

***CITY OF SAN DIMAS  
ANNUAL FINANCIAL REPORT OF THE  
PROPOSITION A LOCAL RETURN FUND  
PROPOSITION C LOCAL RETURN FUND  
MEASURE R LOCAL RETURN FUND  
TRANSPORTATION DEVELOPMENT ACT  
ARTICLE 3 FUND  
  
FOR THE FISCAL YEARS ENDED  
JUNE 30, 2016 AND 2015***



Simpson & Simpson, LLP  
Certified Public Accountants

***CITY OF SAN DIMAS***  
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## *FINANCIAL SECTION*

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SIMPSON & SIMPSON  
CERTIFIED PUBLIC ACCOUNTANTS

FOUNDING PARTNERS  
BRANARD C. SIMPSON, CPA  
MELBA W. SIMPSON, CPA

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

## Independent Auditor's Report

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

### Report on the Financial Statements

We have audited the accompanying financial statements of the Proposition A Local Return Fund (PALRF), Proposition C Local Return Fund (PCLRF), Measure R Local Return Fund (MRLRF), and Transportation Development Act Article 3 Fund (TDAA3F) of the City of San Dimas, California (City) as of and for the year ended June 30, 2016 and the related notes to the financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.



### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the PALRF, PCLRF, MRLRF, and TDAA3F of the City of San Dimas, California, as of June 30, 2016 and the respective changes in their financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

The financial statements of the PALRF, PCLRF, MRLRF, and TDAA3F as of and for the year ended June 30, 2015, were audited by other auditors, whose report, dated March 9, 2016, expressed an unmodified opinion on those financial statements.

### ***Emphasis of Matter***

As discussed in Note 2, the financial statements present only the PALRF, PCLRF, MRLRF, and TDAA3F and do not purport to, and do not, present fairly the financial position of the City of San Dimas, California, as of June 30, 2016 and 2015, and the changes in financial position thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of San Dimas, California's PALRF, PCLRF, MRLRF, and TDAA3F Fund financial statements as a whole. The accompanying supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements.

The supplementary 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 financial statements or to the 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 the financial statements as a whole.



### **Other Reporting Required by Governmental Auditing Standards**

In accordance with *Government Auditing Standards*, we have issued our report dated September 27, 2016, on our consideration of the City of San Dimas's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, not to provide an opinion on internal control over 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 financial reporting and compliance.

A handwritten signature in black ink that reads "Simpson &amp; Simpson". The signature is written in a cursive, flowing style.

Los Angeles, California  
September 27, 2016

***CITY OF SAN DIMAS***  
**PROPOSITION A LOCAL RETURN FUND**  
**BALANCE SHEETS**  
**JUNE 30**

	<u>2016</u>	<u>2015</u>
<b>ASSETS</b>		
Cash and investments	\$ 399,555	\$ 481,685
Accounts receivable	<u>44,805</u>	<u>5,767</u>
Total assets	\$ <u><u>444,360</u></u>	\$ <u><u>487,452</u></u>
 <b>LIABILITIES AND FUND BALANCE</b>		
<b>Liabilities</b>		
Accounts payable	\$ 8,946	\$ 23,334
Other liabilities	<u>-</u>	<u>266</u>
Total liabilities	<u>8,946</u>	<u>23,600</u>
 <b>Fund Balance</b>		
Restricted	<u>435,414</u>	<u>463,852</u>
Total fund balance	<u>435,414</u>	<u>463,852</u>
 Total liabilities and fund balance	\$ <u><u>444,360</u></u>	\$ <u><u>487,452</u></u>

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

***CITY OF SAN DIMAS***

**PROPOSITION A LOCAL RETURN FUND**

**STATEMENTS OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE**

For the Fiscal Years Ended June 30

	<u>2016</u>	<u>2015</u>
<b>REVENUES</b>		
Proposition A	\$ 615,008	\$ 595,747
Interest income	1,690	1,253
Project generated revenue (Note 7)	<u>3,032</u>	<u>1,474</u>
Total revenues	<u>619,730</u>	<u>598,474</u>
<b>EXPENDITURES</b>		
Various projects	<u>648,168</u>	<u>655,306</u>
Total expenditures	<u>648,168</u>	<u>655,306</u>
Deficiency of revenues over expenditures	(28,438)	(56,832)
Fund balance at beginning of year	<u>463,852</u>	<u>520,684</u>
Fund balance at end of year	\$ <u><u>435,414</u></u>	\$ <u><u>463,852</u></u>

