

***CITY OF AGOURA HILLS
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, 2015 AND 2014***



CITY OF AGOURA HILLS
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FINANCIAL SECTION



SIMPSON & SIMPSON
CERTIFIED PUBLIC ACCOUNTANTS

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

Independent Auditor's Report

To the Honorable Members of the City Council of the
City of Agoura Hills, 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 Agoura Hills, California (City) as of and for the years ended June 30, 2015 and 2014, 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 of 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.



years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 2, the financial statements present only the PALRF, PCLRF, MRLRF, and TDAA3F and do not purport to, and do not, present fairly the financial position of the City of Agoura Hills, California, as of June 30, 2015 and 2014, 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.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Agoura Hills, California's PALRF, PCLRF, MRLRF, and TDAA3F Fund financial statements as a whole. The accompanying supplemental 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 supplemental 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 supplemental 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 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 November 20, 2015, on our consideration of the City of Agoura Hills' 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* and should be considered in assessing the results of our audit.

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

Los Angeles, California
November 20, 2015

CITY OF AGOURA HILLS

PROPOSITION A LOCAL RETURN FUND

BALANCE SHEETS

JUNE 30

	<u>2015</u>	<u>2014</u>
ASSETS		
Cash and investments	\$ 528,251	\$ 517,964
Due from other governments (Note 7)	<u>102,136</u>	<u>194,930</u>
Total assets	<u>\$ 630,387</u>	<u>\$ 712,894</u>
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 43,677	\$ 77,666
Accrued payroll and employee benefits	<u>410</u>	<u>8,455</u>
Total liabilities	<u>44,087</u>	<u>86,121</u>
Fund Balance		
Restricted	<u>586,300</u>	<u>626,773</u>
Total fund balance	<u>586,300</u>	<u>626,773</u>
Total liabilities and fund balance	<u>\$ 630,387</u>	<u>\$ 712,894</u>

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

CITY OF AGOURA HILLS

PROPOSITION A LOCAL RETURN FUND

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

For the Fiscal Years Ended June 30

	<u>2015</u>	<u>2014</u>
REVENUES		
Proposition A	\$ 362,831	\$ 348,194
Interest income	1,420	3,824
Miscellaneous Revenue	6,800	-
Proposition A Discretionary Incentive Grant (Note 8)	122,718	103,380
Proposition A reimbursements (Note 9)	70,746	614,085
Total revenues	<u>564,515</u>	<u>1,069,483</u>
EXPENDITURES		
Proposition A Discretionary Incentive Grant	122,718	103,380
Various projects	482,270	928,756
Total expenditures	<u>604,988</u>	<u>1,032,136</u>
Excess (deficiency) of revenues over expenditures	(40,473)	37,347
Fund balance at beginning of year	<u>626,773</u>	<u>589,426</u>
Fund balance at end of year	<u>\$ 586,300</u>	<u>\$ 626,773</u>

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

CITY OF AGOURA HILLS

PROPOSITION A LOCAL RETURN FUND

SUPPLEMENTAL INFORMATION

SCHEDULE OF EXPENDITURES

ACTUAL AND METRO APPROVED PROJECT BUDGET

For the Fiscal Year Ended June 30, 2015

(With Comparative Actual Amount for the Fiscal Year Ended June 30, 2014)

Project Code	Project Name	2015			2014 Actual
		Metro Budget	Actual	Variance Favorable (Unfavorable)	
120-01	Dial-a-Ride	\$ 262,282	\$ 247,602	\$ 14,680	\$ 636,060
140-03	Recreational Beach Bus	45,000	41,772	3,228	39,878
140-04	Special Event Recreational Transit	48,700	62,307	(13,607)	45,795
170-06	Bus Shelter Maintenance	6,000	5,280	720	5,760
200-01	Dial-a-Ride Fleet Replacement	26,001	-	26,001	44,112
290-05	Park-N-Ride Lot Maintenance	22,600	22,923	(323)	6,259
480-02	Administration	100,945	102,386	(1,441)	142,957
480-07	Assistant to SFV/NCC Representative to LACMTA Board	1,400	-	1,400	1,198
500-01	Traffic Signal Improvement (Sight/hearing impaired assistance)	-	-	-	6,737
	Sub-total	<u>512,928</u>	<u>482,270</u>	<u>30,658</u>	<u>928,756</u>
	<i>Proposition A Discretionary Incentive Grant</i>				
	Dial-a-Ride Program (See Note 8)	<u>-</u>	<u>122,718</u>	<u>-</u>	<u>103,380</u>
	Total expenditures	<u>\$ 512,928</u>	<u>\$ 604,988</u>	<u>\$ 30,658</u>	<u>\$ 1,032,136</u>

See accompanying independent auditor's report.

