	-	-	31,016
Jun-16	Five Traffic Signal	734,257 *	-	-	734,257
Jun-16	Valley Circle	886,972 *	-	-	886,972

See report of independent auditors.

**City of El Monte
Proposition C Local Return Fund
Supplementary Information
Schedule of Capital Assets
Year ended June 30, 2020**

<u>Date Acquired</u>	<u>Description</u>	<u>Balance July 1, 2019 (as restated)</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2020</u>
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	-
Jun-18	Pavement Resurface Improvement	2,500 *	-	-	2,500
Jun-18	Downtown Improvement Phase II	23,201 *	-	-	23,201
Dec-19	11104 & 11114 Ramona Blvd. El Monte 91731 Smar & Final	-	126,473	-	126,473
Dec-19	11138 Valley Mall/Ramona Blvd. El Monte 91731 Bank of America	-	74,655	-	74,655
Jan-20	Courthouse Parking Structure Easement - 11234 Valley Blvd	-	23,400	-	23,400
Feb-20	Bus Stop Shelter with Amenities Project	-	2,895	-	2,895
Feb-20	Hydro Tex Pressure Washer	-	12,198	-	12,198
Mar-20	EV Charging Station - 010	-	31,446	-	31,446
	Total	\$ 9,319,474	\$ 271,067	\$ 1,059,984	\$ 8,530,557

* The City conducted a physical inventory count of the City's capital assets during FY 2020. Acquisition of these assets were funded by the Local Return (LR) Funds; however, these were not included in the LR Fund's Schedule of Capital Assets reported in prior years.

** See Note 10 to the financial statements.

See report of independent auditors.

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

		June 30	
		2020	2019
ASSETS			
Cash and investments	\$	7,462,160	\$ 7,042,787
Total assets	\$	7,462,160	\$ 7,042,787
LIABILITIES AND FUND BALANCE			
Liabilities			
Accounts payable	\$	526,439	\$ 43,485
Total liabilities		526,439	43,485
Fund balance			
Restricted - Capital Reserve		3,451,734	-
Restricted		3,483,987	6,999,302
Total fund balance		6,935,721	6,999,302
Total liabilities and fund balance	\$	7,462,160	\$ 7,042,787

See notes to Funds financial statements.

City of El Monte
Measure R Local Return Fund

Statements of Revenues, Expenditures and Changes in Fund Balance

	Years ended June 30	
	2020	2019
Revenues		
Measure R	\$ 1,410,836	\$ 1,427,551
Interest income	99,510	131,745
Total revenues	1,510,346	1,559,296
Expenditures		
Various projects	1,573,927	1,183,201
Total expenditures	1,573,927	1,183,201
Excess (deficiency) of revenues over expenditures	(63,581)	376,095
Fund balance at beginning of year	6,999,302	6,623,207
Fund balance at end of year	\$ 6,935,721	\$ 6,999,302

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, 2020
(With Comparative Actuals for 2019)

Project Code	Project Name	2020		Variance Positive (Negative)	2019 Actual
		LACMTA Budget	Actual		
1.05	Salaries and Benefits - Street Signs and Striping	\$ 21,175	\$ 22,376	\$ (1,201)	-
1.05	Salaries and Benefits - Street Maintenance	95,800	94,529	1,271	-
1.05	Federal Drive Street Repair and Maintenance	124,000	16,610	107,390	-
1.05	3-year Citywide Pavement and Resurfacing Project	3,000,000	293,591	2,706,409	-
1.15	Install Sharrow Bike Lanes	200,000	-	200,000	-
1.90	Street Maintenance and Contracted Services	40,000	-	40,000	-
1.90	Shared Parking/Smart Detection System	315,700	30,251	285,449	-
1.90	Street Improvement Project's Staging Area Resurface and Repair	154,000	-	154,000	-
1.90	Capital Reserve Citywide Street Improvement	4,000,000	571,785	3,428,215	-
1.90	Resurfacing of Ramona Boulevard (Planning, Design and Construction)	762,749	98,634	664,115	269,585
1.90	Street Maintenance and Contracted Services	40,000	25,241	14,759	-
1.90	Valley/Arden Drainage Improvement	100,000	15,874	84,126	-
1.90	Safe Route to School Cycle II - ("Bulbouts")	-	-	-	788,584
2.01	Traffic Signal - Santa Anita and McGirk	335,000	1,740	333,260	-
2.29	Salaries and Benefits - Traffic Signal Maintenance	65,250	63,064	2,186	-
3.90	Fern and Elliott Class 3 Bike Blvd.	260,000	-	260,000	-
5.15	EV Station (Purchase and Install) MSRC Grant \$68,750 and MR	137,500	-	137,500	-
7.90	Safe Routes to School - Design A Roundabout at "5-Points"	150,000	69,110	80,890	51,908
7.90	PMS Software - Roadmatrix	61,000	-	61,000	38,674
7.90	Planning - City Staff	56,500	-	56,500	-
7.90	Contracted Engineering Staff Project Manager	220,000	102,971	117,029	-
7.90	Planning and Design	60,334	14,558	45,776	-
8.10	Salaries and Benefits to Support Measure R Projects	212,844	153,593	59,251	34,450
Total expenditures		\$ 10,411,852	\$ 1,573,927	\$ 8,837,925	\$ 1,183,201

