

***CITY OF WEST COVINA
ANNUAL FINANCIAL REPORT OF THE
PROPOSITION A LOCAL RETURN FUND
PROPOSITION C LOCAL RETURN FUND
MEASURE R LOCAL RETURN FUND
TRANSPORTATION DEVELOPMENT ACT
ARTICLE 3 FUND
FOR THE FISCAL YEARS ENDED
JUNE 30, 2018 AND 2017
AND MEASURE M LOCAL RETURN FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018***



Metro[®]



Simpson & Simpson, LLP
Certified Public Accountants

CITY OF WEST COVINA
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
Measure R Local Return Fund:	
Financial Statements:	
Balance Sheets	11
Statements of Revenues, Expenditures and Changes in Fund Balance	12
Supplementary Information:	
Schedule of Expenditures – Actual and Metro Approved Project Budget	13
Schedule of Capital Assets	15
Measure M Local Return Fund:	
Financial Statements:	
Balance Sheet	16
Statement of Revenues, Expenditures and Change in Fund Balance	17
Supplementary Information:	
Schedule of Expenditures – Actual and Metro Approved Project Budget	18
Schedule of Capital Assets	19
Transportation Development Act Article 3 Fund:	
Financial Statements:	
Balance Sheets	20
Statements of Revenues, Expenditures and Changes in Fund Balance	21
Supplementary Information:	
Schedule of Transportation Development Act Allocation for Specific Projects	22
Notes to Financial Statements	23
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>	28

CITY OF WEST COVINA
TABLE OF CONTENTS
(Continued)

COMPLIANCE SECTION

Independent Auditor's Report on Compliance	30
Compliance Matrix	32
Schedule of Findings and Recommendations	36

EXIT CONFERENCE	37
------------------------	----

FINANCIAL SECTION



SIMPSON & SIMPSON

CERTIFIED PUBLIC ACCOUNTANTS

FOUNDING PARTNERS

BRAINARD C. SIMPSON, CPA

MELBA W. SIMPSON, CPA

U.S. BANK TOWER
633 WEST 5TH STREET, SUITE 3320
LOS ANGELES, CA 90071
(213) 736-6664 TELEPHONE
(213) 736-6692 FAX
www.simpsonandsimpsoncpas.com

Independent Auditor's Report

To the Honorable Members of the City Council of the
City of West Covina, 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), and Transportation Development Act Article 3 Fund (TDAA3F) (collectively, the Funds), of the City of West Covina, California (the City) as of and for the years ended June 30, 2018 and 2017, and Measure M Local Return Fund (MMLRF) (the Fund) of the City of West Covina, California (the City) as of and for the year ended June 30, 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 an opinion 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 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 and TDAA3F of the City of West Covina, California, as of June 30, 2018 and 2017, and MMLRF of the City of West Covina, California, as of June 30, 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 West Covina, California, as of June 30, 2018 and 2017, 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 7, 2018, 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 7, 2018

CITY OF WEST COVINA
PROPOSITION A LOCAL RETURN FUND
BALANCE SHEETS
June 30

	<u>2018</u>	<u>2017</u>
ASSETS		
Cash and cash investments	\$ 86,738	\$ 169,689
Interest receivable	<u>29</u>	<u>37</u>
Total assets	<u>\$ 86,767</u>	<u>\$ 169,726</u>
 LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ <u>-</u>	\$ <u>58,958</u>
Total liabilities	<u>-</u>	<u>58,958</u>
 Fund Balance		
Restricted	<u>86,767</u>	<u>110,768</u>
Total fund balance	<u>86,767</u>	<u>110,768</u>
Total liabilities and fund balance	<u>\$ 86,767</u>	<u>\$ 169,726</u>

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

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

	2018	2017
REVENUES		
Proposition A	\$ 2,012,184	\$ 1,978,032
Proposition A Discretionary Incentive Grant (Note 8)	103,655	97,022
Interest income	28	50
Total revenues	2,115,867	2,075,104
 EXPENDITURES		
Various projects	2,139,868	2,449,620
Total expenditures	2,139,868	2,449,620
 Deficiency of revenues under expenditures	(24,001)	(374,516)
 Fund balance at beginning of year	110,768	485,284
 Fund balance at end of year	\$ 86,767	\$ 110,768

