

***CITY OF WEST COVINA  
ANNUAL FINANCIAL REPORT OF THE  
PROPOSITION A LOCAL RETURN FUND  
PROPOSITION C LOCAL RETURN FUND  
MEASURE R LOCAL RETURN FUND  
MEASURE M LOCAL RETURN FUND  
TRANSPORTATION DEVELOPMENT ACT  
ARTICLE 3 FUND  
FOR THE FISCAL YEARS ENDED  
JUNE 30, 2022 AND 2021***



**Metro<sup>®</sup>**



Simpson & Simpson, LLP  
Certified Public Accountants

***CITY OF WEST COVINA***  
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***CITY OF WEST COVINA***  
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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 West Covina, California and the  
Los Angeles County Metropolitan Transportation Authority

### *Opinions*

We have audited the accompanying financial statements of the Proposition A Local Return Fund (PALRF), Proposition C Local Return Fund (PCLRF), Measure R Local Return Fund (MRLRF), Measure M Local Return Fund (MMLRF), and Transportation Development Act Article 3 Fund (TDAA3F) (collectively, the Funds), of the City of West Covina, California (the City) as of and for the years ended June 30, 2022 and 2021, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the PALRF, PCLRF, MRLRF, MMLRF and TDAA3F of the City, as of June 30, 2022 and 2021, and the respective changes in financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### *Basis for Opinions*

We conducted our audit 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### *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, as of June 30, 2022 and 2021, the changes in its financial position, for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.



### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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 Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.



### *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. Such 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. The 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 also issued our report dated October 13, 2022, 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 solely 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 the effectiveness of the City's 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 black ink that reads "Simpson &amp; Simpson".

Los Angeles, California  
October 13, 2022

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

	2022	2021
<b>ASSETS</b>		
Cash and investments	\$ 3,080,147	\$ 498,668
Total assets	\$ 3,080,147	\$ 498,668
 <b>LIABILITIES AND FUND BALANCE</b>		
<b>Liabilities</b>		
Accounts payable	\$ 2,801,650	\$ -
Total liabilities	2,801,650	-
 <b>Fund Balance</b>		
Restricted	278,497	498,668
Total fund balance	278,497	498,668
Total liabilities and fund balance	\$ 3,080,147	\$ 498,668

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

	<u>2022</u>	<u>2021</u>
<b>REVENUES</b>		
Proposition A	\$ 2,676,794	\$ 2,175,306
Proposition A Discretionary Incentive Grant (Note 8)	-	203,806
Interest Income	<u>5,498</u>	<u>900</u>
Total revenues	<u>2,682,292</u>	<u>2,380,012</u>
<b>EXPENDITURES</b>		
Various projects	<u>2,902,463</u>	<u>1,844,605</u>
Total expenditures	<u>2,902,463</u>	<u>1,844,605</u>
Excess (deficiency) of revenues over expenditures	(220,171)	535,407
Fund balance at beginning of year	<u>498,668</u>	<u>(36,739)</u>
Fund balance at end of year	<u>\$ 278,497</u>	<u>\$ 498,668</u>

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, 2022  
(With Comparative Actual Amount for the Fiscal Year Ended June 30, 2021)

Project Code	Project Name	2022		Variance Favorable (Unfavorable)	2021 Actual
		Metro Budget	Actual		
410	Fund Exchange with Foothill Transit (Note 9)	\$ 2,800,000	\$ 2,800,000	\$ -	\$ 1,800,000
470	Transportation Planning - SGVCOG	40,000	36,493	3,507	38,667
610	Administration	5,900	6,400	(500)	5,938
N/A	Transit Service Evaluation *	-	59,570	(59,570)	-
	<b>Total expenditures</b>	<b>\$ 2,845,900</b>	<b>\$ 2,902,463</b>	<b>\$ (56,563)</b>	<b>\$ 1,844,605</b>

\* The expenditures for this project are funded by Proposition A Discretionary Incentive Grant that was received in fiscal year 2021. No Metro budget approval is required.

See accompanying independent auditor's report.

