

***CITY OF WHITTIER  
ANNUAL FINANCIAL REPORT OF THE  
PROPOSITION A LOCAL RETURN FUND  
PROPOSITION C LOCAL RETURN FUND  
PROPOSITION A DISCRETIONARY INCENTIVE FUND  
MEASURE R LOCAL RETURN FUND  
TRANSPORTATION DEVELOPMENT ACT  
ARTICLE 3 FUND***

***FOR THE FISCAL YEARS ENDED  
JUNE 30, 2016 AND 2015***



Simpson & Simpson, LLP  
Certified Public Accountants

***CITY OF WHITTIER***  
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## *FINANCIAL SECTION*

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## Independent Auditor's Report

To the Honorable Members of the City Council of the  
City of Whittier, 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 (PALRF), Proposition C Local Return Fund (PCLRF), Proposition A Discretionary Incentive Fund (PADIF), Measure R Local Return Fund (MRLRF), and Transportation Development Act Article 3 Fund (TDAA3F) of the City of Whittier, California (City) as of and for the year ended June 30, 2016, and the related notes to the financial statements, as listed in the table of contents.

### *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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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.





### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the PALRF, PCLRF, PADIF, MRLRF, and TDAA3F of the City of Whittier, California, as of June 30, 2016, and the respective changes in their financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

The financial statements of the PALRF, PCLRF, PADIF, MRLRF, and TDAA3F as of and for the year ended June 30, 2015, were audited by other auditors, whose report, dated December 23, 2015, expressed an unmodified opinion on those statements.

### ***Emphasis of Matter***

As discussed in Note 2, the financial statements present only the PALRF, PCLRF, PADIF, MRLRF, and TDAA3F and do not purport to, and do not, present fairly the financial position of the City of Whittier, California, as of June 30, 2016 and 2015, and the changes in financial position thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Whittier, California's PALRF, PCLRF, PADIF, MRLRF, and TDAA3F Fund financial statements as a whole. The accompanying supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements.

The supplementary information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 the financial statements as a whole.



### **Other Reporting Required by Governmental Auditing Standards**

In accordance with *Government Auditing Standards*, we have issued our report dated November 15, 2016, on our consideration of the City of Whittier's internal control over 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and in considering the City's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Simpson &amp; Simpson". The signature is written in a cursive, flowing style.

Los Angeles, California  
November 15, 2016

***CITY OF WHITTIER***

**PROPOSITION A LOCAL RETURN FUND**

**BALANCE SHEETS**

**JUNE 30**

	<u>2016</u>	<u>2015</u>
<b>ASSETS</b>		
Cash and investments	\$ 1,429,451	\$ 905,554
Interest receivable	1,279	1,215
Unrealized gain on investments	<u>2,486</u>	<u>-</u>
Total assets	<u>\$ 1,433,216</u>	<u>\$ 906,769</u>
 <b>LIABILITIES AND FUND BALANCE</b>		
<b>Liabilities</b>		
Accounts payable	\$ 72,291	\$ 217,985
Accrued payroll and employee benefits	<u>7,444</u>	<u>5,719</u>
Total liabilities	<u>79,735</u>	<u>223,704</u>
 <b>Fund Balance</b>		
Restricted	<u>1,353,481</u>	<u>683,065</u>
Total fund balance	<u>1,353,481</u>	<u>683,065</u>
 Total liabilities and fund balance	<u>\$ 1,433,216</u>	<u>\$ 906,769</u>

The accompanying notes are an integral part of the financial statements.

***CITY OF WHITTIER***

**PROPOSITION A LOCAL RETURN FUND**

**STATEMENTS OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE**

For the Fiscal Years Ended June 30

	2016	2015
<b>REVENUES</b>		
Proposition A	\$ 1,562,033	\$ 1,522,579
Project generated revenue (Note 7)	29,103	30,051
Interest income	5,956	4,229
Reimbursement from JARC Grant (Note 8)	283,424	-
Project reimbursement	-	2,182
Rental income (Note 9)	18,113	5,641
Miscellaneous revenue	-	333
Total revenues	<u>1,898,629</u>	<u>1,565,015</u>
<b>EXPENDITURES</b>		
Various projects	<u>1,228,213</u>	<u>1,606,330</u>
Total expenditures	<u>1,228,213</u>	<u>1,606,330</u>
Excess (deficiency) of revenues over expenditures	670,416	(41,315)
Fund balance at beginning of year	<u>683,065</u>	<u>724,380</u>
Fund balance at end of year	<u>\$ 1,353,481</u>	<u>\$ 683,065</u>

The accompanying notes are an integral part of the financial statements.