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

CITY OF WEST COVINA
PROPOSITION A LOCAL RETURN FUND
SUPPLEMENTARY INFORMATION
SCHEDULE OF EXPENDITURES
ACTUAL AND METRO APPROVED PROJECT BUDGET
For the Fiscal Year Ended June 30, 2018
(With Comparative Actual Amount for the Fiscal Year Ended June 30, 2017)

Project Code	Project Name	2018		Variance	2017 Actual
		Metro Budget	Actual	Favorable (Unfavorable)	
130-01	Elderly and Disabled Dial-A-Ride	\$ -	\$ -	\$ -	\$ 81,758
200-01	Purchase of Buses - Fixed Route	-	-	-	47,515
270-06	Transportation Planning SGVCOG	32,811	32,843	(32)	32,167
405-05	Fund Exchange with City of Hawaiian Gardens (Note 9)	100,000	100,000	-	500,000
405-07	Fund Exchange with Foothill Transit (Note 9)	2,000,000	2,000,000	-	1,781,155
480-02	Administration	7,025	7,025	-	7,025
Total expenditures		\$ 2,139,836	\$ 2,139,868	\$ (32)	\$ 2,449,620

See accompanying independent auditor's report.

CITY OF WEST COVINA
PROPOSITION A LOCAL RETURN FUND
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS
June 30, 2018

Date Acquired	Description	Balance 7/1/2017	Additions	Deletions	Balance 6/30/2018
April 2004	Thomas Bus SLF200	\$ 316,691	\$ -	\$ 316,691	\$ -
April 2004	Thomas Bus SLF200	233,309	-	233,309	-
June 2016	El Dorado Elite Bus	106,297	-	-	106,297
June 2016	El Dorado Elite Bus	106,297	-	-	106,297
January 2017	Propane-Fueled Shuttle Bus	23,758	-	-	23,758
March 2017	Propane-Fueled Shuttle Bus	23,757	-	-	23,757
Total		\$ 810,109	\$ -	\$ 550,000	\$ 260,109

See accompanying independent auditor's report.

CITY OF WEST COVINA
PROPOSITION C LOCAL RETURN FUND
BALANCE SHEETS
June 30

	<u>2018</u>	<u>2017</u>
ASSETS		
Cash and investments	\$ 1,462,463	\$ 1,451,899
Interest receivable	<u>448</u>	<u>323</u>
Total assets	<u>\$ 1,462,911</u>	<u>\$ 1,452,222</u>
 LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 127,247	\$ 157,862
Accrued salaries and benefits	<u>4,080</u>	<u>5,027</u>
Total liabilities	<u>131,327</u>	<u>162,889</u>
 Fund Balance		
Restricted	<u>1,331,584</u>	<u>1,289,333</u>
Total fund balance	<u>1,331,584</u>	<u>1,289,333</u>
Total liabilities and fund balance	<u>\$ 1,462,911</u>	<u>\$ 1,452,222</u>

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

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

	2018	2017
REVENUES		
Proposition C	\$ 1,665,219	\$ 1,644,472
Interest income	12,695	7,990
Other income	-	408
Total revenues	1,677,914	1,652,870
EXPENDITURES		
Various projects	1,635,663	1,403,323
Total expenditures	1,635,663	1,403,323
Excess of revenues over expenditures	42,251	249,547
Fund balance at beginning of year	1,289,333	1,039,786
Fund balance at end of year	\$ 1,331,584	\$ 1,289,333

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

CITY OF WEST COVINA
PROPOSITION C LOCAL RETURN FUND
SUPPLEMENTARY INFORMATION
SCHEDULE OF EXPENDITURES
ACTUAL AND METRO APPROVED PROJECT BUDGET
For the Fiscal Year Ended June 30, 2018
(With Comparative Actual Amount for the Fiscal Year Ended June 30, 2017)

