

***CITY OF WHITTIER
ANNUAL FINANCIAL REPORT OF THE
PROPOSITION A LOCAL RETURN FUND
PROPOSITION C LOCAL RETURN FUND
MEASURE R LOCAL RETURN FUND
MEASURE M LOCAL RETURN FUND
TRANSPORTATION DEVELOPMENT ACT
ARTICLE 3 FUND
FOR THE FISCAL YEARS ENDED
JUNE 30, 2019 AND 2018***



Metro[®]



Simpson & Simpson, LLP
Certified Public Accountants

CITY OF WHITTIER
TABLE OF CONTENTS

FINANCIAL SECTION	PAGE
Independent Auditor’s Report	1
Proposition A Local Return Fund:	
Financial Statements:	
Balance Sheets	3
Statements of Revenues, Expenditures and Changes in Fund Balance	4
Supplementary Information:	
Schedule of Expenditures – Actual and Metro Approved Project Budget	5
Schedule of Capital Assets	6
Proposition C Local Return Fund:	
Financial Statements:	
Balance Sheets	7
Statements of Revenues, Expenditures and Changes in Fund Balance	8
Supplementary Information:	
Schedule of Expenditures – Actual and Metro Approved Project Budget	9
Schedule of Capital Assets	10
Proposition A Discretionary Incentive Fund:	
Financial Statements:	
Balance Sheets	11
Statements of Revenues, Expenditures and Changes in Fund Balance	12
Measure R Local Return Fund:	
Financial Statements:	
Balance Sheets	13
Statements of Revenues, Expenditures and Changes in Fund Balance	14
Supplementary Information:	
Schedule of Expenditures – Actual and Metro Approved Project Budget	15
Schedule of Capital Assets	16
Measure M Local Return Fund:	
Financial Statements:	
Balance Sheets	17
Statements of Revenues, Expenditures and Changes in Fund Balance	18
Supplementary Information:	
Schedule of Expenditures – Actual and Metro Approved Project Budget	19
Schedule of Capital Assets	20
Transportation Development Act Article 3 Fund:	
Financial Statements:	
Balance Sheets	21
Statements of Revenues, Expenditures and Changes in Fund Balance	22
Supplementary Information:	
Schedule of Transportation Development Act Allocation for Specific Projects	23

CITY OF WHITTIER
TABLE OF CONTENTS
(Continued)

Notes to Financial Statements	24
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 <i>Government Auditing Standards</i>	30
COMPLIANCE SECTION	
Independent Auditor’s Report on Compliance	32
Compliance Matrix	34
Schedule of Findings and Recommendations	38
EXIT CONFERENCE	44

FINANCIAL SECTION



SIMPSON & SIMPSON
CERTIFIED PUBLIC ACCOUNTANTS

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

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), Measure R Local Return Fund (MRLRF), Measure M Local Return Fund (MMLRF), and Transportation Development Act Article 3 Fund (TDAA3F) (collectively, the Funds), of the City of Whittier, California (the City) as of and for the years ended June 30, 2019 and 2018, 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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, MRLRF, MMLRF, and TDAA3F of the City of Whittier, California, as of June 30, 2019 and 2018, and the respective changes in their 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 PALRF, PCLRF, MRLRF, MMLRF, and TDAA3F of the City and do not purport to, and do not, present fairly the financial position of the City of Whittier, California, as of June 30, 2019 and 2018, and the changes in its financial position 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 audits were conducted for the purpose of forming opinions on each of the Funds' financial statements. 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 Funds' financial statements. Such 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 Funds' financial statements or to the Funds' 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' financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have issued our report dated November 16, 2019, on our consideration of the City's internal control over the Funds' financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over the Funds' financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over the Funds' financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over the Funds' financial reporting and compliance.

A handwritten signature in cursive script that reads "Simpson & Simpson".

Los Angeles, California
November 16, 2019

CITY OF WHITTIER
PROPOSITION A LOCAL RETURN FUND
BALANCE SHEETS
June 30

	2019	2018
ASSETS		
Cash and investments	\$ 2,854,284	\$ 2,134,817
Interest receivable	13,558	6,928
Accounts receivable	1,893	-
Due from other funds	-	561
Unrealized gain on investments	42,924	-
Total assets	\$ 2,912,659	\$ 2,142,306
 LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 98,834	\$ 78,019
Total liabilities	98,834	78,019
 Deferred inflow of resources		
Total deferred inflow of resources	2,682	-
 Fund Balance		
Restricted	2,811,143	2,064,287
Total fund balance	2,811,143	2,064,287
Total liabilities, deferred inflow of resources, and fund balance	\$ 2,912,659	\$ 2,142,306

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

	2019	2018
REVENUES		
Proposition A	\$ 1,760,834	\$ 1,647,848
Interest income	49,384	27,382
Unrealized gain (loss) on investments	66,108	(19,519)
Section 5310 Enhance Mobility of Seniors and Individuals with Disabilities Program Federal Grant (Note 8)	-	307,077
Project generated revenue (Note 9)	23,291	24,663
Rental income (Note 10)	21,061	12,710
Other income (Note 11)	2,525	16,959
Total revenues	1,923,203	2,017,120
EXPENDITURES		
Various projects	1,176,347	1,609,641
Total expenditures	1,176,347	1,609,641
Excess of revenues over expenditures	746,856	407,479
Fund balance at beginning of year	2,064,287	1,656,808
Fund balance at end of year	\$ 2,811,143	\$ 2,064,287

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, 2019
(With Comparative Actual Amount for the Fiscal Year Ended June 30, 2018)

Project Code	Project Name	2019		Variance	2018 Actual
		Metro Budget	Actual	Favorable (Unfavorable)	
130-801	Dial-A-Ride In-House Maintenance	\$ 224,660	\$ 215,303	\$ 9,357	\$ 254,107
130-803	Dial-A-Ride Senior Citizens and the Disabled	877,259	732,781	144,478	721,144
150-102	Bus Stop Landscape Maintenance	2,000	-	2,000	1,710
170-01	Bus Bench/Shelter Maintenance	122,035	97,728	24,307	110,726
200-170	Dial-A-Ride Vehicle Purchase	-	-	-	341,197
310-801	Historic Transportation Depot Maintenance and Operation	95,513	49,094	46,419	62,507
310-802	Historic Transportation Depot Preventive Maintenance	80,000	3,354	76,646	17,168
480-01	Proposition A Administration	253,022	69,517	183,505	89,001
500-145	Light Rail Conference	4,500	-	4,500	3,740
500-803	SCAG Annual Membership	8,570	8,570	-	8,341
Total expenditures		\$ <u>1,667,559</u>	\$ <u>1,176,347</u>	\$ <u>491,212</u>	\$ <u>1,609,641</u>

See accompanying independent auditor's report.