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



**CITY OF SAN DIMAS**

**PROPOSITION A LOCAL RETURN FUND**

**SUPPLEMENTARY INFORMATION**

**SCHEDULE OF EXPENDITURES**

**ACTUAL AND METRO APPROVED PROJECT BUDGET**

For the Fiscal Year Ended June 30, 2016

(With Comparative Actual Amount for the Fiscal Year Ended June 30, 2015)

Project Code	Project Name	2016		Variance Favorable (Unfavorable)	2015 Actual
		Metro Budget	Actual		
120-02	E and H Paratransit (Get About)	\$ 174,000	\$ 173,745	\$ 255	\$ 150,516
140-03	Recreation Transit	85,000	56,458	28,542	75,665
170-07	Maintenance of Bus Stop Shelters	16,000	17,957	(1,957)	11,476
200-16	Vehicle Rental Program	2,500	2,500	-	2,500
200-19	Capital Purchase Van Pro Share	9,400	9,400	-	8,500
240-05	Taxi Subsidy (Dial-A-Cab)	273,000	228,583	44,417	238,371
250-04	Bus Subsidy SR/HCAP	6,400	7,200	(800)	7,200
290-08	Rail Station Depot Maintenance	24,600	24,600	-	24,000
290-15	Park and Ride Lot Maintenance	22,500	22,112	388	32,374
480-01	Administration	124,887	105,613	19,274	104,704
	Total expenditures	<u>\$ 738,287</u>	<u>\$ 648,168</u>	<u>\$ 90,119</u>	<u>\$ 655,306</u>

See accompanying independent auditor's report.

***CITY OF SAN DIMAS***

**PROPOSITION A LOCAL RETURN FUND**

**SUPPLEMENTARY INFORMATION  
SCHEDULE OF CAPITAL ASSETS**

June 30, 2016

<u>Date Acquired</u>	<u>Description</u>	<u>Balance 7/1/2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/2016</u>
1994	San Dimas Park and Ride Lot	\$ 742,683	\$ -	\$ -	\$ 742,683
1996	Construction-San Dimas Park and Ride Lot	150,395	-	-	150,395
1999	10 Bus Benches	4,250	-	-	4,250
2003	7 Cable Bench Cover	8,050	-	-	8,050
Total		\$ <u>905,378</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>905,378</u>

See accompanying independent auditor's report.

***CITY OF SAN DIMAS***  
**PROPOSITION C LOCAL RETURN FUND**  
**BALANCE SHEETS**  
**JUNE 30**

	<u>2016</u>	<u>2015</u>
<b>ASSETS</b>		
Cash and investments	\$ <u>1,461,518</u>	\$ <u>1,108,014</u>
Total assets	\$ <u><u>1,461,518</u></u>	\$ <u><u>1,108,014</u></u>
 <b>LIABILITIES AND FUND BALANCE</b>		
<b>Liabilities</b>		
Accounts payable	\$ <u>5,918</u>	\$ <u>5,000</u>
Total liabilities	<u>5,918</u>	<u>5,000</u>
 <b>Fund Balance</b>		
Restricted	<u>1,455,600</u>	<u>1,103,014</u>
Total fund balance	<u><u>1,455,600</u></u>	<u><u>1,103,014</u></u>
 Total liabilities and fund balance	\$ <u><u>1,461,518</u></u>	\$ <u><u>1,108,014</u></u>

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

***CITY OF SAN DIMAS***

**PROPOSITION C LOCAL RETURN FUND**

**STATEMENTS OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE**

For the Fiscal Years Ended June 30

	<u>2016</u>	<u>2015</u>
<b>REVENUES</b>		
Proposition C	\$ 512,647	\$ 496,951
Interest income	<u>5,749</u>	<u>3,152</u>
Total revenues	<u>518,396</u>	<u>500,103</u>
<b>EXPENDITURES</b>		
Various projects	<u>165,810</u>	<u>1,089,012</u>
Total expenditures	<u>165,810</u>	<u>1,089,012</u>
Excess (deficiency) of revenues over expenditures	352,586	(588,909)
Fund balance at beginning of year	<u>1,103,014</u>	<u>1,691,923</u>
Fund balance at end of year	\$ <u><u>1,455,600</u></u>	\$ <u><u>1,103,014</u></u>