**CITY OF WHITTIER**

**PROPOSITION A LOCAL RETURN FUND**

**SUPPLEMENTARY INFORMATION**

**SCHEDULE OF EXPENDITURES**

**ACTUAL AND METRO APPROVED PROJECT BUDGET**

For the Fiscal Year Ended June 30, 2016

(With Comparative Actual Amount for the Fiscal Year Ended June 30, 2015)

Project Code	Project Name	2016		Variance	2015 Actual
		Metro Budget	Actual	Favorable (Unfavorable)	
130-801	Dial-A-Ride In-House Maintenance	\$ 300,000	\$ 274,952	\$ 25,048	\$ 290,562
130-803	Dial-A-Ride Senior Citizens and the Disabled	650,000	643,298	6,702	816,217
150-102	Bus Stop Landscape Maintenance	2,000	1,710	290	1,568
160-121	Bus Stop Improvement Plan	231,558	-	231,558	178,637
160-122	Bus Stop Refurbishment	5,000	1,268	3,732	-
170-01	Bus Bench/Shelter Maintenance	120,000	108,797	11,203	98,130
270-141	Goldline Light Rail Planning Project	1	-	1	-
310-801	Historic Transportation Depot Maintenance and Operation	67,000	66,052	948	71,447
480-01	Proposition A Administration	155,000	122,983	32,017	137,629
500-145	Light Rail Conference	4,500	1,139	3,361	4,186
500-803	SCAG Annual Membership	7,770	8,014	(244)	7,954
	Total expenditures	<u>\$ 1,542,829</u>	<u>\$ 1,228,213</u>	<u>\$ 314,616</u>	<u>\$ 1,606,330</u>

See accompanying independent auditor's report.

**CITY OF WHITTIER**

**PROPOSITION A LOCAL RETURN FUND**

**SUPPLEMENTARY INFORMATION  
SCHEDULE OF CAPITAL ASSETS**

June 30, 2016

Date Acquired	Description	Balance 7/1/2015	Additions	Deletions	Balance 6/30/2016
03/07	Van Ford E450 Starcraft	\$ 11,800	\$ -	\$ -	\$ 11,800
06/07	6 Bus Shelters	46,214	-	-	46,214
10/07	Truck with Power Washer	23,512	-	-	23,512
04/08	3 Dial-A-Ride Vans	49,819	-	-	49,819
01/08	Dial-A-Ride Van	11,753	-	-	11,753
02/09	2 Ford E350	52,191	-	-	52,191
03/11	2010 Braun Entervan	49,335	-	-	49,335
03/11	2010 Braun Entervan	22,500	-	-	22,500
04/11	Ford Sedan	29,997	-	-	29,997
06/11	Bus Stop Improvement	577,861	-	-	577,861
01/14	15 Bus Shelters	220,031	-	-	220,031
06/15	Bus Shelters Improvement	243,518	-	-	243,518
Total		\$ 1,338,531	\$ -	\$ -	\$ 1,338,531

See accompanying independent auditor's report.

**CITY OF WHITTIER**

**PROPOSITION C LOCAL RETURN FUND**

**BALANCE SHEETS**

**JUNE 30**

	<u>2016</u>	<u>2015</u>
<b>ASSETS</b>		
Cash and investments	\$ 2,850,903	\$ 2,381,555
Interest receivable	4,425	3,351
Unrealized gain on investments	7,892	-
Accounts receivable	25,064	-
Other receivable	-	18,141
Prepaid expenses (Note 10)	121,046	141,947
Total assets	<u>\$ 3,009,330</u>	<u>\$ 2,544,994</u>
<b>LIABILITIES AND FUND BALANCE</b>		
<b>Liabilities</b>		
Accounts payable	\$ 24,331	\$ 21,014
Accrued payroll and employee benefits	571	246
Other liabilities	-	1,121
Total liabilities	<u>24,902</u>	<u>22,381</u>
<b>Fund Balance</b>		
Restricted	<u>2,984,428</u>	<u>2,522,613</u>
Total fund balance	<u>2,984,428</u>	<u>2,522,613</u>
Total liabilities and fund balance	<u>\$ 3,009,330</u>	<u>\$ 2,544,994</u>

The accompanying notes are an integral part of the financial statements.

**CITY OF WHITTIER**

**PROPOSITION C LOCAL RETURN FUND**

**STATEMENTS OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE**

For the Fiscal Years Ended June 30

	2016	2015
<b>REVENUES</b>		
Proposition C	\$ 1,295,651	\$ 1,263,465
Interest income	21,677	12,033
Reimbursement from the City of La Habra Heights (Note 11)	7,963	8,260
Project generated revenue (Note 12)	4,607	4,559
Project reimbursement	-	35,283
Other revenues (Note 13)	207,129	105,709
Miscellaneous revenue	14	-
Total revenues	<u>1,537,041</u>	<u>1,429,309</u>
<b>EXPENDITURES</b>		
Various projects	<u>1,075,226</u>	<u>1,248,670</u>
Total expenditures	<u>1,075,226</u>	<u>1,248,670</u>
Excess of revenues over expenditures	461,815	180,639
Fund balance at beginning of year	<u>2,522,613</u>	<u>2,341,974</u>
Fund balance at end of year	\$ <u><u>2,984,428</u></u>	\$ <u><u>2,522,613</u></u>

The accompanying notes are an integral part of the financial statements.