CITY OF WHITTIER
PROPOSITION A LOCAL RETURN FUND
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS
June 30, 2019

Date Acquired	Description	Balance 7/1/2018	Additions	Deletions	Balance 6/30/2019
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	16,606	-	-	16,606
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
06/16	Bus Shelters Improvement	238,663	-	-	238,663
04/17	Bus Shelters	66,800	-	-	66,800
06/17	Bus Shelter Improvement	107,720	-	-	107,720
06/18	5 2018 Ford E-350 Bus	341,197	-	-	341,197
Total		\$ 2,047,898	\$ -	\$ 41,750	\$ 2,006,148

See accompanying independent auditor's report.

CITY OF WHITTIER
PROPOSITION C LOCAL RETURN FUND
BALANCE SHEETS
June 30

	<u>2019</u>	<u>2018</u>
ASSETS		
Cash and investments	\$ 4,507,776	\$ 3,783,337
Interest receivable	23,487	12,854
Accounts receivable	101,018	34,347
Prepaid expenses (Note 12)	63,083	82,414
Unrealized gain on investments	67,096	-
Total assets	<u>\$ 4,762,460</u>	<u>\$ 3,912,952</u>
 LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 16,105	\$ 13,334
Total liabilities	<u>16,105</u>	<u>13,334</u>
 Fund Balance		
Restricted	<u>4,746,355</u>	<u>3,899,618</u>
Total fund balance	<u>4,746,355</u>	<u>3,899,618</u>
Total liabilities and fund balance	<u>\$ 4,762,460</u>	<u>\$ 3,912,952</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

	<u>2019</u>	<u>2018</u>
REVENUES		
Proposition C	\$ 1,460,563	\$ 1,366,082
Interest income	84,698	49,686
Unrealized gain (loss) on investments	106,168	(32,297)
Section 5310 Enhance Mobility of Seniors and Individuals with Disabilities Program Federal Grant (Note 8)	195,512	-
Reimbursement from the City of La Habra Heights (Note 13)	19,194	17,004
Project generated revenue (Note 14)	4,544	3,825
Other income (Note 15)	107,805	134,299
Miscellaneous income	-	810
Total revenues	<u>1,978,484</u>	<u>1,539,409</u>
EXPENDITURES		
Various projects	<u>1,131,747</u>	<u>968,281</u>
Total expenditures	<u>1,131,747</u>	<u>968,281</u>
Excess of revenues over expenditures	846,737	571,128
Fund balance at beginning of year	<u>3,899,618</u>	<u>3,328,490</u>
Fund balance at end of year	<u><u>\$ 4,746,355</u></u>	<u><u>\$ 3,899,618</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, 2019
(With Comparative Actual Amount for the Fiscal Year Ended June 30, 2018)

Project Code	Project Name	2019		Variance	2018 Actual
		Metro Budget	Actual	Favorable (Unfavorable)	
130-802	Taxi Voucher DAR Program	\$ 90,000	\$ 67,348	\$ 22,652	\$ 65,189
130-804	La Habra Heights Dial-A-Ride	52,105	29,075	23,030	36,600
140-901	Recreation Transit	60,441	55,724	4,717	60,485
200-90	Dial-A-Ride Vehicle Purchase	235,000	216,646	18,354	-
230-10	Greenway Trail Transit Security	90,000	54,818	35,182	77,731
250-901	Fare Subsidy Program	19,000	10,389	8,611	10,770
270-141	Goldline Light Rail Planning Project	50,000	-	50,000	-
270-142	Greenway Trail East Project Planning	7,500	-	7,500	-
310-803	Historic Transportation Depot Security Fence	190,000	4,097	185,903	5,487
430-123	Greenway Trail Maintenance	600,000	424,452	175,548	394,732
430-144	Soil Remediation	70,000	-	70,000	-
430-190	Greenway Trail Signs and Vines No. 2	90,000	-	90,000	-
430-901	Greenway Trail Legal Costs - ROW	10,000	-	10,000	-
430-903	Whittier Greenway Trail - East Extension Work	9,000	-	9,000	-
430-904	Greenway Trail Property Insurance	35,000	26,606	8,394	28,501
430-905	Greenway Trail Parking Lots Construction	-	-	-	2,798
480-10	Proposition C Administration	225,509	186,825	38,684	225,510
500-801	SR-91 and I-605 Needs Assessment Study	22,000	22,000	-	22,000
500-802	Accessibility Planning	43,829	33,767	10,062	38,478
Total expenditures		\$ 1,899,384	\$ 1,131,747	\$ 767,637	\$ 968,281

See accompanying independent auditor's report.

CITY OF WHITTIER
PROPOSITION C LOCAL RETURN FUND
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS
June 30, 2019

Date Acquired	Description	Balance 7/1/2018	Additions	Deletions	Balance 6/30/2019
03/07	Van	\$ 50,706	-	-	\$ 50,706
04/08	2 Patrol Bikes for Trail	23,301	-	-	23,301
05/08	ADA Bus Stop Improvement	47,189	-	-	47,189
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
01/19	2018 Dodge/ Braun Caravan	-	49,232	-	49,232
02/19	2018 Dodge/ Braun Caravan	-	49,233	-	49,233
02/19	2018 Dodge/ Braun Caravan	-	49,233	-	49,233
06/19	2019 Dodge/ Braun Caravan	-	68,192	-	68,192
Total		\$ 214,148	\$ 215,890	\$ -	\$ 430,038

See accompanying independent auditor's report.