CITY OF AGOURA HILLS

PROPOSITION A LOCAL RETURN FUND

**SUPPLEMENTAL INFORMATION
SCHEDULE OF CAPITAL ASSETS**

June 30, 2015

<u>Date Acquired</u>	<u>Description</u>	<u>Balance 7/1/2014</u>	<u>Additions</u>	<u>Deletions*</u>	<u>Balance 6/30/2015</u>
2001	Ford Bus	\$ 75,920	\$ -	\$ -	\$ 75,920
2005	Chevrolet Van	23,876	-	23,876	-
2008	Chevrolet Van	44,557	-	-	44,557
2008	Chevrolet Van	44,557	-	-	44,557
2008	Chevrolet Van	27,542	-	27,542	-
2008	Chevrolet Van	27,542	-	27,542	-
2008	Chevrolet Van	27,542	-	-	27,542
2013	Chevrolet Van	41,934	-	-	41,934
2014	Dodge Truck Grand Caravan	22,056	-	-	22,056
2014	Dodge Truck Grand Caravan	22,056	-	-	22,056
	Total	\$ 357,582	\$ -	\$ 78,960	\$ 278,622

*The vehicles were sold during the year with the proceeds of \$6,800 recorded in the Prop A Fund.

See accompanying independent auditor's report.

CITY OF AGOURA HILLS
PROPOSITION C LOCAL RETURN FUND
BALANCE SHEETS
JUNE 30

	2015	2014
ASSETS		
Cash	\$ 210,681	\$ 471,379
Total assets	\$ 210,681	\$ 471,379
 LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 4,678	\$ 50,751
Accrued payroll and employee benefits	427	5,801
Total liabilities	5,105	56,552
 Fund Balance		
Restricted	205,576	414,827
Total fund balance	205,576	414,827
Total liabilities and fund balance	\$ 210,681	\$ 471,379

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

CITY OF AGOURA HILLS

PROPOSITION C LOCAL RETURN FUND

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

For the Fiscal Years Ended June 30

	<u>2015</u>	<u>2014</u>
REVENUES		
Proposition C	\$ 302,417	\$ 290,221
Interest income	<u>534</u>	<u>2,599</u>
Total revenues	<u>302,951</u>	<u>292,820</u>
EXPENDITURES		
Various projects	<u>512,202</u>	<u>128,699</u>
Total expenditures	<u>512,202</u>	<u>128,699</u>
Excess (deficiency) of revenues over expenditures	(209,251)	164,121
Fund balance at beginning of year	<u>414,827</u>	<u>250,706</u>
Fund balance at end of year	<u>\$ 205,576</u>	<u>\$ 414,827</u>

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

CITY OF AGOURA HILLS

PROPOSITION C LOCAL RETURN FUND

SUPPLEMENTAL INFORMATION
SCHEDULE OF EXPENDITURES
ACTUAL AND METRO APPROVED PROJECT BUDGET

For the Fiscal Year Ended June 30, 2015
(With Comparative Actual Amount for the Fiscal Year Ended June 30, 2014)

Project Code	Project Name	2015			2014 Actual
		Metro Budget	Actual	Variance Favorable (Unfavorable)	
150-01	Bus Pad Installation	\$ 20,000	\$ -	\$ 20,000	\$ 49,240
440-13	Annual Overlay	352,359	352,358	1	-
470-02	Pavement Management Update	4,900	4,834	66	59,460
480-03	Administration	85,950	77,614	8,336	19,999
500-02	Traffic Signal Sync	71,200	77,396	(6,196)	-
	Total expenditures	<u>\$ 534,409</u>	<u>\$ 512,202</u>	<u>\$ 22,207</u>	<u>\$ 128,699</u>

See accompanying independent auditor's report.

CITY OF AGOURA HILLS

PROPOSITION C LOCAL RETURN FUND

**SUPPLEMENTAL INFORMATION
SCHEDULE OF CAPITAL ASSETS**

June 30, 2015

<u>Date Acquired</u>	<u>Description</u>	<u>Balance 7/1/2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/2015</u>
None		\$ -	\$ -	\$ -	\$ -
	Total	\$ -	\$ -	\$ -	\$ -

See accompanying independent auditor's report.

