



MetroTM

**City of Pico Rivera
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	11
Measure R Local Return Fund:	
Basic Financial Statements:	
Balance Sheets	12
Statements of Revenues, Expenditures and Changes in Fund Balance	13
Supplementary Information:	
Schedule of Expenditures – Actual and LACMTA Approved Project Budget	14
Schedule of Capital Assets	15
Measure M Local Return Fund:	
Basic Financial Statements:	
Balance Sheets	16
Statements of Revenues, Expenditures and Changes in Fund Balance	17
Supplementary Information:	
Schedule of Expenditures – Actual and LACMTA Approved Project Budget	18
Schedule of Capital Assets	19
Transportation Development Act Article 3 Fund:	
Basic Financial Statements:	
Balance Sheets	20
Statements of Revenues, Expenditures and Changes in Fund Balance	21
Supplementary Information:	
Schedule of Transportation Development Act Allocation for Specific Projects	22
Notes to Funds Financial Statements	23
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>	31

COMPLIANCE SECTION

Report of Independent Auditors on Compliance	33
Compliance Matrix	35

SCHEDULE OF FINDINGS AND QUESTIONED COSTS	39
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EXIT CONFERENCE	41
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FINANCIAL SECTION

Report of Independent Auditors

**To the Honorable Members of the City Council of the
City of Pico Rivera, 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 Pico Rivera, 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 Pico Rivera, 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 Pico Rivera, 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 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 21, 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 Funds' financial reporting and compliance.

**Glendale, California
December 21, 2020**

City of Pico Rivera
Proposition A Local Return Fund
Balance Sheets

		June 30	
		2020	2019
ASSETS			
Cash and investments	\$	2,851,889	\$ 2,675,317
Interest receivable		4,830	8,236
Total assets	\$	<u>2,856,719</u>	<u>\$ 2,683,553</u>
LIABILITIES AND FUND BALANCE			
Liabilities			
Accounts payable	\$	113,556	\$ 94,225
Accrued payroll and employee benefits		4,085	5,923
Total liabilities		<u>117,641</u>	<u>100,148</u>
Fund balance			
Restricted		<u>2,739,078</u>	<u>2,583,405</u>
Total fund balance		<u>2,739,078</u>	<u>2,583,405</u>
Total liabilities and fund balance	\$	<u>2,856,719</u>	<u>\$ 2,683,553</u>

See notes to Funds financial statements.

City of Pico Rivera
Proposition A Local Return Fund
Statements of Revenues, Expenditures and Changes in Fund Balance

	Years ended June 30	
	2020	2019
Revenues		
Proposition A	\$ 1,246,180	\$ 1,285,794
Investment income	62,697	58,170
Bus pass sales	22,029	6,768
Total revenues	1,330,906	1,350,732
Expenditures		
Various projects	1,175,233	1,156,642
Total expenditures	1,175,233	1,156,642
Excess of revenues over expenditures	155,673	194,090
Fund balance at beginning of year	2,583,405	2,389,315
Fund balance at end of year	\$ 2,739,078	\$ 2,583,405

See notes to Funds financial statements.

City of Pico Rivera
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		Variance Positive (Negative)	2019 Actual
		LACMTA Budget	Actual		
130-02	Special Service of U & H	\$ 650,000	\$ 501,463	\$ 148,537	\$ 535,899
140-01	Recreational Transit	85,600	33,878	51,722	62,364
150-02	Bus Landing at Rosemead Blvd and Coffman and Pico Road	50,000	57,598	(7,598)	12,583
170-01	Bus Shelter Maintenance	180,000	191,170	(11,170)	185,764
220-01	Transit Security	100,000	135,399 *	(35,399)	120,074
250-06	MTA Bus Pass Buydown	20,000	13,055	6,945	20,554
270-01	Transit Feasibility Study	30,000	6,297	23,703	32,844
300-01	Transit Facility Enhancement	40,000	66,322 *	(26,322)	-
480-05	Administration	185,358	170,051	15,307	186,560
Total expenditures		\$ 1,340,958	\$ 1,175,233	\$ 165,725	\$ 1,156,642

* See Compliance Matrix and Schedule of Findings and Questioned Costs.