CITY OF WHITTIER
PROPOSITION A DISCRETIONARY INCENTIVE FUND
BALANCE SHEETS
June 30

	<u>2019</u>	<u>2018</u>
ASSETS		
Cash and investments	\$ 236,578	\$ 235,388
Interest receivable	1,117	753
Unrealized gain on investments	<u>3,552</u>	<u>-</u>
Total assets	<u>\$ 241,247</u>	<u>\$ 236,141</u>
 LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ <u>41,572</u>	\$ <u>22,286</u>
Total liabilities	<u>41,572</u>	<u>22,286</u>
 Fund Balance		
Restricted	<u>199,675</u>	<u>213,855</u>
Total fund balance	<u>199,675</u>	<u>213,855</u>
Total liabilities and fund balance	<u>\$ 241,247</u>	<u>\$ 236,141</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

	<u>2019</u>	<u>2018</u>
REVENUES		
Proposition A Discretionary Incentive Grant (Note 16)	\$ 281,958	\$ 317,166
Interest income	3,886	2,902
Unrealized gain (loss) on investments	6,030	(2,068)
Total revenues	<u>291,874</u>	<u>318,000</u>
EXPENDITURES		
Dial-A-Ride Senior Citizen and the Disabled	<u>306,054</u>	<u>278,309</u>
Total expenditures	<u>306,054</u>	<u>278,309</u>
(Deficiency) excess of revenues (under) over expenditures	(14,180)	39,691
Fund balance at beginning of year	<u>213,855</u>	<u>174,164</u>
Fund balance at end of year	<u><u>\$ 199,675</u></u>	<u><u>\$ 213,855</u></u>

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

CITY OF WHITTIER
MEASURE R LOCAL RETURN FUND
BALANCE SHEETS
June 30

	<u>2019</u>	<u>2018</u>
ASSETS		
Cash and investments	\$ 5,609,531	\$ 5,346,862
Interest receivable	29,506	18,268
Unrealized gain on investments	83,225	-
Total assets	<u>\$ 5,722,262</u>	<u>\$ 5,365,130</u>
 LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ <u>142,880</u>	\$ <u>215,928</u>
Total liabilities	<u>142,880</u>	<u>215,928</u>
 Fund Balance		
Restricted	<u>5,579,382</u>	<u>5,149,202</u>
Total fund balance	<u>5,579,382</u>	<u>5,149,202</u>
Total liabilities and fund balance	<u>\$ 5,722,262</u>	<u>\$ 5,365,130</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

	<u>2019</u>	<u>2018</u>
REVENUES		
Measure R	\$ 1,095,737	\$ 1,023,753
Interest income	104,285	70,167
Unrealized gain (loss) on investments	136,257	(42,748)
Project reimbursement (Note 17)	-	147,511
Total revenues	<u>1,336,279</u>	<u>1,198,683</u>
EXPENDITURES		
Various projects	<u>906,099</u>	<u>689,994</u>
Total expenditures	<u>906,099</u>	<u>689,994</u>
Excess of revenues over expenditures	430,180	508,689
Fund balance at beginning of year	<u>5,149,202</u>	<u>4,640,513</u>
Fund balance at end of year	<u>\$ 5,579,382</u>	<u>\$ 5,149,202</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, 2019
(With Comparative Actual Amount for the Fiscal Year Ended June 30, 2018)

Project Code	Project Name	2019		Variance	2018 Actual
		Metro Budget	Actual	Favorable (Unfavorable)	
1.05	Lambert Road TSSP	\$ 88,552	\$ 32,573	\$ 55,979	\$ 121,087
1.05	Palm Avenue from Whittier Boulevard to Beverly Boulevard Reconstruction	245,000	-	245,000	-
1.05	Whittier Boulevard at Norwalk Boulevard Widen to add Right Turn Lanes	13,000	13,047	(47)	31,103
1.05	Mar Vista Street Resurfacing	26,030	-	26,030	227,012
1.05	Santa Gertrudes Avenue Resurfacing	119,000	20,332	98,668	5,050
1.05	Youngwood Drive Resurfacing	565,300	528,479	36,821	128,240
1.05	Pavement Surface Treatment	445,452	38,606	406,846	10,186
1.05	Gateway Cities Whittier Boulevard Hot Spots Intersection Projects	60,000	5,855	54,145	-
1.05	Palm Avenue/Scenic Drive Reconstruction	-	-	-	2,142
1.90	Honolulu Terrace Roadway Retaining Wall	41,820	35,939	5,881	-
1.90	2018-19 Signing and Striping	10,000	-	10,000	-
3.05	Whittier Greenway Trail East Extension Design and Construction	3,199,709	92,164	3,107,545	-
3.05	Hadley Street at Washington Avenue Crosswalk	30,000	-	30,000	-
3.05	La Serna Drive Sidewalk and Bike Lanes	38,400	36,879	1,521	-
3.05	Whittier Greenway Trail Landscaping, Signing and Striping Maintenance	53,482	25,613	27,869	42,410
3.05	Whittier Greenway Trail East Extension Design	31,224	62,674	(31,450)	113,422
3.20	Greenleaf Avenue at Putnam Street and Whittier Greenway Trail Signal	42,769	9,053	33,716	7,111
3.20	Pedestrian Countdown Signals and ADA Audible Pedestrian Signal	253,770	4,885	248,885	2,231
Total expenditures		\$ 5,263,508	\$ 906,099	\$ 4,357,409	\$ 689,994

See accompanying independent auditor's report.

