



MetroTM

**City of Whittier
Annual Financial Report of its**

**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**

**As of and for the Years Ended June 30, 2015 and 2014
with Report of Independent Auditors**

An Independently Owned Member
McGLADREY ALLIANCE



 **Vasquez**
& Company LLP
Certified Public Accountants and Business Consultants

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FINANCIAL SECTION

Report of Independent Auditors

**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, Proposition C Local Return Fund, Proposition A Discretionary Incentive Fund, Measure R Local Return Fund and the Transportation Development Act Article 3 Fund (collectively, the Funds), of the City of Whittier, California (the City) which comprise the Funds' balance sheets as of June 30, 2015 and 2014, and the related statements of revenues, expenditures and changes in fund balance for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

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

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



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 Proposition A Discretionary Incentive Fund, the Measure R Local Return Fund and the Transportation Development Act Article 3 Fund of the City of Whittier, California, as of June 30, 2015 and 2014, 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 Proposition A Discretionary Incentive Fund, the Measure R Local Return Fund and the Transportation Development Act Article 3 Fund of the City and do not purport to, and do not present fairly the financial position of the City as of June 30, 2015 and 2014, 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 23, 2015 on our consideration of the City'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, and 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* in considering the City's internal control over financial reporting and compliance.

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

Los Angeles, California
December 23, 2015

City of Whittier
Proposition A Local Return Fund
Balance Sheets

		June 30	
		2015	2014
ASSETS			
Cash and investments	\$	905,554	\$ 790,588
Interest receivable		1,215	897
Total assets	\$	906,769	\$ 791,485
 LIABILITIES AND FUND BALANCE			
Liabilities			
Account payable	\$	217,985	\$ 62,040
Salaries and benefits payable		5,719	4,732
Other liabilities		-	333
Total liabilities		223,704	67,105
 Fund balance			
Restricted		683,065	724,380
Total fund balance		683,065	724,380
Total liabilities and fund balance	\$	906,769	\$ 791,485

See notes to financial statements.

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

	Years ended June 30	
	2015	2014
Revenues		
Proposition A	\$ 1,522,579	\$ 1,461,153
Dial-A-Ride fares	30,051	30,100
Investment income	4,229	3,011
Project reimbursement	2,182	-
FTA Sec 5317 New Freedom Program Grant	-	14,114
Rental income	5,641	3,621
Miscellaneous revenue	333	-
Total revenues	1,565,015	1,511,999
Expenditures		
Various projects	1,606,330	1,725,894
Total expenditures	1,606,330	1,725,894
Deficiency of revenues over expenditures	(41,315)	(213,895)
Fund balance at beginning of year	724,380	938,275
Fund balance at end of year	\$ 683,065	\$ 724,380

See notes to financial statements.

City of Whittier
Proposition A Local Return Fund
Supplementary Information
Schedule of Expenditures – Actual and LACMTA Approved Project Budget
Year ended June 30, 2015
Actual for 2014

Project Code- Seq No.	Project Name	2015			2014 Actual
		LACMTA Budget	Actual	Variance Positive (Negative)	
130-801	Dial-A-Ride In-House Maintenance	\$ 265,000	\$ 290,562	\$ (25,562)	\$ 296,475
130-803	Dial-A-Ride Senior Citizens and the Disabled	840,108	816,217	23,891	782,659
150-102	Bus Stop Landscape Maintenance	2,000	1,568	432	1,710
160-121	Bus Stop Improvement Plan	231,558	178,637	52,921	313,956
170-01	Bus Bench/Shelter Maintenance	117,944	98,130	19,814	99,188
310-801	Historic Transportation Depot Maintenance and Operation	70,000	71,447	(1,447)	95,913
480-01	Prop A Administration	219,065	137,629	81,436	128,112
500-145	Light Rail Conference	4,500	4,186	314	-
500-803	SCAG Annual Membership	7,770	7,954	(184)	7,881
Total expenditures		\$ 1,757,945	\$ 1,606,330	\$ 151,615	\$ 1,725,894

See report of independent auditors.

City of Whittier
Proposition A Local Return Fund
Supplementary Information
Schedule of Capital Assets
Year ended June 30, 2015

Date Acquired	Description	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015
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
		<u>\$ 1,095,013</u>	<u>\$ 243,518</u>	<u>\$ -</u>	<u>\$ 1,338,531</u>

See report of independent auditors.