**CITY OF WEST COVINA**  
**PROPOSITION A LOCAL RETURN FUND**  
**SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF CAPITAL ASSETS**  
June 30, 2022

Date Acquired	Description	Balance 7/1/2021	Additions	Deletions	Balance 6/30/2022
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		\$ 260,109	\$ -	\$ -	\$ 260,109

See accompanying independent auditor's report.

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

	2022	2021
<b>ASSETS</b>		
Cash and investments	\$ 2,314,327	\$ 1,760,318
Total assets	\$ 2,314,327	\$ 1,760,318
<b>LIABILITIES AND FUND BALANCE</b>		
<b>Liabilities</b>		
Accounts payable	\$ 299,712	\$ 217,748
Accrued salaries and benefits	840	2,064
Total liabilities	300,552	219,812
<b>Fund Balance</b>		
Restricted	2,013,775	1,540,506
Total fund balance	2,013,775	1,540,506
Total liabilities and fund balance	\$ 2,314,327	\$ 1,760,318

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

	2022	2021
<b>REVENUES</b>		
Proposition C	\$ 2,220,346	\$ 1,804,338
Interest income	5,231	6,302
Project generated income	19,668	-
Total revenues	2,245,245	1,810,640
<b>EXPENDITURES</b>		
Various projects	1,771,976	1,844,524
Total expenditures	1,771,976	1,844,524
Excess (deficiency) of revenues over expenditures	473,269	(33,884)
Fund balance at beginning of year, as restated	1,540,506	1,574,390
Fund balance at end of year	\$ 2,013,775	\$ 1,540,506

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, 2022  
(With Comparative Actual Amount for the Fiscal Year Ended June 30, 2021)

Project Code	Project Name	2022		Variance Favorable (Unfavorable)	2021 Actual
		Metro Budget	Actual		
106	West Covina Shuttle	\$ 288,000	\$ 302,062	\$ (14,062)	\$ 311,249
106	West Covina Shuttle - Green Line Supplemental	421,000	401,307	19,693	334,851
107	Elderly and Disabled Dial-A-Ride	504,300	317,895	186,405	255,344
155	Recreation Event Transit	80,000	17,299	62,701	506
170	Bus Shelters	75,000	72,956	2,044	66,181
180	Transportation Planning	11,000	12,882	(1,882)	25,520
620	Administration	208,500	211,834	(3,334)	228,084
765	Pavement Management System	561,800	435,741	126,059	622,789
Total expenditures		\$ <u>2,149,600</u>	\$ <u>1,771,976</u>	\$ <u>377,624</u>	\$ <u>1,844,524</u>

See accompanying independent auditor's report.

***CITY OF WEST COVINA***  
**PROPOSITION C LOCAL RETURN FUND**  
**SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF CAPITAL ASSETS**  
 June 30, 2022

Date Acquired	Description	Balance 7/1/2021	Additions	Deletions	Balance 6/30/2022
None		\$ -	\$ -	\$ -	\$ -
	Total	\$ -	\$ -	\$ -	\$ -

See accompanying independent auditor's report.

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

	<u>2022</u>	<u>2021</u> as restated
<b>ASSETS</b>		
Cash and investments	\$ 4,123,979	\$ 3,370,469
Total assets	<u>\$ 4,123,979</u>	<u>\$ 3,370,469</u>
<b>LIABILITIES AND FUND BALANCE</b>		
<b>Liabilities</b>		
Accounts payable (Note 10)	\$ 83,388	\$ 58,877
Retention payable	4,890	4,890
Accrued salaries and benefits	<u>710</u>	<u>890</u>
Total liabilities	<u>88,988</u>	<u>64,657</u>
<b>Fund Balance</b>		
Restricted	<u>4,034,991</u>	<u>3,305,812</u>
Total fund balance	<u>4,034,991</u>	<u>3,305,812</u>
Total liabilities and fund balance	<u>\$ 4,123,979</u>	<u>\$ 3,370,469</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>2022</u>	<u>2021</u> as restated
<b>REVENUES</b>		
Measure R	\$ 1,664,991	\$ 1,355,129
Interest income	9,710	10,790
Project generated income	<u>2,286</u>	<u>-</u>
Total revenues	<u>1,676,987</u>	<u>1,365,919</u>
<b>EXPENDITURES</b>		
Various projects	<u>947,808</u>	<u>968,111</u>
Total expenditures	<u>947,808</u>	<u>968,111</u>
Excess of revenues over expenditures	729,179	397,808
Fund balance at beginning of year, as restated	<u>3,305,812</u>	<u>2,908,004</u>
Fund balance at end of year	<u><u>\$ 4,034,991</u></u>	<u><u>\$ 3,305,812</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, 2022**  
**(With Comparative Actual Amount for the Fiscal Year Ended June 30, 2021)**