See report of independent auditors.

City of Pico Rivera
Proposition A 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</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2020</u>
2010	Bus for Dial-A-Ride Program	\$ 56,727	\$ -	\$ -	\$ 56,727
2010	Bus for Dial-A-Ride Program	56,727	-	-	56,727
2012	Pico Park Transit Hub - Parking Lot Expansion	700,000	-	-	700,000
2014	Bus Shelter Replacement	203,655	-	-	203,655
2015	Gold Line Extension Project	60,000	-	-	60,000
Total		\$ 1,077,109	\$ -	\$ -	\$ 1,077,109

See report of independent auditors.

**City of Pico Rivera
Proposition C Local Return Fund
Balance Sheets**

		June 30	
		2020	2019
ASSETS			
Cash and investments	\$	2,233,784	\$ 1,631,193
Interest receivable		3,712	4,600
Total assets	\$	<u>2,237,496</u>	<u>1,635,793</u>
LIABILITIES AND FUND BALANCE			
Liabilities			
Accounts payable	\$	78,305	\$ 83,622
Accrued payroll and employee benefits		5,425	5,664
Total liabilities		<u>83,730</u>	<u>89,286</u>
Fund balance			
Restricted		<u>2,153,766</u>	<u>1,546,507</u>
Total fund balance		<u>2,153,766</u>	<u>1,546,507</u>
Total liabilities and fund balance	\$	<u>2,237,496</u>	<u>1,635,793</u>

See notes to Funds financial statements.

City of Pico Rivera
Proposition C Local Return Fund
Statements of Revenues, Expenditures and Changes in Fund Balance

	Years ended June 30	
	2020	2019
Revenues		
Proposition C	\$ 1,033,710	\$ 1,066,530
Investment income	43,500	31,763
Other revenues - Rio Hondo Rehabilitation	14,171	-
Total revenues	1,091,381	1,098,293
Expenditures		
Various projects - Funded by PCLRF	482,055	1,126,693
Various projects - Funded by State Grant	2,067	-
Total expenditures	484,122	1,126,693
Excess (deficiency) of revenues over expenditures	607,259	(28,400)
Fund balance at beginning of year	1,546,507	1,574,907
Fund balance at end of year	\$ 2,153,766	\$ 1,546,507

See notes to Funds financial statements.

City of Pico Rivera
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)	
210-09	HSIP Cycle 7 - Traffic Signal Upgrades Citywide	\$ 250,000	\$ 52,931	\$ 197,069	\$ 52,342
210-10	HSIP Cycle 8 - Traffic Signal Upgrades Along Five Intersections of Major Arterials	250,000	12,318	237,682	5,446
210-11	Beverly Boulevard TSSP	250,000	2,087	247,913	575
210-12	50018 - Washington Boulevard - TSSP	50,000	501	49,499	-
210-45	HSIP Cycle 6, Traffic Safety and Sidewalk Improvements	20,000	1,069	18,931	159,544
220-03	Graffiti Removal Transfer	75,000	85,316	(10,316)	75,000
270-22	Gateway Cities COG SR-91 / I 605 Needs Assessment Study	20,000	20,000	-	20,000
270-41	Telegraph Road over Rio Hondo River Bridge Rehabilitation Project	200,000	23,684	176,316	21,556
270-42	Washington Blvd over Rio Hondo River Bridge Rehabilitation Project	50,000	5,894	44,106	10,768
270-43	ADA Transition Plan for Public Right of Way	20,000	-	20,000	-
450-32	Durfee Avenue Underpass Project	60,000	34,321	25,679	25,493
450-36	Rosemead Blvd/Telegraph Road Intersection Improvements	-	-	-	589,379
450-37	Paramount Blvd Raised Median Project	20,000	486	19,514	77,850
450-47	Bridge Preventative Maintenance Program	30,000	83	29,917	211
450-48	Telegraph Road Traffic Throughout and Safety Enhancement Project-Phase II	50,000	8,942	41,058	2,878
450-50	Whittier Boulevard Street Overlay	600,000	10,094	589,906	10,551
450-51	Passons Boulevard Underpass Project - Emergency Repairs	50,000	8,309	41,691	31,378
450-52	50019 - Slauson Avenue Bridge - Seismic Retrofit Project	150,000	121,467	28,533	-
450-53	Telegraph Road over Rio Hondo River Bridge Damage Repair Cost	20,000	-	20,000	-
470-01	CIP 29265 - Pavement Management System (PMS) Update	90,000	-	90,000	-
480-01	Administration	175,000	94,553	80,447	43,722
	Total expenditures	\$ 2,430,000	\$ 482,055	\$ 1,947,945	\$ 1,126,693

See report of independent auditors.

