

***CITY OF WHITTIER
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 WHITTIER
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FINANCIAL SECTION



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Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the Proposition A Local Return Fund (PALRF), Proposition C Local Return Fund (PCLRF), Measure R Local Return Fund (MRLRF), 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, 2018 and 2017, and Measure M Local Return Fund (MMLRF) (the Fund) of the City of Whittier, 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 Whittier, California, as of June 30, 2018 and 2017, and MMLRF of the City of Whittier, 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 Whittier, 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 24, 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 24, 2018

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

	<u>2018</u>	<u>2017</u>
ASSETS		
Cash and investments	\$ 2,134,817	\$ 1,733,744
Interest receivable	6,928	4,833
Due from other funds	<u>561</u>	<u>-</u>
Total assets	<u>\$ 2,142,306</u>	<u>\$ 1,738,577</u>
 LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 78,019	\$ 75,580
Accrued salaries and benefits	<u>-</u>	<u>6,189</u>
Total liabilities	<u>78,019</u>	<u>81,769</u>
 Fund Balance		
Restricted	<u>2,064,287</u>	<u>1,656,808</u>
Total fund balance	<u>2,064,287</u>	<u>1,656,808</u>
Total liabilities and fund balance	<u>\$ 2,142,306</u>	<u>\$ 1,738,577</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

	<u>2018</u>	<u>2017</u>
REVENUES		
Proposition A	\$ 1,647,848	\$ 1,586,571
Interest income	27,382	23,549
Unrealized loss on investments	(19,519)	(6,151)
Section 5310 Enhance Mobility of Seniors and Individuals with Disabilities Program Federal Grant (Note 8)	307,077	-
Project generated revenue (Note 9)	24,663	27,491
Rental income (Note 10)	12,710	17,798
Other revenues (Note 11)	<u>16,959</u>	<u>1,490</u>
Total revenues	<u>2,017,120</u>	<u>1,650,748</u>
EXPENDITURES		
Various projects	<u>1,609,641</u>	<u>1,440,818</u>
Total expenditures	<u>1,609,641</u>	<u>1,440,818</u>
Excess of revenues over expenditures	407,479	209,930
OTHER FINANCING SOURCE		
Transfer in from PCLRF (Note 12)	<u>-</u>	<u>93,397</u>
Total other financing source	-	93,397
Excess of revenues over expenditures and other financing source	407,479	303,327
Fund balance at beginning of year	<u>1,656,808</u>	<u>1,353,481</u>
Fund balance at end of year	<u>\$ 2,064,287</u>	<u>\$ 1,656,808</u>

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

CITY OF WHITTIER
PROPOSITION A LOCAL RETURN FUND
SUPPLEMENTARY INFORMATION
SCHEDULE OF EXPENDITURES
ACTUAL AND METRO APPROVED PROJECT BUDGET
For the Fiscal Year Ended June 30, 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)	
130-801	Dial-A-Ride In-House Maintenance *	\$ 224,660	\$ 254,107	\$ (29,447)	\$ 270,323
130-803	Dial-A-Ride Senior Citizens and the Disabled	877,259	721,144	156,115	678,548
150-102	Bus Stop Landscape Maintenance	2,000	1,710	290	1,710
160-122	Bus Stop Refurbishment *	-	-	-	104,575
160-171	Bus Stop Improvement Plan	-	-	-	66,800
170-01	Bus Bench/Shelter Maintenance	122,035	110,726	11,309	107,762
200-170	Dial-A-Ride Vehicle Purchase	345,000	341,197	3,803	-
270-170	Dial-A-Ride Consultant	-	-	-	5,038
310-801	Historic Transportation Depot Maintenance and Operation	98,690	62,507	36,183	99,728
310-802	Historic Transportation Depot Preventive Maintenance	80,000	17,168	62,832	-
310-803	Historic Transportation Depot Security Fence	130,000	-	130,000	-
480-01	Proposition A Administration	259,538	89,001	170,537	94,081
500-145	Light Rail Conference	4,500	3,740	760	4,107
500-803	SCAG Annual Membership	8,341	8,341	-	8,146
Total expenditures		\$ 2,152,023	\$ 1,609,641	\$ 542,382	\$ 1,440,818

* The project was partially funded by the Proposition C Local Return Fund in fiscal year 2016-17.

See accompanying independent auditor's report.

