



**Metro**<sup>™</sup>

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

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

**As of and for the Years Ended June 30, 2017 and 2016  
with Report of Independent Auditors**

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**FINANCIAL SECTION**

## Report of Independent Auditors

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

#### Report on the Financial Statements

We have audited the accompanying financial statements of the Proposition A Local Return Fund, the Proposition C Local Return Fund, the Measure R Local Return Fund and the Transportation Development Act Article 3 Fund (collectively, the Funds), of the City of El Monte, California (the City) which comprise the Funds' balance sheets as of June 30, 2017 and 2016, 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.



### ***Opinion***

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 and the Transportation Development Act Article 3 Fund of the City of El Monte, California, as of June 30, 2017 and 2016, 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 and the Transportation Development Act Article 3 Fund of the City and do not purport to, and do not present fairly the financial position of the City as of June 30, 2017 and 2016, 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 11, 2017 on our consideration of the City's internal control over the Funds' financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over the Funds' financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over the Funds' financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over the Fund's financial reporting and compliance.

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

Los Angeles, California  
December 11, 2017

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

		<b>June 30</b>	
		<b>2017</b>	<b>2016</b>
<b>ASSETS</b>			
Cash and investments	\$	<b>2,280,100</b>	\$ 1,503,701
Accounts receivable		<b>70,636</b>	10,921
Prepaid expense		<b>3,567</b>	3,304
<b>Total assets</b>	<b>\$</b>	<b><u>2,354,303</u></b>	<b><u>\$ 1,517,926</u></b>
<b>LIABILITIES AND FUND BALANCE</b>			
<b>Liabilities</b>			
Accounts payable	\$	<b>173,016</b>	\$ 179,392
<b>Total liabilities</b>		<b><u>173,016</u></b>	<b><u>179,392</u></b>
<b>Fund balance</b>			
Restricted		<b><u>2,181,287</u></b>	<b><u>1,338,534</u></b>
<b>Total fund balance</b>		<b><u>2,181,287</u></b>	<b><u>1,338,534</u></b>
<b>Total liabilities and fund balance</b>	<b>\$</b>	<b><u>2,354,303</u></b>	<b><u>\$ 1,517,926</u></b>

*See notes to Funds financial statements.*

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

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	Years ended June 30	
	2017	2016
<b>Revenues</b>		
Proposition A	\$ 2,112,569	\$ 2,076,934
Interest income	11,520	11,391
Proposition A Discretionary Incentive Program grant	305,960	-
Federal Transit Administration - Job Access and Reverse Commute Program (JARC) Grant reimbursement	578,494	-
Project generated revenues	8,008	13,712
CNG fuel tax refund	129,897	59,394
<b>Total revenues</b>	<b>3,146,448</b>	<b>2,161,431</b>
<b>Expenditures</b>		
Various projects	2,303,695	3,178,603
<b>Total expenditures</b>	<b>2,303,695</b>	<b>3,178,603</b>
Excess (deficiency) of revenues over expenditures	842,753	(1,017,172)
Fund balance at beginning of year	<b>1,338,534</b>	<b>2,355,706</b>
Fund balance at end of year	<b>\$ 2,181,287</b>	<b>\$ 1,338,534</b>

*See notes to Funds financial statements.*

**City of El Monte**  
**Proposition A Local Return Fund**  
**Supplementary Information**  
**Schedule of Expenditures – Actual and LACMTA Approved Project Budget**  
**Year ended June 30, 2017**  
**(With Comparative Actuals for 2016)**

Project Code	Project Name	2017			2016 Actual
		LACMTA Budget	Actual	Variance Positive (Negative)	
110-08	Operation of Fixed Route Transit	\$ 760,600	\$ 787,027	\$ (26,427)	\$ 808,348
110-142	Expansion of the Fixed-Route Transit Program - Operations	237,926	80,430	157,496	81,569
120-02	E & H Paratransit (Dial-A-Ride)	552,900	457,675	95,225	468,908
130-03	Maintenance/Operation Costs for Vehicles, Facility and Transit Locations	707,800	556,616	151,184	446,245
130-15	Drivers Operations E & H	47,200	34,792	12,408	33,035
140-06	Recreation / Special Transportation	30,200	16,449	13,751	18,139
150-65	Bus Stop Improvement Program	29,600	-	29,600	650
200-140	Vehicle Purchase - Transit Bus	-	-	-	397,086
200-144	Vehicle Purchase - Transit Bus	-	-	-	399,675
250-07	Bus Pass Subsidy	138,000	36,040	101,960	18,450
270-133	SGVCOG/SCAG Planning Dues	40,000	32,167	7,833	31,941
400-122	Traffic Signal Improvement at Garvey Ave and Santa Anita	-	-	-	40,400
480-02	Administration Prop A and C	342,700	302,226	40,474	433,584
480-139	Computer and Servers	3,800	-	3,800	-
480-141	Expansion of Fixed-Route Transit Program - Administration	31,000	-	31,000	-
500-96	Contracted First Aid and CPR Instructor	1,200	273	927	573
<b>Total expenditures</b>		<b>\$ 2,922,926</b>	<b>\$ 2,303,695</b>	<b>\$ 619,231</b>	<b>\$ 3,178,603</b>

