

City of Whittier

General City Information



People, Pride, Progress

*Adopted Budget for
Fiscal Year 2020-21*



City of Whittier

General City Information

- *City of Whittier Value Statement*
- *City Demographics*
- *City of Whittier Budget Adoption Resolution*
- *Gann Limit Resolution*
- *Whittier Utility Authority Budget Adoption Resolution*
- *Whittier Housing Authority Budget Adoption Resolution*
- *Financial System and Internal Controls*
- *Fund Balance Policy for the General Fund (SOP 42)*
- *Fraud in the Workplace (SOP 26)*



City of Whittier

Value Statement

The City of Whittier acknowledges its rich heritage as a community that is based upon respect for the worth and dignity of its citizens. A growing, dynamic and diverse community, it searches for ways of involving its citizens in programs and activities that inspire a sense of personal responsibility and pride. Both private and governmental initiatives offer opportunities for service that create the conditions necessary for harmony and cooperation between members of the community, civic renewal and improvement for the quality of life.

The City of Whittier embraces the following Value Statement:

- The Government of the City of Whittier requires a high degree of moral/ethical behavior by its members acting in any and all official capacities in carrying out their assigned responsibilities and in their personal lives to the extent that their behavior will not reflect negatively upon the City Government and will not interfere with the City's efforts in carrying out its missions and goals; and
- Integrity is inseparable from ethics, but deserves special recognition. Integrity is that essential value that will facilitate adherence to a high degree of ethical/moral conduct; and
- Cooperation or teamwork is vital to the success of achieving the City's missions and goals. The requirement of cooperation or teamwork extends to all City officials and employees, and the citizens of Whittier, who are, in reality, partners in government; and
- The City shall maintain and improve excellence in delivery of municipal service to the people of the community. This will necessitate continual review of the City operational and organizational considerations and the application of innovative methods to maintain and improve City services at reasonable cost levels; and
- The City cares for its employees. The City highly values the selection and retention of highly qualified, dedicated and loyal employees. To this end, the City shall endeavor to make all positions within the City challenging, interesting and rewarding.

People, Pride, and Progress

City of Whittier City Demographics

City of Whittier Profile:

Whittier is located in Los Angeles County, about 12 miles southeast of the City of Los Angeles. The City of Whittier is governed by a five Member City Council under the Council – Manager form of government. Whittier is a charter law city and was incorporated in 1898. The Charter form of City government was ratified in 1955. The City covers 14.8 square miles and has an estimated population of 87,526. Businesses and industries in the area include 436 professional services, 845 retail stores, 200 family-type restaurants, 37 manufacturing plants, 7 hotels and motels, 2 new automobile dealerships and over 303 specialty shops and boutiques, predominantly located in Uptown Whittier, the Quad shopping mall, as well as the Whittwood Town Center.

Founded in 1887 as a Quaker colony, Whittier’s strong sense of history and vision for the future has made it an upscale and dynamic residential community.

City of Whittier Data:

➤ Incorporated Area	14.8 square miles
➤ Population ¹	86,801 (2020)
➤ Population – Races ³ (2020)	
○ Hispanic/Latino	65.72%
○ White	26.65%
○ Asian	4.83%
○ Black/African American	1.31%
○ Multi-race	1.02%
○ American Indian/Pacific Islander/Other	0.47%
➤ Median Household Income ³	\$97,246 (2020)
➤ Personal Income (Per Capita) ²	\$30,316 (2018)
➤ Unemployment Rate ³	2.80% (2020)
➤ Housing	
○ Dwelling Units ³	30,138 (2020)
○ Median Value ²	\$528,400 (2014-2018)
➤ Safety	
○ Police – City of Whittier Police Department	
○ Fire – Los Angeles County Fire Department	
○ Hospitals	
▪ Presbyterian Intercommunity Hospital	
▪ Whittier Hospital Medical Center	
○ Emergency Management – City of Whittier Emergency Management	

Source:

1. California Department of Finance
2. US Census Bureau
3. Gateway Cities Council of Governments
4. InfoUSA.com/Infogroup 2014

City of Whittier City Demographics

- Schools (located in Whittier city limits)
 - Whittier City School District
 - Dexter Middle School
 - Hoover Elementary
 - Jackson Elementary
 - Longfellow Elementary
 - Orange Grove Elementary
 - Lowell Join School District
 - Jordan Elementary
 - Whittier Union High School District
 - La Serna High School
 - Whittier High School
 - East Whittier City School District
 - East Whittier Middle School
 - Evergreen Elementary
 - Laurel Elementary
 - Murphy Ranch Elementary
 - Ocean View Elementary
 - Mar Vista Early Childhood Center

- Parks, Libraries and Community Centers
 - Four (4) large community parks
 - Fourteen (14) neighborhood parks
 - Two (2) wilderness parks
 - One (1) sports field
 - Greenway Trail (five mile bicycle/pedestrian trail)
 - Whittier Public Library
 - Whittwood Branch Library
 - Palm Park Aquatic and Activity Center
 - Parnell Park Community and Senior Center
 - Uptown Senior Citizens Center
 - Whittier Community Center

