



MetroTM

**City of Monterey Park
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, 2021 and 2020
with Independent Auditor's Report**

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FINANCIAL SECTION

Independent Auditor's Report

**To the Honorable Members of the City Council of the
City of Monterey Park, 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, Measure M Local Return Fund and the Transportation Development Act Article 3 Fund (collectively, the Funds) of the City of Monterey Park, California (the City) which comprise the Funds' balance sheets as of June 30, 2021 and 2020, 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.

Auditor's 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 audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.



An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 Monterey Park, California as of June 30, 2021 and 2020, 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 Monterey Park, California, and do not purport to, and do not present fairly the financial position of the City as of June 30, 2021 and 2020, 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 November 9, 2021 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.

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

**Glendale, California
November 9, 2021**

**City of Monterey Park
Proposition A Local Return Fund
Balance Sheets**

		June 30	
		2021	2020
ASSETS			
Cash and investments	\$	3,463,686	\$ 3,111,404
Interest receivable		2,645	8,229
Due from Metro (Note 8)		106,715	106,715
Total assets	\$	3,573,046	\$ 3,226,348
LIABILITIES, DEFERRED INFLOW OF RESOURCES AND FUND BALANCE			
Liabilities			
Accounts payable	\$	15,068	\$ 15,300
Accrued payroll		4,676	4,261
Total liabilities		19,744	19,561
Deferred inflows of resources			
Unavailable revenue (Note 8)		106,715	106,715
Total deferred inflows of resources		106,715	106,715
Fund balance			
Restricted		3,446,587	3,100,072
Total fund balance		3,446,587	3,100,072
Total liabilities, deferred inflows of resources and fund balance	\$	3,573,046	\$ 3,226,348

See notes to Funds financial statements.

City of Monterey Park
Proposition A Local Return Fund
Statements of Revenues, Expenditures and Changes in Fund Balance

	Years ended June 30	
	2021	2020
Revenues		
Proposition A	\$ 1,243,986	\$ 1,207,030
Interest income	11,617	50,893
Proposition A Discretionary Incentive Program grant (Note 8)	109,271	-
Project generated revenues (Note 9)	3,803	46,528
Total revenues	1,368,677	1,304,451
Expenditures		
Various projects	1,022,162	1,542,354
Total expenditures	1,022,162	1,542,354
Excess (deficiency) of revenues over expenditures	346,515	(237,903)
Fund balance at beginning of year	3,100,072	3,337,975
Fund balance at end of year	\$ 3,446,587	\$ 3,100,072

See notes to Funds financial statements.

City of Monterey Park
Proposition A Local Return Fund
Supplementary Information
Schedule of Expenditures – Actual and Metro Approved Project Budget
Year ended June 30, 2021
(With Comparative Actuals for 2020)

Project Code	Project Name	2021			2020 Actual
		Metro Budget	Actual	Variance Positive (Negative)	
105	Fixed Route Transit	\$ 100,000	\$ 88,037	\$ 11,963	\$ 547,740
107	Dial-A-Ride Service	698,640	573,175	125,465	610,938
135	MTA Stamp Subsidy	20,000	13,718	6,282	60,794
155	Recreational Transit	-	-	-	9,913
170	Bus Shelter Maintenance	168,208	137,083	31,125	32,046
170	CNG Station	48,500	31,449	17,051	104,256
610	Administration Costs	223,000	178,700	44,300	176,667
	Total expenditures	\$ 1,258,348	\$ 1,022,162	\$ 236,186	\$ 1,542,354

See independent auditor's report.