Project Code	Project Name	2018			2017 Actual
		Metro Budget	Actual	Variance Favorable (Unfavorable)	
110-03	West Covina Shuttle	\$ 274,224	\$ 252,131	\$ 22,093	\$ 147,826
110-05	West Covina Shuttle-Green Line Supplemental	295,000	275,861	19,139	285,325
130-01	Elderly and Disabled Dial-A-Ride	418,268	394,584	23,684	155,359
140-04	Recreation Event Transit	80,000	53,015	26,985	58,574
160-01	Bus Shelters	74,500	61,396	13,104	61,396
160-02	Bus Stop Enhancement Program	25,000	-	25,000	-
270-05	Transportation Planning	28,528	18,142	10,386	8,730
270-07	Geographical Information System	-	-	-	259,157
270-08	Design of Glendora Avenue	213,610	129,396	84,214	-
300-01	Paving the City Yard Along Bus Travel Way	46,675	8,980	37,695	1,025
300-02	Cortez Park Paving along Bus Travel Way	29,000	-	29,000	-
420-01	General Plan Circulation Element	-	-	-	55,297
440-16	SP17003 Street Rehabilitation - Cameron Avenue	134,188	8,314	125,874	16,450
450-01	Francisquito/Sunset Left Turn	5,525	804	4,721	13,803
460-13	Traffic Controller and Cabinet Upgrades	74,459	24,809	49,650	-
470-01	Pavement Management System	-	-	-	5,760
470-06	Pavement Management System	265,832	257,985	7,847	197,173
480-01	Administration	167,354	150,246	17,108	137,448
Total expenditures \$		<u>2,132,163</u>	<u>\$ 1,635,663</u>	<u>\$ 496,500</u>	<u>\$ 1,403,323</u>

See accompanying independent auditor's report.

CITY OF WEST COVINA
PROPOSITION C LOCAL RETURN FUND
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS
June 30, 2018

<u>Date Acquired</u>	<u>Description</u>	<u>Balance 7/1/2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/2018</u>
June 2005	Thomas Bus SLF200	\$ 83,383	\$ -	\$ 83,383	\$ -
	Total	\$ 83,383	\$ -	\$ 83,383	\$ -

See accompanying independent auditor's report.

CITY OF WEST COVINA
MEASURE R LOCAL RETURN FUND
BALANCE SHEETS
June 30

	<u>2018</u>	<u>2017</u>
ASSETS		
Cash and investments	\$ 2,303,079	\$ 1,543,091
Interest receivable	<u>703</u>	<u>334</u>
Total assets	<u>\$ 2,303,782</u>	<u>\$ 1,543,425</u>
 LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 16,017	\$ 44,424
Retention payable	4,532	-
Accrued salaries and benefits	<u>1,052</u>	<u>695</u>
Total liabilities	<u>21,601</u>	<u>45,119</u>
 Fund Balance		
Restricted	<u>2,282,181</u>	<u>1,498,306</u>
Total fund balance	<u>2,282,181</u>	<u>1,498,306</u>
Total liabilities and fund balance	<u>\$ 2,303,782</u>	<u>\$ 1,543,425</u>

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

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

	<u>2018</u>	<u>2017</u>
REVENUES		
Measure R	\$ 1,250,103	\$ 1,230,841
Interest income	18,555	7,993
Other revenue (Note 10)	27,121	-
Miscellaneous reimbursements	<u>2,245</u>	<u>-</u>
Total revenues	<u>1,298,024</u>	<u>1,238,834</u>
 EXPENDITURES		
Various projects	<u>514,149</u>	<u>596,355</u>
Total expenditures	<u>514,149</u>	<u>596,355</u>
 Excess of revenues over expenditures	 783,875	 642,479
 Fund balance at beginning of year	 <u>1,498,306</u>	 <u>855,827</u>
 Fund balance at end of year	 <u><u>\$ 2,282,181</u></u>	 <u><u>\$ 1,498,306</u></u>