➤ Principal Employers⁴

Rank	Name	No. of Employees
1	PIH Health Hospital	3,500
2	Interhealth Corporation	2,600
3	Rio Hondo Community College	1,800
4	Los Angeles County Sanitation	1,000
5	Whittier Hospital Medical Center	850
6	City of Whittier	640
7	Rose Hills Memorial Park	600
8	FedEx Freight	525
9	Los Angeles Freightliner Inc.	400
10	Humana Inc	373

Source:

1. California Department of Finance
2. US Census Bureau
3. Gateway Cities Council of Governments
4. InfoUSA.com/Infogroup 2014

RESOLUTION NO. 2020-36

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF WHITTIER, CALIFORNIA, ADOPTING A BUDGET FOR THE FISCAL YEAR COMMENCING JULY 1, 2020, AND ENDING JUNE 30, 2021

RECITALS

- A. Pursuant to Section 1102 of the Charter of the City of Whittier, the City Manager, on or about May 4, 2020, submitted to the City Council a proposed budget for the appropriation and expenditure of funds for the City of Whittier for Fiscal Year 2020-21.
- B. The proposed budget was reviewed by the City Council at the Budget Study Session on May 13, 2020.
- C. It has been determined that the proposed budget was prepared in accordance with Section 1111 of the City Charter and provides for reserve funds sufficient to meet all lawful demands of the City, as is required.
- D. The City Council of the City of Whittier continually strives to provide the highest quality of life for its citizens.
- E. Following duly given notice and prior to budget adoption, the City Council held a public hearing on June 23, 2020, receiving, considering and evaluating all comments.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF WHITTIER, CALIFORNIA, DOES RESOLVE AS FOLLOWS:

SECTION 1. The above recitals are true and correct and are a substantial part of this resolution.

SECTION 2. The City Manager's proposed 2020-21 Fiscal Year Budget for general and special City purposes is approved and adopted for estimated revenues and transfers-in totaling \$107,052,642.

SECTION 3. The City Manager's proposed 2020-21 Fiscal Year Budget for general and special City purposes is approved and adopted for appropriations and transfers-out in the amount of \$107,376,234 and capital improvement projects in the amount of \$1,946,700, which total \$109,322,934.

SECTION 4. The following reclassification of reserves as estimated are approved for Fiscal Year 2020-21:

<u>Fund</u>	<u>Name</u>	<u>Reserve</u>	<u>Account No.</u>	<u>Increase (Decrease)</u>
Operating				
100	General Fund	Reserve for Art in Public Places	245110	\$ 5,500
		Reserve for General Plan Update	245130	100,000
		Reserve for Designated PEG	244225	61,645
		Reserve for Rental Units	248070	(18,553)
		Reserve for Park Impact Fees	245021	397,086
		General Fund Operating Subtotal		<u>\$ 545,678</u>
Other Funds				
280	Prop C Transit	Reserve for Greenway Rentals	241275	\$ 100,000
770	Equipment	Reserve for Copiers & Finance Systems	241220	79,000
		Other Funds Subtotal		<u>\$ 179,000</u>
		Total		<u>\$ 724,678</u>

SECTION 5. The City Manager is authorized to make changes within each budget code, during the 2020-21 fiscal year, as he may from time to time deem desirable and necessary in order to meet the City's needs. Changes in budget code totals, appropriation of unappropriated balances and cancellation of unexpended and unencumbered appropriations shall require City Council approval, in accordance with Section 1105 of the City Charter.

SECTION 6. The City Clerk shall certify to the passage and adoption hereof.

APPROVED AND ADOPTED this 23rd day of June 2020.



 JOSEPH A. VINATIERI, Mayor

ATTEST:



 RIGOBERTO GARCIA JR., City Clerk
 (seal)

I CERTIFY THAT THE FOREGOING RESOLUTION NO. 2020-36 was passed and adopted by the City Council of the City of Whittier at the regular meeting held on the 23rd day of June 2020, by the following vote:

AYES: 5 Council Members: Vinatieri, Bouchot, Warner, Martinez, Dutra
NOES: 0
ABSTAIN: 0
ABSENT: 0


RIGOBERTO GARCIA JR., City Clerk
(seal)

I HEREBY CERTIFY THIS TO BE A TRUE AND CORRECT COPY OF THE ORIGINAL DOCUMENT ON FILE WITH THE CITY OF WHITTIER. WITNESS MY HAND AND THE OFFICIAL SEAL OF THE CITY OF WHITTIER THIS 29 DAY OF June, 2020

CITY CLERK

RESOLUTION NO. 2020-37

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF WHITTIER, CALIFORNIA, APPROVING AND ADOPTING THE ANNUAL APPROPRIATIONS LIMIT FOR FISCAL YEAR 2020-21

RECITALS

- A. On November 6, 1979, the voters in California added Article XIII B to the State Constitution thereby placing various limitations on the appropriations of State and local government.
- B. In June 1990, the voters in California amended Article XIII B by passing Proposition 111 – the Traffic Congestion Relief and Spending Act of 1990, which expanded the guidelines for calculating the Gann Limit.
- C. Proposition 111 allowed cities to take the greater increase of City or County population growth, and the greater increase of California Per Capita Income or non-residential assessed valuation growth attributed to new construction within the City.
- D. The City of Whittier has complied with all of the provisions of Article XIII B in determining the appropriations limit for Fiscal Year 2020-21.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF WHITTIER, CALIFORNIA, DOES RESOLVE AS FOLLOWS:

SECTION 1. The above recitals are true and correct and are a substantial part of this resolution.

