

***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, 2020 AND 2019***



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	17
Measure M Local Return Fund:	
Financial Statements:	
Balance Sheets	18
Statements of Revenues, Expenditures and Changes in Fund Balance	19
Supplementary Information:	
Schedule of Expenditures – Actual and Metro Approved Project Budget	20
Schedule of Capital Assets	21
Transportation Development Act Article 3 Fund:	
Financial Statements:	
Balance Sheets	22
Statements of Revenues, Expenditures and Changes in Fund Balance	23
Supplementary Information:	
Schedule of Transportation Development Act Allocation for Specific Projects	24
Notes to Financial Statements	25

CITY OF WHITTIER
TABLE OF CONTENTS
(Continued)

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>	31
---	----

COMPLIANCE SECTION

Independent Auditor’s Report on Compliance	33
Compliance Matrix	36
Schedule of Finding and Recommendation	40

EXIT CONFERENCE	41
------------------------	----

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, 2020 and 2019, 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, 2020 and 2019, 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, 2020 and 2019, 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 October 28, 2020, 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
October 28, 2020

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

	<u>2020</u>	<u>2019</u>
ASSETS		
Cash and investments	\$ 3,263,521	\$ 2,854,284
Interest receivable	16,047	13,558
Accounts receivable	-	1,893
Unrealized gain on investments	<u>139,353</u>	<u>42,924</u>
Total assets	<u>\$ 3,418,921</u>	<u>\$ 2,912,659</u>
 LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 57,237	\$ 98,834
Accrued payroll and employee benefits	<u>1,170</u>	<u>-</u>
Total liabilities	<u>58,407</u>	<u>98,834</u>
 Deferred inflow of resources		
Total deferred inflow of resources	<u>-</u>	<u>2,682</u>
 Fund Balance		
Restricted	<u>3,360,514</u>	<u>2,811,143</u>
Total fund balance	<u>3,360,514</u>	<u>2,811,143</u>
Total liabilities, deferred inflow of resources, and fund balance	<u>\$ 3,418,921</u>	<u>\$ 2,912,659</u>

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

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

	2020	2019
REVENUES		
Proposition A	\$ 1,691,811	\$ 1,760,834
Interest income	67,733	49,384
Unrealized gain on investments	96,429	66,108
Project generated revenue (Note 8)	18,281	23,291
Rental income (Note 9)	7,898	21,061
Other income (Note 10)	4,537	2,525
Total revenues	1,886,689	1,923,203
EXPENDITURES		
Various projects	1,337,318	1,176,347
Total expenditures	1,337,318	1,176,347
Excess of revenues over expenditures	549,371	746,856
Fund balance at beginning of year	2,811,143	2,064,287
Fund balance at end of year	\$ 3,360,514	\$ 2,811,143

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, 2020
(With Comparative Actual Amount for the Fiscal Year Ended June 30, 2019)

Project Code	Project Name	2020		Variance	2019 Actual
		Metro Budget	Actual	Favorable (Unfavorable)	
130-801	Dial-A-Ride In-House Maintenance	\$ 224,660	\$ 198,117	\$ 26,543	\$ 215,303
130-803	Dial-A-Ride Senior Citizens and the Disabled	900,000	881,718	18,282	732,781
170-01	Bus Bench/Shelter Maintenance	122,035	103,879	18,156	97,728
180-191	Bus Bench/Shelter Maintenance - Equipment	74,000	10,589	63,411	-
310-801	Historic Transportation Depot Maintenance and Operation	95,513	55,406	40,107	49,094
310-802	Historic Transportation Depot Preventive Maintenance	80,000	5,022	74,978	3,354
480-01	Proposition A Administration	253,022	73,806	179,216	69,517
500-803	SCAG Annual Membership	9,500	8,781	719	8,570
Total expenditures		\$ <u>1,758,730</u>	\$ <u>1,337,318</u>	\$ <u>421,412</u>	\$ <u>1,176,347</u>

See accompanying independent auditor's report.