CITY OF WHITTIER
MEASURE R LOCAL RETURN FUND
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS
 June 30, 2019

Date Acquired	Description	Balance 7/1/2018	Additions	Deletions	Balance 6/30/2019
None		\$ -	\$ -	\$ -	\$ -
	Total	\$ -	\$ -	\$ -	\$ -

See accompanying independent auditor's report.

CITY OF WHITTIER
MEASURE M LOCAL RETURN FUND
BALANCE SHEETS
June 30

	2019	2018
ASSETS		
Cash and investments	\$ 2,128,156	\$ 922,367
Interest receivable	8,442	1,184
Unrealized gain on investments	32,940	-
Total assets	\$ 2,169,538	\$ 923,551
 LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ -	\$ -
Total liabilities	-	-
 Fund Balance		
Restricted	2,169,538	923,551
Total fund balance	2,169,538	923,551
Total liabilities and fund balance	\$ 2,169,538	\$ 923,551

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

CITY OF WHITTIER
MEASURE M LOCAL RETURN FUND
STATEMENTS OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
For the Fiscal Years Ended June 30

	<u>2019</u>	<u>2018</u>
REVENUES		
Measure M	\$ 1,234,839	\$ 927,755
Interest income	33,876	5,505
Unrealized gain (loss) on investments	42,649	(9,709)
Total revenues	<u>1,311,364</u>	<u>923,551</u>
 EXPENDITURES		
Various projects	<u>65,377</u>	<u>-</u>
Total expenditures	<u>65,377</u>	<u>-</u>
 Excess of revenues over expenditures	 1,245,987	 923,551
 Fund balance at beginning of year	 <u>923,551</u>	 <u>-</u>
 Fund balance at end of year	 <u><u>\$ 2,169,538</u></u>	 <u><u>\$ 923,551</u></u>

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

CITY OF WHITTIER
MEASURE M LOCAL RETURN FUND
SUPPLEMENTARY INFORMATION
SCHEDULE OF EXPENDITURES
ACTUAL AND METRO APPROVED PROJECT BUDGET
For the Fiscal Year Ended June 30, 2019
(With Comparative Actual Amount for the Fiscal Year Ended June 30, 2018)

Project Code	Project Name	2019			2018 Actual
		Metro Budget	Actual	Variance Favorable (Unfavorable)	
3.05	Whittier Greenway Trail East Extension Gap Closure Project 2017-18	\$ 1,235,000	\$ 65,377	\$ 1,169,623	\$ -
3.05	Whittier Greenway Trail East Extension Gap Closure Project 2018-19	<u>1,235,000</u>	<u>-</u>	<u>1,235,000</u>	<u>-</u>
	Total expenditures	<u>\$ 2,470,000</u>	<u>\$ 65,377</u>	<u>\$ 2,404,623</u>	<u>\$ -</u>

See accompanying independent auditor's report.

CITY OF WHITTIER
MEASURE M LOCAL RETURN FUND
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS
 June 30, 2019

Date Acquired	Description	Balance 7/1/2018	Additions	Deletions	Balance 6/30/2019
None		\$ -	\$ -	\$ -	\$ -
	Total	\$ -	\$ -	\$ -	\$ -

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

	2019	2018
ASSETS		
Cash and investments	\$ -	\$ -
Total assets	\$ -	\$ -
 LIABILITIES AND FUND BALANCE		
Liabilities		
Due to other funds	\$ 22,640	\$ 21,800
Total liabilities	22,640	21,800
 Fund Balance		
Unassigned	(22,640)	(21,800)
Total fund balance	(22,640)	(21,800)
Total liabilities and fund balance	\$ -	\$ -

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

	2019	2018
REVENUES		
TDA 3	\$ -	\$ -
Total revenues	-	-
EXPENDITURES		
Various projects	840	6,666
Total expenditures	840	6,666
Deficiency of revenues under expenditures	(840)	(6,666)
Fund balance (deficit) at beginning of year	(21,800)	(15,134)
Fund balance (deficit) at end of year	\$ (22,640)	\$ (21,800)

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, 2019

<u>Project Description</u>	<u>Program Year</u>	<u>Allocations</u>	<u>Expenditures</u>	<u>Unexpended Allocations</u>	<u>Project Status</u>
Local allocations					
Greenway Trail East Extension Project/2.5 Mile Class 1 Bicycle and Pedestrian Trail/ Sidewalk Improvement and ADA Curb Ramps	2018-19	\$ -	\$ 840	\$ (840)	Ongoing
Total		<u>\$ -</u>	<u>\$ 840</u>	(840)	
Fund balance (deficit) at beginning of the year				<u>(21,800)</u>	
Fund balance (deficit) at beginning of year				<u>\$ (22,640)</u>	

See accompanying independent auditor's report.

CITY OF WHITTIER
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Years Ended June 30, 2019 and 2018

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), Measure R Local Return Fund (MRLRF), Measure M Local Return Fund (MMLRF), 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.

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.

MMLRF is derived from 17% of a county-wide ½ cent sales tax which is distributed to the jurisdictions within Los Angeles County based on a per capita basis and must be used exclusively for transportation purposes.

TDAA3F is a Special Revenue Fund that accounts for the City’s share of the Transportation Development Act Article 3 allocations which are legally restricted for specific purposes.

Basis of Accounting and Measurement Focus

PALRF, PCLRF, MRLRF, MMLRF, 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 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. Statement of revenue, expenditures and changes in fund balance for Special Revenue Funds generally present increases (revenue 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, 2019 and 2018
(Continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurement

In accordance with Government Accounting Standard Board (GASB) Statement No. 72, *Fair Value Measurement and Application*, which became effective for the fiscal year ended June 30, 2016, the City categorizes its fair value measurement within the fair value hierarchy that is based on the valuation inputs used to measure the fair value of the investment. Level 1 inputs are quoted prices in active markets for identical investments; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Accordingly, the City reports its investment at fair value and recognizes unrealized gain (loss) on investments.

Refer to City's 2019 Comprehensive Annual Financial Report for detailed disclosures regarding the City's investment policy and fair value measurement.