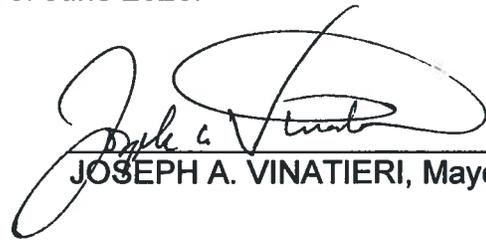
SECTION 2. The appropriations limit for Fiscal Year 2020-21 is hereby established as \$459,542,683.

SECTION 3. Total appropriations of \$35,832,048, as included in the City's adopted budget for Fiscal Year 2020-21 and subject to the limit are less than the appropriations limit by \$423,710,636, and within the limit as stipulated by Article XIII B.

SECTION 4. The estimated proceeds of taxes as included in the City's adopted budget for Fiscal Year 2020-21, total \$36,357,963 and are within the appropriations limit as stipulated by Article XIII B.

SECTION 5. The City Clerk shall certify to the passage and adoption hereof.

APPROVED AND ADOPTED this 23rd day of June 2020.

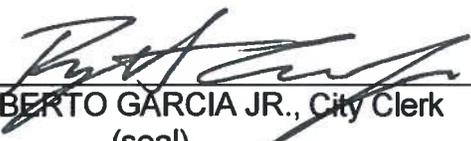

JOSEPH A. VINATIERI, Mayor

ATTEST:


RIGOBERTO GARCIA JR., City Clerk
(seal)

I CERTIFY THAT THE FOREGOING RESOLUTION NO. 2020-37 was passed and adopted by the City Council of the City of Whittier at the regular meeting held on the 23rd day of June 2020, by the following vote:

AYES: 5 Council Members: Vinatieri, Bouchot, Warner, Martinez, Dutra
NOES: 0
ABSTAIN: 0
ABSENT: 0


RIGOBERTO GARCIA JR., City Clerk
(seal)

I HEREBY CERTIFY THIS TO BE A TRUE AND CORRECT COPY OF THE ORIGINAL DOCUMENT ON FILE WITH THE CITY OF WHITTIER. WITNESS MY HAND AND THE OFFICIAL SEAL OF THE CITY OF WHITTIER THIS 29 DAY OF June, 2020


CITY CLERK

RESOLUTION NO. WUA-2020-03

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE WHITTIER UTILITY AUTHORITY ADOPTING THE BUDGET FOR THE FISCAL YEAR COMMENCING JULY 1, 2020, AND ENDING JUNE 30, 2021

RECITALS

- A. The Executive Officer, on or about May 4, 2020, submitted to the Board of Directors a proposed budget for the appropriation and expenditure of funds for the Whittier Utility Authority for Fiscal Year 2020-21.
- B. Such proposed budget was reviewed by the Board of Directors at the Budget Study Session on May 13, 2020.
- C. Following duly given notice and prior to budget adoption, the Board of Directors of the Whittier Utility Authority held a public hearing on June 23, 2020, receiving, considering and evaluating all comments.

NOW, THEREFORE, THE BOARD OF DIRECTORS OF THE WHITTIER UTILITY AUTHORITY DOES RESOLVE AS FOLLOWS:

SECTION 1. The total estimated revenues and transfers-in for Fiscal Year 2020-21 shall be \$27,990,968.

SECTION 2. The total appropriations, transfers-out and capital expenditures for Fiscal Year 2020-21 shall be \$28,566,327.

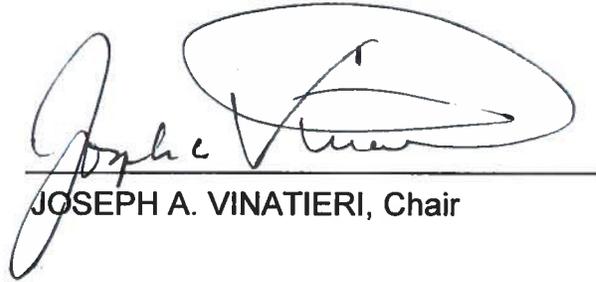
SECTION 3. That the following reclassification of reserves be approved for 2020-21:

<u>Fund</u>	<u>Name</u>	<u>Reserve</u>	<u>Account Number</u>	<u>Increase (Decrease)</u>
420	Water Fund	Reserve for Water Connection Fees	241240	\$ 181,318
			Total	<u>\$ 181,318</u>

SECTION 4. The Executive Officer is authorized to make changes during the 2020-21 Fiscal Year from time to time deem desirable and necessary in order to meet the Authority's needs.

SECTION 5. The Secretary shall certify to the passage and adoption hereof.

APPROVED AND ADOPTED this 23rd day of June 2020.