See report of independent auditors.

**City of El Monte
Measure R Local Return Fund
Supplementary Information
Schedule of Capital Assets
Year ended June 30, 2020**

Date Acquired	Description	Balance July 1, 2019 (as restated)	Additions	Deletions	Balance June 30, 2020
Jun-11	2009-2010 ARRA Street Improvements	\$ 176,750 *	\$ -	\$ -	\$ 176,750
Jan-18	Slurry Seal Project Phase I	510,000 *	-	-	510,000
Jun-18	Pavement Resurface / Reconstruction Improvement	1,733,786 *	-	-	1,733,786
Jun-18	Street Rehabilitation (Klingerman/Fern/Stroizer)	57,176 *	-	-	57,176
July-18	Downtown Improvement Phase II	8,237 *	-	-	8,237
Sept-18	Safe Routes to School Cycle 2	804,060 *	-	-	804,060
Apr-20	Federal Drive Asphalt	-	16,610	-	16,610
Total		\$ 3,290,009	\$ 16,610	\$ -	\$ 3,306,619

* The City conducted a physical inventory count of the City's capital assets during FY 2020. The acquisition of these assets were funded by the Local Return (LR) Funds; however, these were not included in the LR Fund's Schedule of Capital Assets reported in prior years.

See report of independent auditors.

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

		June 30	
		2020	2019
ASSETS			
Cash and investments	\$	2,999,147	\$ 2,728,841
Total assets	\$	2,999,147	\$ 2,728,841
LIABILITIES AND FUND BALANCE			
Liabilities			
Accounts payable	\$	224,570	\$ 7,090
Total liabilities	\$	224,570	7,090
Fund balance			
Restricted		2,774,577	2,721,751
Total fund balance		2,774,577	2,721,751
Total liabilities and fund balance	\$	2,999,147	\$ 2,728,841

See notes to Funds financial statements.

City of El Monte
Measure M Local Return Fund

Statements of Revenues, Expenditures and Changes in Fund Balance

	Years ended June 30	
	2020	2019
Revenues		
Measure M	\$ 1,588,769	\$ 1,607,144
Interest income	<u>43,486</u>	<u>38,692</u>
Total revenues	<u>1,632,255</u>	<u>1,645,836</u>
Expenditures		
Various projects	<u>1,579,429</u>	<u>51,896</u>
Total expenditures	<u>1,579,429</u>	<u>51,896</u>
Excess of revenues over expenditures	52,826	1,593,940
Fund balance at beginning of year	<u>2,721,751</u>	<u>1,127,811</u>
Fund balance at end of year	<u>\$ 2,774,577</u>	<u>\$ 2,721,751</u>

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, 2020
(With Comparative Actuals for 2019)