*See report of independent auditors.*



**City of El Monte  
Proposition A Local Return Fund  
Supplementary Information  
Schedule of Capital Assets  
Year ended June 30, 2017**

<b>Date Acquired</b>	<b>Description</b>	<b>Balance July 1, 2016</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance June 30, 2017</b>
Nov-87	1 1985 Red Chevy Trolley	\$ 99,438	\$ -	\$ -	\$ 99,438
Sep-88	1 1987 Econo 14 People Mover	41,000	-	-	41,000
Dec-89	1 1990 Ford 2 Passenger Truck	42,169	-	-	42,169
Dec-89	1 1990 El Dorado Tour Bus	79,705	-	-	79,705
Sep-90	1 Orange Trackless Trolley	138,291	-	138,291	-
Jan-93	SW Corner Railroad St Center	450,000	-	-	450,000
Jun-96	1 Chevrolet Pickup Truck	21,332	-	-	21,332
Jun-98	1 Chevrolet Maintenance Truck	29,304	-	-	29,304
Jun-98	7 Computers	13,970	-	-	13,970
May-00	Trolley Station	903,806	-	-	903,806
Jun-04	Lobby retrofit	3,325	-	-	3,325
Mar-05	Fuel Card Reader System	28,158	-	-	28,158
Mar-05	23-72" Backed Benches	27,496	-	-	27,496
Apr-07	Scissor Lift	25,000	-	-	25,000
May-08	GPA Navigator	1,609	-	-	1,609
Oct-08	Glaval Titan Cutaway Bus	94,354	-	-	94,354
Oct-08	Glaval Titan Cutaway Bus	64,354	-	-	64,354
Aug-11	Trailer Mount Hot Water Power Washer	9,104	-	-	9,104
Apr-11	15 Bus Shelters	145,480	-	-	145,480
Sep-12	Traffic Signal - Garvey/Santa Anita	15,480	-	-	15,480
Feb-13	Bus Benches	1,072	-	-	1,072
Feb-13	Office Furniture	9,835	-	-	9,835
Jun-13	Valley/Santa Anita	147,740	-	-	147,740
Jun-13	Valley Circle	673,524	-	-	673,524
Feb-15	21 - Solar Lighting System	29,114	-	-	29,114
Sep-15	El Dorado National EZ Rider II Bus 32' CNG TR95	399,675	-	-	399,675
Jun-16	El Dorado National EZ Rider II Bus 32' CNG TR53	397,086	-	-	397,086
<b>Total</b>		<b>\$ 3,891,421</b>	<b>\$ -</b>	<b>\$ 138,291</b>	<b>\$ 3,753,130</b>

*See report of independent auditors.*

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

		June 30	
		2017	2016
<b>ASSETS</b>			
Cash and investments	\$	6,446,182	\$ 4,970,680
Accounts receivable		290,109	1,489,280
<b>Total assets</b>	<b>\$</b>	<b><u>6,736,291</u></b>	<b><u>\$ 6,459,960</u></b>
<b>LIABILITIES AND FUND BALANCE</b>			
<b>Liabilities</b>			
Accounts payable	\$	528,318	\$ 53,714
<b>Total liabilities</b>		<b><u>528,318</u></b>	<b><u>53,714</u></b>
<b>Fund balance</b>			
Restricted - CR #01-380 Capital reserve		407,058	404,552
Restricted - CR #02-380 Capital reserve		731,597	780,372
Restricted - CR #03-380 Capital reserve		143,755	142,870
Restricted - Other		4,925,563	5,078,452
<b>Total fund balance</b>		<b><u>6,207,973</u></b>	<b><u>6,406,246</u></b>
<b>Total liabilities and fund balance</b>	<b>\$</b>	<b><u>6,736,291</u></b>	<b><u>\$ 6,459,960</u></b>

*See notes to Funds financial statements.*

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

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	Years ended June 30	
	2017	2016
<b>Revenues</b>		
Proposition C	\$ 1,760,342	\$ 1,730,014
Interest income	38,815	36,671
LACMTA Call for Project Grant	-	1,451,178
Reimbursements	36,760	-
Project generated revenues	44,838	58,236
<b>Total revenues</b>	<b>1,880,755</b>	<b>3,276,099</b>
 <b>Expenditures</b>		
Various projects	2,079,028	3,534,273
<b>Total expenditures</b>	<b>2,079,028</b>	<b>3,534,273</b>
 Deficiency of revenues over expenditures	 (198,273)	 (258,174)
 Fund balance at beginning of year	 6,406,246	 6,664,420
 Fund balance at end of year	 \$ 6,207,973	 \$ 6,406,246

*See notes to Funds financial statements.*

**City of El Monte**  
**Proposition C Local Return Fund**  
**Supplementary Information**  
**Schedule of Expenditures – Actual and LACMTA Approved Project Budget**  
**Year ended June 30, 2017**  
**(With Comparative Actuals for 2016)**