JOSEPH A. VINATIERI, Chair

ATTEST:



RIGOBERTO GARCIA JR., Secretary
(seal)

I CERTIFY THAT THE FOREGOING RESOLUTION NO. WUA-2020-03 was passed and adopted by the Board of Directors of the City of Whittier at the regular meeting held on the 23rd day of June 2020, by the following vote:

AYES: 5 Board Members: Vinatieri, Bouchot, Warner, Martinez, Dutra
NOES: 0
ABSTAIN: 0
ABSENT: 0



RIGOBERTO GARCIA JR., Secretary
(seal)

I HEREBY CERTIFY THIS TO BE A TRUE AND CORRECT COPY OF THE ORIGINAL DOCUMENT ON FILE WITH THE CITY OF WHITTIER. WITNESS MY HAND AND THE OFFICIAL SEAL OF THE CITY OF WHITTIER THIS 29 DAY OF JUNE, 2020



CITY CLERK

RESOLUTION NO. WHA-2020-01

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE WHITTIER HOUSING AUTHORITY ADOPTING THE BUDGET FOR THE FISCAL YEAR COMMENCING JULY 1, 2020, AND ENDING JUNE 30, 2021

RECITALS

- A. The Executive Officer, on or about May 1, 2020, submitted to the Board of Directors a proposed budget for the appropriation and expenditure of funds for the Whittier Housing Authority for Fiscal Year 2020-21.
- B. Such proposed budget was reviewed by the Board of Directors at the Budget Study Session on May 13, 2020.
- C. Following duly given notice and prior to budget adoption, the Board of Directors of the Whittier Housing Authority held a public hearing on June 23, 2020, receiving, considering and evaluating all comments.

NOW, THEREFORE, THE BOARD OF DIRECTORS OF THE WHITTIER HOUSING AUTHORITY DOES RESOLVE AS FOLLOWS:

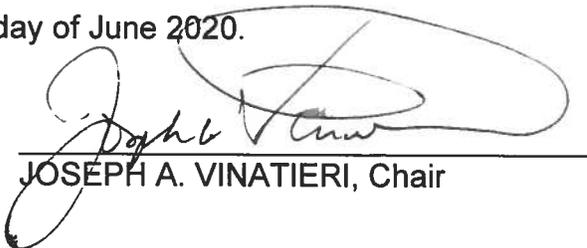
SECTION 1. The total estimated revenues and transfers-in for Fiscal Year 2020-21 shall be \$321,372.

SECTION 2. The total appropriations, transfers-out and capital expenditures for Fiscal Year 2020-21 shall be \$141,394.

SECTION 3. The Executive Officer is authorized to make changes during the 2020-21 Fiscal Year, from time to time deem desirable and necessary in order to meet the Authority's needs.

SECTION 4. The Secretary shall certify to the passage and adoption hereof.

APPROVED AND ADOPTED this 23rd day of June 2020.



JOSEPH A. VINATIERI, Chair

ATTEST:



RIGOBERTO GARCIA JR., Secretary

I CERTIFY THAT THE FOREGOING RESOLUTION NO. WHA-2020-01 was passed and adopted by the Board of Directors of the City of Whittier at the regular meeting held on the 23rd day of June 2020, by the following vote:

AYES:	5	Board Members:	Vinatieri, Bouchot, Warner, Martinez, Dutra
NOES:	0		
ABSTAIN:	0		
ABSENT:	0		



 RIGOBERTO GARCIA JR., Secretary
 (seal)

I HEREBY CERTIFY THIS TO BE A TRUE AND CORRECT COPY OF THE ORIGINAL DOCUMENT ON FILE WITH THE CITY OF WHITTIER. WITNESS MY HAND AND THE OFFICIAL SEAL OF THE CITY OF WHITTIER THIS 29 DAY OF June, 2020



 CITY CLERK

City of Whittier

Financial System and Internal Controls

Presentation

The financial transactions of the City of Whittier are recorded in individual funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. In summary, the funds used by the City are grouped as follows:

Governmental Funds

General Fund

The General Fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in other funds.

Special Revenue Funds

The Special Revenue Funds are used to account for specific revenues (other than those for major capital projects) that are legally restricted to expenditures for particular purposes. The City maintains several special revenue funds for gas taxes, grant funding, fines collected on vehicle code violations and special levies imposed on businesses in the City's Uptown Village area.

Debt Service Fund

The Whittier Public Financing Authority Debt Service Fund is used to account for the proceeds of the 2002 and 2007A Tax Allocation Loans, loaned to the former Whittier Redevelopment Agency, and for the debt service payments.

Capital Projects Fund

The Capital Projects Fund is used to account for the financial resources to be used for the acquisition and construction of major capital facilities.

Proprietary Funds

Enterprise funds

Enterprise Funds are established for government activities that are financed and operate in a similar manner to private business. User fees primarily finance costs of providing services to the general public. The Whittier Utility Authority (WUA) was established on February 1, 2002, by a joint powers agreement between the City of Whittier and the Whittier Public Financing Authority. The Authority was created to provide a legally binding framework for the relationship between the City's utility enterprise funds and the City's general fund and to provide greater fiscal strength of the City's enterprise funds. WUA is a component of the following proprietary funds:

City of Whittier

Financial System and Internal Controls

(Continued)

Water Fund

This fund accounts for the operation and maintenance of the City's water distribution system.