City of Monterey Park
Proposition A Local Return Fund
Supplementary Information
Schedule of Capital Assets
Year ended June 30, 2021

<u>Date Acquired</u>	<u>Description</u>	<u>Balance July 1, 2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2021</u>
11/2001	2001 Chevrolet Van	\$ 20,170	\$ -	\$ -	20,170
03/2008	2008 Toyota Prius	6,249	-	-	6,249
04/2008	2008 Toyota Prius	6,249	-	-	6,249
06/2010	2010 El Dorado Amerivan PT	40,696	-	-	40,696
06/2012	ELAC Transit Facility Phase I	97,756	-	-	97,756
05/2013	2013 El Dorado E-Z Rider II	166,667	-	-	166,667
05/2013	2013 El Dorado E-Z Rider II	166,668	-	-	166,668
05/2013	2013 El Dorado E-Z Rider II	155,651	-	-	155,651
05/2016	2015 Chevrolet Express Bus	46,350	-	-	46,350
06/2016	Glaval E450 for Passenger Bus	27,405	-	-	27,405
05/2019	2018 Arboc Spirit of Mobility	47,138	-	-	47,138
06/2020	CNG Fueling Compressor System	208,512	-	-	208,512
Total \$		989,511	\$ -	\$ -	989,511

See independent auditor's report.

**City of Monterey Park
Proposition C Local Return Fund
Balance Sheets**

		June 30	
		2021	2020
ASSETS			
Cash and investments	\$	2,250,782	\$ 1,463,331
Interest receivable		1,625	3,862
Total assets	\$	2,252,407	\$ 1,467,193
LIABILITIES AND FUND BALANCE			
Liabilities			
Accounts payable	\$	5,286	\$ 1,010
Accrued payroll		947	1,035
Total liabilities		6,233	2,045
Fund balance			
Restricted		2,246,174	1,465,148
Total fund balance		2,246,174	1,465,148
Total liabilities and fund balance	\$	2,252,407	\$ 1,467,193

See notes Funds to financial statements.

City of Monterey Park
 Proposition C Local Return Fund
Statements of Revenues, Expenditures and Changes in Fund Balance

	Years ended June 30	
	2021	2020
Revenues		
Proposition C	\$ 1,031,842	\$ 1,001,234
Interest income	7,437	22,627
Total revenues	1,039,279	1,023,861
Expenditures		
Various projects	258,253	679,413
Total expenditures	258,253	679,413
Excess of revenues over expenditures	781,026	344,448
Fund balance at beginning of year	1,465,148	1,120,700
Fund balance at end of year	\$ 2,246,174	\$ 1,465,148

See notes Funds to financial statements.

City of Monterey Park
Proposition C Local Return Fund
Supplementary Information
Schedule of Expenditures – Actual and Metro Approved Project Budget
Year ended June 30, 2021
(With Comparative Actuals for 2020)

Project Code	Project Name	2021			2020 Actual
		Metro Budget	Actual	Variance Positive	
105	Fixed Route Transit	\$ 9,000	8,074	\$ 926	\$ 386,744
170	Cal State LA Metrolink Station	28,000	28,000	-	36,525
180	Transportation Planning	27,000	23,880	3,120	15,400
302	Traffic Signal Upgrades (Citywide)	268,119	79,449	188,670	66,754
302	Traffic Signal Upgrades (Garfield - Graves)	304,334	67,200	237,134	38,107
620	Administration Costs	182,400	51,650	130,750	135,883
	Total expenditures	\$ 818,853	\$ 258,253	\$ 560,600	\$ 679,413

See independent auditor's report.

City of Monterey Park
Proposition C Local Return Fund
Supplementary Information
Schedule of Capital Assets
Year ended June 30, 2021

Date Acquired	Description	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021
06/2004	Bus Stop Improvements	\$ 25,875	\$ -	\$ -	\$ 25,875
06/2013	Bus Shelters and Sign	100,048	-	-	100,048
06/2013	Battery Backup System	77,276	-	-	77,276
05/2018	Street Resurfacing	250,000	-	-	250,000
06/2020	Traffic Signal Upgrades	34,926	19,311	-	54,237
Total \$		<u>488,125</u>	<u>\$ 19,311</u>	<u>\$ -</u>	<u>\$ 507,436</u>

See independent auditor's report.