CITY OF AGOURA HILLS
MEASURE R LOCAL RETURN FUND
BALANCE SHEETS
JUNE 30

	2015	2014
ASSETS		
Cash and investments	\$ 21,775	\$ 218,780
Total assets	\$ 21,775	\$ 218,780
 LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ -	\$ 2,188
Total liabilities	-	2,188
 Fund Balance		
Restricted	21,775	216,592
Total fund balance	21,775	216,592
Total liabilities and fund balance	\$ 21,775	\$ 218,780

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

CITY OF AGOURA HILLS

MEASURE R LOCAL RETURN FUND

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

For the Fiscal Years Ended June 30

	<u>2015</u>	<u>2014</u>
REVENUES		
Measure R	\$ 225,771	\$ 215,542
Interest income	<u>(28)</u>	<u>877</u>
Total revenues	<u>225,743</u>	<u>216,419</u>
EXPENDITURES		
Street Maintenance & Repair- Annual	<u>420,560</u>	<u>-</u>
Total expenditures	<u>420,560</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	(194,817)	216,419
Fund balance at beginning of year	<u>216,592</u>	<u>173</u>
Fund balance at end of year	\$ <u><u>21,775</u></u>	\$ <u><u>216,592</u></u>

The accompanying notes are an integral part of the financial statements

CITY OF AGOURA HILLS

MEASURE R LOCAL RETURN FUND

SUPPLEMENTAL INFORMATION

SCHEDULE OF EXPENDITURES

ACTUAL AND METRO APPROVED PROJECT BUDGET

For the Fiscal Year Ended June 30, 2015

(With Comparative Actual Amount for the Fiscal Year Ended June 30, 2014)

Project Code	Project Name	2015			2014 Actual
		Metro Budget	Actual	Variance Favorable (Unfavorable)	
03-001	Street Maintenance & Repair- Annual	\$ 411,500	\$ -	\$ 411,500	\$ -
03-001	Capacity Enhancements- Chesebro Bridge	850,000	-	850,000	-
03-002	Capacity Enhancements- Agoura Road Widening	3,500,000	-	3,500,000	-
04-001	Street & Maintenance Repair - Annual	213,000	-	213,000	-
04-002	Capacity Enhancements - Chesebro Bridge	1,325,000	-	1,325,000	-
04-003	Capacity Enhancements - Agoura Road Widening	2,250,000	-	2,250,000	-
05-001	Street Repair and Maintenance	420,560	420,560	-	-
03-003	Staff Admin (Measure R Projets)	537,879	-	537,879	-
04-001	Staff Admin (Measure R Projets)	626,086	-	626,086	-
	Total expenditures	<u>\$ 10,134,025</u>	<u>\$ 420,560</u>	<u>\$ 9,713,465</u>	<u>\$ -</u>

See accompanying independent auditor's report.

CITY OF AGOURA HILLS

MEASURE R LOCAL RETURN FUND

**SUPPLEMENTAL INFORMATION
SCHEDULE OF CAPITAL ASSETS**

June 30, 2015

<u>Date Acquired</u>	<u>Description</u>	<u>Balance 7/1/2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/2015</u>
None		\$ -	\$ -	\$ -	\$ -
	Total	\$ -	\$ -	\$ -	\$ -

See accompanying independent auditor's report.

CITY OF AGOURA HILLS

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

**BALANCE SHEETS
JUNE 30**

	<u>2015</u>	<u>2014</u>
ASSETS		
Cash	\$ 30,937	\$ 17,291
Due from Metro	<u>-</u>	<u>-</u>
Total assets	<u>\$ 30,937</u>	<u>\$ 17,291</u>
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 30,186	\$ -
Unearned Revenue	<u>751</u>	<u>-</u>
Total liabilities	<u>30,937</u>	<u>-</u>
Deferred inflow of resources (Note 1)	<u>-</u>	<u>16,634</u>
Total deferred inflows of resources	<u>-</u>	<u>-</u>
Fund Balance		
Reserved	<u>-</u>	<u>657</u>
Total fund balance	<u>-</u>	<u>657</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 30,937</u>	<u>\$ 17,291</u>