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

**CITY OF SAN DIMAS**

**PROPOSITION C LOCAL RETURN FUND**

**SUPPLEMENTARY INFORMATION**

**SCHEDULE OF EXPENDITURES**

**ACTUAL AND METRO APPROVED PROJECT BUDGET**

For the Fiscal Year Ended June 30, 2016

(With Comparative Actual Amount for the Fiscal Year Ended June 30, 2015)

Project Code	Project Name	2016			2015 Actual
		Metro Budget	Actual	Variance Favorable (Unfavorable)	
270-01	Phase II Goldline Planning	\$ 15,000	\$ 3,080	\$ 11,920	\$ -
400-28	Arrow Highway - Lone Hill Signal Modifications	-	-	-	256,204
400-29	Lone Hill/Cienega Light Phasing Design	-	-	-	10,908
440-24	Pavement Preservation	10,000	-	10,000	133,094
440-29	Foothill Boulevard Widening at San Dimas Wash	122,000	122,000	-	56,105
440-32	Lone Hill Rehabilitation - Arrow Highway/Cienega	-	-	-	625,513
440-33	Bonita Avenue Street Reconstruction	350,000	31,730	318,270	-
470-01	Pavement Management System	1,500	1,500	-	1,500
480-01	Administration	7,500	7,500	-	5,688
500-01	Transit Center Property Acquisition	3,000	-	3,000	-
Total expenditures		<u>\$ 509,000</u>	<u>\$ 165,810</u>	<u>\$ 343,190</u>	<u>\$ 1,089,012</u>

See accompanying independent auditor's report.

**CITY OF SAN DIMAS**

**PROPOSITION C LOCAL RETURN FUND**

**SUPPLEMENTARY INFORMATION  
SCHEDULE OF CAPITAL ASSETS**

June 30, 2016

Date Acquired	Description	Balance 7/1/2015	Additions	Deletions	Balance 6/30/2016
12/1/1993	Land	\$ 365,000	\$ -	\$ -	\$ 365,000
1995/1996	San Dimas Park and Ride Lot	207,688	-	-	207,688
6/29/2005	Street Resurfacing (Infrastructure)	199,829	-	-	199,829
6/30/2006	4 Traffic Camera Systems	20,784	-	-	20,784
4/15/2010	10 Traffic Video Cameras	59,993	-	-	59,993
6/29/2010	San Dimas Avenue	802,702	-	-	802,702
6/30/2011	Via Verde Construction/Puente Covina Hills	64,677	-	-	64,677
6/30/2011	Lone Hill/Arrow Light Phasing/Median	339,887	-	-	339,887
6/30/2011	Foothill Boulevard Rehabilitation	5,760	-	-	5,760
6/30/2013	Lone Hill/Arrow Highway/Cienega	639,836	-	-	639,836
6/30/2015	Foothill Boulevard San Dimas Wash	56,105	-	-	56,105
Total		\$ 2,762,261	\$ -	\$ -	\$ 2,762,261

See accompanying independent auditor's report.

***CITY OF SAN DIMAS***

**MEASURE R LOCAL RETURN FUND**

**BALANCE SHEETS**

**JUNE 30**

	<u>2016</u>	<u>2015</u>
<b>ASSETS</b>		
Cash and investments	\$ <u>1,148,105</u>	\$ <u>939,743</u>
Total assets	\$ <u><u>1,148,105</u></u>	\$ <u><u>939,743</u></u>
 <b>LIABILITIES AND FUND BALANCE</b>		
<b>Liabilities</b>		
Accounts payable	\$ <u>3,645</u>	\$ <u>149,074</u>
Total liabilities	<u>3,645</u>	<u>149,074</u>
 <b>Fund Balance</b>		
Restricted	<u>1,144,460</u>	<u>790,669</u>
Total fund balance	<u>1,144,460</u>	<u>790,669</u>
 Total liabilities and fund balance	\$ <u><u>1,148,105</u></u>	\$ <u><u>939,743</u></u>