CITY OF WHITTIER
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
03/07	Van Ford E450 Starcraft	\$ 11,800	\$ -	\$ 11,800	\$ -
06/07	6 Bus Shelters	46,214	-	-	46,214
10/07	Truck with Power Washer	23,512	-	-	23,512
04/08	3 Dial-A-Ride Vans	49,819	-	33,213	16,606
01/08	Dial-A-Ride Van	11,753	-	-	11,753
02/09	2 Ford E350	52,191	-	-	52,191
03/11	2010 Braun Entervan	49,335	-	-	49,335
03/11	2010 Braun Entervan	22,500	-	-	22,500
04/11	Ford Sedan	29,997	-	-	29,997
06/11	Bus Stop Improvement	577,861	-	-	577,861
01/14	15 Bus Shelters	220,031	-	-	220,031
06/15	Bus Shelters Improvement	243,518	-	-	243,518
06/16	Bus Shelters Improvement	238,663	-	-	238,663
06/17	Bus Shelter Improvement	107,720	-	-	107,720
06/18	Bus Shelters	-	66,800	-	66,800
06/18	5 2018 Ford E-350 Bus	-	341,197	-	341,197
Total		\$ 1,684,914	\$ 407,997	\$ 45,013	\$ 2,047,898

See accompanying independent auditor's report.

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

	<u>2018</u>	<u>2017</u>
ASSETS		
Cash and investments	\$ 3,783,337	\$ 3,215,079
Interest receivable	12,854	10,087
Accounts receivable	34,347	28,421
Prepaid expenses (Note 13)	82,414	102,145
Total assets	<u>\$ 3,912,952</u>	<u>\$ 3,355,732</u>
 LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 13,334	\$ 26,205
Accrued payroll and employee benefits	-	1,037
Total liabilities	<u>13,334</u>	<u>27,242</u>
 Fund Balance		
Restricted	<u>3,899,618</u>	<u>3,328,490</u>
Total fund balance	<u>3,899,618</u>	<u>3,328,490</u>
Total liabilities and fund balance	<u>\$ 3,912,952</u>	<u>\$ 3,355,732</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

	2018	2017
REVENUES		
Proposition C	\$ 1,366,082	\$ 1,316,715
Interest income	49,686	47,395
Unrealized loss on investment	(32,297)	(14,667)
Reimbursement from the City of La Habra Heights (Note 14)	17,004	20,972
Project generated revenue (Note 15)	3,825	4,312
Other revenues (Note 16)	134,299	102,593
Miscellaneous revenues	810	1,215
Total revenues	1,539,409	1,478,535
EXPENDITURES		
Various projects	968,281	1,041,076
Total expenditures	968,281	1,041,076
OTHER FINANCING USE		
Transfer-out to PALRF (Note 12)	-	(93,397)
Total other financing use	-	(93,397)
Excess of revenues over expenditures and other financing use	571,128	344,062
Fund balance at beginning of year	3,328,490	2,984,428
Fund balance at end of year	\$ 3,899,618	\$ 3,328,490

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, 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)	
130-802	Taxi Voucher DAR Program	\$ 90,000	\$ 65,189	\$ 24,811	\$ 59,823
130-804	La Habra Heights Dial-A-Ride	51,866	36,600	15,266	41,187
140-901	Recreation Transit	60,441	60,485	(44)	51,429
230-10	Greenway Trail Transit Security	90,000	77,731	12,269	51,886
250-901	Fare Subsidy Program	19,000	10,770	8,230	12,122
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	5,487	184,513	-
430-123	Greenway Trail Maintenance	590,000	394,732	195,268	397,509
430-140	Greenway Trail Signs and Vines Match	-	-	-	264
430-144	Soil Remediation	70,000	-	70,000	-
430-171	Greenway Trail Eastside Bike Trail Clean-up	-	-	-	23,448
430-901	Greenway Trail Legal Costs - ROW	10,000	-	10,000	-
430-903	Whittier Greenway Trail - East Extension Work	9,000	-	9,000	5,215
430-904	Greenway Trail Property Insurance	35,000	28,501	6,499	28,501
430-905	Greenway Trail Parking Lots Construction	300,000	2,798	297,202	97,729
480-10	Proposition C Administration	225,509	225,510	(1)	220,853
500-801	SR-91 and I-605 Needs Assessment Study	22,000	22,000	-	22,000
500-802	Accessibility Planning	42,516	38,478	4,038	29,110
	Total expenditures	1,862,832	968,281	894,551	1,041,076
Transfer-out to PALRF (Note 12)					
430-123	Greenway Trail Maintenance	-	-	-	93,397
	Total transfer-out to PALRF	-	-	-	93,397
	Total expenditures and transfer-out to PALRF	\$ 1,862,832	\$ 968,281	\$ 894,551	\$ 1,134,473

See accompanying independent auditor's report.