**City of Whittier
Proposition C Local Return Fund
Balance Sheets**

		June 30	
		2015	2014
ASSETS			
Cash and investments	\$	2,381,555	\$ 2,192,404
Interest receivable		3,351	2,002
Other receivable		18,141	14,182
Prepaid expenses		141,947	162,848
Total assets	\$	<u>2,544,994</u>	<u>\$ 2,371,436</u>
LIABILITIES AND FUND BALANCE			
Liabilities			
Accounts payable	\$	21,014	\$ 29,134
Salaries and benefits payable		246	78
Other liabilities		1,121	250
Total liabilities		<u>22,381</u>	<u>29,462</u>
Fund balance			
Restricted		<u>2,522,613</u>	2,341,974
Total fund balance		<u>2,522,613</u>	<u>2,341,974</u>
Total liabilities and fund balance	\$	<u>2,544,994</u>	<u>\$ 2,371,436</u>

See notes to financial statements.

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

	Years ended June 30	
	2015	2014
Revenues		
Proposition C	\$ 1,263,465	\$ 1,212,283
Investment income	12,033	7,038
Project reimbursement	35,283	-
Rental income	105,709	102,617
Reimbursement from the City of La Habra Heights	8,260	7,463
Farebox revenue	4,559	5,190
Total revenues	1,429,309	1,334,591
 Expenditures		
Various projects	1,248,670	1,171,390
Total expenditures	1,248,670	1,171,390
 Excess of revenues over expenditures	 180,639	 163,201
 Fund balance at beginning of year	 2,341,974	 2,178,773
 Fund balance at end of year	 \$ 2,522,613	 \$ 2,341,974

See notes to financial statements.

City of Whittier
Proposition C Local Return Fund
Supplementary Information
Schedule of Expenditures – Actual and LACMTA Approved Project Budget
Year ended June 30, 2015
Actual for 2014

Project Code	Project Name	2015			2014 Actual
		LACMTA Budget	Actual	Variance Positive (Negative)	
130-802	Taxi Voucher DAR Program	\$ 60,000	\$ 68,964	\$ (8,964)	\$ 81,397
130-804	La Habra Heights Dial-A-Ride	50,652	41,805	8,847	44,756
140-901	Recreation Transit	60,441	54,721	5,720	53,994
230-10	Greenway Trail Transit Security	84,000	94,364	(10,364)	67,557
250-901	Fare Subsidy Program	19,000	15,732	3,268	15,449
270-141	Goldline Light Rail Planning Project	32,000	74,361 *	(42,361)	63,206
270-901	COG Study	5,000	-	5,000	-
430-123	Greenway Trail Maintenance Placement	565,353	438,620	126,733	481,125
430-140	Greenway Trail Signs and Vines Match	40,000	119,794 *	(79,794)	36,953
430-141	Greenway Trail Parking Lot Improvements	28,000	28,000	-	-
430-144	Soil Remediation	4,500	-	4,500	-
430-901	Greenway Trail Legal Costs - ROW	10,000	-	10,000	203
430-903	Whittier Greenway Trail - East Extension Work	9,000	12,866 *	(3,866)	26,946
430-904	Greenway Trail Property Insurance	43,000	28,757	14,243	37,011
430-905	Greenway Trail Parking Lots Construction	289,624	1,552	288,072	2,225
480-10	Prop C Administration	211,896	214,846	(2,950)	209,386
500-801	SR 91 and I-605 Needs Assessment Study	20,000	20,000	-	20,000
500-802	Accessibility Planning	41,264	34,288	6,976	31,182
Total expenditures		\$ 1,573,730	\$ 1,248,670	\$ 325,060	\$ 1,171,390

* See Compliance Matrix.

See report of independent auditors.

City of Whittier
Proposition C Local Return Fund
Supplementary Information
Schedule of Capital Assets
Year ended June 30, 2015

Date Acquired	Description	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015
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		\$ 214,544	\$ -	\$ -	\$ 214,544

See report of independent auditors.