The accompanying notes are an integral part of the financial statements

CITY OF WEST COVINA
MEASURE R LOCAL RETURN FUND
SUPPLEMENTARY INFORMATION
SCHEDULE OF EXPENDITURES
ACTUAL AND METRO APPROVED PROJECT BUDGET
For the Fiscal Year Ended June 30, 2018
(With Comparative Actual Amount for the Fiscal Year Ended June 30, 2017)

Project Code	Project Name	2018			2017 Actual
		Metro Budget	Actual	Variance Favorable (Unfavorable)	
1.05	SP13110 Street Rehabilitation - Amar Road	\$ 61,834	\$ -	\$ 61,834	\$ 8,247
1.05	SP15106 Street Rehabilitation - Major Streets	-	-	-	30,732
1.05	SP16002 Street Rehabilitation - Major Streets	49,974	12,884	37,090	5,000
1.05	SP16047 Debt Service for Glendora Avenue Project	5,000,000	-	5,000,000	-
1.05	SP17028 Implementation of Green Streets Improvements	225,000	-	225,000	-
1.05	SP17029 Street Rehabilitation - Residential Streets	500,000	34,647	465,353	-
1.05	SP17039 Drought Tolerant Landscaping - Sunset Avenue Median	56,791	58,224	(1,433)	3,209
1.05	SP18005 Major Street Rehabilitation - Azusa	500,000	-	500,000	-
1.05	Replacement of Speed Limit Signs - E&T Survey	20,000	13,282	6,718	-
1.05	SP18030 Annual Concrete Repairs	100,000	-	100,000	-
1.05	Transportable Traffic Message Boards	-	-	-	29,906
2.03	Traffic Signal - Repairs and Maintenance	15,000	-	15,000	-
2.03	SP18028 Battery Replacement for Traffic Signal Backup System	35,000	29,964	5,036	-
2.19	SP17030 Installation of Traffic Controllers	12,486	12,356	130	17,514
2.19	SP18029 Installation of Traffic Control Devices	30,000	-	30,000	-
3.15	SP18031 Flashing Beacons	150,000	115,392	34,608	-
4.20	West Covina Shuttle (Fixed Route)	140,000	138,085	1,915	227,592
4.35	Dial-A-Ride	-	-	-	145,000
	Sub-total	<u>6,896,085</u>	<u>414,834</u>	<u>6,481,251</u>	<u>467,200</u>

See accompanying independent auditor's report.

CITY OF WEST COVINA
MEASURE R LOCAL RETURN FUND
SUPPLEMENTARY INFORMATION
SCHEDULE OF EXPENDITURES
ACTUAL AND METRO APPROVED PROJECT BUDGET
For the Fiscal Year Ended June 30, 2018
(With Comparative Actual Amount for the Fiscal Year Ended June 30, 2017)

Project Code	Project Name	2018			2017 Actual
		Metro Budget	Actual	Variance Favorable (Unfavorable)	
7.90	SP17031 Update Traffic and Engineering Studies	\$ 32,157	\$ 4,671	\$ 27,486	\$ 52,407
7.90	Systemic Safety Analysis Report	11,000	3,829	7,171	-
8.10	Administration	81,808	90,815	(9,007)	76,748
Total expenditures		\$ 7,021,050	\$ 514,149	\$ 6,506,901	\$ 596,355

See accompanying independent auditor's report.

CITY OF WEST COVINA
MEASURE R LOCAL RETURN FUND
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS
 June 30, 2018

Date Acquired	Description	Balance 7/1/2017	Additions	Deletions	Balance 6/30/2018
	None	\$ -	\$ -	\$ -	\$ -
	Total	\$ -	\$ -	\$ -	\$ -

See accompanying independent auditor's report.