CITY OF WHITTIER
PROPOSITION C 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
01/06	Dial-A-Ride Van	\$ 47,585	-	\$ 47,585	-
03/07	Van	50,706	-	-	50,706
04/08	2 Patrol Bikes for Trail	23,301	-	-	23,301
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
Total		\$ 261,733	-	\$ 47,585	\$ 214,148

See accompanying independent auditor's report.

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

	2018	2017
ASSETS		
Cash and investments	\$ 235,388	\$ 194,315
Interest receivable	753	599
Total assets	\$ 236,141	\$ 194,914
 LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 22,286	\$ 20,750
Total liabilities	22,286	20,750
 Fund Balance		
Restricted	213,855	174,164
Total fund balance	213,855	174,164
Total liabilities and fund balance	\$ 236,141	\$ 194,914

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>2018</u>	<u>2017</u>
REVENUES		
Proposition A Discretionary Incentive Grant (Note 17)	\$ 317,166	\$ 281,558
Interest income	2,902	2,809
Unrealized loss on investments	<u>(2,068)</u>	<u>(936)</u>
Total revenues	<u>318,000</u>	<u>283,431</u>
EXPENDITURES		
Dial-A-Ride Senior Citizen and the Disabled	<u>278,309</u>	<u>282,168</u>
Total expenditures	<u>278,309</u>	<u>282,168</u>
Excess of revenues over expenditures	39,691	1,263
Fund balance at beginning of year	<u>174,164</u>	<u>172,901</u>
Fund balance at end of year	<u>\$ 213,855</u>	<u>\$ 174,164</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>2018</u>	<u>2017</u>
ASSETS		
Cash and investments	\$ 5,346,862	\$ 4,643,588
Interest receivable	<u>18,268</u>	<u>14,780</u>
Total assets	<u><u>\$ 5,365,130</u></u>	<u><u>\$ 4,658,368</u></u>
 LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ <u>215,928</u>	\$ <u>17,855</u>
Total liabilities	<u>215,928</u>	<u>17,855</u>
 Fund Balance		
Restricted	<u>5,149,202</u>	<u>4,640,513</u>
Total fund balance	<u>5,149,202</u>	<u>4,640,513</u>
Total liabilities and fund balance	<u><u>\$ 5,365,130</u></u>	<u><u>\$ 4,658,368</u></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

	2018	2017
REVENUES		
Measure R	\$ 1,023,753	\$ 987,253
Interest income	70,167	69,824
Unrealized loss on investments	(42,748)	(21,832)
Project reimbursement (Note 18)	147,511	-
Total revenues	1,198,683	1,035,245
 EXPENDITURES		
Various projects	689,994	641,884
Total expenditures	689,994	641,884
Excess of revenues over expenditures	508,689	393,361
Fund balance at beginning of year	4,640,513	4,247,152
Fund balance at end of year	\$ 5,149,202	\$ 4,640,513

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, 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	Pavement Surface Treatment	\$ 1,394,946	\$ 10,186	\$ 1,384,760	\$ 18,527
1.05	Lambert Road TSSP	209,639	121,087	88,552	-
1.05	Palm Avenue from Whittier Boulevard to Beverly Boulevard Reconstruction	245,000	-	245,000	222,263
1.05	Palm Avenue/Scenic Drive Reconstruction	274,000	2,142	271,858	-
1.05	Youngwood Drive Resurfacing	860,000	128,240	731,760	-
1.05	Mar Vista Street Resurfacing	784,577	227,012	557,565	-
1.05	Santa Gertrudes Avenue Resurfacing	120,000	5,050	114,950	-
1.05	Whittier Boulevard at Norwalk Boulevard Widen to add Right Turn	20,000	31,103	(11,103)	670
1.05	Comstock Avenue Widening	-	-	-	59,052
1.30	Beverly Boulevard Lighting and Traffic Safety Improvements	230,000	-	230,000	229,999
3.05	La Serna Drive Sidewalk and Bike Lanes	14,000	-	14,000	-
3.05	Whittier Greenway Trail East Extension Design	566,417	113,422	452,995	109,687
3.05	Whittier Greenway Trail Landscaping, Signing and Striping Maintenance	56,262	42,410	13,852	1,686
3.20	Greenleaf Avenue at Putnam Street and Whittier Greenway Trail Signal	49,880	7,111	42,769	-
3.20	Pedestrian Countdown Signals and ADA Audible Pedestrian Signal	6,000	2,231	3,769	-
Total expenditures		\$ 4,830,721	\$ 689,994	\$ 4,140,727	\$ 641,884

See accompanying independent auditor's report.