Fund Balance Reporting

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 resources reported in governmental funds.

The PALRF, PCLRF, MRLRF, MMLRF, and TDAA3F report the following fund balance classification as of June 30, 2019:

- Restricted – Amounts that are constrained for specific purpose, which are externally imposed by providers, such as creditors, or amounts constrained due to constitutional provisions or enabling legislation. The uses of the funds' remaining fund balances are restricted for projects approved by Los Angeles County Metropolitan Transportation Authority (Metro).
- Unassigned – The unassigned classification is used only if expenditures incurred for specific purposes exceed the amounts restricted to those purposes.

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

NOTE 2 – ANNUAL FINANCIAL STATEMENTS

The financial statements reflect only the financial position and results of operations of the PALRF, PCLRF, MRLRF, MMLRF, and TDAA3F and their compliance with the Proposition A and Proposition C Local Return Program Guidelines, Measure R Local Return Program Guidelines, Measure M 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, 2019 and 2018
(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. See accompanying Compliance Matrix.

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. See accompanying Compliance Matrix.

NOTE 5 – MEASURE M LOCAL RETURN COMPLIANCE REQUIREMENTS

On June 23, 2016, the Metro Board of Directors approved the Los Angeles County Traffic Improvement Plan Ordinance, known as Measure M. In accordance with Measure M Local Return Program Guidelines, funds received pursuant to these guidelines may only be used for Measure M Local Return approved programs. See accompanying Compliance Matrix.

NOTE 6 – TRANSPORTATION DEVELOPMENT ACT COMPLIANCE REQUIREMENTS

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

NOTE 7 – CASH AND INVESTMENTS

The PALRF, PCLRF, MRLRF, MMLRF, and TDAA3F’s 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 and investments 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 8 – SECTION 5310 ENHANCE MOBILITY OF SENIORS AND INDIVIDUALS WITH DISABILITIES PROGRAM FEDERAL GRANT - PALRF AND PCLRF

On February 22, 2016, Metro executed a funding agreement with the City for Section 5310 Enhanced Mobility of Seniors and Individuals with Disabilities Program (Agreement). This Agreement provided federal financial assistance from the Federal Transit Administration (FTA) and identified Metro as the “pass-through” entity for the procurement of five (5) replacement vehicles for the continuation of existing curb-to-curb and door-to-door Dial-A-Ride program vehicles providing transport services to eligible seniors and persons with disabilities. The City received funds in the amount of \$307,077 for PALRF for the fiscal year ended June 30, 2018.

CITY OF WHITTIER
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Years Ended June 30, 2019 and 2018
(Continued)

NOTE 8 – SECTION 5310 ENHANCE MOBILITY OF SENIORS AND INDIVIDUALS WITH DISABILITIES PROGRAM FEDERAL GRANT - PALRF AND PCLRF (Continued)

On March 9, 2018, Metro executed a funding agreement with the City for Section 5310 Enhanced Mobility of Seniors and Individuals with Disabilities Program (Agreement). This Agreement provided federal financial assistance from the Federal Transit Administration (FTA) and identified Metro as the “pass-through” entity for the procurement of four (4) replacement vehicles for the continuation of existing door-to-door Dial-A-Ride program vehicles providing transport services to eligible seniors and persons with disabilities. The City received funds in the amount of \$195,512 for PCLRF for the fiscal year ended June 30, 2019.

NOTE 9 – PROJECT GENERATED REVENUE - PALRF

Project generated revenue for the years ended June 30, 2019 and 2018 amounted to \$23,291 and \$24,663, respectively. These revenues consisted of Dial-A-Ride service fees.

NOTE 10 – RENTAL INCOME - PALRF

Rental income are amounts received from renters for the rental of the ground floor of the building, commonly known as, the Whittier Depot in the amounts of \$21,061 and \$12,710 for the years ended June 30, 2019 and June 30, 2018, respectively.

NOTE 11 – OTHER INCOME – PALRF

Other income for the years ended June 30, 2019 and 2018 consisted of the following:

	2019	2018
Insurance refund	\$ -	\$ 7,400
Received from developer	-	5,000
Sale of vehicles	2,200	4,509
Donation	-	50
Miscellaneous	325	-
Total	\$ 2,525	\$ 16,959

NOTE 12 – 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 or stemming from a covered location. Total amount of prepaid expenses for the years ended June 30, 2019 and June 30, 2018 were \$63,083 and \$82,414, respectively.

CITY OF WHITTIER
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Years Ended June 30, 2019 and 2018
(Continued)

NOTE 13 – 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 on the prior year National Transit Database (NTD) Report entitled, “The City of Whittier-Paratransit Program, Demand Response Model”. The City received reimbursements in the amounts of \$19,194 and \$17,004 for the years ended June 30, 2019 and 2018, respectively.

NOTE 14 – PROJECT GENERATED REVENUE - PCLRF

The project generated revenue for the years ended June 30, 2019 and 2018 amounted to \$4,544 and \$3,825, respectively. These revenues consisted of recreational and Dial-A-Ride fares.

NOTE 15 – OTHER INCOME - PCLRF

Other income for the years ended June 30, 2019 and 2018 consisted of the following:

		2019		2018
Rental income *	\$	107,805	\$	129,791
Sale of a vehicle		-		4,508
Total	\$	107,805	\$	134,299

* Rental income for PCLRF consisted of revenues received from Cal Domestic Water for easement which operates a sophisticated water system with high efficiency pumping plants and advanced water treatment facilities owned by the City.

NOTE 16 – PROPOSITION A DISCRETIONARY INCENTIVE GRANT (PADIG)

The Proposition A Discretionary Incentive Grants amounting to \$281,958 and \$317,166 for the years ended June 30, 2019 and 2018, respectively, represents additional funds received from Metro for participating in the sub-regional paratransit services program.

The Proposition A Discretionary Incentive Grants were recorded under a separate PADIG Fund.