CITY OF WEST COVINA
MEASURE M LOCAL RETURN FUND
BALANCE SHEET
June 30

		<u>2018</u>
ASSETS		
Cash and investments	\$	1,072,022
Interest receivable		<u>329</u>
Total assets	\$	<u><u>1,072,351</u></u>
 LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$	<u>-</u>
Total liabilities		<u><u>-</u></u>
 Fund Balance		
Restricted		<u>1,072,351</u>
Total fund balance		<u><u>1,072,351</u></u>
Total liabilities and fund balance	\$	<u><u>1,072,351</u></u>

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

CITY OF WEST COVINA
MEASURE M LOCAL RETURN FUND
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGE IN FUND BALANCE
For the Fiscal Year Ended June 30

		<u>2018</u>
REVENUES		
Measure R	\$	1,132,879
Interest income		<u>2,798</u>
Total revenues		<u>1,135,677</u>
EXPENDITURES		
Various projects		<u>63,326</u>
Total expenditures		<u>63,326</u>
Excess of revenues over expenditures		1,072,351
Fund balance at beginning of year		<u>-</u>
Fund balance at end of year	\$	<u><u>1,072,351</u></u>

The accompanying notes are an integral part of the financial statements

CITY OF WEST COVINA
MEASURE M LOCAL RETURN FUND
SUPPLEMENTARY INFORMATION
SCHEDULE OF EXPENDITURES
ACTUAL AND METRO APPROVED PROJECT BUDGET
For the Fiscal Year Ended June 30, 2018

Project Code	Project Name	2018		
		Metro Budget	Actual	Variance Favorable (Unfavorable)
1.05	18032 - Residential Street Rehabilitation	\$ 1,000,000	\$ 63,326	\$ 936,674
1.05	18033 - Purchase of Aerial Boom 1 Ton Truck	23,030	-	23,030
2.01	18040 - Traffic Signal at Cameron/Barranca	250,000	-	250,000
2.01	18041 - Traffic Signal at Cameron/Citrus	250,000	-	250,000
6.40	Go Human Event	7,000	-	7,000
8.10	ATP Cycle 4 Grant Application - Consultant	10,000	-	10,000
	Total expenditures	<u>\$ 1,540,030</u>	<u>\$ 63,326</u>	<u>\$ 1,476,704</u>

See accompanying independent auditor's report.

CITY OF WEST COVINA
MEASURE M LOCAL RETURN FUND
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS
 June 30, 2018

Date Acquired	Description	Balance 7/1/2017	Additions	Deletions	Balance 6/30/2018
	None	\$ -	\$ -	\$ -	\$ -
	Total	\$ -	\$ -	\$ -	\$ -

See accompanying independent auditor's report.

CITY OF WEST COVINA
TRANSPORTATION DEVELOPMENT ACT ARTICLE 3 FUND
(PURSUANT TO PUBLIC UTILITIES CODE SECTION 99234)
BALANCE SHEETS
June 30

	2018	2017
ASSETS		
Cash and investments	\$ -	\$ 11
Total assets	\$ -	\$ 11
 LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 12,383	\$ 39,624
Due to General Fund	59,242	-
Total liabilities	71,625	39,624
 Fund Balance		
Restricted	(71,625)	(39,613)
Total fund balance	(71,625)	(39,613)
Total liabilities and fund balance	\$ -	\$ 11

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

CITY OF WEST COVINA
TRANSPORTATION DEVELOPMENT ACT ARTICLE 3 FUND
STATEMENTS OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
For the Fiscal Years Ended June 30

	2018	2017
REVENUES		
TDA 3	\$ 84,318	\$ -
Interest income	-	11
Total revenues	84,318	11
 EXPENDITURES		
Construction/Maintenance	116,330	39,624
Total expenditures	116,330	39,624
Deficiency of revenues under expenditures	(32,012)	(39,613)
Fund balance at beginning of year	(39,613)	-
Fund balance at end of year	\$ (71,625)	\$ (39,613)

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

CITY OF WEST COVINA
TRANSPORTATION DEVELOPMENT ACT ARTICLE 3 FUND
SUPPLEMENTARY INFORMATION
SCHEDULE OF TRANSPORTATION DEVELOPMENT ACT
ALLOCATION FOR SPECIFIC PROJECTS
For the Fiscal Year Ended June 30, 2018

<u>Project Description</u>	<u>Program Year</u>	<u>Allocations</u>	<u>Expenditures</u>	<u>Unexpended Allocations</u>	<u>Project Status</u>
Local allocations					
Bicycle Master Plan	2017-18	\$ 84,318	\$ 116,330	\$ (32,012)	Ongoing
Total		<u>\$ 84,318</u>	<u>\$ 116,330</u>	(32,012)	
Fund balance at beginning of year				<u>(39,613)</u>	
Fund balance at end of year				<u>\$ (71,625)</u>	

See accompanying independent auditor's report.