**CITY OF WHITTIER**

**PROPOSITION C LOCAL RETURN FUND**

**SUPPLEMENTARY INFORMATION**

**SCHEDULE OF EXPENDITURES**

**ACTUAL AND METRO APPROVED PROJECT BUDGET**

For the Fiscal Year Ended June 30, 2016

(With Comparative Actual Amount for the Fiscal Year Ended June 30, 2015)

Project Code	Project Name	2016		Variance Favorable (Unfavorable)	2015 Actual
		Metro Budget	Actual		
130-802	Taxi Voucher DAR Program	\$ 60,000	\$ 58,524	\$ 1,476	\$ 68,964
130-804	La Habra Heights Dial-A-Ride	40,000	37,698	2,302	41,805
140-901	Recreation Transit	60,441	58,552	1,889	54,721
230-10	Greenway Trail Transit Security	84,000	46,899	37,101	94,364
250-901	Fare Subsidy Program	12,500	14,240	(1,740)	15,732
270-141	Goldline Light Rail Planning Project	1	-	1	74,361
430-123	Greenway Trail Maintenance	565,353	529,274	36,079	438,620
430-140	Greenway Trail Signs and Vines Match	25,000	24,384	616	119,794
430-141	Greenway Trail Parking Lot Improvements	-	-	-	28,000
430-144	Soil Remediation	1,500	-	1,500	-
430-901	Greenway Trail Legal Costs - ROW	1	-	1	-
430-903	Whittier Greenway Trail - East Extension Work	405	405	-	12,866
430-904	Greenway Trail Property Insurance	35,000	29,013	5,987	28,757
430-905	Greenway Trail Parking Lots Construction	4,000	3,831	169	1,552
480-10	Proposition C Administration	211,896	215,045	(3,149)	214,846
500-801	SR 91 and I-605 Needs Assessment Study	22,000	22,000	-	20,000
500-802	Accessibility Planning	39,000	35,361	3,639	34,288
Total expenditures		<u>\$ 1,161,097</u>	<u>\$ 1,075,226</u>	<u>\$ 85,871</u>	<u>\$ 1,248,670</u>

See accompanying independent auditor's report.

***CITY OF WHITTIER***

**PROPOSITION C LOCAL RETURN FUND**

**SUPPLEMENTARY INFORMATION  
SCHEDULE OF CAPITAL ASSETS**

June 30, 2016

<u>Date Acquired</u>	<u>Description</u>	<u>Balance 7/1/2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/2016</u>
01/06	Dial-A-Ride Van	\$ 47,585	\$ -	\$ -	\$ 47,585
03/07	Van	50,706	-	-	50,706
04/08	2 Patrol Bikes for Trail	23,301	-	-	23,301
03/11	2010 Braun Entervan	50,000	-	-	50,000
10/11	2011 Ford Ranger	18,397	-	-	18,397
10/11	2011 Hydro Tek Pressure Washer	10,232	-	-	10,232
11/11	2011 Goshen GC II	7,071	-	-	7,071
11/11	2011 Supreme Senator 24	7,252	-	-	7,252
Total		\$ <u>214,544</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>214,544</u>

See accompanying independent auditor's report.

***CITY OF WHITTIER***

**PROPOSITION A DISCRETIONARY INCENTIVE FUND**

**BALANCE SHEETS**

**JUNE 30**

	<u>2016</u>	<u>2015</u>
<b>ASSETS</b>		
Cash and investments	\$ 192,467	\$ 207,125
Interest receivable	268	204
Unrealized gain on investments	<u>526</u>	<u>-</u>
Total assets	<u>\$ 193,261</u>	<u>\$ 207,329</u>
 <b>LIABILITIES AND FUND BALANCE</b>		
<b>Liabilities</b>		
Accounts payable	\$ <u>20,360</u>	\$ <u>19,838</u>
Total liabilities	<u>20,360</u>	<u>19,838</u>
 <b>Fund Balance</b>		
Restricted	<u>172,901</u>	<u>187,491</u>
Total fund balance	<u>172,901</u>	<u>187,491</u>
Total liabilities and fund balance	<u>\$ 193,261</u>	<u>\$ 207,329</u>

The accompanying notes are an integral part of the financial statements.

***CITY OF WHITTIER***

**PROPOSITION A DISCRETIONARY INCENTIVE FUND**

**STATEMENTS OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE**

For the Fiscal Years Ended June 30

	2016	2015
<b>REVENUES</b>		
Proposition A Discretionary Incentive (Note 14)	\$ 261,075	\$ 283,347
Interest income	1,280	926
Total revenues	262,355	284,273
<b>EXPENDITURES</b>		
Dial-A-Ride Senior Citizen and the Disabled	276,945	270,942
Total expenditures	276,945	270,942
(Deficiency) excess of revenues over expenditures	(14,590)	13,331
<b>OTHER FINANCING USE</b>		
Reimbursement to the City of La Habra Heights	-	(5,843)
(Deficiency) excess of revenues over expenditures and other financing use	(14,590)	7,488
Fund balance at beginning of year	187,491	180,003
Fund balance at end of year	\$ 172,901	\$ 187,491

The accompanying notes are an integral part of the financial statements.