City of Pico Rivera
Proposition C Local Return Fund
Supplementary Information
Schedule of Capital Assets
Year ended June 30, 2020

Date Acquired	Description	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020
2004	Bus Shelter Replacement	\$ 178,422	\$ -	\$ -	\$ 178,422
2005	W. Whittier Blvd Street	179,844	-	-	179,844
2006	SG River Pkwy/Beverly	144,853	-	-	144,853
2012	Pico Rivera Transit Hub - Parking Lot Expansion	211,224	-	-	211,224
2012	Beverly Blvd Rehabilitation	268,211	-	-	268,211
2014	Pavement Management System Update	45,068	-	-	45,068
2014	Beverly Blvd Median Island Improvement Rosemead Blvd. Rehabilitation	994,685	-	-	994,685
2014	Washington	420,370	-	-	420,370
2014	Rosemead/Whittier Improvements	221,795	-	-	221,795
2014	Construction In Progress - Various Projects Sidewalk Improvements and Bus Stop	2,415,796	-	-	2,415,796
2015	Improvements Rosemead Blvd/Mines Ave Intersection	50,000	-	-	50,000
2015	Improvements	785,383	-	-	785,383
Total		\$ 5,915,651	\$ -	\$ -	\$ 5,915,651

See report of independent auditors.

City of Pico Rivera
Measure R Local Return Fund
Balance Sheets

		June 30	
		2020	2019
ASSETS			
Cash and investments	\$	711,562	\$ 1,551,116
Interest receivable		955	6,299
Due from LACMTA		3,013,178	1,129,962
Total assets	\$	<u>3,725,695</u>	<u>\$ 2,687,377</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE (DEFICIT)			
Liabilities			
Accounts payable	\$	1,139,201	\$ 554,486
Retention payable		150,541	-
Accrued payroll and employee benefits		7,894	3,372
Total liabilities		<u>1,297,636</u>	<u>557,858</u>
Deferred inflows of resources			
Unavailable revenues		2,981,577	1,129,962
Total deferred inflows of resources		<u>2,981,577</u>	<u>1,129,962</u>
Fund balance (deficit)			
Restricted		(553,518)	999,557
Total fund balance (deficit)		<u>(553,518)</u>	<u>999,557</u>
Total liabilities, deferred inflows of resources and fund balance (deficit)	\$	<u>3,725,695</u>	<u>\$ 2,687,377</u>

See notes to Funds financial statements.

City of Pico Rivera
Measure R Local Return Fund

Statements of Revenues, Expenditures and Changes in Fund Balance

	Years ended June 30	
	2020	2019
Revenues		
Measure R	\$ 774,173	\$ 800,127
Investment income	24,336	45,158
Measure R Fund Highway Grants	2,578,721	849,807
LACMTA TOD Planning Grant	31,601	-
Total revenues	3,408,831	1,695,092
Expenditures		
Expenditures funded by MRLRF	499,968	829,778
Expenditures funded by Measure R Fund Highway Grants	4,428,673	1,329,140
Expenditures funded by LACMTA TOD Planning Grant	33,265	-
Total expenditures	4,961,906	2,158,918
Deficiency of revenues over expenditures	(1,553,075)	(463,826)
Fund balance at beginning of year	999,557	1,463,383
Fund balance (deficit) at end of year	\$ (553,518)	\$ 999,557

See notes to Funds financial statements.

