

***CITY OF LA PUENTE  
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 LA PUENTE***  
**TABLE OF CONTENTS**

<b>FINANCIAL SECTION</b>	<b>PAGE</b>
Independent Auditor’s Report	1
Proposition A Local Return Fund:	
Basic Financial Statements:	
Balance Sheets	3
Statements of Revenues, Expenditures and Changes in Fund Balance	4
Supplemental Information:	
Schedule of Expenditures – Actual and Metro Approved Project Budget	5
Schedule of Capital Assets	6
Proposition C Local Return Fund:	
Basic Financial Statements:	
Balance Sheets	7
Statements of Revenues, Expenditures and Changes in Fund Balance	8
Supplemental Information:	
Schedule of Expenditures – Actual and Metro Approved Project Budget	9
Schedule of Capital Assets	10
Measure R Local Return Fund:	
Basic Financial Statements:	
Balance Sheets	11
Statements of Revenues, Expenditures and Changes in Fund Balance	12
Supplemental Information:	
Schedule of Expenditures – Actual and Metro Approved Project Budget	13
Schedule of Capital Assets	14
Transportation Development Act Article 3 Fund:	
Basic Financial Statements:	
Balance Sheets	15
Statements of Revenues, Expenditures and Changes in Fund Balance	16
Supplemental Information:	
Schedule of Transportation Development Act Allocation for Specific Projects	17
Notes to Financial Statements	18
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 <i>Government Auditing Standards</i>	21
<b>COMPLIANCE SECTION</b>	
Independent Auditor’s Report on Compliance	23
Compliance Matrix	25
Schedule of Findings and Recommendations	28
<b>EXIT CONFERENCE</b>	29

---

*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 La Puente, 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 La Puente, 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 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 positions of the PALRF, PCLRF, MRLRF, and TDAA3F of the City of La Puente, California, as of June 30, 2015 and 2014, and the respective changes in their financial positions for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Emphasis of Matter**

As discussed in Note 2, the financial statements present only the PALRF, PCLRF, MRLRF, and TDAA3F and do not purport to, and do not, present fairly the financial position of the City of La Puente, 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 La Puente, 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 September 1, 2015, on our consideration of the City of La Puente'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* and should be considered in assessing the results of our audit.

Los Angeles, California  
September 1, 2015

**CITY OF LA PUENTE**

**PROPOSITION A LOCAL RETURN FUND**

**BALANCE SHEETS**

**JUNE 30**

	<u>2015</u>	<u>2014</u>
<b>ASSETS</b>		
Cash and investments	\$ 785,363	\$ 724,129
Total assets	\$ <u>785,363</u>	\$ <u>724,129</u>
 <b>LIABILITIES AND FUND BALANCE</b>		
<b>Liabilities</b>		
Accounts payable	\$ 49,593	\$ 91,781
Union dues payable	<u>30</u>	<u>30</u>
Total liabilities	<u>49,623</u>	<u>91,811</u>
 <b>Fund Balance</b>		
Restricted	<u>735,740</u>	<u>632,318</u>
Total fund balance	<u>735,740</u>	<u>632,318</u>
 Total liabilities and fund balance	\$ <u>785,363</u>	\$ <u>724,129</u>

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

**CITY OF LA PUENTE**

**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>
<b>REVENUES</b>		
Proposition A Revenue	\$ 711,337	\$ 682,639
Interest income	9,259	4,038
Project generated revenue (Note 7)	<u>198,824</u>	<u>197,430</u>
Total revenues	<u>919,420</u>	<u>884,107</u>
 <b>EXPENDITURES</b>		
Various projects	<u>815,998</u>	<u>798,214</u>
Total expenditures	<u>815,998</u>	<u>798,214</u>
 Excess of revenues over expenditures	103,422	85,893
 Fund balance at beginning of year	<u>632,318</u>	<u>546,425</u>
 Fund balance at end of year	<u>\$ 735,740</u>	<u>\$ 632,318</u>