Project Code	Project Name	2017			2016 Actual
		LACMTA Budget	Actual	Variance Positive (Negative)	
110-181	CalTIP Membership - Insurance	\$ 71,100	\$ -	\$ 71,100	\$ -
110-182	Commuter Shuttle Program - Contracted	12,542	12,542	-	-
150-125	Bus Stop Improvement Program	29,600	848	28,752	-
160-178	Ramona Boulevard Bus Pads	255,000	-	255,000	-
180-155	Pressure Washer Purchase	5,000	-	5,000	-
180-182	Commuter Shuttle Program - Contracted	-	-	-	40,134
200-168	Vehicle Purchase - Replacement of Six (6) Local Fixed-Route Transit Buses	-	-	-	2,382,518
200-188	Purchase of Paratransit Vehicle	511,000	512,623	(1,623)	-
230-01	Transit Security - Train and Bus Station	49,600	44,120	5,480	27,889
270-85	SGVCOG Planning Dues	10,000	10,000	-	10,000
270-138	Commuter Parking Study	4,600	-	4,600	-
270-154	Consultant - Project Management/Support for Round 3 TOD Planning Grant	12,200	12,304	(104)	7,760
270-163	Technical Evaluation - Ramona Blvd Bus Tunnel Project Alternatives	3,600	2,920	680	1,320
270-181	CalTIP Membership - Insurance	71,100	54,795	16,305	-
270-184	Planning	372,000	292,002	79,998	-
270-187	Transit Planning on Google Map	6,750	-	6,750	-
280-70	Transit Marketing	10,500	5,190	5,310	702
280-144	Expansion of the Fixed Route Transit Program - Advertising	800	-	800	-
280-183	Bus Wraps for New Buses	17,100	17,077	23	-
300-156	Metrolink Parking Lot Improvements	-	-	-	-
300-157	Repainting of Metrolink Platform Shelters	6,800	-	6,800	-
300-176	Trolley Station Improvements	52,500	-	52,500	-
300-180	Contracted ADA Compliance Evaluation and Survey Preparation	29,800	-	29,800	-
300-184	Phase One (1) Bid Specification for ADA Facility Improvements	21,000	-	21,000	-
310-10	Multi-Modal Transit Center and Transit Locations - Operations and Maintenance	974,600	810,229	164,371	666,898
310-145	Expansion of the Fixed-Route Transit Program - Maintenance	17,100	4,216	12,884	2,734
310-167	Contracted Language Assistance Line	20,000	95	19,905	681
380-01	El Monte Santa Anita Bridge Overcrossing	400,000	-	400,000	-
380-02	Ramona Blvd at Valley Blvd Intersection Improvement	771,600	53,609	717,991	-
380-03	Ramona Blvd/Badillo St/Covina Blvd TSSP/BSP	141,300	-	141,300	-
400-153	Traffic Signal Improvements	10,000	-	10,000	83,939
400-161	Contracted Traffic Signal Repairs and Maintenance	28,000	-	28,000	-
400-173	Traffic Signal Conflict Monitor Tester	16,500	13,374	3,126	-
430-164	Bikeway and other improvements	9,500	-	9,500	9,477
440-160	Street Repair on Northbound Peck Road	30,000	-	30,000	-
440-177	Garvey Avenue Improvements - Between Merced Avenue and Mt. View Road	200,000	-	200,000	-
450-02	Santa Anita Bridge Overcrossing (Bus Access) Project	600,000	-	600,000	-

*See report of independent auditors.*

City of El Monte  
**Proposition C Local Return Fund**  
**Supplementary Information**  
**Schedule of Expenditures – Actual and LACMTA Approved Project Budget (Continued)**  
**Year ended June 30, 2017**  
**(With Comparative Actuals for 2016)**

Project Code	Project Name	2017			2016 Actual
		LACMTA Budget	Actual	Variance Positive (Negative)	
450-158	Rosemead and Telstar Intersection Improvements	\$ 17,800	\$ -	\$ 17,800	\$ 2,476
450-170	Ramona Boulevard and Valley Boulevard Intersection Improvements	274,000	-	274,000	-
470-126	Upgrade City's Pavement Management System	204,500	-	204,500	24,360
480-02	Administration Prop A and C	408,700	226,500	182,200	245,277
480-151	Computers for Pavement Management System	2,000	1,865	135	-
480-166	Computers for Transportation Services Division	-	-	-	10,168
480-179	Kronos Time Clocks for Transit Center and Transportation Office	7,500	4,719	2,781	5,940
480-186	Computers and Software for Transportation Services Division	5,000	-	5,000	-
500-169	Traffic Analysis on Peck Road North of Rio Hondo Parkway	1,100	-	1,100	-
500-171	Location Map on Peck Road	2,800	-	2,800	-
500-174	Consultants - Analysis and Grant Preparation for Peck Road Safe Mid-Block Crossing Project	15,400	-	15,400	-
500-175	Consultant - Analysis and Grant Preparation for Lower Azusa Corridor Project	7,500	-	7,500	12,000
500-176	Geographic Information System Startup	160,000	-	160,000	-
500-182	Electric Vehicle Charging Stations	141,500	-	141,500	-
<b>Total expenditures</b>		<b>\$ 6,018,992</b>	<b>\$ 2,079,028</b>	<b>\$ 3,939,964</b>	<b>\$ 3,534,273</b>