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

CITY OF AGOURA HILLS

TRANSPORTATION DEVELOPMENT ACT ARTICLE 3 FUND

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

For the Fiscal Years Ended June 30

	<u>2015</u>	<u>2014</u>
REVENUES		
Payment from FY 2013-14 allocation	\$ 16,634	\$ -
Payment from FY 2014-15 allocation	<u>12,895</u>	<u>-</u>
Total revenues	<u>29,529</u>	<u>-</u>
EXPENDITURES		
Sidewalk repairs	<u>30,186</u>	<u>-</u>
Total expenditures	<u>30,186</u>	<u>-</u>
Excess of revenues over expenditures	<u>(657)</u>	<u>-</u>
Fund balance at beginning of year,	<u>657</u>	<u>657</u>
Fund balance at end of year	<u><u>\$ -</u></u>	<u><u>\$ 657</u></u>

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

CITY OF AGOURA HILLS

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

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

For the Fiscal Year Ended June 30, 2015

<u>Project Description</u>	<u>Program Year</u>	<u>Allocations</u>	<u>Expenditures</u>	<u>Unexpended Allocations</u>	<u>Project Status</u>
Local allocations					
Annual Concrete Repairs	2015	\$ <u>29,529</u>	\$ <u>30,186</u>	\$ <u>(657)</u>	On-going
	Total	\$ <u><u>29,529</u></u>	\$ <u><u>30,186</u></u>	<u>(657)</u>	
Fund balance at beginning of year				<u>657</u>	
Fund balance at end of year				\$ <u><u>-</u></u>	

See accompanying independent auditor's report.

CITY OF AGOURA HILLS

NOTES TO FINANCIAL STATEMENTS For the Fiscal Years Ended June 30, 2015 and 2014

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

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.

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.

Unrealized Gain (Loss)

In accordance with GASB Statement No. 31, Accounting and Financial Reporting for Certain Investments and External Investment Pools, local governments are required to use fair value (instead of amortized costs) for financial reporting purposes. As a result of such implementation, the City recognizes the unrealized gain (loss) on its external investment pools.

New Accounting Pronouncements

The GASB has issued Statement No. 65, *Items Previously Reported as Assets and Liabilities* effective for period beginning after December 15, 2012. This statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items

CITY OF AGOURA HILLS

NOTES TO FINANCIAL STATEMENTS
For the Fiscal Years Ended June 30, 2015 and 2014
(Continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflow of resources, certain items that were previously reported as assets and liabilities.

For fiscal year 2014, the City drawn down the FY2014 TDA3F allocation of \$16,634, but funds not spent at the year end. However, the City obtained the subsequent approval from Metro for a one year extension to the lapse date to June 30, 2015.

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.

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 quarterly balances to the total of the pooled cash and investments.

CITY OF AGOURA HILLS

NOTES TO FINANCIAL STATEMENTS
For the Fiscal Years Ended June 30, 2015 and 2014
(Continued)

NOTE 7 – DUE FROM OTHER GOVERNMENTS

Due from other governments for the years ended June 30, 2015 and 2014 consisted of the following:

PARLF:

	2015	2014
LACMTA	\$ 61,359	\$ 25,860
County of Los Angeles	40,777	36,648
County of Ventura	-	132,422
Total Balance	\$ <u>102,136</u>	\$ <u>194,930</u>

NOTE 8 – PROPOSITION A DISCRETIONARY INCENTIVE GRANT

The Proposition A Discretionary Incentive Grant amounting to \$122,718 and \$103,380 for the years ended June 30, 2015 and 2014 respectively, represent additional funds received from Metro for the City's Dial-a-Ride Program.

The Proposition A Discretionary Incentive Grant was recorded under PALRF.

NOTE 9 – PROPOSITION A REIMBURSEMENTS

The Proposition A Reimbursements recorded under PALRF of \$70,746 and \$614,085 for the years ended June 30, 2015 and 2014 respectively, represent reimbursements received from the County of Ventura and County of Los Angeles to cover the cost of the City's Dial-a-ride Program.

	2015	2014
County of Los Angeles	\$ 70,746	\$ 37,563
County of Ventura	-	576,522
Total Balance	\$ <u>70,746</u>	\$ <u>614,085</u>

CITY OF AGOURA HILLS

NOTES TO FINANCIAL STATEMENTS
For the Fiscal Years Ended June 30, 2015 and 2014
(Continued)

NOTE 10 – TRANSPORTATION DEVELOPMENT ACT FUND REVENUE ALLOCATION

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, 2015 and 2014, the City has no funds on reserve. The revenue allocation for the years ended June 30, 2015 and 2014 consisted of the following:

	2015	2014
FY 2013-14 allocation	\$ 16,634	\$ -
FY 2014-15 allocation	13,552	-
	<u>\$ 30,186</u>	<u>\$ -</u>

NOTE 11 – SUBSEQUENT EVENTS

The City has evaluated events or transactions that occurred subsequent to June 30, 2015 through November 20, 2015, the date the accompanying financial statements were available to be issued, for potential recognition or disclosure in the financial statements and determined no subsequent matters require disclosure or adjustment to the accompanying financial statements.