**City of Monterey Park
Measure R Local Return Fund
Balance Sheets**

		June 30	
		2021	2020
ASSETS			
Cash and investments	\$	2,477,165	\$ 2,246,377
Interest receivable		1,892	5,917
Total assets	\$	2,479,057	\$ 2,252,294
LIABILITIES AND FUND BALANCE			
Liabilities			
Accounts payable	\$	168,855	\$ 20,108
Accrued payroll		755	1,300
Total liabilities		169,610	21,408
Fund balance			
Restricted		2,309,447	2,230,886
Total fund balance		2,309,447	2,230,886
Total liabilities and fund balance	\$	2,479,057	\$ 2,252,294

See notes to Funds financial statements.

City of Monterey Park
Measure R Local Return Fund

Statements of Revenues, Expenditures and Changes in Fund Balance

	Years ended June 30	
	2021	2020
Revenues		
Measure R	\$ 774,954	\$ 749,850
Interest income	8,547	34,036
Total revenues	783,501	783,886
 Expenditures		
Various projects	704,940	595,348
Total expenditures	704,940	595,348
 Excess of revenues over expenditures	78,561	188,538
 Fund balance at beginning of year	2,230,886	2,042,348
 Fund balance at end of year	\$ 2,309,447	\$ 2,230,886

See notes to Funds financial statements.

City of Monterey Park
Measure R Local Return Fund
Supplementary Information
Schedule of Expenditures – Actual and Metro Approved Project Budget
Year ended June 30, 2021
(With Comparative Actuals for 2020)

Project Code	Project Name	2021			2020 Actual
		Metro Budget	Actual	Variance Positive	
304	Traffic Signal - Repair and Maintenance	\$ 89,069	\$ -	\$ 89,069	\$ 7,195
630	Fund Administration	64,100	53,700	10,400	49,550
705	Street Resurfacing	1,109,626	174,286	935,340	-
705	Road Repair Supplies	207,313	88,328	118,985	73,917
705	Storm Drain Repairs	71,102	63,728	7,374	24,225
705	Street Repair for N Atlantic Blvd Sewer Improvements	300,000	142,500	157,500	-
705	Slurry Seal of Various Streets	-	-	-	373,218
755	Median and Landscaping Operations	81,406	67,753	13,653	-
780	SR-710 N Mobility Improvements	75,000	-	75,000	-
805	MTA Monterey Pass Road Bike Lane	128,427	-	128,427	30,540
805	Fire Station 62	100,000	100,000	-	-
820	Sidewalk / Wheel Chair Access	414,196	14,645	399,551	36,703
Total expenditures		\$ 2,640,239	\$ 704,940	\$ 1,935,299	\$ 595,348

See independent auditor's report.

City of Monterey Park
Measure R Local Return Fund
Supplementary Information
Schedule of Capital Assets
Year ended June 30, 2021

Date Acquired	Description	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021
06/2004	Bus Stop Improvements	\$ 22,552	\$ -	\$ -	\$ 22,552
04/2018	Station 61 parking	41,263	-	-	41,263
06/2018	Traffic Signal	357,841	-	-	357,841
06/2018	Sidewalk Project	166,093	14,645	-	180,738
06/2018	Street Resurfacing	645,302	63,443	-	708,745
06/2021	Fire Station 62	-	100,000	-	100,000
06/2021	Storm Drain Repairs	-	63,728	-	63,728
Total		\$ 1,233,051	\$ 241,816	\$ -	\$ 1,474,867

See independent auditor's report.

**City of Monterey Park
Measure M Local Return Fund
Balance Sheets**

		June 30	
		2021	2020
ASSETS			
Cash and investments	\$	3,154,109	\$ 2,361,312
Interest receivable		2,408	6,276
Total assets	\$	<u>3,156,517</u>	<u>\$ 2,367,588</u>
LIABILITIES AND FUND BALANCE			
Liabilities			
Accounts payable	\$	-	\$ -
Total liabilities		<u>-</u>	<u>-</u>
Fund balance			
Restricted		<u>3,156,517</u>	<u>2,367,588</u>
Total fund balance		<u>3,156,517</u>	<u>2,367,588</u>
Total liabilities and fund balance	\$	<u>3,156,517</u>	<u>\$ 2,367,588</u>

See notes to Funds financial statements.