*See report of independent auditors.*

**City of El Monte  
Proposition C Local Return Fund  
Supplementary Information  
Schedule of Capital Assets  
Year ended June 30, 2017**

<u>Date Acquired</u>	<u>Description</u>	<u>Balance July 1, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2017</u>
Apr-93	Ramona Right-of-Way Acquisition	\$ 624,190	\$ -	\$ -	\$ 624,190
1996	Ford Windstar H/C Van TR 19	20,000	-	20,000	-
Mar-96	Five '96 Ford Aerotech 240 Bus	164,868	-	164,868	-
Mar-96	96 Chevy Astro Van	21,290	-	-	21,290
Feb-00	Three Honda Civic GX	56,514	-	-	56,514
May-00	Transit Facility	903,806	-	-	903,806
Jun-00	Natural Gas Van	22,516	-	-	22,516
2001	Ford Cargo Van	18,773	-	-	18,773
Feb-02	Hydro Retriever Brush Scrubber	11,340	-	-	11,340
May-03	Hotsy Power Wash Trailer	7,722	-	-	7,722
Jun-03	2003 Ford F150 Truck	25,144	-	-	25,144
Nov-03	Two 2003 Ford Bus Type III	97,318	-	-	97,318
Feb-04	Lobby Retrofit Carpet	14,229	-	-	14,229
May-05	Dell 2300 Projector with Screen	2,146	-	-	2,146
Jul-05	CNG BUS - xy197	325,318	-	325,318	-
Jul-05	CNG BUS - xy200	325,318	-	325,318	-
Aug-05	CNG BUS - xy194	325,318	-	325,318	-
Aug-05	CNG BUS - xy199	325,318	-	325,318	-
Aug-05	CNG BUS - xy201	325,318	-	325,318	-
Dec-05	CNG BUS - xy195	325,318	-	325,318	-
Dec-05	CNG BUS - xy196	325,318	-	325,318	-
Dec-06	2006 Blue Bird Bus	353,013	-	-	353,013
May-07	GEM Electric Car	15,734	-	-	15,734
Jun-08	Lots at Tyler (3448, 3454) and 11016 Ramona	1,000,000	-	-	1,000,000
May-09	2009 Ford F150 4x2 SuperCab	20,292	-	-	20,292
May-09	2009 Ford F150 4x2 Long Bed	16,501	-	-	16,501
Apr-11	15 Bus Shelters	145,525	-	-	145,525
Jun-13	Fence at Yard	5,033	-	-	5,033
Sep-12	Traffic Signal Santa Anita/Lower Azusa	15,480	-	-	15,480
Sep-12	Traffic Signal Valley/Peck	15,480	-	-	15,480
Sep-12	Traffic Signal Peck/Ramona	15,480	-	-	15,480
Sep-12	Traffic Signal Peck/Fineview	15,480	-	-	15,480
Jun-13	Valley Santa Anita Intersection	105,567	-	-	105,567

*See report of independent auditors.*

**City of El Monte**  
**Proposition C Local Return Fund**  
**Supplementary Information**  
**Schedule of Capital Assets (Continued)**  
**Year ended June 30, 2017**

<u>Date Acquired</u>	<u>Description</u>	<u>Balance July 1, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2017</u>
Jul-13	2013 El Dorado national Aero Elite CNG Cutaway Buses TR-1b	\$ 134,108	\$ -	\$ -	\$ 134,108
Jul-13	2013 El Dorado national Aero Elite CNG Cutaway Buses TR-2b	134,108	-	-	134,108
Jul-13	2013 El Dorado national Aero Elite CNG Cutaway Buses TR-14b	134,108	-	-	134,108
Jul-13	2013 El Dorado national Aero Elite CNG Cutaway Buses TR-15b	134,108	-	-	134,108
Jul-13	2013 El Dorado national Aero Elite CNG Cutaway Buses TR-17b	134,108	-	-	134,108
Aug-13	Rotery Lift	23,885	-	-	23,885
Nov-14	Power Edge R320-Dell	6,542	-	-	6,542
Jun-16	2016 El Dorado National EZ Rider II CNG 32" Transit Bus TR54	397,086	-	-	397,086
Jun-16	2016 El Dorado National EZ Rider II CNG 32" Transit Bus TR55	397,086	-	-	397,086
Jun-16	2016 El Dorado National EZ Rider II CNG 32" Transit Bus TR56	397,086	-	-	397,086
Jun-16	2016 El Dorado National EZ Rider II CNG 32" Transit Bus TR57	397,086	-	-	397,086
Jun-16	2016 El Dorado National EZ Rider II CNG 32" Transit Bus TR58	397,086	-	-	397,086
Jun-16	2016 El Dorado National EZ Rider II CNG 32" Transit Bus TR59	397,086	-	-	397,086
Oct-17	El Dorado EZ Rider II Bus Partial Wrap	-	17,077	-	17,077
Mar-17	8000 T - Conflict Monitor Tester	-	13,374	-	13,374
Jun-17	2016 Mobility Ventures MV - Van	-	56,761	-	56,761
Jun-17	2016 Mobility Ventures MV - Van	-	56,761	-	56,761
Jun-17	2016 Mobility Ventures MV - Van	-	56,761	-	56,761
Jun-17	2016 Mobility Ventures MV - Van	-	56,761	-	56,761
Jun-17	2017 Starcraft Allstar Cutaway Bus	-	76,272	-	76,272
Jun-17	2016 Mobility Ventures MV - Van	-	56,761	-	56,761
Jun-17	2017 Starcraft Allstar Cutaway Bus	-	76,272	-	76,272
Jun-17	2017 Starcraft Allstar Cutaway Bus	-	76,272	-	76,272
Jun-17	Ramona / Valley Blvd Intersection (CIP)	-	53,609	-	53,609
	<b>Total</b>	<b>\$ 9,074,150</b>	<b>\$ 596,681</b>	<b>\$ 2,462,094</b>	<b>\$ 7,208,737</b>