Project Code	Project Name	2022			2021 Actual as restated
		Metro Budget	Actual	Variance Favorable (Unfavorable)	
120	West Covina Shuttle (Fixed Route)	\$ 168,000	\$ 169,649	\$ (1,649)	\$ 162,500
135	Dial-A-Ride - Uber	100,000	-	100,000	-
301	21006 - La Puente Road/Forecastle - New Traffic Signal (Note 10)	200,000	36,318	163,682	102,506
302	21019 - Street Lights LED's Conversion Program	300,000	-	300,000	-
303	21023 - Video Detection Citywide	50,000	-	50,000	-
630	Administration	130,600	119,346	11,254	139,719
705	Street Sweeping	583,200	594,078	(10,878)	561,665
715	19006 - Major Street Rehabilitation (Azusa Avenue - South of S. Garvey)	-	-	-	1,721
755	21016 - Median Landscaping	500,000	-	500,000	-
780	22025 - Local Road Safety Plan (LRSP) - Match	10,000	-	10,000	-
806	21007 - Lark Ellen and Grovecenter - Pedestrian Improvements	91,232	28,417	62,815	-
Total expenditures		\$ <u>2,133,032</u>	\$ <u>947,808</u>	\$ <u>1,185,224</u>	\$ <u>968,111</u>

See accompanying independent auditor's report.

**CITY OF WEST COVINA**  
**MEASURE R LOCAL RETURN FUND**  
**SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF CAPITAL ASSETS**  
 June 30, 2022

Date Acquired	Description	Balance 7/1/2021	Additions	Deletions	Balance 6/30/2022
None		\$ -	\$ -	\$ -	\$ -
	Total	\$ -	\$ -	\$ -	\$ -

See accompanying independent auditor's report.

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

	2022	2021 as restated
<b>ASSETS</b>		
Cash and investments	\$ 5,802,086	\$ 4,050,144
Total assets	\$ 5,802,086	\$ 4,050,144
<b>LIABILITIES AND FUND BALANCE</b>		
<b>Liabilities</b>		
Accounts payable (Note 10)	\$ 153,485	\$ 20,559
Retention payable	11,505	-
Wages payable	-	104
Total liabilities	164,990	20,663
<b>Fund Balance</b>		
Restricted	5,637,096	4,029,481
Total fund balance	5,637,096	4,029,481
Total liabilities and fund balance	\$ 5,802,086	4,050,144

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

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

	2022	2021
		as restated
<b>REVENUES</b>		
Measure M	\$ 1,884,128	\$ 1,535,411
Interest income	12,882	11,637
Total revenues	1,897,010	1,547,048
<b>EXPENDITURES</b>		
Various projects	289,395	76,717
Total expenditures	289,395	76,717
Excess of revenues over expenditures	1,607,615	1,470,331
Fund balance at beginning of year, as restated	4,029,481	2,559,150
Fund balance at end of year	\$ 5,637,096	\$ 4,029,481

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, 2022**  
**(With Comparative Actual Amount for the Fiscal Year Ended June 30, 2021)**

Project Code	Project Name	2022			2021 Actual as restated
		Metro Budget	Actual	Variance Favorable (Unfavorable)	
301	18040 - Traffic Signal at Cameron/Barranca (Note 10)	\$ 450,000	\$ 249,967	\$ 200,033	\$ 38,409
640	Administration	70,000	39,428	30,572	11,620
705	22027 - Citrus Avenue Rehabilitation	160,500	-	160,500	26,688
806	21014 - Annual Concrete Sidewalk & Curb and Gutter Repair Program	180,000	-	180,000	-
	Total expenditures	<u>\$ 860,500</u>	<u>\$ 289,395</u>	<u>\$ 571,105</u>	<u>76,717</u>

See accompanying independent auditor's report.