City of Monterey Park
Measure M Local Return Fund
Statements of Revenues, Expenditures and Changes in Fund Balance

		Years ended June 30	
		2021	2020
Revenues			
Measure M	\$	878,051	\$ 844,498
Interest income		10,878	33,507
Total revenues		888,929	878,005
Expenditures			
Various projects		100,000	4,908
Total expenditures		100,000	4,908
Excess of revenues over expenditures		788,929	873,097
Fund balance at beginning of year		2,367,588	1,494,491
Fund balance at end of year	\$	3,156,517	\$ 2,367,588

See notes to Funds financial statements.

City of Monterey Park
Measure M Local Return Fund
Supplementary Information
Schedule of Expenditures – Actual and Metro Approved Project Budget
Year ended June 30, 2021
(With Comparative Actuals for 2020)

Project Code	Project Name	2021			2020 Actual
		Metro Budget	Actual	Variance Positive	
705	Street Resurfacing	\$ 1,500,000	-	\$ 1,500,000	\$ -
780	Pavement Management Study	-	-	-	4,908
805	Fire Station 62	100,000	100,000	-	-
Total expenditures		<u>\$ 1,600,000</u>	<u>\$ 100,000</u>	<u>\$ 1,500,000</u>	<u>\$ 4,908</u>

See independent auditor's report.

City of Monterey Park
Measure M Local Return Fund
Supplementary Information
Schedule of Capital Assets
Year ended June 30, 2021

<u>Date Acquired</u>	<u>Description</u>	<u>Balance July 1, 2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2021</u>
06/2021	Fire Station 62	\$ -	\$ 100,000	\$ -	\$ 100,000
	Total	\$ -	\$ 100,000	\$ -	\$ 100,000

See independent auditor's report.

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

		June 30	
		2021	2020
ASSETS			
Cash		\$ -	\$ -
	Total assets	\$ -	\$ -
LIABILITIES AND FUND BALANCE			
Liabilities			
Accounts payable		\$ -	\$ -
	Total liabilities	-	-
Fund balance			
Restricted		-	-
	Total fund balance	-	-
	Total liabilities and fund balance	\$ -	\$ -

See notes to Funds financial statements.

City of Monterey Park
 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	
		2021	2020
Revenues			
Intergovernmental Allocations:			
Article 3	\$	-	\$ -
Total revenues		-	-
 Expenditures			
Construction/Maintenance			
		-	-
Total expenditures		-	-
 Excess of revenues over expenditures			
		-	-
 Fund balance at beginning of year			
		-	-
 Fund balance at end of year			
	\$	-	\$ -

See notes to Funds financial statements.

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 Metro 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 Annual Comprehensive Financial Report (ACFR) 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, 2021 and 2020:

- 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 Metro.

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

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, 2021 and 2020.

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, 2021 and 2020, 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 ACFR for a full description of risks relating to cash and investments.

NOTE 8 PROPOSITION A DISCRETIONARY INCENTIVE PROGRAM GRANT

The City entered into various Memorandum of Understanding (MOU) agreements with Metro to receive Proposition A Discretionary Incentive Program grant for participating in the National Transit Database (NTD) Voluntary Reporting program. The amount received for the years ended June 30, 2021 and 2020, consisted of the following:

Agreement Date	Program Year	MOU Amount	Amount Received	
			2021	2020
07/01/2019	FY 2016/17	\$ 106,715*	\$ -	\$ -
05/01/2020	FY 2017/18	109,271	109,271	-
			<u>\$ 109,271</u>	<u>\$ -</u>

**NOTE 8 PROPOSITION A DISCRETIONARY INCENTIVE PROGRAM GRANT
(CONTINUED)**

* The Proposition A Discretionary Incentive Program grant amounting to \$106,715 invoiced in FY 2020 is shown as a due from Metro and deferred inflows of resources in the accompanying Balance Sheets for PALRF.