*See report of independent auditors.*

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

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		<b>June 30</b>	
		<b>2017</b>	<b>2016</b>
<b>ASSETS</b>			
Cash and investments		<b>\$ 7,493,940</b>	\$ 6,207,107
	<b>Total assets</b>	<b>\$ 7,493,940</b>	<b>\$ 6,207,107</b>
<b>LIABILITIES AND FUND BALANCE</b>			
<b>Liabilities</b>			
Accounts payable		<b>\$ 1,373,270</b>	\$ 18,484
	<b>Total liabilities</b>	<b>1,373,270</b>	<b>18,484</b>
<b>Fund balance</b>			
Restricted		<b>6,120,670</b>	6,188,623
	<b>Total fund balance</b>	<b>6,120,670</b>	<b>6,188,623</b>
	<b>Total liabilities and fund balance</b>	<b>\$ 7,493,940</b>	<b>\$ 6,207,107</b>

*See notes to Funds financial statements.*



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

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

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	Years ended June 30	
	2017	2016
<b>Revenues</b>		
Measure R	\$ 1,314,558	\$ 1,292,853
Interest income	42,604	29,924
<b>Total revenues</b>	<b>1,357,162</b>	<b>1,322,777</b>
 <b>Expenditures</b>		
Various projects	1,425,115	29,608
<b>Total expenditures</b>	<b>1,425,115</b>	<b>29,608</b>
 Excess (deficiency) of revenues over expenditures	<b>(67,953)</b>	1,293,169
 Fund balance at beginning of year	<b>6,188,623</b>	4,895,454
 Fund balance at end of year	<b>\$ 6,120,670</b>	<b>\$ 6,188,623</b>

*See notes to Funds financial statements.*

City of El Monte  
Measure R Local Return Fund  
Supplementary Information  
Schedule of Expenditures – Actual and LACMTA Approved Project Budget  
Year ended June 30, 2017  
(With Comparative Actuals for 2016)

Project Code	Project Name	2017			2016 Actual
		LACMTA Budget	Actual	Variance Positive (Negative)	
1.20	Roadway Safety Improvements	\$ -	\$ -	\$ -	29,608
1.90	Advertisement for Notice of Inviting Bids for Street Improvement Project	5,000	-	5,000	-
1.90	Shared Parking/Smart Detection System	315,700	-	315,700	-
1.90	Other Street and Roads	43,700	-	43,700	-
1.90	Pavement Rehabilitation Program	1,860,728	1,320,080	540,648	-
7.90	Other Planning, Engineering or CMP	160,000	105,035	54,965	-
	<b>Total expenditures</b>	<b>\$ 2,385,128</b>	<b>\$ 1,425,115</b>	<b>\$ 960,013</b>	<b>\$ 29,608</b>

*See report of independent auditors.*

**City of El Monte**  
**Measure R Local Return Fund**  
**Supplementary Information**  
**Schedule of Capital Assets**  
**Year ended June 30, 2017**

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<u>Date Acquired</u>	<u>Description</u>	<u>Balance July 1, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2017</u>
None		\$ -	\$ -	\$ -	\$ -
	<b>Total</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

		June 30	
		2017	2016
<b>ASSETS</b>			
Due from LACMTA	\$	23,000	\$ 77,939
<b>Total assets</b>		<b>\$ 23,000</b>	<b>\$ 77,939</b>
<b>LIABILITIES AND FUND BALANCE</b>			
<b>Liabilities</b>			
Accounts payable	\$	29,749	\$ -
Due to General Fund		-	77,939
<b>Total liabilities</b>		<b>29,749</b>	77,939
<b>Fund balance (deficit)</b>			
Restricted		(6,749)	-
<b>Total fund balance (deficit)</b>		<b>(6,749)</b>	-
<b>Total liabilities and fund balance (deficit)</b>		<b>\$ 23,000</b>	<b>\$ 77,939</b>