**CITY OF WHITTIER**

**MEASURE R LOCAL RETURN FUND**

**BALANCE SHEETS**

**JUNE 30**

	<u>2016</u>	<u>2015</u>
<b>ASSETS</b>		
Cash and investments	\$ 4,229,547	\$ 2,968,969
Interest receivable	6,108	4,090
Unrealized gain on investments	11,549	-
Due from other government agencies	-	259,633
Total assets	<u>\$ 4,247,204</u>	<u>\$ 3,232,692</u>
<b>LIABILITIES AND FUND BALANCE</b>		
<b>Liabilities</b>		
Accounts payable	\$ 52	\$ 60
Total liabilities	<u>52</u>	<u>60</u>
<b>Fund Balance</b>		
Restricted	<u>4,247,152</u>	<u>3,232,632</u>
Total fund balance	<u>4,247,152</u>	<u>3,232,632</u>
Total liabilities and fund balance	<u>\$ 4,247,204</u>	<u>\$ 3,232,692</u>

The accompanying notes are an integral part of the financial statements.

***CITY OF WHITTIER***

**MEASURE R LOCAL RETURN FUND**

**STATEMENTS OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE**

For the Fiscal Years Ended June 30

	2016	2015
<b>REVENUES</b>		
Measure R	\$ 972,336	\$ 947,420
Project reimbursement (Note 15)	21,901	259,633
Interest income	31,792	14,888
Total revenues	<u>1,026,029</u>	<u>1,221,941</u>
<b>EXPENDITURES</b>		
Various projects	<u>11,509</u>	<u>593,033</u>
Total expenditures	<u>11,509</u>	<u>593,033</u>
Excess of revenues over expenditures	1,014,520	628,908
Fund balance at beginning of year	<u>3,232,632</u>	<u>2,603,724</u>
Fund balance at end of year	<u><u>\$ 4,247,152</u></u>	<u><u>\$ 3,232,632</u></u>

The accompanying notes are an integral part of the financial statements

**CITY OF WHITTIER**

**MEASURE R LOCAL RETURN FUND**

**SUPPLEMENTARY INFORMATION**

**SCHEDULE OF EXPENDITURES**

**ACTUAL AND METRO APPROVED PROJECT BUDGET**

For the Fiscal Year Ended June 30, 2016

(With Comparative Actual Amount for the Fiscal Year Ended June 30, 2015)

Project Code	Project Name	2016			2015 Actual
		Metro Budget	Actual	Variance Favorable (Unfavorable)	
1.05	Street Repair and Maintenance Pavement Surface Treatment	\$ 536,906	\$ -	\$ 536,906	\$ 215,300
1.05	Janine Drive from La Serna to Santa Gertrudes Avenue Asphalt Overlay	4,457	4,457	-	376,619
1.05	Palm Avenue from Whittier Boulevard to Beverly Boulevard Reconstruction	489,465	-	489,465	114
1.05	Palm Avenue/Scenic Drive Reconstruction	274,000	6,291	267,709	-
1.05	Whittier Boulevard at Norwalk Boulevard Widen to add Right Turn Lanes	447,772	64	447,708	-
1.05	Comstock Avenue Widening	141,000	-	141,000	-
1.30	Beverly Boulevard Lighting and Traffic Safety Improvements	230,000	-	230,000	-
3.05	Whittier Greenway Trail Landscaping, Signing and Striping Maintenance	57,000	697	56,303	1,000
Total expenditures		<u>\$ 2,180,600</u>	<u>\$ 11,509</u>	<u>\$ 2,169,091</u>	<u>\$ 593,033</u>

See accompanying independent auditor's report.

***CITY OF WHITTIER***

**MEASURE R LOCAL RETURN FUND**

**SUPPLEMENTARY INFORMATION  
SCHEDULE OF CAPITAL ASSETS**

June 30, 2016

<u>Date Acquired</u>	<u>Description</u>	<u>Balance 7/1/2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/2016</u>
	None	\$ -	\$ -	\$ -	\$ -
	Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying independent auditor's report.

***CITY OF WHITTIER***

**TRANSPORTATION DEVELOPMENT ACT ARTICLE 3 FUND  
(PURSUANT TO PUBLIC UTILITIES CODE SECTION 99234)**

**BALANCE SHEETS**

**JUNE 30**

	<u>2016</u>	<u>2015</u>
<b>ASSETS</b>		
Interest receivable	\$ 128	\$ 66,235
Due from LACMTA	<u>55,141</u>	<u>-</u>
Total assets	<u>\$ 55,269</u>	<u>\$ 66,235</u>
 <b>LIABILITIES AND FUND BALANCE</b>		
<b>Liabilities</b>		
Due to other fund	\$ <u>70,853</u>	\$ <u>-</u>
Total liabilities	<u>70,853</u>	<u>-</u>
 <b>Fund Balance</b>		
Restricted	<u>(15,584)</u>	<u>66,235</u>
Total fund balance	<u>(15,584)</u>	<u>66,235</u>
 Total liabilities and fund balance	<u>\$ 55,269</u>	<u>\$ 66,235</u>

The accompanying notes are an integral part of the financial statements.

***CITY OF WHITTIER***

**TRANSPORTATION DEVELOPMENT ACT ARTICLE 3 FUND**

**STATEMENTS OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE**

For the Fiscal Years Ended June 30

	<u>2016</u>	<u>2015</u>
<b>REVENUES</b>		
Intergovernmental allocations: TDA Article 3	\$ 55,141	\$ 82,384
Interest income	<u>598</u>	<u>-</u>
Total revenues	<u>55,739</u>	<u>82,384</u>
<b>EXPENDITURES</b>		
Construction/Maintenance	<u>137,558</u>	<u>1,558</u>
Total expenditures	<u>137,558</u>	<u>1,558</u>
(Deficiency) excess of revenues over expenditures	(81,819)	80,826
Fund balance at beginning of year	<u>66,235</u>	<u>(14,591)</u>
Fund balance at end of year	\$ <u><u>(15,584)</u></u>	\$ <u><u>66,235</u></u>

The accompanying notes are an integral part of the financial statements.