CITY OF WEST COVINA
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Years Ended June 30, 2018 and 2017

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.

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

Basis of Accounting and Measurement Focus

PALRF, PCLRF, 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 WEST COVINA
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Years Ended June 30, 2018 and 2017
(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 2018 Comprehensive Annual Financial Report for detailed disclosures regarding the City's investments 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, 2018:

- 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).

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 WEST COVINA
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Years Ended June 30, 2018 and 2017
(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. The first revenue allocation was received in the current period. 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 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.

CITY OF WEST COVINA
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Years Ended June 30, 2018 and 2017
(Continued)

NOTE 8 – PROPOSITION A DISCRETIONARY INCENTIVE GRANTS - PALRF

The City entered into various Memorandum of Understanding (MOU) agreements with the Los Angeles County Metropolitan Transportation Authority (LACMTA) to receive Proposition A discretionary incentive grants for participating in the Consolidated National Transit Database (NTD) Voluntary Reporting. The amounts received for the years ended June 30, 2018 and 2017 consisted of the following:

Agreement Date	Period	NTD Voluntary Reporting	MOU Amount	Amount Received	
				2018	2017
July 31, 2017	7/1/17 – 6/30/19	FY 2014-15	\$ 103,655	\$ 103,655	\$ -
May 21, 2016	7/1/15 – 6/30/17	FY 2013-14	\$ 97,022	-	97,022
		Total	\$	103,655	\$ 97,022

The Proposition A discretionary incentive grants for fiscal years ended June 30, 2018 and 2017 were recorded under PALRF.

NOTE 9 – PROPOSITION A FUND EXCHANGES - PALRF

In fiscal year 2017-18, the City entered into an agreement on July 1, 2017 with the City of Hawaiian Gardens to exchange \$1 of Proposition A Local Return Funds for every \$.75 (or 75 cents) of General Fund. Accordingly, the City received \$75,000 of the City of Hawaiian Gardens General Fund on August 3, 2017 and assigned \$100,000 of its Proposition A Local Return Funds to the City of Hawaiian Gardens on July 20, 2017.

In fiscal year 2017-18, the City entered into an agreement on July 1, 2017 with Foothill Transit to exchange \$1 of Proposition A Local Return Funds for every \$.75 (or 75 cents) of General Fund. Accordingly, the City received \$1,500,000 of Foothill Transit’s General Fund on July 18, 2017 and assigned \$2,000,000 of its Proposition A Local Return Funds to Foothill Transit on July 17, 2017.

In fiscal year 2016-17, the City entered into an agreement on June 15, 2016 with the City of Hawaiian Gardens to exchange \$1 of Proposition A Local Return Funds for every \$.75 (or 75 cents) of General Fund. Accordingly, the City received \$375,000 of the City of Hawaiian Gardens General Fund on July 21, 2016 and assigned \$500,000 of its Proposition A Local Return Funds to the City of Hawaiian Gardens on July 21, 2016.

In fiscal year 2016-17, the City entered into an agreement on June 28, 2016 with Foothill Transit to exchange \$1 of Proposition A Local Return Funds for every \$.75 (or 75 cents) of General Fund. Accordingly, the City received \$1,335,866 of Foothill Transit’s General Fund on July 15, 2016 and assigned \$1,781,155 of its Proposition A Local Return Funds to Foothill Transit on July 14, 2016.

CITY OF WEST COVINA
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Years Ended June 30, 2018 and 2017
(Continued)

NOTE 10 – OTHER REVENUE – MRLRF

Other revenue for MRLRF in the amount of \$27,121 were funds received from the State of California Department of Transportation. The amount received was for the reimbursement of the expenditures incurred for the SP13110 Street Rehabilitation - Amar Road Project Code 1.05.

