



MetroTM

**City of Pico Rivera
Annual Financial Report of its**

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

**As of and for the Years Ended June 30, 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 Pico Rivera, California and the
Los Angeles County Metropolitan Transportation Authority**

Report on the Financial Statements

We have audited the accompanying financial statements of the Proposition A Local Return Fund, the Proposition C Local Return Fund, the Measure R Local Return Fund, the Measure M Local Return Fund and the Transportation Development Act Article 3 Fund (collectively, the Funds) of the City of Pico Rivera, California (the City) which comprise the Funds' balance sheets as of June 30, 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 audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.



An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the Funds' financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Proposition A Local Return Fund, the Proposition C Local Return Fund, the Measure R Local Return Fund, the Measure M Local Return Fund and the Transportation Development Act Article 3 Fund of the City of Pico Rivera, California, as of June 30, 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 Pico Rivera, 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 December 15, 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
December 15, 2021**

City of Pico Rivera
 Proposition A Local Return Fund
 Balance Sheets

		June 30	
		2021	2020
ASSETS			
Cash and investments	\$	2,914,062	\$ 2,851,889
Interest receivable		2,020	4,830
Total assets	\$	<u>2,916,082</u>	<u>\$ 2,856,719</u>
LIABILITIES AND FUND BALANCE			
Liabilities			
Accounts payable	\$	42,410	\$ 113,556
Accrued payroll and employee benefits		7,084	4,085
Total liabilities		<u>49,494</u>	<u>117,641</u>
Fund balance			
Restricted		2,866,588	2,739,078
Total fund balance		<u>2,866,588</u>	<u>2,739,078</u>
Total liabilities and fund balance	\$	<u>2,916,082</u>	<u>\$ 2,856,719</u>

See notes to Funds financial statements.

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

	Years ended June 30	
	2021	2020
Revenues		
Proposition A	\$ 1,288,351	\$ 1,246,180
Investment income	12,020	62,697
Bus pass sales	53	22,029
Total revenues	1,300,424	1,330,906
Expenditures		
Various projects	1,172,914	1,175,233
Total expenditures	1,172,914	1,175,233
Excess of revenues over expenditures	127,510	155,673
Fund balance at beginning of year	2,739,078	2,583,405
Fund balance at end of year	\$ 2,866,588	\$ 2,739,078

See notes to Funds financial statements.

City of Pico Rivera
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)	
107	Special Service of U & H	\$ 396,000	\$ 385,802	\$ 10,198	\$ 501,463
135	MTA Bus Pass Buydown	2,000	2,288	(288)	13,055
150	Bus Landing at Rosemead Blvd and Coffman and Pico Road	-	-	-	57,598
150	Transit Security	125,000	139,846	(14,846)	135,399
155	Recreational Transit	-	-	-	33,878
170	Bus Shelter Maintenance	192,000	176,010	15,990	191,170
180	Transit Feasibility Study	2,000	2,310	(310)	6,297
210	Vehicle and Equipment Purchase	310,250	267,087	43,163	-
215	Transit Facility Enhancement	-	-	-	66,322
610	Administration	180,000	199,571	(19,571)	170,051
Total expenditures		\$ 1,207,250	\$ 1,172,914	\$ 34,336	\$ 1,175,233

See independent auditor's report.

City of Pico Rivera
Proposition A 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
2010	Bus for Dial-A-Ride Program	\$ 56,727	\$ -	\$ -	\$ 56,727
2010	Bus for Dial-A-Ride Program	56,727	-	-	56,727
2012	Pico Park Transit Hub - Parking Lot Expansion	700,000	-	-	700,000
2014	Bus Shelter Replacement	203,655	-	-	203,655
2015	Gold Line Extension Project	60,000	-	-	60,000
2020	Purchase of Three Star White Craft Van	-	267,087	-	267,087
Total		\$ 1,077,109	\$ 267,087	\$ -	\$ 1,344,196

See independent auditor's report.

City of Pico Rivera
Proposition C Local Return Fund
Balance Sheets

		June 30	
		2021	2020
ASSETS			
Cash and investments	\$	2,871,714	\$ 2,233,784
Interest receivable		1,057	3,712
Total assets	\$	<u>2,872,771</u>	<u>\$ 2,237,496</u>
LIABILITIES AND FUND BALANCE			
Liabilities			
Accounts payable	\$	18,449	\$ 78,305
Accrued payroll and employee benefits		5,387	5,425
Total liabilities		<u>23,836</u>	<u>83,730</u>
Fund balance			
Restricted		<u>2,848,935</u>	<u>2,153,766</u>
Total fund balance		<u>2,848,935</u>	<u>2,153,766</u>
Total liabilities and fund balance	\$	<u>2,872,771</u>	<u>\$ 2,237,496</u>

See notes to Funds financial statements.