NOTE 9 PROJECT GENERATED REVENUES – PALRF

Project generated revenues for the years ended June 30, 2021 and 2020 consisted of the following:

		<u>2021</u>		<u>2020</u>
Tap card sales	\$	-	\$	17,361
Farebox revenue		3,803		29,167
	\$	<u>3,803</u>	\$	<u>46,528</u>

NOTE 10 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 Metro. As of June 30, 2021 and 2020, the City has funds on reserve as follows:

		<u>2021</u>		<u>2020</u>
FY 2017/18 allocation	\$	9,299	\$	9,299
FY 2018/19 allocation		41,766		41,766
FY 2019/20 allocation		44,927		44,927
FY 2020/21 allocation		34,466		-
	\$	<u>130,458</u>	\$	<u>95,992</u>

For FY 2020/21, any TDA Article 3 funds left on reserve for FY 2016/17 or prior, are subject to lapse if not claimed by the City by June 30, 2021. There were no funds that lapsed in FY 2020/21.

NOTE 11 IMPACT OF CORONAVIRUS

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. 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, including the United States.

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. However, the City's management believes that the financial impact, if any, will not materially affect the June 30, 2021 funds financial statements.

NOTE 12 SUBSEQUENT EVENTS

The City has evaluated events subsequent to June 30, 2021 to assess the need for potential recognition or disclosure in the financial statements. Such events were evaluated through November 9, 2021, the date the financial statements were available to be issued. Based upon this evaluation, it was determined that no subsequent events occurred that require recognition or additional disclosure in the financial statements.

**Independent Auditor's Report on Internal Control over Financial Reporting and
on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

**To the Honorable Members of the City Council of the
City of Monterey Park, 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 Monterey Park, California (the City) as of and for the year ended June 30, 2021, and the related notes to the financial statements, and have issued our report thereon dated November 9, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the Funds' financial statements, we considered the City's internal control over 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 City's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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



Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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". The signature is written in a cursive, flowing style.

**Glendale, California
November 9, 2021**

COMPLIANCE SECTION

Independent Auditor's Report on Compliance

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

Report on Compliance

We have audited the City of Monterey Park, California's (the City) compliance with the Proposition A and Proposition C Local Return Guidelines, Measure R Local Return Guidelines, Measure M Local Return Guidelines and 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, 2021.

Management's Responsibility

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

Auditor's 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 Monterey Park, California complied, in all material respects, with the compliance requirements of the Guidelines for the year ended June 30, 2021.



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

**Glendale, California
November 9, 2021**

**City of Monterey Park
Compliance Matrix
Year ended June 30, 2021**

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 or has established a separate Proposition A and Proposition C Local Transit Assistance Account for Local Return purposes.	X				
2. Revenues received including allocations, project generated revenues and interest income was properly credited to the Proposition A and/or Proposition C Local Return Account.	X				
3. Funds were expended with Metro's approval and were not substituted for property tax.	X				
4. Timely use of funds.	X				
5. Administrative expenses are within the 20% cap.	X				
6. Expenditures that exceeded 25% of approved project budget have approved amended Project Description Form (Form A) or electronic equivalent.			X		
7. Annual Project Update Report (Form B) or electronic equivalent was submitted on time.	X				
8. Annual Expenditure Report (Form C) or electronic equivalent was submitted on time.	X				
9. Pavement Management System (PMS) is in place and being used for Street Maintenance or Improvement Projects Expenditures.	X				
10. Local Return Account is credited for reimbursable expenditures.	X				
11. Where Proposition A funds were given, loaned or exchanged by one jurisdiction to another, the receiving jurisdiction has credited its Local Return Account with the funds received.			X		
12. Self-Certification was completed and submitted for Intelligent Transportation Systems projects and elements.			X		

See independent auditor's report on compliance.

**City of Monterey Park
Compliance Matrix
Year ended June 30, 2021**

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					
13. A separate account was established for Capital reserve funds, Capital reserve was approved by Metro and current status is reported in the Annual Project Update (Form B) or electronic equivalent.			X		
14. Recreational transit form was submitted on time.			X		
15. Fund exchanges (trades, loans, or gifts) were approved by Metro.			X		
16. Proposition C Local Return Funds were used to augment, not supplant existing local revenues being used for road improvement purposes.	X				
17. All on-going and carryover projects were reported on Form B or electronic equivalent.	X				
18. Cash or cash equivalents are maintained.	X				
19. Accounting procedures, record keeping, and documentation are adequate.	X				

See independent auditor's report on compliance.