CITY OF WHITTIER
PROPOSITION A LOCAL RETURN FUND
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS
June 30, 2020

Date Acquired	Description	Balance 7/1/2019	Additions	Deletions	Balance 6/30/2020
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	-
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
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
01/20	2019 HydroTek Trailer Pressure Washer	-	10,589	-	10,589
Total		\$ 2,006,148	\$ 10,589	\$ 16,606	\$ 2,000,131

See accompanying independent auditor's report.

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

	<u>2020</u>	<u>2019</u>
ASSETS		
Cash and investments	\$ 5,693,774	\$ 4,507,776
Interest receivable	26,690	23,487
Accounts receivable	28,320	101,018
Prepaid expenses (Note 11)	43,608	63,083
Unrealized gain on investments	235,421	67,096
Total assets	<u>\$ 6,027,813</u>	<u>\$ 4,762,460</u>
 LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 42,965	\$ 16,105
Total liabilities	<u>42,965</u>	<u>16,105</u>
 Fund Balance		
Restricted	<u>5,984,848</u>	<u>4,746,355</u>
Total fund balance	<u>5,984,848</u>	<u>4,746,355</u>
Total liabilities and fund balance	<u>\$ 6,027,813</u>	<u>\$ 4,762,460</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

	2020	2019
REVENUES		
Proposition C	\$ 1,403,361	\$ 1,460,563
Interest income	111,719	84,698
Unrealized gain on investments	168,325	106,168
Section 5310 Enhance Mobility of Seniors and Individuals with Disabilities Program Federal Grant (Note 12)	-	195,512
Reimbursement from the City of La Habra Heights (Note 13)	19,515	19,194
Project generated revenue (Note 14)	2,489	4,544
Other income (Note 15)	103,300	107,805
Total revenues	1,808,709	1,978,484
EXPENDITURES		
Various projects	570,216	1,131,747
Total expenditures	570,216	1,131,747
Excess of revenues over expenditures	1,238,493	846,737
Fund balance at beginning of year	4,746,355	3,899,618
Fund balance at end of year	\$ 5,984,848	\$ 4,746,355

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, 2020
(With Comparative Actual Amount for the Fiscal Year Ended June 30, 2019)

Project Code	Project Name	2020		Variance	2019 Actual
		Metro Budget	Actual	Favorable (Unfavorable)	
130-802	Taxi Voucher DAR Program	\$ 90,000	\$ 90,000	\$ -	\$ 67,348
130-804	La Habra Heights Dial-A-Ride	52,105	27,017	25,088	29,075
140-901	Recreation Transit	60,441	23,330	37,111	55,724
200-90	Dial-A-Ride Vehicle Purchase	-	-	-	216,646
230-10	Greenway Trail Transit Security	90,000	17,529	72,471	54,818
250-901	Fare Subsidy Program	19,000	10,158	8,842	10,389
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	3,874	186,126	4,097
380-20	Green Trail East Extension Gap Closure Project	1,228,462	-	1,228,462	-
430-123	Greenway Trail Maintenance	600,000	231,128	368,872	424,452
430-144	Soil Remediation	70,000	-	70,000	-
430-901	Greenway Trail Legal Costs - ROW	10,000	-	10,000	-
430-902	Greenway Trail Security Vehicle	25,000	-	25,000	-
430-903	Whittier Greenway Trail - East Extension Work	119,000	15,932	103,068	-
430-904	Greenway Trail Property Insurance	35,000	26,605	8,395	26,606
480-10	Proposition C Administration	225,509	75,376	150,133	186,825
500-801	SR-91 and I-605 Needs Assessment Study	24,000	22,000	2,000	22,000
500-802	Accessibility Planning	43,829	27,267	16,562	33,767
Total expenditures		\$ 2,939,846	\$ 570,216	\$ 2,369,630	\$ 1,131,747

See accompanying independent auditor's report.

CITY OF WHITTIER
PROPOSITION C LOCAL RETURN FUND
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS
June 30, 2020

Date Acquired	Description	Balance 7/1/2019	Additions	Deletions	Balance 6/30/2020
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		\$ 430,038	\$ -	\$ -	\$ 430,038

See accompanying independent auditor's report.