City of Pico Rivera
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		
01-001	Beverly Blvd Rehabilitation and Landscape Median Improvement	\$ 344,369	\$ -	\$ 344,369	\$ -
01-002	Residential Road Resurfacing Project - Phase D	150,000	-	150,000	-
01-003	Residential Road Resurfacing Project - Phase E	845,000	-	845,000	-
01-004	Entrance Monument Replacement Project	260,000	-	260,000	-
01-005	Annual Sidewalk Improvement Project	200,000	-	200,000	-
01-006	Slauson Avenue Improvements	55,000	-	55,000	-
01-007	Residential Resurfacing Project - Phase F	600,000	-	600,000	-
01-008	Roadway Safety Improvements - Signage and Striping	150,000	-	150,000	-
01-009	Safe Routes to School - Safety Improvements Along Parsons Boulevard	80,000	-	80,000	-
01-010	Whittier Boulevard Rehabilitation Project	120,000	-	120,000	-
01-011	Signing and Striping	80,000	-	80,000	63,005
01-012	Annual Sidewalk Improvement Project	180,000	-	180,000	-
01-013	Asphalt Overlay Along San Gabriel Parkway and Construction of Curb	140,000	-	140,000	-
01-014	Residential Resurfacing Project - Phase G	500,000	-	500,000	-
01-015	Whittier Boulevard Overlay Project	15,000	-	15,000	286
01-016	Annual Sidewalk Improvement Project	100,000	-	100,000	-
01-017	Residential Resurfacing Project - Phase H	1,000,000	65,997	934,003	753,632
01-018	CDBG Sidewalk Improvements Project CIP 21364	30,000	-	30,000	-
01-019	Annual Sidewalk Improvement Project	330,000	84,358	245,642	1,003
01-020	Annual Signing and Striping	125,000	75,885	49,115	1,969
01-021	Annual Signing and Striping 19-20	100,000	2,501	97,499	-
02-001	Left Turn Phasing Installation to Update Antiquated Traffic Signal	120,000	-	120,000	-
02-002	Left Turn Phasing/Other Signal Improvements	202,000	-	202,000	-
02-007	Traffic Signal Improvement at Loch Lomond and Paramount Boulevard	25,000	-	25,000	-
03-001	Transportation Enhancements to Pedestrian Bridge	250,000	-	250,000	-
03-002	Traffic Calming and Pedestrian and Bike Safety Signage	45,000	-	45,000	-
05-001	Installation of Transit Hub at Rio Vista Park	125,000	-	125,000	-
05-002	Installation of Transit Hub at Smith Park	100,000	-	100,000	-
07-001	Corridor Study for the Development of Lakewood and Rosemead Boulevard	65,000	162	64,838	67
07-002	SSARP (Safety Analysis) Study	50,000	21,383	28,617	9,816
07-003	Engineering Studies Citywide	150,000	16,923	133,077	-
07-004	Washington Blvd Coalition Project	250,000	2,797	247,203	-
07-005	ADA Transition Plan for ROW	80,000	67,778	12,222	-
07-006	Fiber Optic Master Plan	80,000	62,191	17,809	-
08-001	SRTS Non Infrastructure Project - Federal	5,000	-	5,000	-
08-002	Funding Administration/Engineering Support	50,000	99,993	(49,993)	-
Total expenditures		\$ 7,001,369	\$ 499,968	\$ 6,501,401	\$ 829,778

See report of independent auditors.

City of Pico Rivera
Measure R 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</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2020</u>
2013	Residential Resurfacing Project - Phase D	\$ 148,125	\$ -	\$ -	\$ 148,125
2015	Construction in Progress - Various Projects	701,696	-	-	701,696
2015	Rio Vista Park	125,000	-	-	125,000
2015	Residential Resurfacing Project	843,349	-	-	843,349
2015	Entrance Monument Replacement	221,914	-	-	221,914
2015	Slauson Ave Street Improvement	53,709	-	-	53,709
2015	Annual Sidewalk Improvement	100,000	-	-	100,000
Total		\$ 2,193,793	\$ -	\$ -	\$ 2,193,793

See report of independent auditors.