*See notes to Funds financial statements.*

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

---

	Years ended June 30	
	2017	2016
<b>Revenues</b>		
Intergovernmental Allocations:		
TDA Article 3	\$ 23,000	\$ 77,939
<b>Total revenues</b>	<b>23,000</b>	<b>77,939</b>
<b>Expenditures</b>		
Sidewalk Project	29,749	69,509
<b>Total expenditures</b>	<b>29,749</b>	<b>69,509</b>
Excess (deficiency) of revenues over expenditures	(6,749)	8,430
Fund balance (deficit) at beginning of year	-	(8,430)
Fund balance (deficit) at end of year	\$ (6,749)	\$ -

*See notes to Funds financial statements.*

**City of El Monte**  
**Transportation Development Act Article 3 Fund**  
**Pursuant to Public Utilities Code Section 99234**  
**Supplementary Information**  
**Schedule of Transportation Development Act Allocation for Specific Projects**  
**Year ended June 30, 2017**

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<b>Project Description</b>	<u>Program Year</u>	Totals to Date		<u>Unexpended Allocations</u>	<u>Project Status</u>
		<u>Allocations</u>	<u>Expenditures</u>		
<b>Local Allocations:</b>					
Sidewalk Project	2017	\$ <u>23,000</u>	\$ <u>29,749</u>	\$ <u>(6,749)</u>	Ongoing
<b>Totals</b>		\$ <u>23,000</u>	\$ <u>29,749</u>	(6,749)	
Fund balance at beginning of year				-	
Fund balance (deficit) at end of year				\$ <u>(6,749)</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) 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 a county-wide ½ cent sales tax which is distributed to the jurisdictions within Los Angeles County based on a per capita basis and must be used exclusively for transportation purposes.

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, 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 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*, which became effective for the fiscal year ended June 30, 2017, the City categorizes its fair value measurement within the fair value hierarchy that is based on the valuation inputs used to measure the fair value of the investment. Level 1 inputs are quoted prices in active markets for identical investments; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Accordingly, the City reports its investments at fair value and recognizes unrealized gain (loss) on investments.

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

**Fund Balance Reporting**

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

The PALRF, PCLRF, MRLRF, and TDAA3F report the following fund balance classification as of June 30, 2017 and 2016:

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

Information regarding the fund balance reporting policy adopted by the City is described in Note 1 to the City's Comprehensive Annual Financial Report.

**NOTE 2      ANNUAL FINANCIAL STATEMENTS**

The financial statements reflect only the financial position and results of operations of the PALRF, PCLRF, MRLRF and TDAA3F, and do not purport to, and do not present fairly the City's financial position as of June 30, 2017 and 2016, 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      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 6      CASH AND INVESTMENTS**

The PALRF, PCLRF, MRLRF and TDAA3F cash balances were pooled with various other City funds for deposit and investment purposes. The share of each fund in the pooled cash account was separately maintained and interest income was apportioned to the participating funds based on the relationship of their average quarterly balances to the total of the pooled cash and investments.

**NOTE 6 CASH AND INVESTMENTS (CONTINUED)**

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

**NOTE 7 PROPOSITION A DISCRETIONARY INCENTIVE PROGRAM GRANT**

The City entered into various Memorandum of Understanding (MOU) agreements with the Los Angeles County Metropolitan Transportation Authority (LACMTA) to receive Proposition A discretionary incentive grants for participating in the National Transit Database (NTD) Voluntary Reporting. The amounts received for the year ended June 30, 2017 consisted of the following:

<u>Program Year</u>	<u>MOU Amount</u>	<u>Amount Received</u>
FY 2013	\$ 153,295	\$ 153,295
FY 2014	\$ 152,665	<u>152,665</u>
		<u>\$ 305,960</u>

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

**NOTE 8 PROJECT GENERATED REVENUES**

Project generated revenues for the years ended June 30, 2017 and 2016 consisted of the following:

**PALRF:**

	<u>2017</u>	<u>2016</u>
Trips and tours	\$ 444	\$ 2,842
Sales of trolley tokens	6,785	8,165
Summer bus revenues	606	2,430
Go RIO RioHondo Pilot Bus Incentive Bus Program	173	257
Senior transportation	-	18
	<u>\$ 8,008</u>	<u>\$ 13,712</u>

**PCLRF:**

	<u>2017</u>	<u>2016</u>
Farebox revenues	\$ 7,611	\$ 8,192
Commuter subsidy	8,088	17,685
Access fare reimbursement	29,139	32,359
	<u>\$ 44,838</u>	<u>\$ 58,236</u>

**NOTE 9      FEDERAL TRANSIT ADMINISTRATION – JOB ACCESS AND REVERSE COMMUTE PROGRAM GRANT REIMBURSEMENT**

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

For the year ended June 30, 2017, the City received grant reimbursements from LACMTA for capital and operating assistance under MOU.JARCELMONTE12 as follows:

Operating assistance reimbursement	\$	178,818
Capital assistance reimbursement		399,676
		\$ 578,494

The JARC reimbursement was recorded under the PALRF.

**NOTE 10      LACMTA CALL FOR PROJECT GRANT – PCLRF**

On October 1, 2015, the City and the LACMTA entered into a Funding Agreement (FA#920000000F7420) for LACMTA to make a one-time grant of the Local Transportation Funds in the amount of \$1,451,178 for the El Monte Clean Fuel Bus Replacement – LACMTA Call for Projects ID #F7420 and FTIP #LAF7420 (the Project).