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

***CITY OF SAN DIMAS***

**MEASURE R LOCAL RETURN FUND**

**STATEMENTS OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE**

For the Fiscal Years Ended June 30

	<u>2016</u>	<u>2015</u>
<b>REVENUES</b>		
Measure R	\$ 382,831	\$ 370,701
Interest income	<u>4,299</u>	<u>2,142</u>
Total revenues	<u>387,130</u>	<u>372,843</u>
<b>EXPENDITURES</b>		
Various projects	<u>33,339</u>	<u>258,118</u>
Total expenditures	<u>33,339</u>	<u>258,118</u>
Excess of revenues over expenditures	353,791	114,725
Fund balance at beginning of year	<u>790,669</u>	<u>675,944</u>
Fund balance at end of year	\$ <u><u>1,144,460</u></u>	\$ <u><u>790,669</u></u>

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



**CITY OF SAN DIMAS**

**MEASURE R LOCAL RETURN FUND**

**SUPPLEMENTARY INFORMATION**

**SCHEDULE OF EXPENDITURES**

**ACTUAL AND METRO APPROVED PROJECT BUDGET**

For the Fiscal Year Ended June 30, 2016

(With Comparative Actual Amount for the Fiscal Year Ended June 30, 2015)

Project Code	Project Name	2016		Variance Favorable (Unfavorable)	2015 Actual
		Metro Budget	Actual		
1.05	Cienega Street Repairs	\$ 55,000	\$ 17,074	\$ 37,926	\$ -
1.05	Pavement Preservation Zone G	10,000	(3,000)	13,000	149,075
1.90	Bonita Avenue Reconstruction	150,000	2,800	147,200	-
1.90	Via Verde Street Deisgn	45,000	12,965	32,035	-
8.10	Fund Adminsitration	3,500	3,500	-	4,043
01-007	Lone Hill Ave Rehabilitation Arrow/Cienega	-	-	-	105,000
Total expenditures		<u>\$ 263,500</u>	<u>\$ 33,339</u>	<u>\$ 230,161</u>	<u>\$ 258,118</u>

See accompanying independent auditor's report.

***CITY OF SAN DIMAS***

**MEASURE R LOCAL RETURN FUND**

**SUPPLEMENTARY INFORMATION  
SCHEDULE OF CAPITAL ASSETS**

June 30, 2016

<u>Date Acquired</u>	<u>Description</u>	<u>Balance 7/1/2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/2016</u>
	None	\$ <u>          </u>	\$ <u>          </u>	\$ <u>      -</u>	\$ <u>      -</u>
	Total	\$ <u>          </u>	\$ <u>      -</u>	\$ <u>      -</u>	\$ <u>      -</u>

See accompanying independent auditor's report.

***CITY OF SAN DIMAS***

**TRANSPORTATION DEVELOPMENT ACT ARTICLE 3 FUND  
(PURSUANT TO PUBLIC UTILITIES CODE SECTION 99234)**

**BALANCE SHEETS**

**JUNE 30**

	<u>2016</u>	<u>2015</u>
<b>ASSETS</b>		
Cash and investments	\$ <u>-</u>	\$ <u>-</u>
Total assets	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>
 <b>LIABILITIES AND FUND BALANCE</b>		
<b>Liabilities</b>		
Due to other funds	\$ <u>1,835</u>	\$ <u>3,355</u>
Total liabilities	<u>1,835</u>	<u>3,355</u>
 <b>Fund Balance</b>		
Restricted	<u>(1,835)</u>	<u>(3,355)</u>
Total fund balance	<u>(1,835)</u>	<u>(3,355)</u>
 Total liabilities and fund balance	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>

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

***CITY OF SAN DIMAS***

**TRANSPORTATION DEVELOPMENT ACT ARTICLE 3 FUND**

**STATEMENTS OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE**

For the Fiscal Years Ended June 30

	<u>2016</u>	<u>2015</u>
<b>REVENUES</b>		
Payment from previous years reserve	\$ <u>20,000</u>	\$ <u>17,560</u>
Total revenues	<u>20,000</u>	<u>17,560</u>
<b>EXPENDITURES</b>		
Construction/Maintenance	<u>18,480</u>	<u>20,915</u>
Total expenditures	<u>18,480</u>	<u>20,915</u>
Excess (deficiency) of revenues over expenditures	1,520	(3,355)
Fund balance at beginning of year	<u>(3,355)</u>	<u>-</u>
Fund balance at end of year	\$ <u><u>(1,835)</u></u>	\$ <u><u>(3,355)</u></u>