**City of Pico Rivera
Measure M Local Return Fund
Balance Sheets**

		June 30	
		2020	2019
ASSETS			
Cash and investments	\$	639,689	\$ 903,073
Interest receivable		968	3,584
Total assets	\$	640,657	\$ 906,657
LIABILITIES AND FUND BALANCE			
Liabilities			
Accounts payable	\$	177,220	\$ -
Accrued payroll and employee benefits		2,894	-
Total liabilities		180,114	-
Fund balance			
Restricted		460,543	906,657
Total fund balance		460,543	906,657
Total liabilities and fund balance	\$	640,657	\$ 906,657

See notes to Funds financial statements.

City of Pico Rivera
Measure M Local Return Fund

Statements of Revenues, Expenditures and Changes in Fund Balance

		Years ended June 30	
		2020	2019
Revenues			
Measure M	\$	871,222	\$ 901,383
Investment income		22,515	22,995
Total revenues		893,737	924,378
Expenditures			
Various projects		1,339,851	696,423
Total expenditures		1,339,851	696,423
Excess (deficiency) of revenues over expenditures		(446,114)	227,955
Fund balance at beginning of year		906,657	678,702
Fund balance at end of year	\$	460,543	\$ 906,657

See notes to Funds financial statements.

City of Pico Rivera
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	Street and Road Project Bond Remittance	\$ 691,846	\$ 2,500	\$ 689,346	\$ 694,346
1.05	Street and Road Project Bond Remittance	832,969	832,969	-	-
3.05	Pico Rivera Regional Bikeway Project CIP 21280	500,000	122,766	377,234	2,077
3.05	Coordination and Consultant Services for Grant Writing Assistant	40,000	-	40,000	-
7.90	Storm Drain Master Plan - CIP 50023	350,000	316,012	33,988	-
7.90	GIS Master Plan - CIP 50024	62,690	48,116	14,574	-
8.10	Funding Administration/Engineering Support	50,000	17,488	32,512	-
Total expenditures		\$ 2,527,505	\$ 1,339,851	\$ 1,187,654	\$ 696,423

See report of independent auditors.

City of Pico Rivera
Measure M Local Return Fund
Supplementary Information
Schedule of Capital Assets
Year ended June 30, 2020

Date Acquired	Description	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020
N/A	None	\$ -	\$ -	\$ -	\$ -
	Total	\$ -	\$ -	\$ -	\$ -

See report of independent auditors.

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

		June 30	
		2020	2019
ASSETS			
Due from LACMTA	\$	162,545	\$ 128,953
	Total assets	\$ 162,545	\$ 128,953
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND DEFICIT			
Liabilities			
Due to other funds	\$	85,809	\$ 23,173
Accounts payable		3,144	32
Accrued payroll and employee benefits		222	1,428
	Total liabilities	89,175	24,633
Deferred inflows of resources			
Unavailable revenues		80,878	116,159
	Total deferred inflows of resources	80,878	116,159
Fund deficit			
Restricted		(7,508)	(11,839)
	Total fund deficit	(7,508)	(11,839)
	Total liabilities, deferred inflows of resources and fund deficit	\$ 162,545	\$ 128,953

See notes to Funds financial statements.

City of Pico Rivera
 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:		
Article 3	\$ <u>81,667</u>	\$ <u>12,794</u>
Total revenues	<u>81,667</u>	<u>12,794</u>
Expenditures		
Various projects	<u>77,336</u>	<u>21,419</u>
Total expenditures	<u>77,336</u>	<u>21,419</u>
Excess (deficiency) of revenues over expenditures	4,331	(8,625)
Fund deficit at beginning of year	<u>(11,839)</u>	<u>(3,214)</u>
Fund deficit at end of year	<u>\$ (7,508)</u>	<u>\$ (11,839)</u>

See notes to Funds financial statements.

City of Pico Rivera
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:					
Pico Rivera Regional Bikeway Project	2020	\$ <u>81,667</u>	\$ <u>77,336</u>	\$ <u>4,331</u>	Ongoing
	Totals	\$ <u>81,667</u>	\$ <u>77,336</u>	4,331	
Fund deficit at beginning of year				<u>(11,839)</u>	
Fund deficit at end of year				\$ <u>(7,508)</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 is restricted for projects approved by LACMTA.

Information regarding the fund balance reporting policy adopted by the City is described in the City's CAFR.