NOTE 11 – TRANSPORTATION DEVELOPMENT ACT FUND REVENUE ALLOCATION

The revenue allocation for the years ended June 30, 2018 and 2017 consisted of the following:

	2018	2017
FY 2013-14 allocation	\$ 8,025	\$ -
FY 2014-15 allocation	70,774	-
FY 2015-16 allocation	5,519	-
Total payment requested	<u>\$ 84,318</u>	<u>\$ -</u>

NOTE 12 – TRANSPORTATION DEVELOPMENT ACT ARTICLE 3 FUND 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, 2018 and 2017, the City had funds on reserve as follows:

	2018	2017
FY 2013-14 allocation	\$ -	\$ 8,025
FY 2014-15 allocation	-	70,774
FY 2015-16 allocation	63,183	68,702
FY 2016-17 allocation	71,820	71,820
FY 2017-18 allocation	70,247	-
Available reserve balance	<u>\$ 205,250</u>	<u>\$ 219,321</u>

NOTE 13 – SUBSEQUENT EVENTS

The City has evaluated events or transactions that occurred subsequent to June 30, 2018 through November 7, 2018, 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

U.S. BANK TOWER
633 WEST 5TH STREET, SUITE 3320
LOS ANGELES, CA 90071
(213) 736-6664 TELEPHONE
(213) 736-6692 FAX
www.simpsonandsimpsoncpas.com

**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 West Covina, 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 West Covina, California (the City), as of and for the year ended June 30, 2018, and the related notes to the financial statements, and have issued our report thereon dated November 7, 2018.

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
November 7, 2018

COMPLIANCE SECTION



SIMPSON & SIMPSON

CERTIFIED PUBLIC ACCOUNTANTS
FOUNDING PARTNERS
BRAINARD C. SIMPSON, CPA
MELBA W. SIMPSON, CPA

U.S. BANK TOWER
633 WEST 5TH STREET, SUITE 3320 LOS
ANGELES, CA 90071
(213) 736-6664 TELEPHONE
(213) 736-6692 FAX
www.simpsonandsimpsoncpas.com

Independent Auditor's Report on Compliance

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

Report on Compliance

We have audited the compliance of the City of West Covina, 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, 2018.

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, 2018.



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 7, 2018

CITY OF WEST COVINA
COMPLIANCE MATRIX
Year Ended June 30, 2018

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	
11.	Pavement Management System (PMS) 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.	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 WEST COVINA
COMPLIANCE MATRIX
Year Ended June 30, 2018
(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 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 WEST COVINA
COMPLIANCE MATRIX
Year Ended June 30, 2018
(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 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 WEST COVINA
COMPLIANCE MATRIX
 Year Ended June 30, 2018
 (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 WEST COVINA
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
June 30, 2018

No findings were noted.

EXIT CONFERENCE

CITY OF WEST COVINA
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, 2018

An exit conference was held on December 13, 2018 with the City of West Covina. Those in attendance were:

Simpson & Simpson Representative:

Yung Dang, Senior Auditor

City's Representative:

Todd Owens, Accounting Manager
Kelly McDonald, Community Service Manager
Brenda Ramirez, Accountant

Matters Discussed:

Results of the audit disclosed no significant control deficiencies or 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:

Kelly McDonald, Community Service Manager

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

RE: CITY OF WEST COVINA ANNUAL FINANCIAL REPORT OF THE PROPOSITION A LOCAL RETURN FUND, PROPOSITION C LOCAL RETURN FUND, MEASURE R LOCAL RETURN FUND, AND TRANSPORTATION DEVELOPMENT ACT ARTICLE 3 FUND FOR THE FISCAL YEARS ENDED JUNE 30, 2018 AND 2017, AND MEASURE M LOCAL RETURN FUND FOR THE FISCAL YEAR ENDED JUNE 30, 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, and Transportation Development Act Article 3 Fund for the years ended June 30, 2018 and 2017, and Measure M Local Return Fund for the year ended June 30, 2018 for the City of West Covina and agree with the contents of the report except as indicated below:

(Attach additional pages if necessary)

Very truly yours,

Name

Title

Date