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

	2020	2019
ASSETS		
Cash and investments	\$ 199,208	\$ 236,578
Interest receivable	1,019	1,117
Unrealized gain on investments	8,518	3,552
Total assets	\$ 208,745	\$ 241,247
 LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 20,186	\$ 41,572
Total liabilities	20,186	41,572
 Fund Balance		
Restricted	188,559	199,675
Total fund balance	188,559	199,675
Total liabilities and fund balance	\$ 208,745	\$ 241,247

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>2020</u>	<u>2019</u>
REVENUES		
Proposition A Discretionary Incentive Grant (Note 16)	\$ 278,006	\$ 281,958
Interest income	4,046	3,886
Unrealized gain on investments	<u>4,966</u>	<u>6,030</u>
Total revenues	<u>287,018</u>	<u>291,874</u>
EXPENDITURES		
Dial-A-Ride Senior Citizen and the Disabled	<u>298,134</u>	<u>306,054</u>
Total expenditures	<u>298,134</u>	<u>306,054</u>
Deficiency of revenues over expenditures	(11,116)	(14,180)
Fund balance at beginning of year	<u>199,675</u>	<u>213,855</u>
Fund balance at end of year	<u>\$ 188,559</u>	<u>\$ 199,675</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>2020</u>	<u>2019</u>
ASSETS		
Cash and investments	\$ 6,554,325	\$ 5,609,531
Interest receivable	31,799	29,506
Unrealized gain on investments	<u>278,299</u>	<u>83,225</u>
Total assets	<u>\$ 6,864,423</u>	<u>\$ 5,722,262</u>
 LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ <u>80,621</u>	\$ <u>142,880</u>
Total liabilities	<u>80,621</u>	<u>142,880</u>
 Fund Balance		
Restricted	<u>6,783,802</u>	<u>5,579,382</u>
Total fund balance	<u>6,783,802</u>	<u>5,579,382</u>
Total liabilities and fund balance	<u>\$ 6,864,423</u>	<u>\$ 5,722,262</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

	2020	2019
REVENUES		
Measure R	\$ 1,051,015	\$ 1,095,737
Interest income	131,578	104,285
Unrealized gain on investments	195,074	136,257
Project reimbursement (Note 17)	105,738	-
Total revenues	1,483,405	1,336,279
 EXPENDITURES		
Various projects	278,985	906,099
Total expenditures	278,985	906,099
 Excess of revenues over expenditures	1,204,420	430,180
 Fund balance at beginning of year	5,579,382	5,149,202
 Fund balance at end of year	\$ 6,783,802	\$ 5,579,382

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, 2020
(With Comparative Actual Amount for the Fiscal Year Ended June 30, 2019)

Project Code	Project Name	2020		Variance	2019 Actual
		Metro Budget	Actual	Favorable (Unfavorable)	
1.05	Lambert Road TSSP	\$ 88,552	\$ 10,425	\$ 78,127	\$ 32,573
1.05	Whittier Boulevard at Norwalk Boulevard Widen to add Right Turn Lanes	13,000	2,216	10,784	13,047
1.05	Palm Avenue from Whittier Boulevard to Beverly Boulevard Reconstruction	245,000	-	245,000	-
1.05	Santa Gertrudes Avenue Resurfacing	119,000	18,541	100,459	20,332
1.05	Youngwood Drive Resurfacing	-	-	-	528,479
1.05	Pavement Surface Treatment	445,452	25,085	420,367	38,606
1.05	Pavement Surface Treatment	262,667	-	262,667	-
1.05	Gateway Cities Whittier Boulevard Hot Spots Intersection Projects	60,000	7,198	52,802	5,855
1.20	Traffic Signal Modifications - Pickering Avenue at Hadley Street	400,000	-	400,000	-
1.90	2018-19 Signing and Striping	10,000	-	10,000	-
1.90	2019-20 Signing and Striping	10,000	-	10,000	-
1.90	Honolulu Terrace Roadway Retaining Wall	41,820	6,477	35,343	35,939
1.90	Traffic Signal Modifications - Greenleaf Avenue at Mar Vista Street	60,000	-	60,000	-
1.90	Traffic Signal Modifications - Pickering Avenue at Mar Vista Street	60,000	-	60,000	-
3.05	Whittier Greenway Trail East Extension Design and Construction	3,199,709	40,386	3,159,323	92,164
3.05	Hadley Street at Washington Avenue Crosswalk	30,000	28,635	1,365	-
3.05	La Serna Drive Sidewalk and Bike Lanes	38,400	19,627	18,773	36,879
3.05	Scott Avenue Sidewalks	50,000	6,238	43,762	-
3.05	Whittier Greenway Trail Landscaping, Signing and Striping Maintenance	53,482	7,200	46,282	25,613
3.05	Whittier Greenway Trail East Extension Design	31,224	19,573	11,651	62,674
	Sub-total	<u>5,218,306</u>	<u>191,601</u>	<u>5,026,705</u>	<u>892,161</u>