**CITY OF WHITTIER**

**TRANSPORTATION DEVELOPMENT ACT ARTICLE 3 FUND  
SUPPLEMENTARY INFORMATION**

**SCHEDULE OF TRANSPORTATION DEVELOPMENT ACT  
ALLOCATION FOR SPECIFIC PROJECTS**

For the Fiscal Year Ended June 30, 2016

<u>Project Description</u>	<u>Program Year</u>	<u>Allocations</u>	<u>Expenditures</u>	<u>Unexpended Allocations</u>	<u>Project Status</u>
<b>Local allocations</b>					
Construction of access ramps and sidewalks	2015-16	\$ 55,141	\$ 137,558	\$ (82,417)	Complete
		<u>          </u>	<u>          </u>	<u>          </u>	
	Total	\$ <u>55,141</u>	\$ <u>137,558</u>	(82,417)	
Unexpended interest accumulated to date				598	
Fund balance at beginning of the year				<u>66,235</u>	
Fund balance at end of year				\$ <u>(15,584)</u>	

See accompanying independent auditor's report.

## ***CITY OF WHITTIER***

### **NOTES TO FINANCIAL STATEMENTS** For the Fiscal Years Ended June 30, 2016 and 2015

#### **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### ***Fund Accounting***

The operations of the Proposition A Local Return Fund (PALRF) and Proposition C Local Return Funds (PCLRF), Proposition A Discretionary Incentive Fund (PADIF), Measure R Local Return Fund (MRLRF), and Transportation Development Act Article 3 Fund (TDAA3F) 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 represents 15% of the 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.

Transportation Development Act Article 3 Fund (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***

PALRF, PCLRF, PADIF, MRLRF, and TDAA3F are accounted for using the modified accrual basis of accounting whereby revenues are recognized when they become both measurable and available to finance expenditures of the current period and expenditures are generally recognized when the related fund liabilities are 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.



## **CITY OF WHITTIER**

### **NOTES TO FINANCIAL STATEMENTS** For the Fiscal Years Ended June 30, 2016 and 2015 (Continued)

#### **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, 2016, the City categorized 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 recognized unrealized gain (loss) on investments.

Refer to the City's 2016 Comprehensive Annual Financial Report for detailed disclosures regarding the City's investments policy and fair value measurements.

##### *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, PADIF, MRLRF, and TDAA3F report the following fund balance classification as of June 30, 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, PADIF, MRLRF, and TDAA3F and their compliance with the Proposition A and Proposition C Local Return Program Guidelines, Measure R Local Return Program Guidelines, Transportation Development Act Article 3, and the Los Angeles County Metropolitan Transportation Authority Funding and Allocation Guidelines for Transportation Development Act Article 3 Bicycle and Pedestrian Funds.

**CITY OF WHITTIER**

**NOTES TO FINANCIAL STATEMENTS**  
**For the Fiscal Years Ended June 30, 2016 and 2015**  
**(Continued)**

**NOTE 3 – PROPOSITION A AND PROPOSITION C LOCAL RETURN COMPLIANCE REQUIREMENTS**

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.

**NOTE 4 – MEASURE R LOCAL RETURN COMPLIANCE REQUIREMENTS**

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.

**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.

**NOTE 6 – CASH AND INVESTMENTS**

The PALRF, PCLRF, PADIF, 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 balances to the total of the pooled cash and investments.

**NOTE 7 – PROJECT GENERATED REVENUE - PALRF**

The Project generated revenues for the years ended June 30, 2016 and June 30, 2015 for PALRF amounted to \$29,103 and \$30,051, respectively. These revenues consisted of Dial-A-Ride services Fees.

**NOTE 8 – REIMBURSEMENT FROM JARC GRANT – PALRF**

Reimbursement in the amount of \$283,424 was received from the JARC grant to help fund the expenditures incurred on the City's Project Code 160-121, Bus Stop Improvement Plan.

**NOTE 9 – RENTAL INCOME – PALRF**

Rental Income are amounts received from San Gabriel Valley Tribune for the rental of the ground floor of the building, commonly known as, the Whitter Depot in the amounts of \$18,113 and \$5,641 for the years ended June 30, 2016 and June 30, 2015, respectively.

**CITY OF WHITTIER**

**NOTES TO FINANCIAL STATEMENTS**  
For the Fiscal Years Ended June 30, 2016 and 2015  
(Continued)

**NOTE 10 – PREPAID EXPENSES – PCLRF**

The City previously purchased an insurance policy effective April 14, 2012 to April 14, 2022 in the amount of \$209,004. This insurance policy provides protection against third-party environment impairment claims for bodily injury, property damage, and cleanup costs arising from an event on or stemming from a covered location. At June 30, 2016 and June 30, 2015, the prepaid expenses were \$121,046 and \$141,947, respectively.