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

		2018
ASSETS		
Cash and investments	\$	922,367
Interest receivable		1,184
Total assets	\$	923,551
 LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$	-
Total liabilities		-
 Fund Balance		
Restricted		923,551
Total fund balance		923,551
Total liabilities and fund balance	\$	923,551

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

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

	2018
REVENUES	
Measure M	\$ 927,755
Interest income	5,505
Unrealized loss on investments	(9,709)
Total revenues	923,551
EXPENDITURES	
Various projects	-
Total expenditures	-
Excess of revenues over expenditures	923,551
Fund balance at beginning of year	-
Fund balance at end of year	\$ 923,551

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, 2018

Project Code	Project Name	2018		Variance Favorable (Unfavorable)
		Metro Budget	Actual	
None		\$ -	\$ -	\$ -
	Total expenditures	\$ -	\$ -	\$ -

See accompanying independent auditor's report.

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

	2018	2017
ASSETS		
Interest receivable	\$ -	\$ 199
Total assets	\$ -	\$ 199
 LIABILITIES AND FUND BALANCE		
Liabilities		
Due to other funds	\$ 21,800	\$ 15,333
Total liabilities	21,800	15,333
 Fund Balance		
Restricted	(21,800)	(15,134)
Total fund balance	(21,800)	(15,134)
Total liabilities and fund balance	\$ -	\$ 199

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

	2018	2017
REVENUES		
TDA 3	\$ -	\$ 49,891
Interest income	-	893
Total revenues	-	50,784
 EXPENDITURES		
Construction of Access Ramps and Sidewalks	6,666	50,334
Total expenditures	6,666	50,334
 (Deficiency) excess of revenues (under) over expenditures	(6,666)	450
 Fund balance at beginning of year	(15,134)	(15,584)
 Fund balance at end of year	\$ (21,800)	\$ (15,134)

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, 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					
Construction of Access Ramps and Sidewalks	2017-18	\$ -	\$ 6,666	\$ (6,666)	Ongoing
Total		<u>\$ -</u>	<u>\$ 6,666</u>	(6,666)	
Fund balance at beginning of the year				<u>(15,134)</u>	
Fund balance at beginning of year				<u>\$ (21,800)</u>	

See accompanying independent auditor's report.

CITY OF WHITTIER
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 WHITTIER
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 WHITTIER
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 and investments account was separately maintained and interest income was apportioned to the participating funds based on the relationship of their average balances to the total of the pooled cash and investments.

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

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

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

NOTE 9 – PROJECT GENERATED REVENUE - PALRF

Project generated revenue for the years ended June 30, 2018 and 2017 amounted to \$24,663 and \$27,491, respectively. These revenues consisted of Dial-A-Ride service fees.

NOTE 10 – RENTAL INCOME - PALRF

Rental income are amounts received from renters for the rental of the ground floor of the building, commonly known as, the Whittier Depot in the amounts of \$ 12,710 and \$17,798 for the years ended June 30, 2018 and June 30, 2017, respectively.

NOTE 11 – OTHER REVENUES - PALRF

Other revenues for the years ended June 30, 2018 and 2017 consisted of the following:

	2018	2017
Insurance refund	\$ 7,400	\$ 1,490
Received from developer	5,000	-
Sale of vehicles	4,509	-
Donation	50	-
Total	\$ 16,959	\$ 1,490

NOTE 12 – TRANSFER IN/OUT – PALRF AND PCLRF

In fiscal year 2016-17, transfers were made from PCLRF to PALRF in the amounts of \$3,397 and \$90,000 for a total amount of \$93,397 to provide and subsidize funding for PALRF’s Dial-A-Ride In-House Maintenance Project Code 130-801 and Bus Stop Refurbishment Project Code 160-122, respectively.

NOTE 13 – 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, 2018 and June 30, 2017 were \$82,414 and \$102,145, respectively.

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

NOTE 14 – 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 \$17,004 and \$20,972 for the years ended June 30, 2018 and 2017, respectively.