Deferred Outflows and Inflows of Resources

Pursuant to GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, the City recognizes deferred outflows and deferred inflows of resources. A deferred outflow of resources is defined as a consumption of net position by the government that is applicable to a future reporting period. A deferred inflow of resources is defined as an acquisition of net position by the government that is applicable to a future reporting period.

Deferred inflows of resources reported by the City represent resources that are not available for spending as of June 30, 2020 and 2019.

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.

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 MEASURE R TRANSIT ORIENTED DEVELOPMENT (TOD) PLANNING GRANT PROGRAM

In June 2018, LACMTA Board approved to fund "Washington and Rosemead Boulevards Gold Line Eastside Extension TOD Plan - LACMTA Transit Oriented Development (TOD) Planning Grant Program. Under the agreement, LACMTA shall make a one-time grant of Measure R 2% System Improvements and/or Measure R 3% Metrolink based on project eligibility in the amount of \$390,000. The funds will be released to the City on a reimbursement basis in accordance with invoices submitted in support of the monthly progress report and the quarterly expenditure report submitted to LACMTA a few days after the close of each quarter. The City recognized \$31,601 and \$33,265 of revenue and expenses, respectively, from these projects during the year ended June 30, 2020.

NOTE 9 MEASURE R HIGHWAY GRANTS

In March 2014, LACMTA Board approved to fund Project Approval and Environmental Documentation (PAED), Plans, Specifications, and Estimates (PSE), Right of Way (ROW), and Construction phases of the following projects:

<u>Project Description</u>	<u>MOU No.</u>	<u>Agreement No.</u>	<u>Year ended June 30, 2020</u>	
			<u>Revenues</u>	<u>Expenditures</u>
Rosemead Boulevard/Beverly Boulevard Intersection Improvements	MOU.MR315.05	14-1490	\$ 1,134,686	\$ 766,836
Rosemead Whittier Intersection Improvements	MOU.MR315.09	14-1491	1,198,541	749,031
Rosemead Boulevard/Washington Boulevard Intersection Improvements	MOU.MR315.21	14-1492	26,696	739,258
Rosemead Boulevard/Slauson Avenue Intersection Improvements	MOU.MR315.19	14-1493	218,798	2,173,548
			<u>\$ 2,578,721</u>	<u>\$ 4,428,673</u>

<u>Project Description</u>	<u>MOU No.</u>	<u>Agreement No.</u>	<u>Year ended June 30, 2019</u>	
			<u>Revenues</u>	<u>Expenditures</u>
Rosemead Boulevard/Beverly Boulevard Intersection Improvements	MOU.MR315.05	14-1490	\$ 777,407	\$ 1,121,313
Rosemead/Whittier Intersection Improvements	MOU.MR315.09	14-1491	27,953	61,897
Rosemead Boulevard/Washington Boulevard Intersection Improvements	MOU.MR315.21	14-1492	745	197
Rosemead Boulevard/Slauson Avenue Intersection Improvements	MOU.MR315.19	14-1493	43,702	145,733
			<u>\$ 849,807</u>	<u>\$ 1,329,140</u>

Under the agreements, to the extent the Measure R funds are available, LACMTA shall make to the City a grant of the Measure R funds for these Projects. The funds will be released to the City on a reimbursement basis in accordance with invoices submitted in support of the monthly progress report and the quarterly expenditure report submitted to LACMTA a few days after the close of each quarter. The City recognized \$2,578,721 and \$849,807 of revenue from these projects during the years ended June 30, 2020 and 2019, respectively.

NOTE 10 LOCAL TRANSPORTATION SALES TAX REVENUE CERTIFICATES OF PARTICIPATION, SERIES 2018 – PCLRF, MRLRF and MMRLF

In August 2018, the City issued \$14,695,000, Local Transportation Sales Tax Revenue Certificates of Participation, Series 2018. The proceeds will be used to finance the design, acquisition, and construction of certain local roadway and street improvement projects within the jurisdiction, purchase a debt service reserve policy from the reserve fund for the Certificates and pay costs incurred in connection with the execution, sale and delivery of the Certificates.