City of Whittier
Proposition A Discretionary Incentive Fund
Balance Sheets

		June 30	
		2015	2014
ASSETS			
Cash and investments	\$	207,125	\$ 97,429
Interest receivable		204	51
Due from LACMTA		-	101,781
Total assets	\$	207,329	\$ 199,261
LIABILITIES AND FUND BALANCE			
Liabilities			
Accounts payable	\$	19,838	\$ 19,258
Total liabilities		19,838	19,258
Fund balance			
Restricted		187,491	180,003
Total fund balance		187,491	180,003
Total liabilities and fund balance	\$	207,329	\$ 199,261

See notes to financial statements.

City of Whittier
Proposition A Discretionary Incentive Fund
Statements of Revenues, Expenditures and Changes in Fund Balance

	Years ended June 30	
	2015	2014
Revenues		
Proposition A Discretionary Incentive	\$ 283,347	\$ 335,732
Investment income	926	254
Total revenues	284,273	335,986
 Expenditures		
Dial-A-Ride Senior Citizen and the Disabled	270,942	264,979
Total expenditures	270,942	264,979
 Excess of revenues over expenditures	13,331	71,007
 Other financing use		
Reimbursement to the City of La Habra Heights	(5,843)	-
 Excess of revenues over expenditures and other financing use	7,488	71,007
 Fund balance at beginning of year	180,003	108,996
 Fund balance at end of year	\$ 187,491	\$ 180,003

See notes to financial statements.

City of Whittier
Measure R Local Return Fund
Balance Sheets

		June 30	
		2015	2014
ASSETS			
Cash and investments	\$	2,968,969	\$ 2,601,400
Interest receivable		4,090	2,365
Due from other government agencies		259,633	-
Total assets	\$	<u>3,232,692</u>	<u>\$ 2,603,765</u>
LIABILITIES AND FUND BALANCE			
Liabilities			
Accounts payable	\$	60	\$ 41
Total liabilities		<u>60</u>	<u>41</u>
Fund balance			
Restricted		<u>3,232,632</u>	<u>2,603,724</u>
Total fund balance		<u>3,232,632</u>	<u>2,603,724</u>
Total liabilities and fund balance	\$	<u>3,232,692</u>	<u>\$ 2,603,765</u>

See notes to financial statements.

City of Whittier
Measure R Local Return Fund

Statements of Revenues, Expenditures and Changes in Fund Balance

		Years ended June 30	
		2015	2014
Revenues			
Measure R	\$	947,420	\$ 904,497
Project reimbursement		259,633	-
Investment income		14,888	8,787
Total revenues		1,221,941	913,284
Expenditures			
Various projects		593,033	868,629
Total expenditures		593,033	868,629
Excess of revenues over expenditures		628,908	44,655
Fund balance at beginning of year		2,603,724	2,559,069
Fund balance at end of year	\$	3,232,632	\$ 2,603,724

See notes to financial statements.

City of Whittier
Measure R Local Return Fund
Supplementary Information
Schedule of Expenditures – Actual and LACMTA Approved Project Budget
Year ended June 30, 2015
Actual for 2014

Project Code	Project Name	2015		Variance Positive (Negative)	2014 Actual
		LACMTA Budget	Actual		
1.05	Street Repair and Maintenance				
	Pavement Surface Treatment	\$ 215,300	\$ 215,300	\$ -	\$ 530,600
	Janine Drive from La Serna to Santa Gertrudes Avenue Asphalt Overlay	493,012	376,619	116,393	-
	Palm Ave Street Repairs	-	114 *	(114)	-
	La Cuarta Street from College Ave to Ocean View Ave Asphalt Overlay	-	-	-	312,275
3.05	Bike/Pedestrian Facilities, Construction and Maintenance				
	Whittier Greenway Trail Directional Signing and Scenic Beautification	141,000	-	141,000	41
	Whittier Greenway Trail Landscaping, Signing and Striping Maintenance	57,000	1,000	56,000	-
3.20	Community Center Walkway Repair	-	-	-	25,713
	Total expenditures	\$ 906,312	\$ 593,033	\$ 313,279	\$ 868,629

* See Compliance Matrix.

See report of independent auditors.