Sewer Fund

This fund accounts for the operation and maintenance of the wastewater system within the City's boundaries.

Solid Waste Fund

This fund accounts for the collection and disposal of solid waste from industrial, commercial, and residential users throughout the Whittier area, for landfill closure and post closure costs, and for funding of environmental liabilities caused by water contamination.

Basis of Accounting

The City's financial system operates on a basis consistent with "generally accepted accounting principles" (GAAP), where Governmental Funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period. Expenditures generally are recorded when the liability is incurred except for debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, which are recorded only when payment is due. For Proprietary Funds, the accrual basis is utilized; revenues are recognized when earned, and expenses are recognized when incurred.

Internal Controls

The City is responsible for establishing and maintaining a strong internal control structure designed to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that: 1) the cost of a control should not exceed the benefits likely to be derived, and 2) the valuation of costs and benefits requires estimates and judgments by management.

Revenue Policies

The City tries to maintain a diversified and stable revenue system to minimize the effects of economic fluctuations on sources of income. Revenues are estimated based on the historical data, analysis and in some cases the use of consultant's estimate.

City of Whittier

Financial System and Internal Controls

(Continued)

Debt Management

The City typically confines long-term borrowing to capital improvements that cannot be funded from current sources. No bond issue will take place without consultation of appropriate external financial advisers and bond counsel. On-going efforts will be taken to improve and enhance the City's bond rating and the marketability of its debt.

Capital Improvement

The Capital Improvement Program provides a comprehensive plan for acquisition and replacement of major capital outlay items and for the construction, repair and maintenance of City facilities and infrastructure such as streets, sewers, water service, storm drains, traffic systems, parks and other City facilities. Infrastructure maintenance is a key component in the continued economic vitality of the City of Whittier.

The Five-Year Capital Improvement Summary includes all major capital improvements with budgets in excess of \$25,000. Typically, larger projects are funded and completed over several fiscal years. The total amount represents the full cost and/or funding requirements for project completion within the 5-year period.

The City Manager recommends projects to City Council for approval based upon the availability of funding. City Council reviews this Five-Year Capital Improvement Summary each year during the budget study session, and any changes are implemented prior to budget adoption.



CITY OF WHITTIER

STANDARD OPERATING PROCEDURE

NUMBER 42
PAGE 1 of 4

SUBJECT: Fund Balance Policy for the General Fund

EFFECTIVE DATE: 6/14/2011

ISSUE DATE: 6/14/2011

APPROVED BY:

City Manager

I. PURPOSE/AUTHORITY:

To establish the procedures for reporting unrestricted fund balance in Governmental Funds financial statements. It is essential that the City maintains adequate levels of fund balance tailored to the needs of the City to ensure against current and future risks such as revenue shortfalls and unanticipated expenditures. The policy also authorizes and directs the City Controller to prepare financial reports, which accurately categorize fund balance as per Governmental Accounting Standards Board (GASB) Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions.

II. PERSONNEL AFFECTED:

This SOP applies to the Controller's Department personnel who prepare the annual Comprehensive Annual Financial Report (CAFR).

III. PROCEDURES:

Fund balance is the difference between the assets and liabilities or the net assets reported in a governmental fund. There are five components of fund balance, each of which identifies the extent to which the City is bound to honor constraints on the specific purposes for which amounts can be spent:

- **Nonspendable Fund Balance** – represents amounts that cannot be spent because they are either not in spendable form (e.g. inventories, prepaid items, long-term portion of loans receivable, land held for resale); or legally or contractually required to be maintained intact.
- **Restricted Fund Balance** – externally imposed by law or constrained by grantors, contributors, or laws or regulations of other governments.
- **Committed Fund Balance** – committed on use for specific purposes by formal action of the government's highest level of decision-making authority.
- **Assigned Fund Balance** – intended on use for specific purposes by the governing body itself or official delegated with the authority to assign amounts to be used for specific purposes, which are neither restricted nor committed.
- **Unassigned Fund Balance** – the available and uncommitted fund balance.



CITY OF WHITTIER

STANDARD OPERATING PROCEDURE

NUMBER 42
PAGE 2 of 4

SUBJECT: Fund Balance Policy for the General Fund

Non-spendable and restricted fund balances are not addressed in this policy due to the nature of their restrictions. This policy is focused on financial reporting of unrestricted fund balance (committed, assigned and unassigned) that should be maintained in the General Fund. These three categories are further defined below.

Committed Fund Balance

The City Council, as the City's highest level of decision-making authority, may commit fund balance for specific purposes pursuant to constraints imposed by formal actions taken, such as an ordinance or resolution. These committed amounts cannot be used for any other purpose unless the City Council removes or changes the specified use through the same type of formal action taken to establish the commitment. City Council action to commit fund balance needs to occur prior to the end of the fiscal reporting period. Examples of committed fund balance are (but not limited to) as follows:

- **General Fund Emergency Contingency**

The City Council adopted a Resolution to establish a contingency reserve at a minimum, in its general fund equivalent to five percent (5%) of the following fiscal year's General Fund budgeted operating expenditures (excluding transfers and capital improvement projects). As defined in the resolution establishing this commitment, the specific uses are listed as the declaration of a state or federal state of emergency or a local emergency as defined in City's Municipal Code Section 2.44.020. The City Council may, by the affirming vote of three members, change the amount of this commitment and/or the specific uses of these monies.