NOTE 17 – PROJECT REIMBURSEMENT - MRLRF

Project reimbursement in the amount of \$147,511 for the year ended June 30, 2018 was received from the State of California to provide and subsidize funding of the expenditures incurred for MRLRF’s Beverly Boulevard Lighting and Traffic Safety Improvements Project Code 1.30 in fiscal year 2016-17.

CITY OF WHITTIER
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Years Ended June 30, 2019 and 2018
(Continued)

NOTE 18 – 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, 2019 and 2018, the City has funds on reserve as follows:

		2019		2018
FY 2016-17 allocation	\$	7,719	\$	7,719
FY 2017-18 allocation		57,531		57,531
FY 2018-19 allocation		59,455		-
Available reserve balance	\$	124,705	\$	65,250

NOTE 19 – SUBSEQUENT EVENTS

The City has evaluated events or transactions that occurred subsequent to June 30, 2019 through November 16, 2019, 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, Proposition C Local Return Fund, Measure R Local Return Fund, Measure M Local Return Fund, and 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, 2019, and the related notes to the financial statements, and have issued our report thereon dated November 16, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the Funds' financial statements, we considered the City's internal control over financial reporting (internal control) 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 audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.





Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's Proposition A Local Return Fund, Proposition C Local Return Fund, Measure R Local Return Fund, Measure M Local Return Fund, and Transportation Development Act Article 3 Fund financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 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 & Simpson". The signature is written in a cursive, flowing style.

Los Angeles, California
November 16, 2019

COMPLIANCE SECTION



SIMPSON & SIMPSON
CERTIFIED PUBLIC ACCOUNTANTS

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

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 (the City) with the Proposition A and Proposition C Local Return Guidelines, Measure R Local Return Guidelines, Measure M Local Return Guidelines, Transportation Development Act Article 3, and the Los Angeles County Metropolitan Transportation Authority's Funding and Allocation Guidelines for the Transportation Development Act Article 3 Bicycle and Pedestrian Funds (collectively, the Guidelines) for the year ended June 30, 2019.

Management's Responsibility

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

Auditor's Responsibility

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

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

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

In our opinion, the City complied, in all material respects, with the compliance requirements of the Guidelines for the year ended June 30, 2019.





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 Recommendations as Finding Nos. 2019-001, 2019-002, 2019-003, and 2019-004. Our opinion on each local return program and Transportation Development Act Article 3 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 Recommendations. 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 Guidelines 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 combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance under the Guidelines will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with the Guidelines 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 requirements of the Guidelines. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Simpson & Simpson".

Los Angeles, California
November 16, 2019

CITY OF WHITTIER
COMPLIANCE MATRIX
Year Ended June 30, 2019

Compliance Requirement		In Compliance			Questioned Costs	If no, provide details and management response.
		Yes	No	N/A		
A. Proposition A and Proposition C Local Return Funds						
1.	Uses the State Controller's Uniform System of Accounts and Records.	X			None	
2.	Timely use of funds.	X			None	
3.	Funds expended were approved and have not been substituted for property tax.	X			None	
4.	Expenditures that exceeded 25% of approved project budget have approved amended project Description Form (Form A).	X			None	
5.	Administrative expenses are within the 20% cap of the total annual Local Return Expenditures.	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) was submitted on time.	X			None	
9.	Cash or cash equivalents are maintained.	X			None	
10.	Accounting procedures, record keeping and documentation are adequate.		X		PCLRF: \$102,863	See Finding Nos. 2019-001 and 2019-002 in the Schedule of Findings and Recommendations.
11.	Pavement Management System (PMS) is in place and being used for Street Maintenance or Improvement Projects Expenditures.	X			None	
12.	Local Return Account is credited for reimbursable expenditures.	X			None	
13.	Self-Certification was completed and submitted for Intelligent Transportation Systems projects or elements.			X	None	
14.	Signed Assurances and Understandings form was on file.	X			None	
15.	Fund exchanges were approved by Metro.			X	None	
16.	Recreational transit form was submitted on time.	X			None	

CITY OF WHITTIER
COMPLIANCE MATRIX
Year Ended June 30, 2019
(Continued)

Compliance Requirement		In Compliance			Questioned Costs	If no, provide details and management response.
		Yes	No	N/A		
B. Measure R Local Return Fund						
1.	Funds were expended for transportation purposes.	X			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 form was 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	
6.	Funds were expended with Metro's approval.	X			None	
7.	Expenditure Plan (Form One) was submitted on time.	X			None	
8.	Expenditure Report (Form Two) was submitted on time.		X		None	See Finding No. 2019-003 in the Schedule of Findings and Recommendations.
9.	Timely use of funds.	X			None	
10.	Administrative expenditures are within the 20% cap.			X	None	
11.	Fund exchanges were approved by Metro.			X	None	
12.	A separate account was established for Capital reserve funds and Capital reserve was approved by Metro.			X	None	
13.	Recreational transit form was submitted on time.			X	None	

CITY OF WHITTIER
COMPLIANCE MATRIX
Year Ended June 30, 2019
(Continued)

Compliance Requirement		In Compliance			Questioned Costs	If no, provide details and management response.
		Yes	No	N/A		
C. Measure M Local Return Fund						
1.	Funds were expended for transportation purposes.	X			None	
2.	Funds were used to augment, not supplant existing local revenues being used for transportation purposes unless there is a fund shortfall.	X			None	
3.	Signed Assurances and Understandings form was on file.	X			None	
4.	Separate Measure M Local Return Account was established.	X			None	
5.	Revenue received including allocations, project generated revenues and interest income was properly credited to the Measure M Local Return Account.	X			None	
6.	Funds were expended with Metro's approval.	X			None	
7.	Expenditure Plan (Form M-One) was submitted on time.	X			None	
8.	Expenditure Report (Form M-Two) was submitted on time.		X		None	See Finding No. 2019-004 in the Schedule of Findings and Recommendations.
9.	Timely use of funds.	X			None	
10.	Administrative expenses are within the 20% cap.			X	None	
11.	Fund exchanges were approved by Metro.			X	None	
12.	A separate account was established for Capital reserve funds and Capital reserve was approved by Metro.			X	None	
13.	Recreational transit form was submitted timely.			X	None	