City of Whittier
Measure R Local Return Fund
Supplementary Information
Schedule of Capital Assets
Year ended June 30, 2015

<u>Date Acquired</u>	<u>Description</u>	<u>Balance July 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2015</u>
None		\$ -	\$ -	\$ -	\$ -
	Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See report of independent auditors.

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

		June 30	
		2015	2014
ASSETS			
Cash and investments		\$ 66,235	\$ 29,606
	Total assets	\$ 66,235	\$ 29,606
LIABILITIES AND FUND BALANCE			
Liabilities			
Accounts payable		\$ -	\$ 44,197
	Total liabilities	-	44,197
Fund balance			
Restricted (Unassigned)		66,235	(14,591)
	Total fund balance	66,235	(14,591)
	Total liabilities and fund balance	\$ 66,235	\$ 29,606

See notes to financial statements.

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

		Years ended June 30	
		2015	2014
Revenues			
Intergovernmental allocations:			
Article 3	\$	82,384	\$ 44,197
Total revenues		82,384	44,197
Expenditures			
Construction/Maintenance			
Total expenditures		1,558	57,769
Excess (deficiency) of revenues over expenditures		80,826	(13,572)
Unassigned fund balance at beginning of year		(14,591)	(1,019)
(Unassigned) fund balance at end of year		\$ 66,235	\$ (14,591)

See notes to financial statements.

City of Whittier
Transportation Development Act Article 3 Fund
Supplementary Information
Schedule of Transportation Development Act Allocation for Specific Projects
Pursuant to Public Utilities Code Section 99234
Year ended June 30, 2015

Project Description	Program Year	Totals to Date			Project Status
		Allocations	Expenditures	Unexpended Allocations	
Local allocations:					
Construction of Access Ramps and Sidewalks	2015	\$ 82,384	\$ 1,558	\$ 80,826	On going
Total		<u>\$ 82,384</u>	<u>\$ 1,558</u>	<u>\$ 80,826</u>	
Unassigned fund balance at beginning of the year				<u>(14,591)</u>	
Fund balance at end of year				<u>\$ 66,235</u>	*

* The City has encumbered the remaining fund balance of \$66,235 for the above project as of June 30, 2015.

See report of independent auditors.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fund Accounting

The operations 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) (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.

PADIF represents 5% of the 40% Proposition A Discretionary funds, which is earmarked to promote projects that encourage development of an integrated public transportation system that addresses varied needs of Los Angeles County residents. Funds are distributed based on funding priorities defined in the Proposition A Incentive Program Guidelines.

MRLRF is derived from 15% of a county-wide ½ cent sales tax which is distributed to the jurisdictions within Los Angeles County based on a per capita basis and must be used exclusively for transportation purposes.

Transportation Development Act Article 3 Fund (TDAA3F) is pooled with other City monies in the Special Revenue Fund. The Special Revenue Fund accounts for the City's share of the Transportation Development Act Article 3 allocations which are legally restricted for specific purposes.

Basis of Accounting

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.

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.

Unrealized Gain (Loss) on Investments

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and External Investment Pools*, local governments are required to use fair value (instead of amortized costs) for financial reporting purposes. As a result of such implementation, the City recognizes the unrealized gain (loss) on investments.

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 do not purport to, and do not present fairly the City's financial position as of June 30, 2015 and 2014, 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.

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.

In accordance with *Measure R Local Return Program Guidelines*, funds received pursuant to these guidelines may only be used for Measure R Local Return approved programs. See accompanying Compliance Matrix.

NOTE 5 TRANSPORTATION DEVELOPMENT ACT COMPLIANCE REQUIREMENTS

In accordance with *Public Utilities Code Section 99234*, funds received pursuant to this Code's section may only be used for activities relating to pedestrians and bicycle facilities. See accompanying Compliance Matrix.

NOTE 6 CASH AND INVESTMENTS

The PALRF, PCLRF, PADIF, MRLRF and TDAA3F cash and investment 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 monthly balances to the total of the pooled cash and investments.

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

NOTE 7 PROPOSITION A DISCRETIONARY INCENTIVE FUND (PADIF)

Funds received from the Proposition A Discretionary Incentive Fund may only be used in accordance with the Memorandum of Understanding (MOU) and the *Proposition A Incentive Program Guidelines*.