- **Oil Wells**

City Council received and set aside \$100,000 on June 27, 2006 to assume liability of wells 13, 15, and 16 from Chevron located on the Whittier Oil Fields.

- **Arts In Public Places**

In accordance with Municipal Code Section 12.52.080, "any monies collected by the City in accordance with the in-lieu contribution...shall be deposited in a separate account...this account shall be used to provide sites for, and works of art in public places in order to further the intent and purpose of this chapter as set forth in Section 12.52.010." Account is administered by the City Council.



CITY OF WHITTIER STANDARD OPERATING PROCEDURE

NUMBER 42
PAGE 3 of 4

SUBJECT: Fund Balance Policy for the General Fund

- Arts In Public Places-Whittier College

On July 20, 2004, Council passed an ordinance that exempted non-profit 501(c) (3) organizations be exempt from the requirements of the Art in Public Places ordinance in Chapter 12.52 of the Municipal Code. At that time, City had received \$50,500 from Whittier College in the "Arts in Public Places" account and have created a separate account to account for the monies from Whittier College.

- Police and Library Facility Reserve

On February 16, 1999, Council approved funding for the police and library facilities from a variety of funding sources including City funds, private, fundraising, state and federal funds. Funds received were set aside in this account for spending of these two facilities.

Assigned Fund Balance

Amounts that are constrained by the City's *intent* to be used for specific purposes, but are neither restricted nor committed, should be reported as assigned fund balance. Intent should be established at the City Council, or by an official designated for that purpose. This policy hereby delegates the authority to assign amounts to be used for specific purposes to the City Controller for the purpose of reporting these amounts in the annual financial statements. The actions necessary to remove or modify an assignment is not as prescriptive as it is with regard to the committed fund balance. An example of an assigned fund balance could include but are not limited to:

- Encumbrances

Encumbrances are estimations of costs related to unperformed contracts for goods and services.

Unassigned Fund Balance

This classification represents residual positive fund balance of the general fund in excess of what can properly be classified in one of the other four categories. An example of assigned fund balance could include but are not limited to:



CITY OF WHITTIER

STANDARD OPERATING PROCEDURE

NUMBER 42
PAGE 4 of 4

SUBJECT: Fund Balance Policy for the General Fund

- Public Employee's Retirement System (PERS) Contingency Reserve

Reserve was set aside to address future PERS rate increases when the City was previously superfunded. Initially, Council authorized at their June 7, 2003 joint budget Study Session that the reserve could be used to cover cost increases up to \$750,000 per year. Later, Council authorized it's usage as needed to balance the General Fund's operating budget due to revenue shortfalls. According to GASB Statement No. 54 Section 20, "...a stabilization amount that can be accessed to offset an "anticipated revenue shortfall" would not qualify (to be classified within the committed category) unless the shortfall was quantified and was of a magnitude that would distinguish it from other revenue shortfalls that occur during the normal course of governmental operations."

Fund Balance Classification

Unless necessary by other requirements and circumstances, the accounting policies of the City consider restricted fund balance to have been spent first when expenditure is incurred for purposes, which both restricted and unrestricted fund balance is available. Similarly, when an expenditure is incurred for purposes, which amounts in any of the unrestricted classifications of fund balance could be used, the City considers committed amounts to be reduced first, followed by assigned amounts and then unassigned amounts.

This policy is in place to provide a measure of protection for the City against unforeseen circumstances and to comply with GASB Statement No. 54. No other policy of procedure supersedes the authority and provisions of this policy.



CITY OF WHITTIER STANDARD OPERATING PROCEDURE

NUMBER 26
PAGE 1 of 6

SUBJECT: Fraud In The Workplace

ORIGINAL DATE: 6/23/08

ISSUE DATE: 6/23/08

APPROVED BY:

City Manager

I. PURPOSE/AUTHORITY:

To establish policy and procedures for clarifying acts that are considered to be fraudulent, describing the steps to be taken when fraud or other related dishonest activities are suspected, and providing procedures to follow in accounting for missing funds, restitution and recoveries.

II. PERSONNEL AFFECTED:

All City Employees, including consultants, and elected or appointed Council, Board and Commission members. (See III.E. Definitions, 2. "Employee", below)

III. POLICY:

- A. The City of Whittier is committed to protecting its assets against the risk of loss or misuse. Accordingly, it is the policy of the City of Whittier to identify and promptly investigate any possibility of fraudulent or related dishonest activities against the City and, when appropriate, to pursue legal remedies available under the law.
- B. This policy applies to any irregularity, or suspected irregularity, involving employees, consultants, vendors, contractors, outside agencies, and/or any other parties with a business relationship with the City.
- C. Any investigative activity required will be conducted in an objective and impartial manner without regard to the suspected wrongdoer's length of service, position, title, or relationship to the City.
- D. All employees are responsible for the detection, reporting and prevention of fraud, misappropriations, and other irregularities.