***CITY OF WEST COVINA***  
**MEASURE M LOCAL RETURN FUND**  
**SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF CAPITAL ASSETS**  
 June 30, 2022

Date Acquired	Description	Balance 7/1/2021	Additions	Deletions	Balance 6/30/2022
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

	2022	2021
<b>ASSETS</b>		
Due from Metro	\$ 11	\$ -
Total assets	\$ 11	\$ -
 <b>LIABILITIES AND FUND BALANCE</b>		
<b>Liabilities</b>		
Due to General Fund	\$ -	\$ 60,456
Total liabilities	-	60,456
 <b>Fund Balance</b>		
Restricted	11	-
Unassigned	-	(60,456)
Total fund balance	11	(60,456)
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

	2022	2021
<b>REVENUES</b>		
TDA 3	\$ 60,467	\$ -
Total revenues	60,467	-
<b>EXPENDITURES</b>		
Sidewalk Construction and Repairs at Various Locations, Citywide	-	-
Total expenditures	-	-
Excess of revenues over expenditures	60,467	-
Fund balance at beginning of year	(60,456)	(60,456)
Fund balance at end of year	\$ 11	\$ (60,456)

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, 2022

<u>Project Description</u>	<u>Program Year</u>	<u>Allocations</u>	<u>Expenditures</u>	<u>Unexpended Allocations</u>	<u>Project Status</u>
<b>Local allocations</b>					
Sidewalk Construction and Repairs at Various Locations, Citywide	2021-22	\$ 60,467	\$ -	\$ 60,467	Completed
Total		<u>\$ 60,467</u>	<u>\$ -</u>	60,467	
Fund balance at beginning of year				<u>(60,456)</u>	
Fund balance at end of year				<u>\$ 11</u>	

See accompanying independent auditor's report.

**CITY OF WEST COVINA**  
**NOTES TO FINANCIAL STATEMENTS**  
For the Fiscal Years Ended June 30, 2022 and 2021

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*Fund Accounting*

The operations of the Proposition A Local Return Fund (PALRF), Proposition C Local Return Fund (PCLRF), Measure R Local Return Fund (MRLRF), Measure M Local Return Fund (MMLRF), and Transportation Development Act Article 3 Fund (TDAA3F) (collectively, the Funds) are accounted for in separate sets of self-balancing accounts that comprise their assets, liabilities, fund balance, revenues and expenditures.

PALRF and PCLRF represent 25% and 20%, respectively, of the ½ cent Proposition A and ½ cent Proposition C sales taxes which are distributed to the jurisdictions within Los Angeles County based on population and must be used exclusively for transportation related programs and projects.

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

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

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

*Basis of Accounting and Measurement Focus*

PALRF, PCLRF, MRLRF, MMLRF, and TDAA3F are accounted for using the modified accrual basis of accounting whereby revenues are recognized when they become both measurable and available to finance expenditures of the current period and expenditures are generally recognized when the related fund liabilities are incurred.

Special Revenue Funds are reported on the spending or “financial flow” measurement focus. This means that generally only current assets, current liabilities and deferred inflows and outflows of resources are included on their balance sheets. The statement of revenues, expenditures and changes in fund balance for Special Revenue Funds generally present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

*Budgets and Budgetary Accounting*

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

**CITY OF WEST COVINA**  
NOTES TO FINANCIAL STATEMENTS  
For the Fiscal Years Ended June 30, 2022 and 2021  
(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 2022 Annual Comprehensive Financial Report for detailed disclosures regarding the City's investment policy and fair value measurement.

*Fund Balance Reporting*

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, establishes the fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of resources reported in governmental funds.