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

**CITY OF SAN DIMAS**

**TRANSPORTATION DEVELOPMENT ACT ARTICLE 3 FUND  
SUPPLEMENTARY INFORMATION**

**SCHEDULE OF TRANSPORTATION DEVELOPMENT ACT  
ALLOCATION FOR SPECIFIC PROJECTS**

For the Fiscal Year Ended June 30, 2016

<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>					
Reconstruction of Slotted Cross Gutters and Wheelchair Ramps at Various Intersections	2015-16	\$ 20,000	\$ 18,480	\$ 1,520	Ongoing
Total		<u>\$ 20,000</u>	<u>\$ 18,480</u>	<u>1,520</u>	
Unexpended interest accumulated to date				-	
Fund balance at beginning of year				<u>(3,355)</u>	
Fund balance at end of year				<u>\$ (1,835)</u>	

See accompanying independent auditor's report.

## ***CITY OF SAN DIMAS***

### **NOTES TO FINANCIAL STATEMENTS** **For the Fiscal Years Ended June 30, 2016 and 2015**

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

##### ***Fund Accounting***

The operations of the Proposition A Local Return Fund (PALRF) and Proposition C Local Return Funds (PCLRF), Measure R Local Return Fund (MRLRF), and Transportation Development Act Article 3 Fund (TDAA3F) 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 represents 15% of the ½ cent sales tax which is distributed to the jurisdictions within Los Angeles County based on a per capita basis and must be used exclusively for transportation purposes.

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

##### ***Basis of Accounting and Measurement Focus***

PALRF, PCLRF, MRLRF, 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 a 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. Statements of revenues, expenditures and changes in fund balances 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 SAN DIMAS***

### **NOTES TO FINANCIAL STATEMENTS** **For the Fiscal Years Ended June 30, 2016 and 2015** **(Continued)**

#### **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

##### ***Fair Value Measurement***

In accordance with 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 investments at fair value and recognizes unrealized gain (loss) on investments.

Refer to the City's 2016 Comprehensive Annual Financial Report for detailed disclosures regarding the City's investments policy and fair value measurements.

##### ***Fund Balance Reporting***

Governmental Accounting Standards Board (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 the resources reported in governmental funds.

The PALRF, PCLRF, MRLRF, and TDAA3F report the following fund balance classification as of June 30, 2016:

- Restricted – Amounts that are constrained for specific purposes, which are externally imposed by providers, such as creditors, or amounts constrained due to constitutional provisions or enabling legislation. The use of the Funds' remaining fund balances are restricted for projects approved by LACMTA.

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

#### **NOTE 2 – ANNUAL FINANCIAL STATEMENTS**

The financial statements reflect only the financial position and results of operations of the PALRF, PCLRF, MRLRF, and TDAA3F and their compliance with the Proposition A and Proposition C Local Return Program Guidelines, Measure R Local Return Program Guidelines, Transportation Development Act Article 3, and the Los Angeles County Metropolitan Transportation Authority Funding and Allocation Guidelines for Transportation Development Act Article 3 Bicycle and Pedestrian Funds.

**CITY OF SAN DIMAS**

**NOTES TO FINANCIAL STATEMENTS**  
For the Fiscal Years Ended June 30, 2016 and 2015  
(Continued)

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

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

**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.

**NOTE 5 – 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.

**NOTE 6 – CASH AND INVESTMENTS**

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

**NOTE 7 – PROJECT GENERATED REVENUE - PALRF**

Project generated revenue for the years ended June 30, 2016 and 2015 consisted of the following:

	2016	2015
Recreation Fees	\$ 3,032	\$ 1,474
Total	\$ 3,032	\$ 1,474

**NOTE 8 – TRANSPORTATION DEVELOPMENT ACT FUND REVENUE ALLOCATION**

The revenue allocation for the years ended June 30, 2016 and 2015 consisted of the following:

	2016	2015
FY 2012-13 allocation	\$ 2,803	\$ 17,560
FY 2013-14 allocation	17,197	-
Total	\$ 20,000	\$ 17,560



***CITY OF SAN DIMAS***

**NOTES TO FINANCIAL STATEMENTS**  
For the Fiscal Years Ended June 30, 2016 and 2015  
(Continued)

**NOTE 9 – 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, 2016 and 2015, the City has funds on reserve as follows:

	2016	2015
FY 2012-13 allocation	\$ -	\$ 2,803
FY 2013-14 allocation	10,107	27,304
FY 2014-15 allocation	22,241	22,241
FY 2015-16 allocation	21,721	-
Available reserve balance	\$ <u>54,069</u>	\$ <u>52,348</u>

**NOTE 10 – SUBSEQUENT EVENTS**

The City has evaluated events or transactions that occurred subsequent to June 30, 2016 through September 27, 2016, the date the accompanying financial statements were available to be issued, for potential recognition or disclosure in the financial statements and determined no subsequent matters require disclosure or adjustment to the accompanying financial statements.