E. DEFINITIONS

- 1. Fraud – the intentional false representation or concealment of material fact for the purpose of personal gain for oneself or others; or inducing another to act similarly. Fraud and other similar irregularities include, but are not limited to:
 - a. Claim for reimbursement of expenses that are not job-related or authorized by the current Memorandum of Understanding.
 - b. Forgery or unauthorized alteration of documents (checks, promissory notes, time sheets, independent contractor agreements, purchase orders, budgets, etc.).



CITY OF WHITTIER STANDARD OPERATING PROCEDURE

NUMBER 26
PAGE 2 of 6

SUBJECT: Fraud In The Workplace

- c. Misappropriation of City assets (funds, securities, supplies, furniture, equipment, etc.).
 - d. Improprieties in handling or reporting of money transactions.
 - e. Authorizing or receiving payment for goods not received or services not performed.
 - f. Computer-related activity involving unauthorized alteration, destruction, forgery, or manipulation of data or misappropriation of City-owned software.
 - g. Misrepresentation of information on documents.
 - h. Any apparent violation of Federal, State, or Local laws related to dishonest activities or fraud.
 - i. Seeking or accepting anything of material value from those doing business with the City including vendors, consultants, contractors, lessees, applicants, and grantees. Materiality is determined by the City's Conflict of Interest Code which incorporates the Political Reform Act of 1974. Regulations of the Fair Political Practices Commission (2 California Admin. Code Sections 18100 et seq.), and any amendments to the Act or regulations.
2. Employee – In this context, employee refers to any individual or group of individuals who receive compensation, either full- or part-time, from the City of Whittier. The term also includes any volunteer who provides services to the City through an official arrangement with the City or a City organization, as well as consultants, vendors, contractors, outside agencies and/or any other parties with a business relationship with the City of Whittier.
 3. Management – In this context, management refers to any administrator, manager, director, supervisor, or other individual who manages or supervises funds or other resources, including human resources.
 4. Investigator – In this context, Investigator refers to any person or persons assigned by the Department Head and City Controller to investigate any fraud or similar activity.
 5. External Auditor – In this context, External Auditor refers to independent audit professionals who may perform annual audits of the City's financial statements or a similarly qualified professional.
- F. It is the City's intent to fully investigate any suspected acts of fraud, misappropriation, or other similar irregularity. An objective and impartial investigation will be conducted regardless of the position, title, length of service or relationship with the City of any party who might be or become involved in or becomes the subject of such investigation.



CITY OF WHITTIER STANDARD OPERATING PROCEDURE

NUMBER 26
PAGE 3 of 6

SUBJECT: Fraud In The Workplace

- G. Each department of the City is responsible for instituting and maintaining a system of internal control to provide reasonable assurance for the prevention and detection of fraud, misappropriations, and other irregularities. Management should be familiar with the types of improprieties that might occur within their area of responsibility and be alert for any indications of such conduct.
- H. The Investigator, in conjunction with the City Attorney, has the primary responsibility for the investigation of all activity as defined in this policy.
- I. Throughout the investigation, the Investigator will inform the Department Head and City Controller of pertinent investigative findings.
- J. Employees will be granted whistle-blower protection when acting in accordance with this policy. When informed of a suspected impropriety, neither the City nor any person acting on behalf of the City shall:
 - 1. Dismiss or threaten to dismiss the employee,
 - 2. Discipline, suspend, or threaten to discipline or suspend the employee,
 - 3. Impose any penalty upon the employee, or
 - 4. Intimidate or coerce the employee.Violations of the whistle-blower protection will result in discipline up to and including dismissal.
- K. Upon conclusion of the investigation, the results will be reported to the City Manager by the Department Head and City Controller.
- L. The City Manager, following review of investigation results, will take appropriate action regarding employee misconduct. Disciplinary action can include termination, and referral of the case to an appropriate Law Enforcement Agency and District Attorney's Office for possible arrest and prosecution.
- M. The City will pursue every reasonable effort, including court ordered restitution, to obtain recovery of City losses from the offender, or other appropriate sources.

IV. PROCEDURES

A. Management Responsibilities

- 1. Management is responsible for being alert to and reporting fraudulent or related dishonest activities in their areas of responsibility.
- 2. Each manager should be familiar with the types of improprieties that might occur in his or her area and be alert for any indication that improper activity, misappropriation, or dishonest activity is or was in existence in his or her area.