The funds will be released to the City on a reimbursement basis in accordance with invoices submitted in support of the quarterly progress/expenditure report and the quarterly expenditure report submitted to LACMTA on scheduled due dates.

For the year ended June 30, 2016, the City recorded the revenue of \$1,451,178 under the PCLRF.

**NOTE 11      CAPITAL RESERVE AGREEMENTS – PCLRF**

**Agreement #01-380 – Transit Center Access Project (Ramona Bus Tunnel)**

In June 2013, LACMTA and the City entered into a capital reserve agreement to establish a \$400,000 capital reserve account (#01-380) for the Transit Center Access Project. The expected overall total cost for this project is \$15 million. In June 2016, the LACMTA Board of Directors approved the City's request to extend this capital reserve agreement to June 30, 2019.

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

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

In June 2013, LACMTA and the City entered into a capital reserve agreement to establish a \$771,591 capital reserve account (#02-380) for the Ramona Boulevard and Valley Boulevard Intersection Improvement Project. This project will make major improvements to the intersection of Ramona Boulevard, Valley Boulevard and Valley Mall which include the reconfiguration of existing roadway and the addition of dedicated turn lanes to improve existing traffic conditions. In June 2016, the LACMTA Board of Directors approved the City's request to extend this capital reserve agreement to June 30, 2019.

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

In July 2011, LACMTA and the City entered into a capital reserve agreement to establish a \$141,252 capital reserve account (#03-380) for the Ramona Boulevard, Badillo Street, and Covina Boulevard Intersection Project. The project is multi-jurisdictional, involving the Cities of El Monte, Baldwin Park, West Covina, Covina and led by the Los Angeles County Public Works. The scope of the project entails synchronizing the traffic signals along the subject corridor and providing for bus signal priority to improve travel time. The County of Los Angeles Department of Public Works Traffic Division expects the funding for the Ramona project to be programmed by LACMTA in FY 2018. In June 2016, the LACMTA Board of Directors approved the City's request to extend this capital reserve agreement to June 30, 2019.

<u>Project Title</u>	<u>Agreement Date</u>	<u>Reserve Amount</u>	<u>Original Termination Date</u>	<u>Amended Termination Date</u>
El Monte Santa Anita Bridge Overcrossing (#01-380)	6/19/2013	\$400,000	6/30/2016	6/30/2019
Ramona Blvd at Valley Blvd Intersection Improvement (#02-380)	6/19/2013	\$771,591	6/30/2016	6/30/2019
Ramona Blvd/Badillo St/ Covina Blvd TSSP/BSP (#03-380)	7/23/2011	\$141,262	6/30/2016	6/30/2019

For the years ended June 30, 2017 and 2016, following is the capital reserve amount:

	<u>#01-380</u>	<u>#02-380</u>	<u>#03-380</u>
Capital Reserve, June 30, 2015	\$ 401,568	\$ 774,615	\$ 141,816
Interest income earned	2,984	5,757	1,054
Capital reserve, June 30, 2016	<u>404,552</u>	<u>780,372</u>	<u>142,870</u>
Interest income earned	2,506	4,834	885
Expenditures during the year	-	(53,609)	-
Capital reserve, June 30, 2017	<u>\$ 407,058</u>	<u>\$ 731,597</u>	<u>\$ 143,755</u>

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

The revenue allocations for the years ended June 30, 2017 and 2016 consisted of the following:

		<u>2017</u>		<u>2016</u>
FY 2011/12 reserve	\$	-	\$	10,328
FY 2012/13 reserve		<b>22,370</b>		67,611
FY 2013/14 reserve		<b>630</b>		-
	<b>\$</b>	<b><u>23,000</u></b>	<b>\$</b>	<b><u>77,939</u></b>

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

In accordance with TDA Article 3 (SB821) Guidelines, funds which will not be spent during the fiscal year have been placed on reserve in the Local Transportation Fund (LTF) account with the County Auditor-Controller to be drawn down whenever the funds become eligible for a specific project and an approved drawdown request is received by LACMTA. As of June 30, 2017 and 2016, the City has funds on reserve as follows:

		<u>2017</u>		<u>2016</u>
FY 2012/13 reserve	\$	-	\$	22,370
FY 2013/14 reserve		<b>92,098</b>		92,728
FY 2014/15 reserve		<b>75,516</b>		75,516
FY 2015/16 reserve		<b>73,312</b>		73,312
FY 2016/17 allocation		<b>76,704</b>		-
	<b>\$</b>	<b><u>317,630</u></b>	<b>\$</b>	<b><u>263,926</u></b>

For FY 2016/17, any TDA Article 3 funds left on reserve for FY 2012/13 or prior, are subject to lapse if not claimed by the City by June 30, 2017. There were no funds that lapsed in FY 2016/17.

**NOTE 14      SUBSEQUENT EVENTS**

The City has evaluated subsequent events through December 11, 2017, the date the financial statements were available to be issued, and concluded no events have occurred that require disclosure or adjustments to the financial statements.