SIMPSON & SIMPSON  
CERTIFIED PUBLIC ACCOUNTANTS

FOUNDING PARTNERS  
BRANARD C. SIMPSON, CPA  
MELBA W. SIMPSON, CPA

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

**Independent Auditor's Report on Internal Control Over Financial Reporting  
and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in  
Accordance with *Government Auditing Standards***

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Proposition A Local Return Fund (PALRF), Proposition C Local Return Fund (PCLRF), Measure R Local Return Fund (MRLRF), and Transportation Development Act Article 3 (TDAA3F) Fund of the City of San Dimas, California (City), as of and for the year ended June 30, 2016, and the related notes to the financial statements, and have issued our report thereon dated September 27, 2016.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the 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 City's local return funds and TDAA3F financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However material weaknesses may exist that have not been identified.



## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that is required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

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

A handwritten signature in black ink that reads "Simpson &amp; Simpson". The script is cursive and fluid.

Los Angeles, California  
September 27, 2016

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## *COMPLIANCE SECTION*

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SIMPSON & SIMPSON  
CERTIFIED PUBLIC ACCOUNTANTS

FOUNDING PARTNERS  
BRANARD C. SIMPSON, CPA  
MELBA W. SIMPSON, CPA

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633 WEST 5TH STREET, SUITE 3320  
LOS ANGELES, CA 90071  
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(213) 736-6692 FAX  
www.simpsonandsimpsoncpas.com

## **Independent Auditor's Report on Compliance**

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

### **Report on Compliance**

We have audited the compliance of the City of San Dimas, California (City) with the Proposition A and Proposition C Local Return Guidelines, Measure R 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, 2016.

### ***Management's Responsibility***

Management is responsible for the City's compliance with those guidelines.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on the City's compliance based on our audit. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the Guidelines referred to in the preceding paragraph. Those standards and the Guidelines require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a local return program and the Transportation Development Act Article 3 occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance. Our audit does not provide a legal determination of the City's compliance with those requirements.

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

In our opinion, the City of San Dimas complied, in all material respects, with the compliance requirements referred to above that apply to Proposition A Local Return Fund, Proposition C Local Return Fund, Measure R Local Return Fund, and Transportation Development Act Article 3 Fund (TDAA3F) for the year ended June 30, 2016.

### ***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Guidelines and which are described in the accompanying Schedule of Findings and Recommendations as Findings Nos. 2016-001 and 2016-002. Our opinion on each local return program is not modified with respect to this matter.

The City's responses to the noncompliance findings identified in our audit are described in the accompanying Schedule of Findings and Recommendations. The City's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

### **Report on Internal Control Over Compliance**

Management of the City of San Dimas, California is responsible for establishing and maintaining effective internal control over compliance with the Requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the Requirements that could have a direct and material effect on the Local Return programs and the TDAA3F to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance and to test and report on internal control over compliance in accordance with the Requirements, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance under the Requirements on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance under the Requirements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified a certain deficiency in internal control over compliance that we consider to be a significant deficiency as described in the accompanying Schedule of Findings and Recommendations as Finding No. 2016-002. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with the Requirements that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.



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 requirement of the Guidelines. Accordingly, this report is not suitable for any other purpose.