Project Code	Project Name	2020			2019 Actual
		LACMTA Budget	Actual	Variance Positive (Negative)	
1.05	Salaries and Benefits - Street Maintenance	\$ 85,800	\$ 94,529	\$ (8,729)	-
1.05	Salaries and Benefits - Street Signs and Striping	19,800	22,377	(2,577)	-
1.10	Purchase Property for Street Capacity Enhancement Project	1,725,000	-	1,725,000	-
1.90	3-year Citywide Pavement Repair and Resurfacing Project	275,000	-	275,000	-
1.90	Street Aesthetic Master Plan	200,000	47,151	152,849	-
1.90	Storm Drain Improvements 808	250,000	55,800	194,200	43,498
2.29	Salaries and Benefits - Traffic Signal Maintenance	65,000	63,064	1,936	-
2.29	Lower Azusa TSSP Intersection Improvements Los Angeles	300,000	-	300,000	-
3.90	Traffic Calming (Removal of Speed Bumps) Class 4 Bike Lanes	869,430	655,767	213,663	-
3.90	El Monte Fern and Elliott Class 3 Bike Blvd Project	57,470	39,477	17,993	-
3.90	Sidewalk Improvement Master Plan	120,000	36,895	83,105	-
4.35	Free Taxi Service to Essential Locations, COVID-19 Test Center	20,000	-	20,000	-
5.10	Vehicles - Maintenance Service Vehicles and Supervisor / Pool Vehicle	352,077	348,833	3,244	-
5.90	Consultant to Prepare RFP for FR and DAR	23,000	23,000	-	-
5.90	Transit Bus Equipment: Panic Button, AVL, and Electronic Data System	500,000	-	500,000	-
5.90	Consultant to Prepare RFP - Transit Bus Equipment	177,000	-	177,000	-
7.90	Planning and Engineering - Traffic Calming Measures	70,000	2,100	67,900	-
7.90	Engineering and Traffic Survey	25,500	-	25,500	-
7.90	Contracted Engineering Staff - Project Manager	50,000	36,843	13,157	-
7.90	Contracted Engineering Staff - Project Manager	35,000	-	35,000	-
7.90	Planning and Engineering - Storm Drain Improvements	100,000	-	100,000	-
8.10	Salaries and Benefits - Administration	164,100	153,593	10,507	8,398
Total expenditures		\$ 5,484,177	\$ 1,579,429	\$ 3,904,748	\$ 51,896

See report of independent auditors.

**City of El Monte
Measure M Local Return Fund
Supplementary Information
Schedule of Capital Assets
Year ended June 30, 2020**

Date Acquired	Description	Balance July 1, 2019 (as restated)	Additions	Deletions	Balance June 30, 2020
Feb-18	Transit and Paratransit Bus Surveillance System	\$ 70,500	* \$ -	\$ -	\$ 70,500
Dec-19	2019 Ford F250 - 1828	-	41,725	-	41,725
Dec-19	2019 Ford F250 - 1827	-	41,725	-	41,725
Dec-19	2019 Ford F250 - 1826	-	41,725	-	41,725
Dec-19	2019 Ford F250 - 1825	-	41,725	-	41,725
Dec-19	2019 Ford F250 - 1824	-	41,725	-	41,725
Dec-19	2019 Ford F250 - 1823	-	41,725	-	41,725
Dec-19	2019 Ford F250 - 1822	-	41,725	-	41,725
Mar-20	2020 Nissan Leaf S Plus - Y2	-	35,693	-	35,693
Mar-20	2020 Nissan Leaf S Plus - Yard	-	21,063	-	21,063
Total		\$ 70,500	\$ 348,831	\$ -	\$ 419,331

* The City conducted a physical inventory count of the City's capital assets during FY 2020. The acquisition of these assets were funded by the Local Return (LR) Funds however, these were not included in the LR Fund's Schedule of Capital Assets reported in prior years.

See report of independent auditors.

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

		June 30	
		2020	2019
ASSETS			
Cash	\$	-	\$ -
Total assets		\$ -	\$ -
LIABILITIES AND FUND DEFICIT			
Liabilities			
Cash overdraft	\$	67,065	\$ 14,717
Accounts payable		10,316	-
Total liabilities		77,381	14,717
Fund deficit			
Restricted		(77,381)	(14,717)
Total fund deficit		(77,381)	(14,717)
Total liabilities and fund deficit		\$ -	\$ -

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

	Years ended June 30	
	2020	2019
Revenues		
Intergovernmental Allocations:		
TDA Article 3	\$ 73,312	\$ 50,831
Total revenues	73,312	50,831
Expenditures		
Various projects	135,976	109,848
Total expenditures	135,976	109,848
Deficiency of revenues over expenditures	(62,664)	(59,017)
Fund balance (deficit) at beginning of year	(14,717)	44,300
Fund deficit at end of year	\$ (77,381)	\$ (14,717)

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, 2020

Project Description	Program Year	Totals to Date		Unexpended Allocations	Project Status
		Allocations	Expenditures		
Local Allocations:					
Sidewalk Improvement Project	2018	\$ -	\$ 1,513	\$ (1,513)	Ongoing
Bikelanes - Expresslanes Net Toll Project	2018	-	9,402	(9,402)	Ongoing
Traffic Calming Durfee/Ramona Area	2019	73,312	125,061	(51,749)	Ongoing
Totals		<u>\$ 73,312</u>	<u>\$ 135,976</u>	<u>(62,664)</u>	
Fund deficit at beginning of year				<u>(14,717)</u>	
Fund deficit at end of year				<u>\$ (77,381)</u>	

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 (CAFR) 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, 2020 and 2019:

- 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 CAFR.