City of Pico Rivera
Proposition C Local Return Fund

Statements of Revenues, Expenditures and Changes in Fund Balance

	Years ended June 30	
	2021	2020
Revenues		
Proposition C	\$ 1,068,641	\$ 1,033,710
Investment income	9,112	43,500
Other revenues - Rio Hondo Rehabilitation	-	14,171
Reimbursement from State Grant	6,582	-
Total revenues	1,084,335	1,091,381
Expenditures		
Various projects - Funded by PCLRF	389,166	482,055
Various projects - Funded by State Grant	-	2,067
Total expenditures	389,166	484,122
Excess of revenues over expenditures	695,169	607,259
Fund balance at beginning of year	2,153,766	1,546,507
Fund balance at end of year	\$ 2,848,935	\$ 2,153,766

See notes to Funds financial statements.

City of Pico Rivera
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		Variance Positive (Negative)	2020 Actual
		Metro Budget	Actual		
210	HSIP Cycle 6, Traffic Safety and Sidewalk Improvements	\$ -	\$ -	\$ -	1,069
280	ADA Transition Plan for Public Right of Way	20,000	9,105	10,895	-
302	HSIP Cycle 7 - Traffic Signal Upgrades Citywide	560,000	9,841	550,159	52,931
302	HSIP Cycle 8 - Traffic Signal Upgrades Along Five Intersections of Major Arterials	660,000	8,909	651,091	12,318
302	Beverly Boulevard TSSP	300,000	545	299,455	2,087
302	50018 - Washington Boulevard - TSSP	150,000	3,035	146,965	501
303	CIP 50046 - Slauson Avenue Traffic	50,000	170	49,830	-
470	Gateway Cities COG SR-91 / I 605 Needs Assessment Study	20,000	20,000	-	20,000
620	Administration	175,000	65,262	109,738	94,553
705	Telegraph Road Over San Gabriel	200,000	32,019	167,981	-
705	Washington Blvd over Rio Hondo River Bridge Rehabilitation Project	50,000	6,768	43,232	5,894
705	Durfee Avenue Underpass Project	60,000	30,992	29,008	34,321
705	Whittier Boulevard Street Overlay	575,000	3,519	571,481	10,094
705	CIP 29265 - Pavement Management System (PMS) Update	90,000	59,818	30,182	-
710	Paramount Blvd Raised Median Project	-	-	-	486
710	Bridge Preventative Maintenance Program	30,000	-	30,000	83
710	Passons Boulevard Underpass Project - Emergency Repairs	-	-	-	8,309
710	50019 - Slauson Avenue Bridge - Seismic Retrofit Project	-	-	-	121,467
715	Graffiti Removal Transfer	100,000	100,000	-	85,316
715	Telegraph Road over Rio Hondo River Bridge Rehabilitation Project	20,000	335	19,665	23,684
720	Telegraph Road Traffic Throughout and Safety Enhancement Project-Phase II	200,000	8,815	191,185	8,942
720	Traffic Signal Maintenance	70,000	30,033	39,967	-
	Total expenditures	\$ 3,330,000	\$ 389,166	\$ 2,940,834	\$ 482,055

See independent auditor's report.

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

See independent auditor's report.

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

		June 30	
		2021	2020
ASSETS			
Cash and investments	\$	2,242,023	\$ 711,562
Interest receivable		728	955
Due from Metro		2,168,339	3,013,178
Total assets	\$	<u>4,411,090</u>	<u>\$ 3,725,695</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE (DEFICIT)			
Liabilities			
Accounts payable	\$	1,564,285	\$ 1,139,201
Retention payable		81,984	150,541
Accrued payroll and employee benefits		4,605	7,894
Total liabilities		<u>1,650,874</u>	<u>1,297,636</u>
Deferred inflows of resources			
Unavailable revenues		2,168,339	2,981,577
Total deferred inflows of resources		<u>2,168,339</u>	<u>2,981,577</u>
Fund balance (deficit)			
Restricted		591,877	(553,518)
Total fund balance (deficit)		<u>591,877</u>	<u>(553,518)</u>
Total liabilities, deferred inflows of resources and fund balance (deficit)	\$	<u>4,411,090</u>	<u>\$ 3,725,695</u>

See notes to Funds financial statements.