See accompanying independent auditor's report.

CITY OF WHITTIER
MEASURE R LOCAL RETURN FUND
SUPPLEMENTARY INFORMATION
SCHEDULE OF EXPENDITURES
ACTUAL AND METRO APPROVED PROJECT BUDGET
(Continued)

For the Fiscal Year Ended June 30, 2020
(With Comparative Actual Amount for the Fiscal Year Ended June 30, 2019)

Project Code	Project Name	2020			2019 Actual
		Metro Budget	Actual	Variance Favorable (Unfavorable)	
3.20	Greenleaf Avenue at Putnam Street and Whittier Greenway Trail Signal	\$ 42,769	\$ 3,578	\$ 39,191	\$ 9,053
3.20	Pedestrian Countdown Signals and ADA Audible Pedestrian Signal	253,770	83,806	169,964	4,885
	Total expenditures	\$ 5,514,845	\$ 278,985	\$ 5,235,860	\$ 906,099

See accompanying independent auditor's report.

CITY OF WHITTIER
MEASURE R LOCAL RETURN FUND
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS
 June 30, 2020

Date Acquired	Description	Balance 7/1/2019	Additions	Deletions	Balance 6/30/2020
None		\$ -	\$ -	\$ -	\$ -
	Total	\$ -	\$ -	\$ -	\$ -

See accompanying independent auditor's report.

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

	2020	2019
ASSETS		
Cash and investments	\$ 3,366,601	\$ 2,128,156
Interest receivable	13,895	8,442
Unrealized gain on investments	139,869	32,940
Total assets	\$ 3,520,365	\$ 2,169,538
 LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ -	\$ -
Total liabilities	-	-
 Fund Balance		
Restricted	3,520,365	2,169,538
Total fund balance	3,520,365	2,169,538
Total liabilities and fund balance	\$ 3,520,365	\$ 2,169,538

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

	2020	2019
REVENUES		
Measure M	\$ 1,182,327	\$ 1,234,839
Interest income	61,948	33,876
Unrealized gain on investments	106,929	42,649
Total revenues	1,351,204	1,311,364
 EXPENDITURES		
Various projects	377	65,377
Total expenditures	377	65,377
 Excess of revenues over expenditures	1,350,827	1,245,987
 Fund balance at beginning of year	2,169,538	923,551
 Fund balance at end of year	\$ 3,520,365	\$ 2,169,538

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, 2020
(With Comparative Actual Amount for the Fiscal Year Ended June 30, 2019)

Project Code	Project Name	2020			2019 Actual
		Metro Budget	Actual	Variance Favorable (Unfavorable)	
3.05	Whittier Greenway Trail East Extension Gap Closure Project 2017-18	\$ 923,550	\$ 377	\$ 923,173	\$ 65,377
3.05	Whittier Greenway Trail East Extension Gap Closure Project 2018-19	<u>1,251,297</u>	<u>-</u>	<u>1,251,297</u>	<u>-</u>
	Total expenditures	<u>\$ 2,174,847</u>	<u>\$ 377</u>	<u>\$ 2,174,470</u>	<u>\$ 65,377</u>

See accompanying independent auditor's report.