CITY OF WHITTIER
COMPLIANCE MATRIX
Year Ended June 30, 2019
(Continued)

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

CITY OF WHITTIER
 SCHEDULE OF FINDINGS AND RECOMMENDATIONS
 June 30, 2019

PCLRF: Finding No. 2019-001

<p>Compliance Reference</p>	<p>According to Proposition A and Proposition C Local Return Guidelines, Section II, “A proposed expenditure of funds shall be deemed to be for public transit purposes to the extent that it can reasonably be expected to sustain or improve the quality and safety of and/or access to public transit services by the general public or those requiring special public transit assistance” and Section V, “It is jurisdictions’ responsibility to maintain proper accounting records and documentation...”In addition, LACMTA Local Return Program Manager issued a memo dated on April 29, 2014 to jurisdictions to provide recommendations to ensure that jurisdictions have adequate evidence to support its compliance with the Local Return Guidelines, those recommendations are “that an electronic system is acceptable as long as how much time is identified on the project (i.e. not just a clock-in-clock-out system) and this non-timesheet system, excel file or other, is authenticated by the employee and approved by one’s supervisor.” Also, “(4) Where employees work on multiple activities or cost objectives, a distribution or their salaries or wages will be supported by personnel activity reports or equivalent documentation which meets the standards in subsection (5) unless a statistical sampling system (see subsection (6)) or other substitute system has been approved by the cognizant Federal agency. Such documentary support will be required where employees work on:</p> <p style="padding-left: 40px;">(b) A Federal award and non-Federal award.</p> <p>(5) Personnel activity reports or equivalent documentation must meet the following standards:</p> <p style="padding-left: 40px;">(a) They must reflect an after the fact distribution of the actual activity of each employee,</p> <p style="padding-left: 40px;">(e) Budget estimates or other distribution percentages determined before the services are performed do not qualify as support for charges to Federal awards but may be used for interim accounting purposes, provided that: (i) the governmental unit’s system for establishing the estimates produces reasonable approximations of the activity actually performed; (ii) at least quarterly, comparisons of actual costs to budgeted distributions based on monthly activity reports are made. Costs charged to Federal awards to reflect adjustments made as a result of the activity actually performed may be recorded annually if the quarterly comparisons show the differences between budgeted and actual costs are less than ten percent; and (iii) the budget estimates or other distribution percentages are revised as least quarterly, if necessary, to reflect changed circumstances.”</p>
------------------------------------	--

CITY OF WHITTIER
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
 June 30, 2019
 (Continued)

PCLRF: Finding No. 2019-001 (Continued)

<p>Condition</p>	<p>To support the propriety of expenditures being charged to Proposition C Local Return Fund, payroll expenditures should be supported by properly executed payrolls, time records, activity reports, vouchers, or other official documentation evidencing in proper detail the nature of the charges. However, payroll expenditures allocated to the PCLRF (Greenway Trail Maintenance Project Code 430-123) were not properly supported for two (2) employees sampled out of eight (8) total employees allocated to the PCLRF.</p> <p>Timesheets were requested for two (2) employees (directors) sampled to support the allocation of payroll expenditures to the PCLRF project. However, the City stated that the employees did not maintain/utilize timesheets. Instead, the City provided a memorandum, initialed by the employees, which “certified” a percentage of time that the employees worked on the PCLRF project for the entire fiscal year. However, the following issues were noted with the memorandum:</p> <ul style="list-style-type: none"> • The memorandums used the term “approximately” when reporting the hours charged to the PCLRF project for the fiscal year. The term “approximately” signifies an estimate. • The memorandums included a percentage of time the employees worked on the program, along with an approximation of hours worked. However, the memorandum only exclusively accounted for the hours worked on the PCLRF for the fiscal year for each employee. As a result, a recalculation of the percentage of time worked on the PCLRF project could not be performed. • The memorandums itemized the duties that the employees performed in relation to the PCLRF project. However, the list of duties did not include the amount of time spent performing each duty. • The memorandums did not show evidence of supervisor review or approval. <p>Based on the issues noted, the memorandums function as an estimate of time worked exclusively on the PCLRF project. Moreover, the City stated that a “true-up” or an adjustment to reflect “true” hours was not performed. As a result, a total of \$102,863 payroll costs which were allocated to the PCLRF Greenway Trail Maintenance Project Code 430-123 were unsupported.</p>
<p>Cause</p>	<p>The City believed that the signed memorandum was sufficient support for the allocation of payroll costs.</p>
<p>Effect</p>	<p>Without time sheets that track hours by funding source and/or project, the City may be unable to accurately track, manage, record, and bill payroll related expenditures. Unsupported payroll costs claimed may result in questioned or disallowed costs.</p>

CITY OF WHITTIER
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
 June 30, 2019
 (Continued)

PCLRF: Finding No. 2019-001 (Continued)

Recommendation	We recommend that the City reimburse its Proposition C Local Return Fund accounts for \$102,863. In addition, we recommend that the City revise its current labor costs reporting procedures to ensure that labor costs charged to Proposition C Local Return Fund are adequately supported by timesheet, a recent time study, or a supported, relevant, and equitable allocation method for personnel.
Management's Response	The City agrees with the finding, however, disagrees with the recommendation to reimburse Proposition C Local Return Funds in the amount of \$102,863. The City has provided documentation for the time incurred and believed that this amount covers the minimum amount of time spent on the project for the eight (8) individuals. Effective immediately, the City has started to utilize the timesheets to track the actual time worked by the aforementioned employees to prevent future similar findings.
Auditor's Rejoinder	<p>Although the City's claim that the memorandums support the "minimum amount of time spent on the project" may be true, we were unable to verify the hours reported based on the documentation provided. As a result, the hours charged to the PCLRF project were determined unsupported.</p> <p>The Auditor also notes that the City has begun to implement the utilization of timesheets to track actual time worked by the aforementioned employees.</p>