The PALRF, PCLRF, MRLRF, MMLRF, and TDAA3F report the following fund balance classification as of June 30, 2022:

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

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

**CITY OF WEST COVINA**  
**NOTES TO FINANCIAL STATEMENTS**  
For the Fiscal Years Ended June 30, 2022 and 2021  
(Continued)

**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.

**NOTE 3 – PROPOSITION A AND PROPOSITION C LOCAL RETURN COMPLIANCE REQUIREMENTS**

In accordance with Proposition A and Proposition C Local Return Program Guidelines, funds received pursuant to these guidelines may only be used for Proposition A and Proposition C Local Return approved programs. See accompanying Compliance Matrix.

**NOTE 4 – MEASURE R LOCAL RETURN COMPLIANCE REQUIREMENTS**

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

**NOTE 5 – MEASURE M LOCAL RETURN COMPLIANCE REQUIREMENTS**

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

**NOTE 6 – TRANSPORTATION DEVELOPMENT ACT COMPLIANCE REQUIREMENTS**

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

**NOTE 7 – CASH AND INVESTMENTS**

The PALRF, PCLRF, MRLRF, MMLRF, and TDAA3F's cash and investment balances were pooled with various other City funds for deposit and investment purposes. The share of each fund in the pooled cash and investments account was separately maintained and interest income was apportioned to the participating funds based on the relationship of their average balances to the total of the pooled cash and investments.

**CITY OF WEST COVINA**  
**NOTES TO FINANCIAL STATEMENTS**  
For the Fiscal Years Ended June 30, 2022 and 2021  
(Continued)

**NOTE 8 – PROPOSITION A DISCRETIONARY INCENTIVE GRANTS - PALRF**

The City entered into various Memorandum of Understanding (MOU) agreements with Metro 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, 2022 and 2021 consisted of the following:

Agreement Date	Period	NTD Voluntary Reporting	MOU Amount	Amount Received	
				2022	2021
July 1, 2019	7/1/19 - 6/30/23	FY 2016-17	\$ 102,137	\$ -	\$ 102,137
May 1, 2020	5/1/20 – 6/30/23	FY 2017-18	\$ 101,669	-	101,669
		Total	\$	\$ -	\$ 203,806

The Proposition A Discretionary Incentive Grants were recorded under PALRF.

**NOTE 9 – FUND EXCHANGE WITH FOOTHILL TRANSIT - PALRF**

As permitted by the Local Return Guidelines and as approved by Metro, the City entered into agreements with Foothill Transit (FT) to exchange the City’s uncommitted PALRF monies with FT’s unrestricted fund monies. The expenditures incurred were recorded under PALRF.

Those exchanges are listed below:

Agreement Date	Jurisdiction	Unrestricted Monies Received	City : Metro Ratio	PALRF Monies Exchanged	
				2022	2021
5/3/2022	Foothill Transit	\$2,100,000	\$0.75: \$1	\$ 2,800,000	\$ -
10/6/2020	Foothill Transit	\$1,350,000	\$0.75: \$1	-	1,800,000
				\$ 2,800,000	\$ 1,800,000

**CITY OF WEST COVINA**  
**NOTES TO FINANCIAL STATEMENTS**  
For the Fiscal Years Ended June 30, 2022 and 2021  
(Continued)

**NOTE 10 – RESTATEMENT OF MRLRF’S AND MMLRF’S 2021 FINANCIAL STATEMENTS**

The 2021 financial statements of MRLRF were restated to report certain expenditures for the City’s 21006 - La Puente Road/Forecastle - New Traffic Signal Project Code 301 related to prior fiscal year that were not previously reported.

		Accounts Payable		Expenditures		Fund Balance
Balance, as previously reported	\$	54,168	\$	963,402	\$	3,310,521
Adjustment		4,709		4,709		(4,709)
Balance, as restated	\$	58,877	\$	968,111	\$	3,305,812

The 2021 financial statements of MMLRF were restated to report certain expenditures for the City’s 18040 - Traffic Signal at Cameron/Barranca Project Code 301 related to prior fiscal year that were not previously reported.