**City of Monterey Park
Compliance Matrix
Year ended June 30, 2021**

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. Separate Measure R Local Return Account was established.	X				
3. Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure R Local Return Account.	X				
4. Funds were expended with Metro's approval.	X				
5. Funds were not substituted for property tax and are in compliance with the Maintenance of Effort.	X				
6. Timely use of funds.	X				
7. Administrative expenses are within the 20% cap.	X				
8. Expenditure Plan (Form One or electronic equivalent) was submitted timely.	X				
9. Annual Expenditure Report (Form Two or electronic equivalent) was submitted timely.	X				
10. Where funds expended were reimbursable by other grants or fund sources, the reimbursement was credited to the Local Return Account upon receipt of the reimbursement.	X				
11. Where Measure R funds were given, loaned or exchanged by one jurisdiction to another, the receiving jurisdiction has credited its Local Return Account with the funds received.			X		
12. A separate account was established for Capital reserve funds and Capital reserve was approved by Metro.			X		
13. Funds were used to augment, not supplant existing local revenues being used for transportation purposes unless there is a fund shortfall.	X				

See independent auditor's report on compliance.

**City of Monterey Park
Compliance Matrix
Year ended June 30, 2021**

Compliance Requirements	In Compliance			Questioned Costs	If no, provide details and management response.
	Yes	No	N/A		
B. Measure R Local Return Fund					
14. Recreational transit form was submitted on time.			X		
15. Fund exchanges (trades, loans, or gifts) were approved by Metro.			X		
16. Accounting procedures, record keeping, and documentation are adequate.	X				

See independent auditor's report on compliance.

**City of Monterey Park
Compliance Matrix
Year ended June 30, 2021**

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. Separate Measure M Local Return Account was established.	X				
3. Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure M Local Return Account.	X				
4. Funds were expended with Metro's approval.	X				
5. Funds were not substituted for property tax and are in compliance with the Maintenance of Effort.	X				
6. Timely use of funds.	X				
7. Administrative expenses are within the 20% cap.	X				
8. Expenditure Plan (Form M-One or electronic equivalent) was submitted timely.	X				
9. Expenditure Report (Form M-Two or electronic equivalent) was submitted timely.	X				
10. Where funds expended were reimbursable by other grants or fund sources, the reimbursement was credited to the Local Return Account upon receipt of the reimbursement.	X				
11. Where Measure M funds were given, loaned or exchanged by one jurisdiction to another, the receiving jurisdiction has credited its Local Return Account with the funds received.			X		
12. A separate account was established for Capital reserve funds and Capital reserve was approved by Metro.			X		
13. Funds were used to augment, not supplant existing local revenues being used for transportation purposes unless there is a fund shortfall.	X				

See independent auditor's report on compliance.

**City of Monterey Park
Compliance Matrix
Year ended June 30, 2021**

Compliance Requirements	In Compliance			Questioned Costs	If no, provide details and management response.
	Yes	No	N/A		
C. Measure M Local Return Fund					
14. Recreational transit form was submitted on time.			X		
15. Fund exchanges (trades, loans, or gifts) were approved by Metro.			X		
16. Accounting procedures, record keeping, and documentation are adequate.	X				

See independent auditor's report on compliance.

**City of Monterey Park
Compliance Matrix
Year ended June 30, 2021**

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		No expenditures charged to TDAA3F during FY 2020/21.

See report of independent auditors on compliance.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**City of Monterey Park
Schedule of Findings and Questioned Costs
Year ended June 30, 2021**

There were no findings noted.

EXIT CONFERENCE

An exit conference was held on November 4, 2021 with the City of Monterey Park representatives. Those in attendance were:

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

City of Monterey Park representatives:
 Harry Wong – Financial Services Manager
 Natalia Lo – Senior Accountant

Matters discussed:

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

A copy of this report was forwarded to the following City of Monterey Park representative for comments prior to the issuance of the final report:

 Harry Wong – Financial Services Manager
 Natalia Lo – Senior Accountant



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