CITY OF WHITTIER

STANDARD OPERATING PROCEDURE

NUMBER 26
PAGE 4 of 6

SUBJECT: Fraud In The Workplace

3. When an improper activity is detected or suspected, management should determine whether an error or mistake has occurred or if there may be dishonest or fraudulent activity.
4. If management determines a suspected activity may involve fraud or related dishonest activity, they should contact their next immediate supervisor not involved in the alleged misconduct – and together with that supervisor inform their Department Director (unless the Department Director is alleged to have involvement in the alleged misconduct) and City Controller. If the alleged misconduct is said to involve the Department Head and/or City Controller, the City Attorney may be substituted for one or both.
5. The Department Head and the City Controller, or either plus the City Attorney if appropriate as under #4 above, shall together inform the City Manager. If the City Manager is himself or herself the subject of the alleged misconduct, the Department Head and the City Controller, or the City Attorney and either one of the above and/or the Department Director, shall inform the Chief of Police.
6. Management should not attempt to conduct individual investigations, interviews, or interrogations. However, management is responsible for taking appropriate corrective actions to ensure adequate controls exist to prevent reoccurrence of improper actions.
7. Management should support the City's responsibilities and cooperate fully with the Investigator, other involved departments, and law enforcement agencies in the detection, reporting, and investigation of criminal acts, including the prosecution of offenders.
8. Management must give full and unrestricted access to all necessary records and personnel. All City furniture and contents, including desks and computers, are open to inspection at any time. There is no assumption of privacy.
9. In dealing with suspected dishonest or fraudulent activities, great care must be taken. Therefore, management should avoid the following:
 - a. Incorrect accusations.
 - b. Alerting suspected individuals that an investigation is underway.
 - c. Treating employees unfairly.
 - d. Making statements that could lead to claims of false accusations or other offenses.
10. In handling dishonest or fraudulent activities, management has the responsibility to:



CITY OF WHITTIER

STANDARD OPERATING PROCEDURE

NUMBER 26
PAGE 5 of 6

SUBJECT: Fraud In The Workplace

- a. Make no contact (unless requested) with the suspected individual to determine facts or demand restitution. Under no circumstances should there be any reference to “what you did”, “the crime”, “the fraud”, “the misappropriation”, etc.
- b. Avoid discussing the case, facts, suspicions, or allegations with anyone outside the City, unless specifically directed to do so by the City Attorney.
- c. Avoid discussing the case, facts, suspicions, or allegations with anyone other than employees who have a need to know such as the City Manager, Department Head, City Controller, Investigator, or City Attorney or law enforcement personnel – and should direct any City Council inquiries to the City Manager or City Attorney.
- d. Direct all inquires from the suspected individual, or his or her representative, to the Investigator, Department Head, or City Controller. All inquires from the media should be directed to the City Manager or the City Attorney.
- e. Take appropriate corrective and disciplinary action, up to and including dismissal, after consulting with the City Controller, in conformance with the City’s Personnel Policies and Procedures or the appropriate Memorandum of Understanding.

B. Employee Responsibilities

1. Upon assignment by the Department Head and City Controller (or the City Manager and City Attorney, as necessary), the Investigator will promptly investigate the fraud.
2. Employees must cooperate with the Investigator. Refusal, or the conveyance of inaccuracies, may subject an employee to disciplinary action up to and including dismissal.
3. In all circumstances where there appears to be reasonable grounds for suspecting that a fraud has taken place, the Investigator, in consultation with the City Attorney, will contact an appropriate Law Enforcement Agency.
4. The Investigator shall be available and receptive to receiving relevant, confidential information to the extent allowed by law.
5. If evidence is uncovered showing possible dishonest or fraudulent activities, the Investigator will proceed as follows:
 - a. Discuss the findings with the Department Head and City Controller – who will in turn inform the City Manager and/or City Attorney and/or City Manager.
 - b. Meet with the City Controller (or his/her designated representative) to:



CITY OF WHITTIER STANDARD OPERATING PROCEDURE

NUMBER 26
PAGE 6 of 6

SUBJECT: Fraud In The Workplace

- 1) Determine if disciplinary actions should be taken.
 - 2) Report to the Investigator such activities in order to assess the effect of the illegal activity on the City's financial statements.
 - 3) Notify insurers and coordinate the filing of insurance claims.
- c. Take immediate action, in consultation with the City Attorney, to prevent the theft, alteration, or destruction of evidentiary records. Such action shall include, but is not limited to:
- 1) Removing the records and placing them in a secure location, or limiting access to the records.
 - 2) Preventing the individual suspected of committing the fraud from having access to the records.
6. In consultation with the City Attorney and the appropriate Law Enforcement Agency, the Investigator may disclose particulars of the investigation with potential witnesses if such disclosure would further the investigation.
 7. If the Investigator is contacted by the media regarding an alleged fraud or audit investigation, the Investigator will consult with the City Manager and the City Attorney, as appropriate, before responding to a media request for the information or interview.
 8. At the conclusion of the investigation, the Investigator will document the results in a confidential memorandum report to the City Manager, Department Head, City Controller, and City Attorney. If the report concludes that the allegations are founded, the report will be forwarded to the appropriate Law Enforcement Agency.
 9. Unless exceptional circumstances exist, a person under investigation for fraud is to be given notice in writing of essential particulars of the allegations following the conclusions of the audit. Where notice is given, the person against whom allegations are being made may submit a written explanation to the Investigator no later than seven calendar days after notice is received.
 10. The Investigator will be required to make recommendations to the appropriate department for assistance in the prevention of future similar occurrences.
 11. Upon completion of the investigation, including all legal and personnel actions, all records, documents, and other evidentiary material obtained from the department under investigation will be returned by the Investigator to that department.

V. EXCEPTIONS

Exceptions to this policy must be approved in writing by the City Manager, City Controller, or the City Attorney. No exception will be valid if the person authorizing the exception is himself/herself the subject of the related allegation.

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