		Accounts Payable		Expenditures		Fund Balance
Balance, as previously reported	\$	1,948	\$	19,798	\$	4,048,092
Adjustment		18,611		18,611		(18,611)
Balance, as restated	\$	20,559	\$	38,409	\$	4,029,481

**NOTE 11 – TRANSPORTATION DEVELOPMENT ACT FUND REVENUE ALLOCATION**

The revenue allocation for the years ended June 30, 2022 and 2021 consisted of the following:

		2022		2021
FY 2017-18 allocation	\$	60,467	\$	-
Total payment requested	\$	60,467	\$	-

**CITY OF WEST COVINA**  
**NOTES TO FINANCIAL STATEMENTS**  
For the Fiscal Years Ended June 30, 2022 and 2021  
(Continued)

**NOTE 12 – 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, 2022 and 2021, the City has funds on reserve as follows:

		2022		2021
FY 2017-18 allocation *	\$	2,864	\$	63,331
FY 2018-19 allocation		73,081		73,081
FY 2019-20 allocation		78,265		78,265
FY 2020-21 allocation		60,253		60,253
FY 2021-22 allocation		77,637		-
Available reserve balance	\$	292,100	\$	274,930

\* The fiscal year 2017-18 allocation of \$2,864 was not spent as of June 30, 2022 and would have lapsed. However, the City requested for an extension and received a final extension approval from Metro on June 7, 2022 to spend the funds until June 30, 2023.

**NOTE 13 – IMPACT OF CORONAVIRUS**

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 10, 2020, declared it to be a pandemic. The coronavirus and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the United States.

It is unknown how long these conditions will last and what the complete financial effect will be to businesses and other affected organizations, including local governmental entities. However, the City's management believes that the financial impact, if any, will not materially affect the June 30, 2022 Funds' financial statements.

**NOTE 14 – SUBSEQUENT EVENTS**

The City has evaluated subsequent events through October 13, 2022, the date the financial statements were available to be issued and concluded no other events have occurred that require disclosure or adjustments to the financial statements.





**SIMPSON & SIMPSON**  
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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 West Covina, California and the  
Los Angeles County Metropolitan Transit Authority

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the Proposition A Local Return Fund, 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, 2022, and the related notes to the financial statements, and have issued our report thereon dated October 13, 2022.

**Report on 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) as a basis for designing 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 or significant deficiencies may exist that were not identified.



## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City Funds' 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Los Angeles, California  
October 13, 2022

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*COMPLIANCE SECTION*

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SIMPSON & SIMPSON

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## **Independent Auditor's Report on Compliance and on Internal Control Over Compliance Required by the Guidelines**

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**

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

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, 2022.

In our opinion, the City complied, in all material respects, with the compliance requirements of the Guidelines for the year ended June 30, 2022.

#### ***Basis for Opinion on Each Local Return Program and Transportation Development Act Article 3 Program***

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. Our responsibilities under those standards and the Guidelines are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for 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. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.



### ***Responsibilities of Management for Compliance***

Management is responsible for the City's compliance with the Guidelines referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statues, regulations, rules, and provisions of contracts or program agreements applicable to the City's 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.

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Guidelines will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about City's compliance with the requirements of 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 as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Guidelines, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Guidelines, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.



## Report on 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 with the Guidelines 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 with 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 &amp; Simpson".