**NOTE 11 – REIMBURSEMENT FROM THE CITY OF LA HABRA HEIGHTS – PCLRF**

On May 12, 2011, the City entered into a Memorandum of Understanding (MOU) agreement with the City of La Habra Heights (Joint Agency) to operate coordinated specialized Dial-A-Ride transportation services to eligible recipients of the program. The City was to receive all revenues reported in the prior year's National Transit Database (NTD) Report entitled, "The City of Whittier-Paratransit Program, Demand Response Model". The City received revenues in the amounts of \$7,963 and \$8,260 for the years ended June 30, 2016 and 2015, respectively.

**NOTE 12 – PROJECT GENERATED REVENUE - PCLRF**

The project generated revenues for PCLRF for the years ended June 30, 2016 and 2015 amounted to \$4,607 and \$4,559, respectively. These revenues consisted of recreational fare and Dial-A-Ride fares.

**NOTE 13 – OTHER REVENUES - PCLRF**

Other revenues for the years ended June 30, 2016 and 2015 consisted of the following:

	2016	2015
Rental Income*	\$ 117,129	\$ 105,709
Sale of Property**	65,000	-
County of Los Angeles***	25,000	-
Total	<u>\$ 207,129</u>	<u>\$ 105,709</u>

\* Rental Income for PCLRF consisted of revenues received from Cal Domestic Water for easement owned by the City. The City received \$117,129 and \$105,709 in rental income for the years ended June 30, 2016 and June 30, 2015, respectively.

\*\* On December 8, 2015, the City Council approved the sale of an excess City property located at 12630 East Whittier Boulevard. The proceed of \$65,000 was credited to PCLRF.

\*\*\* Revenues of \$25,000 were received from the County of Los Angeles for reimbursement of the expenditures incurred on the Whittier Greenway Trail Signage and Enhancement Landscaping project in which the project's purpose is to acquire and develop facilities and open space for public recreations.

**CITY OF WHITTIER**

**NOTES TO FINANCIAL STATEMENTS**  
For the Fiscal Years Ended June 30, 2016 and 2015  
(Continued)

**NOTE 14 – PROPOSITION A DISCRETIONARY INCENTIVE GRANT**

The Proposition A Discretionary Incentive Grant totaled \$261,075 and \$283,347 for the years ended June 30, 2016 and 2015, respectively, represent additional funds received from Metro for participating in the sub-regional paratransit services program.

**NOTE 15 – PROJECT REIMBURSEMENT – MRLRF**

Project reimbursements in the amounts of \$21,901 and \$259,633 for the years ended June 30, 2016 and 2015, respectively, were received from the federal government as federal aid to assist in funding the Measure R Project Code 1.05, Janine Drive from La Serna Drive to Santa Gertrudes Avenue Asphalt Overlay.

**NOTE 16 – TRANSPORTATION DEVELOPMENT ACT FUND REVENUE ALLOCATION**

The revenue allocation for the years ended June 30, 2016 and 2015 consisted of the following:

	2016	2015
FY 2013-14 allocation	\$ -	\$ 25,567
FY 2014-15 allocation	-	56,817
FY 2015-16 allocation	55,141	-
Available reserve balance	<u>\$ 55,141</u>	<u>\$ 82,384</u>

**NOTE 17 – TRANSPORTATION DEVELOPMENT ACT FUNDS RESERVED**

In accordance with TDA Article 3 (SB821) Guidelines, funds not 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, 2016 and 2015, the City has no funds on reserve.

**NOTE 18 – SUBSEQUENT EVENTS**

The City has evaluated events or transactions that occurred subsequent to June 30, 2016 through November 15, 2016, the date the accompanying financial statements were available to be issued, for potential recognition or disclosure in the financial statements and determined no subsequent matters require disclosure or adjustment to the accompanying financial statements.



SIMPSON & SIMPSON  
CERTIFIED PUBLIC ACCOUNTANTS

FOUNDING PARTNERS  
BRAINARD C. SIMPSON, CPA  
MELBA W. SIMPSON, CPA

**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 Whittier, California and the  
Los Angeles County Metropolitan Transit Authority

We have audited, 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, the financial statements of the Proposition A Local Return Fund (PALRF), Proposition C Local Return Fund (PCLRF), Proposition A Discretionary Incentive Fund (PADIF), Measure R Local Return Fund (MRLRF), and Transportation Development Act Article 3 (TDAA3F) Fund of the City of Whittier, California (City), as of and for the year ended June 30, 2016, and the related notes to the financial statements, and have issued our report thereon dated November 15, 2016.

**Internal Control Over Financial Reporting**

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

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's local return funds and TDAA3F 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 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 audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that is 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 result of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Simpson &amp; Simpson".

Los Angeles, California  
November 15, 2016

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## *COMPLIANCE SECTION*

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SIMPSON & SIMPSON  
CERTIFIED PUBLIC ACCOUNTANTS

FOUNDING PARTNERS  
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## **Independent Auditor's Report on Compliance**

To the Honorable Members of the City Council of the  
City of Whittier, California and the  
Los Angeles County Metropolitan Transit Authority

### **Report on Compliance**

We have audited the compliance of the City of Whittier, California (City) with the Proposition A and Proposition C Local Return Guidelines, Proposition A Incentive Program 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 the Transportation Development Act Article 3 Bicycle and Pedestrian Funds (collectively, the Guidelines) for the year ended June 30, 2016.