NOTE 15 – PROJECT GENERATED REVENUE - PCLRF

The project generated revenue for the years ended June 30, 2018 and 2017 amounted to \$3,825 and \$4,312, respectively. These revenues consisted of recreational and Dial-A-Ride fares.

NOTE 16 – OTHER REVENUES - PCLRF

Other revenues for the years ended June 30, 2018 and 2017 consisted of the following:

	2018	2017
Rental income *	\$ 129,791	\$ 102,593
Sale of a vehicle	4,508	-
Total	<u>\$ 134,299</u>	<u>\$ 102,593</u>

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

NOTE 17 – PROPOSITION A DISCRETIONARY INCENTIVE GRANTS (PADIG)

The Proposition A Discretionary Incentive Grants amounting to \$317,166 and \$281,558 for the years ended June 30, 2018 and 2017, 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 18 – PROJECT REIMBURSEMENT – MRLRF

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

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

NOTE 19 – 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 2016-17 allocation	\$	-	\$	49,891
Total payment requested	\$	-	\$	49,891

NOTE 20 – 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, 2018 and 2017, the City has funds on reserve as follows:

		2018		2017
FY 2016-17 allocation	\$	7,719	\$	7,719
FY 2017-18 allocation		57,531		-
Available reserve balance	\$	65,250	\$	7,719

NOTE 21 – SUBSEQUENT EVENTS

The City has evaluated events or transactions that occurred subsequent to June 30, 2018 through November 24, 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
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**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, 2018, and the related notes to the financial statements, and have issued our report thereon dated November 24, 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 purple ink that reads "Simpson & Simpson".

Los Angeles, California
November 24, 2018

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, 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.





Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Guidelines and which is described in the accompanying Schedule of Findings and Recommendations as Finding No. 2018-001. Our opinion on each local return program and Transportation Development Act Article 3 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 Findings 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.

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 black ink that reads "Simpson & Simpson".

Los Angeles, California
November 24, 2018

CITY OF WHITTIER
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		PCLRF: \$39,817	See Finding No. 2018-001 on the Schedule of Findings and Recommendations.
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.	Recreational transit form was submitted on time.	X			None	

CITY OF WHITTIER
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 WHITTIER
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 WHITTIER
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 WHITTIER
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
 June 30, 2018
 (Continued)

PCLRF: Finding No. 2018-001

Compliance Reference	According to Proposition A and Proposition C Local Return Guidelines, Section II.A.15, “The administrative expenditures for any year shall not exceed 20 percent of the total LR annual expenditures, based on year-end expenditures, and will be subject to an audit finding if the figure exceeds 20 percent;” and “The annual expenditure figure will be reduced by fund trades to other cities and/or funds set aside for reserves; conversely, the annual expenditure figure will be increased by expenditure of reserves or LR funds received in fund exchanges.”
Condition	The City’s administrative expenditures exceeded more than 20 percent of its total PCLRF annual expenditures in the amount of \$39,817. The amount of \$39,817 represents the excess over 20 percent of the PCLRF’s total local return annual expenditures.
Cause	The amount of administrative expenditures is determined at the beginning of the fiscal year based upon 20 percent of the budget. For fiscal year 2017-18, the City did not spend all of the budgeted PCLRF expenditures, which resulted in the excess over 20 percent of the actual annual expenditures.
Effect	The City’s Proposition C Administration Project Code 480-10 expenditures exceeded 20 percent of its PCLRF annual expenditures. Therefore, the City did not comply with the Guidelines.
Recommendation	We recommend that the City reimburse its PCLRF in the amount of \$39,817. Furthermore, we recommend the City establish procedures to ensure that administrative expenditures are within the 20 percent cap of the PCLRF’s total annual expenditures reduced by any fund exchanges with other cities or transit authorities.
Management’s Response	Going forward, the City staff will evaluate and reassess PCLRF actual expenditures and adjust administrative expenditures in order to maintain the 20 percent cap as approved by LACMTA.

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, 2018

An exit conference was held on December 12, 2018 with the City of Whittier. Those in attendance were

Simpson & Simpson Representative:

Elizabeth Mendoza, Senior Auditor

City's Representative:

Rod Hill, Director of Administrative Services
Monica Lo, Assistant Director of Administrative Services

Matters Discussed:

Results of the audit disclosed no significant control deficiencies 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:

Monica Lo, 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, 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 Whittier and agree with the contents of the report except as indicated below:

(Attach additional pages if necessary)

Very truly yours,

Name

Title

Date