CITY OF WHITTIER
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
 June 30, 2019
 (Continued)

PALRF and PCLRF: Finding No. 2019-002

Compliance Reference	According to Proposition A and Proposition C Local Return Guidelines, Section II, “A proposed expenditure of funds shall be deemed to be for public transit purposes to the extent that it can reasonably be expected to sustain or improve the quality and safety of and/or access to public transit services by the general public or those requiring special public transit assistance” and Section V, “It is jurisdictions’ responsibility to maintain proper accounting records and documentation...”
Condition	To support the propriety of expenditures being charged to the Proposition A and Proposition C Local Return Funds, non-payroll expenditures should be supported by properly executed contracts, invoices, and vouchers or other official documentation evidencing in proper detail the nature of the charges. However, indirect costs charged to PALRF and PCLRF in the amounts of \$8,171 and \$210,238, respectively, were based on a Cost Allocation Plan (CAP) that was prepared in fiscal year 1991-92.
Cause	The City is in the final stages of reviewing the CAP. It has taken longer than expected.
Effect	The expenditures allocated may not reflect the appropriate share of costs charged to PALRF and PCLRF.
Recommendation	We recommend that the City update its CAP either by the City’s own qualified personnel or by an independent external party to perform a study of the share of costs between departments, programs and funds throughout the City. The study ensures that the respective funds, including PALRF and PCLRF, are fairly and accurately paying for the services received. For a CAP to be reasonable, the City needs to establish an allocation system that is fair, equitable, and supported by current data.
Management’s Response	The City will implement a revised CAP.

CITY OF WHITTIER
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
 June 30, 2019
 (Continued)

MRLRF: Finding No. 2019-003

Compliance Reference	According to Measure R Local Return Guidelines, Section B (II.2), "Jurisdictions shall submit a Form Two, to LACMTA annually, by October 15th (following the conclusion of the fiscal year)."
Condition	The City did not meet the October 15, 2019 deadline for submission of Expenditure Report Form Two to LACMTA. The City subsequently submitted the Form Two on October 30, 2019.
Cause	The late submission of Form Two was caused by the transition of City staff. The employee responsible for the submission of the form has since left the City due to retirement.
Effect	The City's Form Two was not submitted timely as required by Measure R Local Return Guidelines.
Recommendation	We recommend that the City establish procedures to ensure that the Form Two (Expenditure Report) is properly prepared and submitted before the due date of October 15th so that the City's expenditures of the MRLRF will be in accordance with LACMTA's approval and the guidelines. Furthermore, we recommend that the City retain a confirmation of receipt by LACMTA to indicate the form was submitted in a timely manner.
Management's Response	In the future, the City management will ensure timely submission of Form Two.
Finding Corrected During Audit	The City subsequently submitted the Form Two on October 30, 2019. No follow-up is required.

CITY OF WHITTIER
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
 June 30, 2019
 (Continued)

MMLRF: Finding No. 2019-004

Compliance Reference	According to Measure M Local Return Guidelines, Section XXV, Administrative, "Jurisdictions shall submit a Form M-Two, to LACMTA annually, by October 15th (following the conclusion of the fiscal year)."
Condition	The City did not meet the October 15, 2019 deadline for submission of Expenditure Report Form M-Two to LACMTA. The City subsequently submitted the Form M-Two on October 30, 2019.
Cause	The late submission of Form M-Two was caused by the transition of City staff. The employee responsible for the submission of the form has since left the City due to retirement.
Effect	The City's Form M-Two was not submitted timely as required by Measure M Local Return Guidelines.
Recommendation	We recommend that the City establish procedures to ensure that the Form M-Two (Expenditure Report) is properly prepared and submitted before the due date of October 15th so that the City's expenditures of the MMLRF will be in accordance with LACMTA's approval and the guidelines. Furthermore, we recommend that the City retain a confirmation of receipt by LACMTA to indicate the form was submitted in a timely manner.
Management's Response	In the future, the City management will ensure timely submission of Form M-Two.
Finding Corrected During Audit	The City subsequently submitted the Form M-Two on October 30, 2019. No follow-up is required.

EXIT CONFERENCE

CITY OF WHITTIER
PROPOSITION A LOCAL RETURN FUND, PROPOSITION C LOCAL RETURN FUND,
MEASURE R LOCAL RETURN FUND, MEASURE M LOCAL RETURN FUND, AND
TRANSPORTATION DEVELOPMENT ACT ARTICLE 3 FUND
EXIT CONFERENCE
June 30, 2019

An exit conference was held on December 11, 2019 with the City of Whittier. Those in attendance were:

Simpson & Simpson Representative:

Yung Dang, Senior Auditor

City's Representatives:

Monica Lo, Director of Administrative Services
Alice Hui, Assistant Director of Administrative Services

Matters Discussed:

Results of the audit disclosed no significant control deficiencies and four (4) non-compliance issues with Metro 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, Director of Administrative Services

Simpson & Simpson, LLP
633 West 5th Street, Suite 3320
Los Angeles, CA 90071

RE: CITY OF WHITTIER ANNUAL FINANCIAL REPORT OF THE PROPOSITION A LOCAL RETURN FUND, PROPOSITION C LOCAL RETURN FUND, MEASURE R LOCAL RETURN FUND, MEASURE M LOCAL RETURN FUND, AND TRANSPORTATION DEVELOPMENT ACT ARTICLE 3 FUND FOR THE FISCAL YEARS ENDED JUNE 30, 2019 AND 2018

I have received the annual financial report of the Proposition A Local Return Fund, Proposition C Local Return Fund, Measure R Local Return Fund, Measure M Local Return Fund, and Transportation Development Act Article 3 Fund for the years ended June 30, 2019 and 2018 for the City of Whittier and agree with the contents of the report except as indicated below:

(Attach additional pages if necessary)

Very truly yours,

Name

Title

Date