NOTE 10 LOCAL TRANSPORTATION SALES TAX REVENUE CERTIFICATES OF PARTICIPATION, SERIES 2018 – PCLRF, MRLRF and MMLRF (CONTINUED)

PCLRF, MRLRF and MMLRF receipts have been pledged for the payment of the interest and principal on the bonds. Interest on the bonds is payable semi-annually each June 1 and December 1, beginning December 1, 2018. Principal matures each June 1 beginning 2019 and maturing in 2048. Interest rates on the bonds vary between 3.375% and 5.00%. Proceeds from the issuance was recorded under a separate Bond Fund.

The table below shows the movement in the bond outstanding balances and interest payable for the years ended June 30, 2020 and 2019:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Total principal and interest	\$ 14,695,000	\$ 10,176,265	\$ 24,871,265
Principal and interest payment	<u>(205,000)</u>	<u>(486,846)</u>	<u>(691,846)</u>
Outstanding balance as of June 30, 2019	14,490,000	9,689,419	24,179,419
Principal and interest payment	<u>(255,000)</u>	<u>(577,969)</u>	<u>(832,969)</u>
Outstanding balance as of June 30, 2020	<u>\$ 14,235,000</u>	<u>\$ 9,111,450</u>	<u>\$ 23,346,450</u>

For the year ended June 30, 2020 and 2019, principal and interest payments were made under the MMLRF.

The following is the movement in the bond's cash balance for the years ended June 30, 2020 and 2019 under the separate Bond Fund.

	<u>Measure R</u> <u>Bonds</u>
Cash balance as of June 30, 2018	\$ -
Proceeds from issuance of bonds	15,398,345
Net change in accounts payable	9,532
Net change in due to (from) other funds	598,325
Interest income earned	251,245
Expenditures during the year	<u>(1,014,494)</u>
Cash balance as of June 30, 2019	15,242,953
Net change in accounts payable	(7,032)
Net change in due to (from) other funds	69,570
Interest income earned	189,448
Expenditures during the year	<u>(60,038)</u>
Cash balance as of June 30, 2020	<u>\$ 15,434,901</u>

NOTE 10 LOCAL TRANSPORTATION SALES TAX REVENUE CERTIFICATES OF PARTICIPATION, SERIES 2018 – PCLRF, MRLRF and MMRLF (CONTINUED)

Details of expenditures paid under the separate Bond Fund for the years ended June 30, 2020 and 2019:

	2020	2019
CIP, Reconstruction of Residential Streets, Phase H	\$ 12,090	\$ 500,000
PMP, Landscape Medians Concepts Citywide	-	35,929
PMP, Landscape Median Design Services - Whittier Blvd.	1,009	33,497
PMP, Shenandoah Neighborhood Streets Rehabilitation	7,054	19,206
Paving Along San Gabriel River Parkway	39,885	-
Bond issuance cost	-	398,345
Fees related to bond issuance	-	27,517
	\$ 60,038	\$ 1,014,494

NOTE 11 TRANSPORTATION DEVELOPMENT ACT ARTICLE 3 FUND REVENUE ALLOCATION

The revenue allocations for the years ended June 30, 2020 and 2019 is as follows:

	2020	2019
FY 2015/16 allocation	\$ -	\$ 1,144
FY 2016/17 allocation	30,880	11,650
FY 2017/18 allocation	41,861	-
FY 2018/19 allocation	8,926	-
	\$ 81,667	\$ 12,794

NOTE 12 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 2016/17 allocation	\$	-	\$	30,880
FY 2017/18 allocation		-		41,861
FY 2018/19 allocation		34,494		43,420
FY 2019/20 allocation		46,384		-
Total reserve	\$	<u>80,878</u>	\$	<u>116,161</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 13 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.

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 December 21, 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 Pico Rivera, 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 Pico Rivera, 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 December 21, 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.

**Glendale, California
December 21, 2020**

COMPLIANCE SECTION

Report of Independent Auditors on Compliance

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

Report on Compliance

We have audited the compliance of the City of Pico Rivera, 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 Fund 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 Pico Rivera, California complied, in all material respects, with the compliance requirements of the Guidelines for the year ended June 30, 2020.