City of Pico Rivera
Measure R Local Return Fund

Statements of Revenues, Expenditures and Changes in Fund Balance

	Years ended June 30	
	2021	2020
Revenues		
Measure R	\$ 802,592	\$ 774,173
Investment income	4,525	24,336
Metro TOD Planning Grant (Note 8)	87,985	31,601
Measure R Fund Highway Grants (Note 9)	2,723,723	2,578,721
Total revenues	3,618,825	3,408,831
Expenditures		
Expenditures funded by MRLRF	534,807	499,968
Expenditures funded by Measure R Fund Highway Grants	1,900,584	4,428,673
Expenditures funded by Metro TOD Planning Grant	38,039	33,265
Total expenditures	2,473,430	4,961,906
Excess (deficiency) of revenues over expenditures	1,145,395	(1,553,075)
Fund balance (deficit) at beginning of year	(553,518)	999,557
Fund balance (deficit) at end of year	\$ 591,877	\$ (553,518)

See notes to Funds financial statements.

City of Pico Rivera
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 (Negative)	
302	Fiber Optic Master Plan	\$ 37,800	\$ 20,131	\$ 17,669	\$ 62,191
302	Battery Back-Up System	80,000	335	79,665	-
630	Funding Administration/Engineering Support	100,000	45,082	54,918	99,993
705	Residential Resurfacing Project - Phase H	-	-	-	65,997
705	Traffic Signal Maintenance	100,000	75,437	24,563	-
720	Annual Signing and Striping	100,000	93,339	6,661	75,885
720	Annual Signing and Striping 19-20	100,000	299	99,701	2,501
720	Annual Signing and Striping - CIP	50,000	42,936	7,064	-
725	Annual Sidewalk Improvement Project - CIP	317,000	195,980	121,020	-
725	Annual Sidewalk Improvement Project	100,000	15,858	84,142	84,358
725	ADA Transition Plan for ROW	22,000	13	21,987	67,778
780	Corridor Study for the Development of Lakewood and Rosemead Boulevard	-	-	-	162
780	SSARP (Safety Analysis) Study	16,000	5,268	10,732	21,383
780	Engineering Studies Citywide	150,000	40,129	109,871	16,923
780	Washington Blvd Coalition Project	-	-	-	2,797
Total expenditures		\$ 1,172,800	\$ 534,807	\$ 637,993	\$ 499,968

See independent auditor's report.

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

See independent auditor's report.

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

		June 30	
		2021	2020
ASSETS			
Cash and investments	\$	248,279	\$ 639,689
Interest receivable		150	968
Total assets	\$	248,429	\$ 640,657
LIABILITIES AND FUND BALANCE			
Liabilities			
Accounts payable	\$	31,795	\$ 177,220
Accrued payroll and employee benefits		2,040	2,894
Total liabilities		33,835	180,114
Fund balance			
Restricted		214,594	460,543
Total fund balance		214,594	460,543
Total liabilities and fund balance	\$	248,429	\$ 640,657

See notes to Funds financial statements.

City of Pico Rivera
Measure M Local Return Fund

Statements of Revenues, Expenditures and Changes in Fund Balance

	Years ended June 30	
	2021	2020
Revenues		
Measure M	\$ 909,366	\$ 871,222
Investment income	2,305	22,515
Total revenues	911,671	893,737
Expenditures		
Various projects	1,157,620	1,339,851
Total expenditures	1,157,620	1,339,851
Deficiency of revenues over expenditures	(245,949)	(446,114)
Fund balance at beginning of year	460,543	906,657
Fund balance at end of year	\$ 214,594	\$ 460,543

See notes to Funds financial statements.

City of Pico Rivera
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 (Negative)	
640	Funding Administration/Engineering Support	\$ 50,000	\$ 17,535	\$ 32,465	\$ 17,488
705	Street and Road Project Bond Remittance	832,769	832,769	-	835,469
780	GIS Master Plan Implementation	50,000	23,810	26,190	-
780	Storm Drain Master Plan - CIP 50023	125,000	18,629	106,371	316,012
780	GIS Master Plan - CIP 50024	50,000	39,163	10,837	48,116
805	Pico Rivera Regional Bikeway Project - CIP 21280	471,000	198,955	272,045	122,766
880	Coordination and Consultant Services	40,000	26,759	13,241	-
	Total expenditures	\$ 1,618,769	\$ 1,157,620	\$ 461,149	\$ 1,339,851

See independent auditor's report.

City of Pico Rivera
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>
N/A	None	\$ -	\$ -	\$ -	\$ -
	Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See independent auditor's report.