Los Angeles, California  
October 13, 2022

**CITY OF WEST COVINA**  
**COMPLIANCE MATRIX**  
Year Ended June 30, 2022

Compliance Requirement		In Compliance			Questioned Costs	If no, provide details and management response.
		Yes	No	N/A		
<b>A. Proposition A and Proposition C Local Return Funds</b>						
1.	Uses the State Controller’s Uniform System of Accounts and Records or has established a separate Proposition A and Proposition C Local Transit Assistance Account for Local Return purposes.	X			None	
2.	Revenues received including allocations, project generated revenues and interest income was properly credited to the Proposition A and/or Proposition C Local Return Account.	X			None	
3.	Funds were expended with Metro’s approval and were not substituted for property tax.	X			None	
4.	Timely use of funds.	X			None	
5.	Administrative expenses are within the 20% cap.	X			None	
6.	Expenditures that exceeded 25% of approved project budget have approved amended Project Description Form (Form A) or electronic equivalent.	X			None	
7.	Annual Project Update Report (Form B) or electronic equivalent was submitted on time.	X			None	
8.	Annual Expenditure Report (Form C) or electronic equivalent was submitted on time.	X			None	
9.	Pavement Management System (PMS) is in place and being used for Street Maintenance or Improvement Projects Expenditures.	X			None	
10.	Local Return Account is credited for reimbursable expenditures.	X			None	
11.	Where Proposition A funds were given, loaned or exchanged by one jurisdiction to another, the receiving jurisdiction has credited its Local Return Account with the funds received.	X			None	
12.	Self-Certification was completed and submitted for Intelligent Transportation Systems projects or elements.			X	None	There were no Intelligent Transportation Systems projects or elements in FY 2021-22.

**CITY OF WEST COVINA**  
**COMPLIANCE MATRIX**  
Year Ended June 30, 2022  
(Continued)

Compliance Requirement		In Compliance			Questioned Costs	If no, provide details and management response.
		Yes	No	N/A		
<b>A. Proposition A and Proposition C Local Return Funds</b>						
13.	A separate account was established for Capital reserve funds, Capital reserve was approved by Metro and current status is reported in the Annual Project Update (Form B) or electronic equivalent.			X	None	No capital reserve fund established in FY 2021-22.
14.	Recreational transit form was submitted on time.	X			None	
15.	Fund exchanges (trades, loans, or gifts) were approved by Metro.	X			None	
16.	Proposition C Local Return Funds were used to augment, not supplant existing local revenues being used for road improvement purposes.	X			None	
17.	All on-going and carryover projects were reported on Form B or electronic equivalent.	X			None	
18.	Cash or cash equivalents are maintained.	X			None	
19.	Accounting procedures, record keeping, and documentation are adequate.	X			None	



**CITY OF WEST COVINA**  
**COMPLIANCE MATRIX**  
Year Ended June 30, 2022  
(Continued)

Compliance Requirement		In Compliance			Questioned Costs	If no, provide details and management response.
		Yes	No	N/A		
<b>B. Measure R Local Return Fund</b>						
1.	Funds were expended for transportation purposes.	X			None	
2.	Separate Measure R Local Return Account was established.	X			None	
3.	Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure R Local Return Account.	X			None	
4.	Funds were expended with Metro's approval.	X			None	
5.	Funds were not substituted for property tax and are in compliance with the Maintenance of Effort.	X			None	
6.	Timely use of funds.	X			None	
7.	Administrative expenses are within the 20% cap.	X			None	
8.	Expenditure Plan (Form One or electronic equivalent) was submitted on time.	X			None	
9.	Annual Expenditure Report (Form Two or electronic equivalent) was submitted on time.	X			None	
10.	Where funds expended were reimbursable by other grants or fund sources, the reimbursement was credited to the Local Return Account upon receipt of the reimbursement.			X	None	There was no reimbursement by other grants or fund sources to the expenditures incurred in FY 2021-22.
11.	Where Measure R funds were given, loaned or exchanged by one jurisdiction to another, the receiving jurisdiction has credited its Local Return Account with the funds received.			X	None	There were no funds given, loaned, or exchanged in FY 2021-22.
12.	A separate account was established for Capital reserve funds and Capital reserve was approved by Metro.			X	None	No capital reserve fund established in FY 2021-22.

**CITY OF WEST COVINA**  
**COMPLIANCE MATRIX**  
Year Ended June 30, 2022  
(Continued)

Compliance Requirement		In Compliance			Questioned Costs	If no, provide details and management response.
		Yes	No	N/A		
<b>B. Measure R Local Return Fund</b>						
13.	Funds were used to augment, not supplant existing local revenues being used for transportation purposes unless there is a fund shortfall.	X			None	
14.	Recreational transit form was submitted on time.			X	None	There were no recreational expenses incurred in FY 2021-22.
15.	Fund exchanges were approved by Metro.			X	None	There were no fund exchanges in FY 2021-22.
16.	Accounting procedures, record keeping, and documentation are adequate.	X			None	