Other Matters

The results of our auditing procedures disclosed an instance of noncompliance with the requirements, which is described in the accompanying Schedule of Findings and Questioned Costs as Finding #2020-001. Our opinion is not modified with respect to this matter.

The City's response to the noncompliance finding identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. The City's response was not subjected to the auditing procedures applied in the audit of compliance, and accordingly, we express no opinion on the responses.

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 "Vaguez & Company LLP".

**Glendale, California
December 21, 2020**

**City of Pico Rivera
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			See Finding #2020-001
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 Pico Rivera
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.	X				
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 Pico Rivera
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 was 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 Pico Rivera
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 Pico Rivera
Schedule of Findings and Questioned Costs
Year ended June 30, 2020

PALRF: Finding #2020-001

Compliance Reference	Section I(C) Project Description Form (Form A) of the Proposition A and C Local Return Guidelines states that, “Jurisdiction shall submit for approval a Project Description Form (Form A) prior to the expenditure of funds for : 1) a new project; 2) a new route; 3) a 25 percent change (increase or decrease) in route or revenue vehicle miles for an established LR funded transit service; 4) a 0.75 miles or greater service change that duplicates/overlays an existing transit service; or 5) a 25 percent or greater change in an approved LR project budget or scope on all operating or capital LR projects.”
Condition	<p>The City exceeded LACMTA’s approved budget by more than 25% without obtaining approval through a revised Form A for the following projects.</p> <p>a. PALRF’s Project code 220-01, Transit Security Project. Amount in excess of 25 percent of the approved budget was \$10,399; and</p> <p>b. PALRF’s Project code 300-01, Transit Facility Enhancement. Amount in excess of 25 percent of the approved budget was \$16,322.</p> <p>Projects with greater than 25 percent change from the approved project budget should be amended by submitting a Project Description Form (Form A).</p> <p>The City submitted amended Form A’s to the LACMTA Program Manager and obtained a retroactive approval of the projects on October 1, 2020.</p>
Cause	The staff that is actively working on the projects charge their time directly as they are working on them. Delays in project cost reviews were experienced due to the current work schedules caused by the mandated shutdown, and staff was unable to adjust costs greater than 25 percent to the employee’s home department.
Effect	The City’s PALRF project expenditures exceeded 25 percent of LACMTA’s approved project budget without LACMTA’s approval and the City did not comply with the Guidelines.

City of Pico Rivera
Schedule of Findings and Questioned Costs
Year ended June 30, 2020

PALRF: Finding #2020-001 (Continued)

Recommendation	We recommend the City submit amended Form A's to obtain LACMTA's approval for the change in project budgets and implement internal controls to ensure compliance with this requirement at all times.
Management's Response	Staff was of the understanding that the direction given by LACMTA staff per LACMTA Senior Transportation Planner, Chelsea Meister's email dated September 24th stated reports typically due on August 1 needed to be completed by October 1st.
Auditor Rejoinder	<p>Although the City has submitted a revised Form A and the increase in the project budgets were retroactively approved by LACMTA, the City is required to submit the revised Form A anytime during the fiscal year and not after the fiscal year. There was a misunderstanding on the deadline for submission of the revised budget.</p> <p>Based on the Proposition A and C Local Return Guidelines, a Project Description Form (Form A) has to be submitted any time during the fiscal year for projects with a change of 25% or more from the approved project budget.</p>
Finding Corrected During the Audit	LACMTA Program Manager granted retroactive approval of said projects on October 1, 2020. No additional follow up is required.

EXIT CONFERENCE

An exit conference was held on December 15, 2020 with the City of Pico Rivera representatives. Those in attendance were:

Vasquez and Company LLP representatives:
 Marialyn Salvador – Audit Senior Manager
 Ihab Fahreddine – Audit Senior (BCA Watson Rice LLP)

City of Pico Rivera representatives:
 Angelina Garcia – Director of Finance
 Hazel Vitancol-De Guzman – Senior Accountant

Matters discussed:

Results of the audit disclosed an issue of noncompliance with the Guidelines.

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

 Angelina Garcia – Director of Finance
 Hazel Vitancol-De Guzman – Senior Accountant



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