*Simpson & Simpson*

Los Angeles, California  
September 27, 2016

**CITY OF SAN DIMAS**  
**COMPLIANCE MATRIX**  
Year Ended June 30, 2016

Compliance Requirement		In Compliance		Questioned Costs	If no, provide details and management response.
		Yes	No		
A. Proposition A and Proposition C Local Return Funds					
1.	Timely use of funds.	X		None	
2.	Expenditures were approved before being incurred.		X	None	See Finding No. 2016-001 at the Schedule of Findings and Recommendations.
3.	Funds were used on approved projects only and expenditures were supported and allowable per Guidelines.	X		None	
4.	Expenditures did not exceed 25% of Metro's approved budget.	X		None	
5.	Administrative expenses were within the 20% cap.	X		None	
6.	All on-going and carryover projects were reported in Form B.	X		None	
7.	Annual Project Summary Report (Form B) was submitted on time.	X		None	
8.	Annual Expenditure Report (Form C) and listing of Recreational Transit Services, if applicable, were submitted on time.	X		None	
9.	Cash or cash equivalents were maintained.	X		None	
10.	Accounting procedures, record keeping and documentation were adequate.		X	\$61,714	See Finding No. 2016-002 at the Schedule of Findings and Recommendations.



**CITY OF SAN DIMAS**  
**COMPLIANCE MATRIX**  
Year Ended June 30, 2016  
(Continued)

Compliance Requirement		In Compliance		Questioned Costs	If no, provide details and management response.
		Yes	No		
11.	Revenues received including allocations, project generated revenues, and interest income were properly credited to the PALRF and PCLRF accounts.	X		None	
<b>B. Measure R Local Return Fund</b>					
1.	Timely use of funds.	X		None	
2.	Expenditures were approved before being incurred.	X		None	
3.	Funds were used on approved projects only and expenditures were supported and allowable per Guidelines.	X		None	
4.	Fund were not substituted for property tax.	X		None	
5.	Administrative expenses were within the 20% cap.	X		None	
6.	Expenditure Plan (Form One) was submitted on time.	X		None	
7.	Expenditure Report (Form Two) was submitted on time.	X		None	
8.	Cash or cash equivalents were maintained.	X		None	
9.	Accounting procedures, record keeping and documentation were adequate.	X		None	
10.	Revenues received including allocations, project generated revenues, and interest income were properly credited to the Measure R account.	X		None	

**CITY OF SAN DIMAS**  
**COMPLIANCE MATRIX**  
Year Ended June 30, 2016  
(Continued)

Compliance Requirement		In Compliance		Questioned Costs	If no, provide details and management response.
		Yes	No		
11.	Funds were not used to supplant existing local revenues being used for transportation purpose.	X		None	
<b>C. 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	

***CITY OF SAN DIMAS***

**SCHEDULE OF FINDINGS AND RECOMMENDATIONS**

June 30, 2016

PCLRF - Finding No. 2016-001

<b>Finding</b>	<b>Entity</b>
Compliance Reference	According to Proposition A and C Local Return Guidelines, Section I (B.3), "If Local Return Funds have been expended prior to Metro approval and/or used for ineligible purposes, jurisdictions will be required to reimburse their Proposition A or C Local Return account..."
Condition	The expenditures for PCLRF's Bonita Avenue Street Reconstruction project in the amount of \$31,730 was incurred prior to the approval from LACMTA for fiscal year 2015-16. However, the City subsequently received LACMTA's approval on the PCLRF project on September 12, 2016.
Cause	The submission of the form for the project was overlooked during the submittal of Form A's to LACMTA.
Effect	The City did not comply with the Guidelines when expenditures for PCLRF projects are incurred without LACMTA's approval.
Recommendation	We recommend that the City establish procedures to ensure that it obtains approval from LACMTA prior to implementing any Proposition A and Proposition C Local Return projects, and Form B (Annual Project Summary Report) is properly prepared and submitted before the due date of August 1st so that the City's expenditures of Proposition A and Proposition C Local Return Funds are in accordance with LACMTA's approval and the Guidelines. In accordance with the Guidelines, the City should include all approved on-going and carryover Local Return projects in Form B.
Management Response	The project was reported in the original Form C submitted. However, the Form A for the project was mistakenly omitted when submitting the necessary Form A's to LACMTA. Once the City was notified by Metro, the City immediately rectified the missing Form A and the project was approved. In the future, additional measures, such as second reviewer as part of the process, will be put in place to assure that all necessary Form A's are completed and turned in on time.