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Proposition A Local Return Fund, the Proposition C Local Return Fund, the Measure R Local Return Fund and the Transportation Development Act Article 3 Fund (collectively, the Funds) of the City of El Monte, California (the City) as of and for the years ended June 30, 2017 and 2016, and the related notes to the financial statements, and have issued our report thereon dated December 11, 2017.

**Internal Control over Financial Reporting**

In planning and performing our audits of the Funds' financial statements, we considered the City's internal control over the Funds' financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the Funds' financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Funds' financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audits 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, and Transportation Development Act Article 3 Fund financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits, 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.

**Los Angeles, California**  
**December 11, 2017**

**COMPLIANCE SECTION**



## **Report of Independent Auditors on Compliance**

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

### **Report on Compliance**

We have audited the compliance of the City of El Monte, California (the City) with the Proposition A and Proposition C Local Return Guidelines, Measure R Local Return Guidelines, 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, 2017.

#### ***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, and Transportation Development Act Article 3 Program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance with the Guidelines. However, our audit does not provide a legal determination of the City's compliance with the Guidelines.

#### ***Opinion***

In our opinion, the City of El Monte, California complied, in all material respects, with the compliance requirements of the Guidelines for the year ended June 30, 2017.



### **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 Findings #2017-001. Our opinion is not modified with respect to this matter.

The City's response to the noncompliance finding identified in our audit is 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 response.

### **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 or significant deficiencies 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 "Vaqueria &amp; Company LLP". The signature is written in a cursive, flowing style.

**Los Angeles, California  
December 11, 2017**

**City of El Monte  
Compliance Matrix  
Year ended June 30, 2017**

Compliance Requirements	In Compliance			Questioned Costs	If no, provide details and management response.
	Yes	No	N/A		
<b>A. Proposition A and Proposition C Local Return Funds</b>					
1. Uses the State Controller's Uniform System of Accounts and Records.	X				
2. Timely use of funds.	X				
3. Funds expended were approved and have not been substituted for property tax.	X				
4. Expenditures that exceeded 25% of approved project budget have approved amended Project Description Form (Form A)	X				
5. Administrative expenses are within the 20% cap of the total annual Local Return Expenditures.	X				
6. All on-going and carryover projects were reported in Form B.	X				
7. Annual Project Summary Report (Form B) was submitted on time.	X				
8. Annual Expenditure Report (Form C) was submitted on time.	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 on time.	X				

*See report of independent auditors on compliance.*

**City of El Monte  
Compliance Matrix  
Year ended June 30, 2017**

Compliance Requirements	In Compliance			Questioned Costs	If no, provide details and management response.
	Yes	No	N/A		
<b>B. Measure R Local Return Fund</b>					
1. Funds were expended for transportation purposes.	X				
2. Funds were used to augment, not supplant, existing local revenues being used for transportation purposes unless there is a funding shortfall.	X				
3. Signed Assurances and Understandings on file.	X				
4. Separate Measure R Local Return Account was established.	X				
5. Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure R Local Return Account.	X				
6. Funds were expended with LACMTA's approval.	X				
7. Expenditure Plan (Form One) was submitted on time.		X			See Finding #2017-001
8. Expenditure Report (Form Two) was submitted on time.	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 on time.			X		
<b>C. Transportation Development Act Article 3 Fund</b>					
1. Timely use of funds.	X				
2. Expenditures were incurred for activities relating to pedestrian and bicycle facilities and amenities.	X				

*See report of independent auditors on compliance.*

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**City of El Monte**  
**Schedule of Findings and Questioned Costs**  
**Year ended June 30, 2017**

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**MRLRF: Finding #2017-001**

<b>Compliance Reference</b>	Section B (II) (I) of the Measure R Local Return Program Guidelines states that, "To maintain eligibility and meet Measure R LR program compliance requirements, jurisdictions shall submit to LACMTA an Expenditure Plan (Form One) annually by August 1st of each year".
<b>Condition</b>	The City submitted its Expenditure Plan (Form One) on August 11, 2016, ten days beyond the due date set under the Guidelines.
<b>Cause</b>	A resignation within the Engineering Department caused staff to overlook the Measure R Expenditure Plan submission deadline.
<b>Effect</b>	The City's Expenditure Plan (Form One) was not submitted timely. The City was not in compliance with the Local Return Guidelines.
<b>Recommendation</b>	We recommend for the City to establish procedures to ensure that all reporting deadlines are met.
<b>Management Response</b>	The submission of the Measure R Expenditure Plan has been reassigned to a senior level manager in the Transportation Division. The Finance Department is also monitoring this due date on its compliance calendar.

**EXIT CONFERENCE**

An exit conference was held on December 11, 2017 with the City of El Monte representatives. Those in attendance were:

Vasquez and Company LLP representatives:  
Cristy Canieda – Partner  
Marialyn Salvador – Audit Senior Manager  
Emer Fabro – Audit Supervisor

City of El Monte representative:  
Anne Blakeley – Principal Accountant

Matters discussed:

Results of the audit disclosed an instance of noncompliance with the LACMTA Local Return Guidelines.

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

Anne Blakeley – Principal Accountant





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