CITY OF WHITTIER
MEASURE M LOCAL RETURN FUND
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS
 June 30, 2020

Date Acquired	Description	Balance 7/1/2019	Additions	Deletions	Balance 6/30/2020
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

	<u>2020</u>	<u>2019</u>
ASSETS		
Due from Metro	\$ <u>187,671</u>	\$ <u>-</u>
Total assets	\$ <u><u>187,671</u></u>	\$ <u><u>-</u></u>
 LIABILITIES AND FUND BALANCE		
Liabilities		
Due to other funds	\$ <u>22,686</u>	\$ <u>22,640</u>
Total liabilities	<u>22,686</u>	<u>22,640</u>
 Fund Balance		
Restricted	164,985 *	-
Unassigned	<u>-</u>	<u>(22,640)</u>
Total fund balance	<u>164,985</u>	<u>(22,640)</u>
Total liabilities and fund balance	\$ <u><u>187,671</u></u>	\$ <u><u>-</u></u>

* Since the unspent fund balance of \$164,985 is a receivable from Metro as of June 30, 2020, the City is not required to return the ending fund balance to Metro to be placed on reserve for the City.

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

	2020	2019
REVENUES		
TDA 3	\$ 187,671	\$ -
Total revenues	187,671	-
 EXPENDITURES		
Greenway Trail East Extension Project/2.5 Mile Class 1 Bicycle and Pedestrian Trail/ Sidewalk Improvement and ADA Curb Ramps	46	840
Total expenditures	46	840
Excess (deficiency) of revenues over expenditures	187,625	(840)
Fund balance (deficit) at beginning of year	(22,640)	(21,800)
Fund balance (deficit) at end of year *	\$ 164,985	\$ (22,640)

* Since the unspent fund balance of \$164,985 is a receivable from Metro as of June 30, 2020, the City is not required to return the ending fund balance to Metro to be placed on reserve for the City.

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, 2020

<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	2019-20	\$ 187,671	\$ 46	\$ 187,625	Ongoing
Total		<u>\$ 187,671</u>	<u>\$ 46</u>	187,625	
Fund balance (deficit) at beginning of the year				<u>(22,640)</u>	
Fund balance at beginning of year				<u>\$ 164,985</u> *	

* Since the unspent fund balance of \$164,985 is a receivable from Metro as of June 30, 2020, the City is not required to return the ending fund balance to Metro to be placed on reserve for the City.

See accompanying independent auditor's report.

CITY OF WHITTIER
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Years Ended June 30, 2020 and 2019

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 the 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. The statement of revenues, expenditures and changes in fund balance for Special Revenue Funds generally present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

Budgets and Budgetary Accounting

The budgeted amounts presented in this report for comparison to the actual amounts are presented in accordance with accounting principles generally accepted in the United States of America.

CITY OF WHITTIER
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Years Ended June 30, 2020 and 2019
(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 2020 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, 2020:

- 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, 2020 and 2019
(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 – PROJECT GENERATED REVENUE - PALRF

Project generated revenue for the years ended June 30, 2020 and 2019 amounted to \$18,281 and \$23,291, respectively. These revenues consisted of Dial-A-Ride service fees.

NOTE 9 – 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 \$7,898 and \$21,061 for the years ended June 30, 2020 and June 30, 2019, respectively.

CITY OF WHITTIER
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Years Ended June 30, 2020 and 2019
(Continued)

NOTE 10 – OTHER INCOME - PALRF

Other income for the years ended June 30, 2020 and 2019 consisted of the following:

		2020		2019
Sale of vehicles	\$	1,274	\$	2,200
Miscellaneous		3,263		325
Total	\$	4,537	\$	2,525

NOTE 11 – 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, 2020 and June 30, 2019 were \$43,608 and \$63,083, respectively.

NOTE 12 – SECTION 5310 ENHANCE MOBILITY OF SENIORS AND INDIVIDUALS WITH DISABILITIES PROGRAM FEDERAL GRANT - PCLRF

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 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 \$19,515 and \$19,194 for the years ended June 30, 2020 and 2019, respectively.

CITY OF WHITTIER
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Years Ended June 30, 2020 and 2019
(Continued)

NOTE 14 – PROJECT GENERATED REVENUE - PCLRF

The project generated revenue for the years ended June 30, 2020 and 2019 amounted to \$2,489 and \$4,544, respectively. These revenues consisted of recreational and Dial-A-Ride fares.