**CITY OF WEST COVINA**  
**COMPLIANCE MATRIX**  
Year Ended June 30, 2022  
(Continued)

Compliance Requirement		In Compliance			Questioned Costs	If no, provide details and management response.
		Yes	No	N/A		
<b>C. Measure M Local Return Fund</b>						
1.	Funds were expended for transportation purposes.	X			None	
2.	Separate Measure M Local Return Account was established.	X			None	
3.	Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure M Local Return Account.	X			None	
4.	Funds were expended with Metro's approval.	X			None	
5.	Funds were not substituted for property tax and are in compliance with the Maintenance of Effort.	X			None	
6.	Timely use of funds.	X			None	
7.	Administrative expenses are within the 20% cap.	X			None	
8.	Expenditure Plan (Form M-One or electronic equivalent) was submitted on time.	X			None	
9.	Expenditure Report (Form M-Two or electronic equivalent) was submitted on time.	X			None	
10.	Where funds expended were reimbursable by other grants or fund sources, the reimbursement was credited to the Local Return Account upon receipt of the reimbursement.			X	None	There was no reimbursement by other grants or fund sources to the expenditures incurred in FY 2021-22.
11.	Where Measure M funds were given, loaned or exchanged by one jurisdiction to another, the receiving jurisdiction has credited its Local Return Account with the funds received.			X	None	There were no funds given, loaned, or exchanged in FY 2021-22.
12.	A separate account was established for Capital reserve funds and Capital reserve was approved by Metro.			X	None	No capital reserve fund established in FY 2021-22.
13.	Funds were used to augment, not supplant existing local revenues being used for transportation purposes unless there is a fund shortfall.	X			None	

**CITY OF WEST COVINA**  
**COMPLIANCE MATRIX**  
Year Ended June 30, 2022  
(Continued)

Compliance Requirement		In Compliance			Questioned Costs	If no, provide details and management response.
		Yes	No	N/A		
<b>C. Measure M Local Return Fund</b>						
14.	Recreational transit form was submitted on time.			X	None	There were no recreational expenses incurred in FY 2021-22.
15.	Fund exchanges (trades, loans, or gifts) were approved by Metro.			X	None	There were no fund exchanges in FY 2021-22.
16.	Accounting procedures, record keeping, and documentation are adequate.	X			None	

**CITY OF WEST COVINA**  
**COMPLIANCE MATRIX**  
 Year Ended June 30, 2022  
 (Continued)

Compliance Requirement		In Compliance			Questioned Costs	If no, provide details and management response.
		Yes	No	N/A		
<b>D. Transportation Development Act Article 3 Fund</b>						
1.	Timely use of funds.	X			None	
2.	Expenditures were incurred for activities relating to pedestrian and bicycle facilities and amenities.			X	None	There were no expenditures incurred in FY 2021-22.
3.	Claim Form (or electronic equivalent) was submitted on time.	X			None	

***CITY OF WEST COVINA***  
**SCHEDULE OF FINDINGS AND RECOMMENDATIONS**  
June 30, 2022

No findings were noted.

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*EXIT CONFERENCE*

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**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, 2022

An exit conference was held on December 8, 2022 with the City of West Covina. Those in attendance were:

***Simpson & Simpson Representative:***

Daryl Maxwell, Auditor

***City's Representatives:***

Kelly McDonald, Public Services Manager  
Stephanie Sikkema, Finance Director  
Maria-Luisa Olea, Assistant Finance Director

***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, Public Services Manager  
Stephanie Sikkema, Finance Director



Simpson & Simpson, LLP  
633 West 5<sup>th</sup> 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, MEASURE M LOCAL RETURN FUND, AND TRANSPORTATION DEVELOPMENT ACT ARTICLE 3 FUND FOR THE FISCAL YEARS ENDED JUNE 30, 2022 AND 2021

I have received the annual financial report of the Proposition A Local Return Fund, Proposition C Local Return Fund, Measure R Local Return Fund, Measure M Local Return Fund, and Transportation Development Act Article 3 Fund for the years ended June 30, 2022 and 2021 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,

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Name

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Title

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Date