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

		June 30	
		2021	2020
ASSETS			
Due from Metro		\$ 85,692	\$ 162,545
	Total assets	\$ 85,692	\$ 162,545
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND DEFICIT			
Liabilities			
Due to other funds		\$ 11,206	\$ 85,809
Accounts payable		-	3,144
Accrued payroll and employee benefits		349	222
	Total liabilities	11,555	89,175
Deferred inflows of resources			
Unavailable revenues		85,692	80,878
	Total deferred inflows of resources	85,692	80,878
Fund deficit			
Restricted		(11,555)	(7,508)
	Total fund deficit	(11,555)	(7,508)
	Total liabilities, deferred inflows of resources and fund deficit	\$ 85,692	\$ 162,545

See notes to Funds financial statements.

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

	Years ended June 30	
	2021	2020
Revenues		
Intergovernmental Allocations:		
Article 3	\$ <u>30,880</u>	\$ <u>81,667</u>
Total revenues	<u>30,880</u>	<u>81,667</u>
Expenditures		
Various projects	<u>34,927</u>	<u>77,336</u>
Total expenditures	<u>34,927</u>	<u>77,336</u>
Excess (deficiency) of revenues over expenditures	(4,047)	4,331
Fund deficit at beginning of year	<u>(7,508)</u>	<u>(11,839)</u>
Fund deficit at end of year	<u>\$ (11,555)</u>	<u>\$ (7,508)</u>

See notes to Funds financial statements.

City of Pico Rivera
Transportation Development Act Article 3 Fund
Pursuant to Public Utilities Code Section 99234
Supplementary Information
Schedule of Transportation Development Act Allocation for Specific Projects
Year ended June 30, 2021

Project Description	Program Year	Totals to Date			Project Status
		Allocations	Expenditures	Unexpended Allocations	
Local Allocations:					
Pico Rivera Regional Bikeway Project	2021	\$ 30,880	\$ 34,927	\$ (4,047)	On-going
	Totals	<u>\$ 30,880</u>	<u>\$ 34,927</u>	<u>(4,047)</u>	
Fund deficit at beginning of year				<u>(7,508)</u>	
Fund deficit at end of year				<u>\$ (11,555)</u>	

See independent auditor's report.

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 MEASURE R TRANSIT ORIENTED DEVELOPMENT (TOD) PLANNING GRANT PROGRAM

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

NOTE 8 MEASURE R TRANSIT ORIENTED DEVELOPMENT (TOD) PLANNING GRANT PROGRAM

The City recognized revenues and expenditures from these projects during the years ended June 30, 2021 and 2020 as follows:

		<u>2021</u>		<u>2020</u>
Revenues	\$	87,985	\$	31,601
Expenditures		38,039		33,265

NOTE 9 MEASURE R HIGHWAY GRANTS

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

<u>Project Description</u>	<u>MOU No.</u>	<u>Agreement No.</u>	<u>Year ended June 30, 2021</u>	
			<u>Revenues</u>	<u>Expenditures</u>
Rosemead Boulevard/Beverly Boulevard Intersection Improvements	MOU.MR315.05	14-1490	\$ 328,350	\$ 1,545,513
Rosemead/Whittier Intersection Improvements	MOU.MR315.09	14-1491	233,265	23,739
Rosemead Boulevard/Washington Boulevard Intersection Improvements	MOU.MR315.21	14-1492	15,836	5,822
Rosemead Boulevard/Slauson Avenue Intersection Improvements	MOU.MR315.19	14-1493	<u>2,146,272</u>	<u>325,510</u>
			<u>\$ 2,723,723</u>	<u>\$ 1,900,584</u>

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

Under the agreements, to the extent the Measure R funds are available, Metro shall make to the City a grant of the Measure R funds for these Projects. The funds will be released to the City on a reimbursement basis in accordance with invoices submitted in support of the monthly progress report and the quarterly expenditure report submitted to Metro a few days after the close of each quarter. The City recognized \$2,723,723 and \$2,578,721 of revenues from these projects during the years ended June 30, 2021 and 2020, respectively.

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

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

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

The table below shows the movement in the bond outstanding balance and interest payable for the years ended June 30, 2021 and 2020:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Outstanding balance as of June 30, 2019	\$ 14,490,000	\$ 9,689,419	\$ 24,179,419
Principal and interest payment	<u>(255,000)</u>	<u>(577,969)</u>	<u>(832,969)</u>
Outstanding balance as of June 30, 2020	14,235,000	9,111,450	23,346,450
Principal and interest payment	<u>(265,000)</u>	<u>(567,769)</u>	<u>(832,769)</u>
Outstanding balance as of June 30, 2021	<u>\$ 13,970,000</u>	<u>\$ 8,543,681</u>	<u>\$ 22,513,681</u>

For the years ended June 30, 2021 and 2020, principal and interest payments were made under the MMLRF.