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, 2020 and 2019, 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 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 (MOUs) agreements with the LACMTA to receive Proposition A Discretionary Incentive Program grant for participating in the National Transit Database (NTD) Voluntary Reporting. The amounts received for the years ended June 30, 2020 and 2019, consisted of the following:

<u>Reporting Year</u>	<u>MOU Amount</u>	<u>Amount Received</u>	
		<u>2020</u>	<u>2019</u>
FY 2016	\$ 150,438	\$ -	\$ 150,438
		<u>\$ -</u>	<u>\$ 150,438</u>

The Proposition A Discretionary Incentive Program grant was recorded under the PALRF.

NOTE 9 PROJECT GENERATED REVENUES

Project generated revenues for the years ended June 30, 2020 and 2019 consisted of the following:

PALRF:

	2020	2019
Trolley tokens	\$ 4,555	\$ 6,055
Go RIO RioHondo Pilot Bus Incentive Bus Program	341	646
Bus passes	26,459	-
Other	-	276
	\$ 31,355	\$ 6,977

PCLRF:

	2020	2019
Access fare reimbursement	\$ 19,677	\$ 35,834
Commuter subsidy	6,730	15,024
Farebox revenues	5,532	5,906
Other	152	-
	\$ 32,091	\$ 56,764

NOTE 10 SALE OF CAPITAL ASSETS – PALRF AND PCLRF

On March 18, 2020, the City entered into a disposition, development and affordable rental housing loan agreement with El Monte Metro Family Housing, L.P. for purposes of the El Monte Metro Family Housing (FH) Project that would result in the development of a 25 rental dwelling units. As part of the agreement, the City sold certain property to the developer for a purchase price of \$2,049,600. The purchase price is payable to the City as follows: (1) \$560,000 cash and (2) delivery of FH Site Mortgage Note in the amount of \$1,489,600.

On March 18, 2020, the City entered into a disposition, development and affordable rental housing loan agreement with El Monte Metro Family Housing, L.P. for purposes of the El Monte Metro Veteran Housing (VH) Project that would result in the development of a 28 rental dwelling units. As part of the agreement, the City sold certain property to the developer for a purchase price of \$1,610,400. The purchase price is payable to the City as follows: (1) \$440,000 cash and (2) delivery of VH Site Mortgage Note in the amount of \$1,170,400.

NOTE 10 SALE OF CAPITAL ASSETS – PALRF AND PCLRF (CONTINUED)

During the year ended June 30, 2020, the City received a total cash of \$1,000,000 for the previously described sale of properties. The cash was allocated to the funds which used to acquire the properties, sold as follows:

Proposition A Local Return Fund	\$ 620,346
Proposition C Local Return Fund	48,326
Housing and Community Development Fund	120,875
General Fund	210,453
	<u>\$ 1,000,000</u>

NOTE 11 CAPITAL RESERVE AGREEMENTS – PCLRF

Agreement #01-380 – Ramona Boulevard/Badillo Street/Covina Boulevard/TSSP/BSP

In July 2011, LACMTA and the City entered into a capital reserve agreement to establish a \$141,262 capital reserve account (#01-380) 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 June 2019, the LACMTA Board of Directors approved the City's request to further extend this capital reserve agreement to June 30, 2024.

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 to this project for a total funding of \$1,771,600 and further extend this capital reserve agreement to June 30, 2023.

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>
Ramona Blvd/Badillo St/ Covina Blvd TSSP/BSP (#01-380)	7/23/2011	\$141,262	6/30/2016	6/30/2024
Ramona Blvd at Valley Blvd Intersection Improvement (#02-380)	6/19/2013	\$1,771,600	6/30/2016	6/30/2023

As of and for the years ended June 30, 2020 and 2019, the capital reserve amounts and transactions were as follows:

	<u>#01-380</u>	<u>#02-380</u>
Capital reserve, June 30, 2018	\$ 145,730	\$ 588,514
Transfer of capital reserve balance	-	412,651
Interest income earned	2,458	13,287
Expenditures during the year	-	(14,270)
Capital reserve, June 30, 2019	148,188	1,000,182
Interest income earned	1,957	9,813
Expenditures during the year	-	(513,979)
Capital reserve, June 30, 2020	<u>\$ 150,145</u>	<u>\$ 496,016</u>

NOTE 12 CAPITAL RESERVE AGREEMENTS – MRLRF

In June 2019, LACMTA and the City entered into a capital reserve agreement to establish a \$10,000,000 capital reserve account for the City's Citywide Street Improvement project, Ramona Boulevard, Badillo Street, and Covina Boulevard Intersection Project.