### ***Management's Responsibility***

Management is responsible for the City's compliance with those guidelines.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with 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 referred to in the preceding paragraph. Those standards and the Guidelines require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a local return 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. Our audit does not provide a legal determination of the City's compliance with those requirements.

### ***Opinion on Each Local Return Program and Transportation Development Act Article 3***

In our opinion, the City of Whittier complied, in all material respects, with the compliance requirements referred to above that apply to Proposition A Local Return Fund, Proposition C Local Return Fund, Proposition A Discretionary Incentive Fund, Measure R Local Return Fund, and Transportation Development Act Article 3 Fund (TDAA3F) for the year ended June 30, 2016.





### ***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Guidelines and which are described in the accompanying Schedule of Findings and Questioned Costs as Finding Nos. 2016-001, 2016-002, and 2016-003. Our opinion on each local return program is not modified with respect to these matters.

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

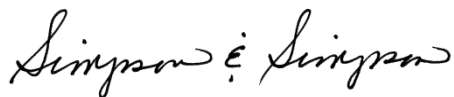
### **Report on Internal Control Over Compliance**

Management of the City of Whittier is responsible for establishing and maintaining effective internal control over compliance with the Requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the Requirements that could have a direct and material effect on the Local Return programs and the TDAA3F to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance and to test and report on internal control over compliance in accordance with the Requirements, 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 under the Requirements on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance under the Requirements 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 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 we consider to 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 requirement of the Guidelines. Accordingly, this report is not suitable for any other purpose.



Los Angeles, California  
November 15, 2016

**CITY OF WHITTIER**  
**COMPLIANCE MATRIX**  
Year Ended June 30, 2016

Compliance Requirement		In Compliance		Questioned Costs	If no, provide details and management response.
		Yes	No		
A. Proposition A and Proposition C Local Return Funds					
1.	Timely use of funds.	X		None	
2.	Expenditures were approved before being incurred.		X	None	See Finding No. 2016-001 on the Schedule of Findings and Questioned Costs
3.	Funds were used on approved projects only and expenditures were supported and allowable per Guidelines.	X		None	
4.	Expenditures did not exceed 25% of Metro's approved budget.	X		None	
5.	Administrative expenses were within the 20% cap.	X		None	
6.	All on-going and carryover projects were reported in Form B.	X		None	
7.	Annual Project Summary Report (Form B) was submitted on time.	X		None	
8.	Annual Expenditure Report (Form C) and listing of Recreational Transit Services, if applicable, were submitted on time.	X		None	
9.	Cash or cash equivalents were maintained.	X		None	
10.	Accounting procedures, record keeping and documentation were adequate.		X	None	See Finding No. 2016-002 on the Schedule of Findings and Questioned Costs.
11.	Revenues received including allocations, project generated revenues, and interest income were properly credited to the PALRF and PCLRF accounts.	X		None	

**CITY OF WHITTIER**  
**COMPLIANCE MATRIX**  
Year Ended June 30, 2016  
(Continued)

Compliance Requirement		In Compliance		Questioned Costs	If no, provide details and management response.
		Yes	No		
B. Measure R Local Return Fund					
1.	Timely use of funds.	X		None	
2.	Expenditures were approved before being incurred.		X	None	See Finding No. 2016-003 on the Schedule of Findings and Questioned Costs.
3.	Funds were used on approved projects only and expenditures were supported and allowable per Guidelines.	X		None	
4.	Fund were not substituted for property tax.	X		None	
5.	Administrative expenses were within the 20% cap.	X		None	
6.	Expenditure Plan (Form One) was submitted on time.	X		None	
7.	Expenditure Report (Form Two) was submitted on time.	X		None	
8.	Cash or cash equivalents were maintained.	X		None	
9.	Accounting procedures, record keeping and documentation were adequate.		X	None	See Finding No. 2016-002 on the Schedule of Findings and Questioned Costs.
10.	Revenues received including allocations, project generated revenues, and interest income were properly credited to the Measure R account.	X		None	
11.	Funds were not used to supplant existing local revenues being used for transportation purpose.	X		None	

**CITY OF WHITTIER**  
**COMPLIANCE MATRIX**  
Year Ended June 30, 2016  
(Continued)

Compliance Requirement		In Compliance		Questioned Costs	If no, provide details and management response.
		Yes	No		
C. Transportation Development Act Article 3 Fund					
1.	Timely use of funds.	X		None	
2.	Expenditures were incurred for activities relating to pedestrian and bicycle facilities and amenities.	X		None	