For fiscal years 2014/15 and 2013/14, the City received \$277,504 and \$335,732, respectively, from LACMTA for providing a demand-responsive paratransit service to senior citizens and residents who have disability, in coordination with the City of La Habra Heights. Revenue received was recorded under the PADIF.

In fiscal year 2014/15, the City reimbursed the amount of \$5,843 to the City of La Habra Heights for its share in the program's operating costs.

NOTE 8 TRANSPORTATION DEVELOPMENT ACT ARTICLE 3 FUND REVENUE ALLOCATION

The revenue allocation for the years ended June 30, 2015 and 2014 consisted of the following:

		<u>2015</u>		<u>2014</u>
FY 2013/14 allocation	\$	25,567	\$	44,197
FY 2014/15 allocation		56,817		-
	\$	<u>82,384</u>	\$	<u>44,197</u>

NOTE 9 TRANSPORTATION DEVELOPMENT ACT ARTICLE 3 FUNDS RESERVED

In accordance with TDA Article 3 (SB821) Guidelines, funds which will not be spent during the fiscal year have been placed on reserve in the Local Transportation Fund (LTF) account with the County Auditor-Controller to be drawn down whenever the funds become eligible for a specific project and an approved drawdown request is received by LACMTA. As of June 30, 2015 and 2014, the City has funds on reserve as follows:

		<u>2015</u>		<u>2014</u>
FY 2013/14 allocation	\$	-	\$	25,567
Available reserve balance	\$	-	\$	25,567

**NOTE 9 TRANSPORTATION DEVELOPMENT ACT ARTICLE 3 FUNDS RESERVED
(CONTINUED)**

For FY 2014/15, any TDA Article 3 funds left on reserve for FY 2010/11 or prior, are subject to lapse if not claimed by the City by June 30, 2015. There were no funds that lapsed in FY 2014/15.

NOTE 10 SUBSEQUENT EVENTS

The City has evaluated subsequent events through December 23, 2015, the date the financial statements were available to be issued, and concluded that no events have occurred that require disclosure in or adjustments to the financial statements.

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

**To the Honorable Members of the City Council of the
City of Whittier, 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 Proposition A Discretionary Incentive Fund, the Measure R Local Return Fund and the Transportation Development Act Article 3 Fund (collectively, the Funds) of the City of Whittier, California (the City) as of and for the year ended June 30, 2015, and the related notes to the financial statements, and have issued our report thereon dated December 23, 2015.

Internal Control over Financial Reporting

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

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



Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 "Vazquez & Company LLP". The signature is written in a cursive, flowing style.

**Los Angeles, California
December 23, 2015**

COMPLIANCE SECTION

Report of Independent Auditors on Compliance

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

Report on Compliance

We have audited the compliance of the City of Whittier, California (the 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 Transportation Development Act Article 3 Bicycle and Pedestrian Funds (collectively, the Guidelines) for the year ended June 30, 2015.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on the City's compliance 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, Proposition A Discretionary Incentive Fund, Measure R Local Return Program, and Transportation Development Act Article 3 Program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion

In our opinion, the City of Whittier, California complied, in all material respects, with the compliance requirements of the Guidelines for the year ended June 30, 2015.



Other Matters

The results of our auditing procedures disclosed instances of noncompliance with the requirements, which are described in the accompanying Compliance Matrix. Our opinion 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 Compliance Matrix. 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 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, 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 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a deficiency in internal control over compliance, as described in the accompanying Compliance Matrix as Finding #2015-001, that we consider to be a significant deficiency.

The City's responses to the internal controls over compliance findings identified in our audit are described in the accompanying Compliance Matrix. 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.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Guidelines. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "Vaguez & Company LLP".