**CITY OF SAN DIMAS**

**SCHEDULE OF FINDINGS AND RECOMMENDATIONS**

June 30, 2016

PCLRF - Finding No. 2016-002

<b>Finding</b>	<b>Entity</b>
Compliance Reference	<p>According to Proposition A Local Return Guidelines, Section II, “A proposed expenditure of funds shall be deemed to be for public transit purposes to the extent that it can reasonably be expected to sustain or improve the quality and safety of and/or access to public transit services by the general public or those requiring special public transit assistance” and Section V, “It is jurisdictions’ responsibility to maintain proper accounting records and documentation...”</p> <p>In addition, LACMTA Local Return Program Manager issued a memo dated on April 29, 2014 to jurisdictions to provide recommendations to ensure that jurisdictions have adequate evidence to support its compliance with the Local Return Guidelines, those recommendations are “that an electronic system is acceptable as long as how much time is identified on the project (i.e. not just a clock-in-clock-out system) and this non-timesheet system, excel file or other, is authenticated by the employee and approved by one’s supervisor.” Also, “(4) Where employees work on multiple activities or cost objectives, a distribution or their salaries or wages will be supported by personnel activity reports or equivalent documentation which meets the standards in subsection (5) unless a statistical sampling system (see subsection (6)) or other substitute system has been approved by the cognizant Federal agency. Such documentary support will be required where employees work on: (b) A Federal award and non-Federal award.</p> <p>5) Personnel activity reports or equivalent documentation must meet the following standards:</p> <p>(b) They must reflect an after the fact distribution of the actual activity of each employee, (f) Budget estimates or other distribution percentages determined before the services are performed do not qualify as support for charges to Federal awards but may be used for interim accounting purposes, provided that: (i) the governmental unit’s system for establishing the estimates produces reasonable approximations of the activity actually performed; (ii) at least quarterly, comparisons of actual costs to budgeted distributions based on monthly activity reports are made. Costs charged to Federal awards to reflect adjustments made as a result of the activity actually performed may be recorded annually if the quarterly comparisons show the differences between budgeted and actual costs are less than ten percent; and (iii) the budget estimates or other distribution percentages are revised as least quarterly, if necessary, to reflect changed circumstances.”</p>

**CITY OF SAN DIMAS**

**SCHEDULE OF FINDINGS AND RECOMMENDATIONS**

June 30, 2016

PCLRF - Finding No. 2016-001

<b>Finding</b>	<b>Entity</b>
Conditon	To support the propriety of expenditures being charged to the Proposition A and C Local Return Funds, payroll expenditures should be supported by properly executed payrolls, time records, activity reports, vouchers, or other official documentation evidencing in proper detail the nature of the charges. However, payroll charges to PALRF's Administration, Project Code 480-01 in the amount of \$61,714 were based on budget estimates. The City provided us with the payroll register and the timesheets; however, it did not adequately support the actual hours or payroll expenditures charged to the project.
Cause	The City followed a practice that was in place and continued to charge payroll based on budget estimates. Moreover, the City did not follow the recommended procedures for acceptable personnel activity reports or equivalent documentation by Metro that was issued on April 29, 2014.
Effect	The payroll costs claimed under Proposition A Local Return Fund project may include expenditures which may not be allowable Proposition A project expenditures.
Questioned Costs	\$61,714
Recommendation	In accordance with the Guidelines, we recommend that the City reimburse its Proposition A Local Return Account \$61,714. In addition, we recommend that the City revise its current labor costs reporting procedures to ensure that labor costs charged to Local Return Funds are adequately supported by time sheets or similar documentation which includes employees' actual working hours.
Management Response	The prior management process was to charge time based on scheduled time to work on PALRF functions. The City has now adjusted this practice to have all time worked related to Metro funds to be reflected on the time cards to meet the requirements for time keeping and expenditure tracking per PALRF guidelines.

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***EXIT CONFERENCE***

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***CITY OF SAN DIMAS***

**PROPOSITION A, PROPOSITION C, MEASURE R LOCAL RETURN FUNDS, AND  
TRANSPORTATION DEVELOPMENT ACT ARTICLE 3 FUND  
EXIT CONFERENCE  
June 30, 2016**

An exit conference was held on December 15, 2016 via telephone conference. Those in attendance were:

***Simpson & Simpson Representative:***

Tess Anson, Auditor

John Longoria, Auditor

***City's Representative:***

Steven Valdivia, Accounting Supervisor

***Matters Discussed:***

Results of the audit disclosed one (1) significant control deficiency and two (2) non-compliance issues with LACMTA's 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:

Steven Valdivia, Accounting Supervisor