NOTE 15 – OTHER INCOME - PCLRF

Other income for the years ended June 30, 2020 and 2019 in the amounts of \$103,300 and \$107,805, respectively, consisted of rental income 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 \$278,006 and \$281,958 for the years ended June 30, 2020 and 2019, 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 \$105,738 for the year ended June 30, 2020 was received from the State of California to provide and subsidize funding of the expenditures incurred for MRLRF’s Lambert Road TSSP Project Code 1.05 in fiscal year 2017-18.

NOTE 18 – TRANSPORTATION DEVELOPMENT ACT FUND REVENUE ALLOCATION

The revenue allocation for the years ended June 30, 2020 and 2019 consisted of the following:

	2020	2019
FY 2016-17 allocation	\$ 7,719	\$ -
FY 2017-18 allocation	57,531	-
FY 2018-19 allocation	59,455	-
FY 2019-20 allocation	62,966	-
Total payment requested	\$ 187,671	\$ -

CITY OF WHITTIER
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Years Ended June 30, 2020 and 2019
(Continued)

NOTE 19 – 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, 2020 and 2019, the City has funds on reserve as follows:

		2020		2019
FY 2016-17 allocation	\$	-	\$	7,719
FY 2017-18 allocation		-		57,531
FY 2018-19 allocation		-		59,455
Available reserve balance	\$	-	\$	124,705

NOTE 20 – SUBSEQUENT EVENTS

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, and quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries. To date, it is unknown how long these conditions will last and what the complete financial effect will be to businesses and other affected organizations, including local government agencies.

The City has evaluated subsequent events through October 28, 2020, the date the financial statements were available to be issued and concluded no other events have occurred that require disclosure or adjustments to the 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, 2020, and the related notes to the financial statements, and have issued our report thereon dated October 28, 2020.

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 cursive script that reads "Simpson & Simpson".

Los Angeles, California
October 28, 2020

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, 2020.

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, except as noted in the Compliance Matrix and the Schedule of Finding and Recommendation, the City complied, in all material respects, with the compliance requirements of the Guidelines for the year ended June 30, 2020.





Other Matters

The results of our auditing procedures disclosed and instance of noncompliance, which is required to be reported in accordance with the Guidelines and which is described in the accompanying Schedule of Finding and Recommendation as Finding No. 2020-001. Our opinion on each local return program and Transportation Development Act Article 3 program is not modified with respect to this matter.

The City's response to the noncompliance finding identified in our audit is described in the accompanying Schedule of Finding and Recommendation. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the 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, we did identify a deficiency in internal control over compliance described in the accompanying Schedule of Finding and Recommendation as Finding No. 2020-001 that we consider to be a significant deficiency.

The City's response to the internal control over compliance finding identified in our audit is described in the accompanying Schedule of Finding and Recommendations. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.



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.

Simpson & Simpson

Los Angeles, California
October 28, 2020

CITY OF WHITTIER
COMPLIANCE MATRIX
Year Ended June 30, 2020

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		None	See Finding No. 2020-001 in the Schedule of Finding and Recommendation.
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.	Recreational transit form was submitted on time.	X			None	

CITY OF WHITTIER
COMPLIANCE MATRIX
Year Ended June 30, 2020
(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	
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, 2020
(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	
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, 2020
 (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 FINDING AND RECOMMENDATION
 June 30, 2020

PALRF and PCLRF: Finding No. 2020-001

Compliance Reference	According to Proposition A and Proposition C Local Return Guidelines, Section II Project Eligibility, “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 the 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 \$152,636 and \$98,380, respectively, were based on a Cost Allocation Plan (CAP) that was prepared in fiscal year 1991-92. This is a repeat finding from prior fiscal year.
Cause	The City was in the final stages of review of CAP but has decided to work with an outside consultant to implement the CAP.
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.

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, 2020

An exit conference was held on December 15, 2020 with the City of Whittier. Those in attendance were:

Simpson & Simpson Representative:

Yung Dang, Senior Auditor

City's Representative:

Alice Hui, Assistant Director of Administrative Services

Matters Discussed:

Results of the audit disclosed one (1) significant control deficiency and one (1) non-compliance issue 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:

Alice Hui, Assistant 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, 2020 AND 2019

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, 2020 and 2019 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