SIMPSON & SIMPSON
CERTIFIED PUBLIC ACCOUNTANTS

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

**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 Agoura Hills, California and the
Los Angeles County Metropolitan Transit Authority

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Proposition A Local Return Fund (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 Agoura Hills, California (City), as of and for the year ended June 30, 2015, and the related notes to the financial statements, and have issued our report thereon dated November 20, 2015.

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 any 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 are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

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

Los Angeles, California
November 20, 2015

COMPLIANCE SECTION



SIMPSON & SIMPSON
CERTIFIED PUBLIC ACCOUNTANTS

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

Independent Auditor's Report On Compliance

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

Report on Compliance

We have audited the compliance of the City of Agoura Hills, 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 (Guidelines) for the year ended June 30, 2015.

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 Agoura Hills 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 (TDAA3F) Fund for the year ended June 30, 2015.





Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Guidelines and which are described in the accompanying Schedule of Findings and Recommendations as Finding no. F-15-01. Our opinion on each local return program is not modified with respect to these matters.

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

Report on Internal Control Over Compliance

Management of the City of Agoura, California (City) 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. 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.

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

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

Los Angeles, California
November 20, 2015

CITY OF AGOURA HILLS
COMPLIANCE MATRIX
Year Ended June 30, 2015

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	
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	See Finding No. 15-01 at the Schedule of Findings and Recommendations
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) was submitted on time.	X		None	
9.	Cash or cash equivalents were maintained.	X		None	
10.	Accounting procedures, record keeping and documentation were adequate.	X		None	
11.	Revenues received including allocations, project generated revenues, and interest income were properly credited to the PALRF and PCLRF accounts.	X		None	

CITY OF AGOURA HILLS
COMPLIANCE MATRIX
Year Ended June 30, 2015
(Continued)

Compliance Requirement	In Compliance		Questioned Costs	If no, provide details and management response.	
	Yes	No			
B. Measure R Local Return Fund					
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	
11.	Funds were not used to supplant existing local revenues being used for transportation purpose.	X		None	

CITY OF AGOURA HILLS
COMPLIANCE MATRIX
Year Ended June 30, 2015
(Continued)

Compliance Requirement	In Compliance		Questioned Costs	If no, provide details and management response.	
	Yes	No			
C. Transportation Development Act Article 3 Fund					
1.	Timely use of funds.	X		None	
2.	Expenditures were incurred for activities relating to pedestrian and bicycle facilities and amenities.	X		None	

CITY OF AGOURA HILLS

SCHEDULE OF FINDINGS AND RECOMMENDATIONS
June 30, 2015

Finding No. F-15-01 – Fund: PALRF

Criteria:

According to Proposition A and C Local Return Guidelines, “*projects with greater than 25% change from the approved budget has been amended by submitted amended Project Description Form (Form A).*”

Condition:

Expenditures for Proposition A Local Return funds Project Code 140-04, Special Event Recreational Transit, exceeded 25% of MTA’s approved budget by \$1,432. However, the budget was subsequently revised and approved by MTA.

Cause:

Unanticipated increases in Special Event Recreation Transit trips resulted in increased cost. Costs were not realized until after June 30, 2015.

Effect:

The City spent more than allowed on the Special Event Recreational Transit project.

Questioned Costs:

None

Recommendation:

We recommend the City establish procedures to ensure that the City stays within the approved budget for the project expenditures and ensure that a Form A is submitted for approval.

Management’s Response:

City staff will again review the 25% MTA requirements as it related to Prop A funding projects. Additionally, Executive Management will continue to monitor all Prop A accounts, and send out end of the fiscal year communication reminder prior to June 30.

EXIT CONFERENCE

CITY OF AGOURA HILLS

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

June 30, 2015

An exit conference was held on December 22, 2015 with the City of Agoura Hills. Those in attendance were:

Simpson & Simpson Representative:

Channing Wong, Auditor

City's Representative:

Louis Celaya, Deputy City Manager
Christy Pinuelas, Director of Finance

Matters Discussed:

Results of the audit disclosed one non-compliance issue.

A copy of this report was forwarded to the following City representatives for their comments prior to the issuance of the final report:

Louis Celaya, Deputy City Manager
Christy Pinuelas, Director of Finance