As of and for the year ended June 30, 2020, the capital reserve amount and transactions were as follows:

Capital reserve account set-up	\$ 4,000,000
Interest income earned	23,519
Expenditures during the year	(571,785)
Capital reserve, June 30, 2020	<u>\$ 3,451,734</u>

NOTE 13 TRANSPORTATION DEVELOPMENT ACT ARTICLE 3 FUND REVENUE ALLOCATION

The revenue allocations for the years ended June 30, 2020 and 2019 consisted of the following:

		<u>2020</u>		<u>2019</u>
FY 2014/15 allocation	\$	-	\$	50,831
FY 2015/16 allocation		73,312		-
	\$	<u>73,312</u>	\$	<u>50,831</u>

NOTE 14 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, 2020 and 2019, the City has funds on reserve as follows:

		<u>2020</u>		<u>2019</u>
FY 2015/16 allocation	\$	-	\$	73,312
FY 2016/17 allocation		76,704		76,704
FY 2017/18 allocation		74,161		74,161
FY 2018/19 allocation		77,455		77,455
FY 2018/19 allocation		84,518		-
Total reserve	\$	<u>312,838</u>	\$	<u>301,632</u>

For FY 2019/20, any TDA Article 3 funds left on reserve for FY 2015/16 or prior, are subject to lapse if not claimed by the City by June 30, 2020. There were no funds that lapsed in FY 2019/20.

NOTE 15 SUBSEQUENT EVENTS

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, and quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries. To date, it is unknown how long these conditions will last and what the complete financial effect will be to businesses and other affected organizations, including local governmental entities.

NOTE 15 SUBSEQUENT EVENTS (CONTINUED)

The City has evaluated events subsequent to June 30, 2020 to assess the need for potential recognition or disclosure in the financial statements. Such events were evaluated through November 24, 2020, the date the financial statements were available to be issued. Based upon this evaluation, it was determined that no other subsequent events occurred that require recognition or additional disclosure in 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, 2020, and the related notes to the financial statements, and have issued our report thereon dated November 24, 2020.

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) as a basis for designing 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 financial statements. 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.

A handwritten signature in black ink that reads "Vasquez & Company LLP".

**Glendale, California
November 24, 2020**

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, 2020.

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, 2020.



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

**Glendale, California
November 24, 2020**

**City of El Monte
Compliance Matrix
Year ended June 30, 2020**

Compliance Requirements	In Compliance			Questioned Costs	If no, provide details and management response.
	Yes	No	N/A		
A. Proposition A and Proposition C Local Return Funds					
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, 2020**

Compliance Requirements	In Compliance			Questioned Costs	If no, provide details and management response.
	Yes	No	N/A		
B. Measure R Local Return Fund					
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, 2020**

Compliance Requirements	In Compliance			Questioned Costs	If no, provide details and management response.
	Yes	No	N/A		
C. Measure M Local Return Fund					
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, 2020**

Compliance Requirements	In Compliance			Questioned Costs	If no, provide details and management response.
	Yes	No	N/A		
D. Transportation Development Act Article 3 Fund					
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

**City of El Monte
Schedule of Findings and Questioned Costs
Year ended June 30, 2020**

There were no findings noted.

EXIT CONFERENCE

An exit conference was held on November 19, 2020, with the City of El Monte representatives. Those in attendance were:

Vasquez and Company LLP representatives:

Cristy Canieda – Audit Partner
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



www.vasquezcpa.com

Vasquez & Company LLP has 50 years of experience in performing audit, accounting & consulting services for all types of nonprofit organizations, for-profit companies, governmental entities and publicly traded companies. Vasquez is a member of the RSM US Alliance. RSM US Alliance provides its members with access to resources of RSM US LLP. RSM US Alliance member firms are separate and independent businesses and legal entities that are responsible for their own acts and omissions, and each are separate and independent from RSM US LLP. RSM US LLP is the U.S. member firm of RSM International, a global network of independent audit, tax, and consulting firms. Members of RSM US Alliance have access to RSM International resources through RSM US LLP but are not member firms of RSM International. Visit rsmus.com/about us for more information regarding RSM US LLP and RSM International. The RSM™ logo is used under license by RSM US LLP. RSM US Alliance products and services are proprietary to RSM US LLP.

655 North Central Avenue, Suite 1550 • Glendale, California 91203-1437 • Ph. (213) 873-1700 • Fax (213) 873-1777