The following is the movement in the bond's cash balance for the years ended June 30, 2021 and 2020 under the separate Bond Fund.

	<u>2021</u>	<u>2020</u>
Cash balance, beginning of year	\$ 15,434,901	\$ 15,242,953
Increase (decrease) in cash:		
Net change in accounts payable	33,023	(7,032)
Net change in due to (from) other funds	27,010	69,570
Interest income earned	4,160	189,448
Expenditures during the year	<u>(60,033)</u>	<u>(60,038)</u>
Cash balance, end of year	<u>\$ 15,439,061</u>	<u>\$ 15,434,901</u>

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

Details of expenditures paid under the separate Bond Fund for the years ended June 30, 2021 and 2020:

	2021	2020
CIP, Reconstruction of Residential Streets, Phase H	\$ -	\$ 12,090
Residential Resurfacing	21,427	-
PMP, Landscape Median Design Services - Whittier Blvd.	-	1,009
PMP, Shenandoah Neighborhood Streets Rehabilitation	-	7,054
Paving Along San Gabriel River Parkway	-	39,885
CIP Rosemead Rehabilitation	38,606	-
	\$ 60,033	\$ 60,038

NOTE 11 TRANSPORTATION DEVELOPMENT ACT ARTICLE 3 FUND REVENUE ALLOCATION

The revenue allocations for the years ended June 30, 2021 and 2020 is as follows:

	2021	2020
FY 2016/17 allocation	\$ -	\$ 30,880
FY 2017/18 allocation	-	41,861
FY 2018/19 allocation	30,880	8,926
	\$ 30,880	\$ 81,667

NOTE 12 TRANSPORTATION DEVELOPMENT ACT ARTICLE 3 FUNDS RESERVED

In accordance with TDA Article 3 (SB821) Guidelines, funds which will not be spent during the fiscal year have been placed on reserve in the Local Transportation Fund (LTF) account with the County Auditor-Controller to be drawn down whenever the funds become eligible for a specific project and an approved drawdown request is received by Metro. As of June 30, 2021 and 2020, the City has funds on reserve as follows:

	2021	2020
FY 2018/19 allocation	\$ 3,614	\$ 34,494
FY 2019/20 allocation	46,384	46,384
FY 2020/21 allocation	35,694	-
Total reserve	\$ 85,692	\$ 80,878

**NOTE 12 TRANSPORTATION DEVELOPMENT ACT ARTICLE 3 FUNDS RESERVED
(CONTINUED)**

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 13 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 14 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 December 15, 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 Pico Rivera, California and the
Los Angeles County Metropolitan Transportation Authority**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Proposition A Local Return Fund, the Proposition C Local Return Fund, the Measure R Local Return Fund, the Measure M Local Return Fund and the Transportation Development Act Article 3 Fund (collectively, the Funds) of the City of Pico Rivera, California (the City) as of and for the year ended June 30, 2021, and the related notes to the financial statements, and have issued our report thereon dated December 15, 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 the Funds' financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the Funds' financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

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



Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's Proposition A Local Return Fund, Proposition C Local Return Fund, Measure R Local Return Fund, Measure M Local Return Fund and Transportation Development Act Article 3 Fund financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

**Glendale, California
December 15, 2021**

COMPLIANCE SECTION

Independent Auditor's Report on Compliance

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

Report on Compliance

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

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

Opinion

In our opinion, the City of Pico Rivera, California complied, in all material respects, with the compliance requirements of the Guidelines for the year ended June 30, 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
December 15, 2021**

**City of Pico Rivera
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		
13. A separate account was established for Capital reserve			X		

See independent auditor's report on compliance.

**City of Pico Rivera
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					
funds, Capital reserve was approved by Metro and current status is reported in the Annual Project Update (Form B) or electronic equivalent.					
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 Pico Rivera
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 Pico Rivera
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 Pico Rivera
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 Pico Rivera
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 Pico Rivera
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				

See independent auditor's report on compliance.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**City of Pico Rivera
Schedule of Findings and Questioned Costs
Year ended June 30, 2021**

There were no findings noted.

EXIT CONFERENCE

An exit conference was held on December 15, 2021 with the City of Pico Rivera representatives. Those in attendance were:

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

City of Pico Rivera representatives:
 Hazel De Guzman – Finance Senior Manager
 Jane Guo – Deputy Director of Administrative Services

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 Pico Rivera representatives for comments prior to the issuance of the final report:

 Angelina Garcia – Director of Administrative Services/Interim Assistant City Manager
 Hazel De Guzman – Finance Senior Manager
 Jane Guo – Deputy Director of Administrative Services



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