***CITY OF WHITTIER***

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

For Year ended June 30, 2016

**PCLRF: Finding No. 2016-001**

Compliance Reference	According to Proposition A and C Local Return Guidelines, Section I (B.3), "If Local Return Funds have been expended prior to Metro approval and/or used for ineligible purposes, Jurisdictions will be required to reimburse their Proposition A or C Local Return account..."
Condition	The expenditure for PCLRF's Project Code 430-903, Whittier Greenway Trail – East Extension Work, in the amount of \$405 were incurred prior to the approval from LACMTA for fiscal year 2015-16. However, the City subsequently received LACMTA's approval on the PCLRF project on October 6, 2016.
Cause	The City staff believed that the prior year's budget approval would be carried forward in the fiscal year 2015-16 and therefore, did not include the request for the project's approval in Form B submitted to LACMTA.
Effect	The City did not comply with the Guidelines when expenditures for PCLRF projects are incurred without LACMTA's approval.
Recommendation	We recommend that the City establish procedures to ensure that it obtains approval from LACMTA prior to implementing any Proposition A and Proposition C Local Return projects, and Form B (Annual Project Summary Report) is properly prepared and submitted before the due date of August 1st so that the City's expenditures of Proposition A and Proposition C Local Return Funds are in accordance with LACMTA's approval and the Guidelines. In accordance with the Guidelines, the City should include all approved on-going and carryover Local Return projects in Form B.
Management's Response	The City ensures that it will direct staff to obtain LACMTA's authorization before expenditures are incurred on the project.

***CITY OF WHITTIER***

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

For Year ended June 30, 2016

(Continued)

**All Local Return Funds and TDAA3F: Finding No. 2016-002**

Compliance Reference	According to Local Return Guidelines, Section V, "It is jurisdictions' responsibility to maintain proper accounting records and documentation..." and this requires a system of internal control that can be carried out as prescribed by the established accounting policies and procedures. Written accounting policies and procedures provide a system that accurately measures business activities, processes that information into reports, and communicates these findings to decision makers.
Condition	The City did not provide written accounting policies and procedures when requested.
Cause	City has written desk procedures for the various accounting functions.
Effect	Without written accounting policies and procedures, there is the potential for increased risk of inaccurate and unreliable financial records and misstated financial reports.
Recommendation	We recommend that the City establish written accounting policies and procedures to ensure accurate recording and reporting of financial activities.
Management's Response	City has desk procedures in place and management will re-evaluate policies and procedures.

***CITY OF WHITTIER***

**SCHEDULE OF FINDINGS AND QUESRIONED COSTS**

For Year ended June 30, 2016

(Continued)

**MRLRF: Finding No. 2016-003**

Compliance Reference	According to Measure R Local Return Guidelines, Section B.VII.A, Financial and Compliance Provisions, "The Measure R LR Audits shall include, but not limited to, verification of adherence to the following financial and compliance provisions of this guidelines: Verification that funds were expended with Metro's approval."
Condition	The expenditure for MRLRF's Project Code 1.05, Janine Drive from La Serna to Santa Gertrudes Avenue Asphalt Overlay, in the amount of \$4,457 were incurred prior to the approval from LACMTA for fiscal year 2015-16. However, the City subsequently received LACMTA's approval on the PCLRf project on September 29, 2016.
Cause	The City staff believed that the prior year's budget approval would be carried forward in the fiscal year 2015-16 and therefore, did not include the request for the project's approval in Form One submitted to LACMTA.
Effect	The City did not comply with the Guidelines when expenditures for MRLRF projects are incurred without LACMTA's approval.
Recommendation	We recommend that the City establish procedures to ensure that it obtains approval from LACMTA prior to implementing any Measure R Local Return projects. Form One (Annual Project Budget Report) should be properly prepared so that the City's expenditures of Measure Local Return Funds are in accordance with LACMTA's approval and the Guidelines. In accordance with the Guidelines, the City should include all approved on-going and carryover Local Return projects in Form One.
Management's Response	The City ensures that it will direct staff to obtain LACMTA's authorization before expenditures are incurred on the project.

***CITY OF WHITTIER***

**PROPOSITION A, PROPOSITION C, MEASURE R LOCAL RETURN FUNDS, AND  
TRANSPORTATION DEVELOPMENT ACT ARTICLE 3 FUND**

**EXIT CONFERENCE**

**June 30, 2016**

An exit conference was held on December 21, 2016 via telephone conference. Those in attendance were:

***Simpson & Simpson Representative:***

Yung Dang, Semi-Senior Auditor

***City's Representative:***

Monica Lo, Assistant City Controller

***Matters Discussed:***

Results of the audit no significant control deficiencies and three (3) non-compliance issues with LACMTA's Guidelines.

A copy of this report was forwarded to the following City representative(s) for their comments prior to the issuance of the final report:

Monica Lo, Assistant City Controller



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***EXIT CONFERENCE***

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***CITY OF WHITTIER***

PROPOSITION A, PROPOSITION C, MEASURE R LOCAL RETURN FUNDS, AND  
TRANSPORTATION DEVELOPMENT ACT ARTICLE 3 FUND  
EXIT CONFERENCE  
June 30, 2016

An exit conference was held on December 21, 2016 via telephone conference. Those in attendance were:

***Simpson & Simpson Representative:***

Yung Dang, Semi-Senior Auditor

***City's Representative:***

Monica Lo, Assistant City Controller

***Matters Discussed:***

Results of the audit disclosed one significant control deficiency and four (4) non-compliance issues with LACMTA's Guidelines.

A copy of this report was forwarded to the following City representative(s) for their comments prior to the issuance of the final report:

Monica Lo, Assistant City Controller