**Los Angeles, California
December 23, 2015**

**City of Whittier
Compliance Matrix
Year ended June 30, 2015**

Compliance Requirements	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 approved before being incurred.	X		None	
3. Expenditures did not exceed 25% of LACMTA's approved budget.		X	\$105,771	<p><i>Finding #2015-001</i></p> <p><u>PCLRF</u></p> <p>The City exceeded LACMTA's approved budget by more than 25% for the following projects:</p> <ol style="list-style-type: none"> 1. Project code 270-141 Goldline Light Rail Planning Project by 132% (\$34,361); 2. Project code 430-140 Greenway Trail Signs and Vines Match by 199% (\$69,794); and 3. Project code 430-903 Whittier Greenway Trail – East Extension Work by 43% (\$1,616). <p>Projects with greater than 25% change from the approved project budget should be amended by submitting amended Project Description Form (Form A).</p> <p>LACMTA Program Manager granted a retroactive approval on the amended budget for the said projects on December 3, 2015.</p> <p>We recommend that the City submit to the LACMTA Program Manager a Form A to obtain approval for the change in project budget, and that the City implement controls to ascertain compliance at all times.</p>

**City of Whittier
Compliance Matrix
Year ended June 30, 2015**

Compliance Requirements	In Compliance		Questioned Costs	If no, provide details and management response.
	Yes	No		
A. Proposition A and Proposition C Local Return Funds (continued)				
3. Expenditures did not exceed 25% of LACMTA's approved budget. (Continued)				<i>Management Response</i> The Transit Manager will submit to the LACMTA Program Manager a Form A to obtain approval for the change in project budget, and will ensure compliance at all times.
4. Administrative expenses are within the 20% cap.	X		None	
5. All on-going and carryover projects were reported on Form B.	X		None	
6. Annual Project Summary Report (Form B) was submitted on time.	X		None	
7. Annual Expenditure Report (Form C) was submitted on time.	X		None	
8. Cash or cash equivalents are maintained.	X		None	
9. Accounting procedures, record keeping and documentation are adequate.	X		None	
B. Measure R Local Return Fund				
1. Funds were expended for transportation purposes.	X		None	
2. Funds were used to augment, not supplant existing local revenues being used for transportation purposes unless there is a funding shortfall.	X		None	
3. Signed Assurances and Understandings on file.	X		None	
4. Separate Measure R Local Return Account was established.	X		None	
5. Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure R Local Return Account.	X		None	

**City of Whittier
Compliance Matrix
Year ended June 30, 2015**

Compliance Requirements	In Compliance		Questioned Costs	If no, provide details and management response.
	Yes	No		
B. Measure R Local Return Fund (Continued)				
6. Funds were expended with LACMTA's approval.		X	\$114	<p><i>Finding #2015-002</i></p> <p>The City claimed expenditures for Project 1.05 Palm Ave Street Repairs totaling \$114 with no prior approval from LACMTA.</p> <p>Although we found the expenditures to be eligible for MRLRF funding, this project had no prior approval from LACMTA.</p> <p>LACMTA Program Manager granted a retroactive approval of the said project on December 14, 2015.</p> <p>We recommend for the City to establish procedures and controls to ensure that approval is obtained from LACMTA prior to implementing any Measure R-funded projects.</p> <p><i>Management Response</i></p> <p>The Palm Avenue project was listed as pending in the submittal to Metro due to the continued delay of waiting for the utility work to move forward. Measure R funds were already programed in the City budget for the project and have submitted the Form One to Metro on July 20, 2015 for FY 2015/16 program year.</p>

**City of Whittier
Compliance Matrix
Year ended June 30, 2015**

Compliance Requirements	In Compliance		Questioned Costs	If no, provide details and management response.
	Yes	No		
B. Measure R Local Return Fund (Continued)				
7. Expenditure Plan (Form One) was submitted on time.	X		None	
8. Expenditure Report (Form Two) was submitted on time.	X		None	
9. Timely use of funds.	X		None	
10. Administrative expenses are within the 20% cap.	X		None	
11. Fund exchanges were approved by LACMTA.				Not applicable.
12. A separate account was established for Capital reserve funds and Capital reserve was approved by LACMTA.				Not applicable.
13. Recreational transit form was submitted on time.				Not applicable.
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	

EXIT CONFERENCE

An exit conference was held on December 23, 2015 with City of Whittier representatives. Those in attendance were:

Vasquez and Company LLP representatives:
Roger A. Martinez – Partner
Marialyn Salvador – Audit Manager

City of Whittier representatives:
Rod Hill – City Controller
Monica Lo – Assistant City Controller

Matters discussed:

Results of the audit disclosed issues of noncompliance with the Guidelines.

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

Monica Lo – Assistant City Controller



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