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

**CITY OF LA PUENTE**

**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		Variance	2014 Actual
		Metro Budget	Actual	Favorable (Unfavorable)	
110-01	Fixed Route Transit	\$ 415,000	\$ 393,012	\$ 21,988	\$ 366,918
130-01	Special Service Paratransit	79,000	79,010	(10)	80,546
140-01	Recreation Transportation	5,000	4,880	120	6,034
170-01	Bus Shelter Maintenance	28,400	27,000	1,400	24,863
250-01	User Side Subsidy	190,000	154,142	35,858	202,810
270-01	SGVCOG Membership	8,600	8,572	28	8,533
280-01	Transit Marketing	5,700	5,245	455	5,294
480-01	Administration - Proposition A	115,000	144,137	(29,137)	103,216
	Total expenditures	<u>\$ 846,700</u>	<u>\$ 815,998</u>	<u>\$ 30,702</u>	<u>\$ 798,214</u>

See accompanying independent auditor's report.



**CITY OF LA PUENTE**

**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>
1984-87	Parking Lots	\$ 425,363	\$ -	\$ -	\$ 425,363
1987	Cash Register	1,609	-	-	1,609
1987	Cash Register	826	-	-	826
2002	Office Equipment	708	-	-	708
2002	3 Transit Vehicles	51,114	-	-	51,114
2005	Parking Lot Expansion - Glendora Ave.	216,096	-	-	216,096
2006	Bus Shelters	74,099	-	-	74,099
2007	Bus Shelters	101,086	-	-	101,086
	Total	\$ <u>870,901</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>870,901</u>

See accompanying independent auditor's report.

**CITY OF LA PUENTE**  
**PROPOSITION C LOCAL RETURN FUND**  
**BALANCE SHEETS**  
**JUNE 30**

	2015	2014
<b>ASSETS</b>		
Cash and investments	\$ 818,443	\$ 440,638
Total assets	\$ 818,443	\$ 440,638
 <b>LIABILITIES AND FUND BALANCE</b>		
<b>Liabilities</b>		
Accounts payable	\$ 12,966	\$ 117,802
Total liabilities	12,966	117,802
 <b>Fund Balance</b>		
Restricted	805,477	322,836
Total fund balance	805,477	322,836
Total liabilities and fund balance	\$ 818,443	\$ 440,638

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

**CITY OF LA PUENTE**

**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>
<b>REVENUES</b>		
Proposition C	\$ 592,519	\$ 568,608
Interest income	<u>7,387</u>	<u>5,472</u>
Total revenues	<u>599,906</u>	<u>574,080</u>
<b>EXPENDITURES</b>		
Various projects	<u>117,265</u>	<u>1,734,911</u>
Total expenditures	<u>117,265</u>	<u>1,734,911</u>
Excess (deficiency) of revenues over expenditures	482,641	(1,160,831)
Fund balance at beginning of year	<u>322,836</u>	<u>1,483,667</u>
Fund balance at end of year	<u>\$ 805,477</u>	<u>\$ 322,836</u>

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

**CITY OF LA PUENTE**

**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)	
440-05	Amar Road Reconstruction	\$ -	\$ -	\$ -	\$ 1,274,287
440-08	Valley Boulevard Wall Improvements Phase III - Ferreo to Dora Guzman	100,000	93,100	6,900	55,892
440-09	Temple Avenue Improvements - Lanny Avenue to East City Limit	463,000	4,494	458,506	72,032
440-14	Glendora Avenue Paving and Resurfacing	-	-	-	43,628
480-02	Administration - Proposition C	<u>112,600</u>	<u>19,671</u>	<u>92,929</u>	<u>289,072</u>
	Total expenditures	<u>\$ 675,600</u>	<u>\$ 117,265</u>	<u>\$ 558,335</u>	<u>\$ 1,734,911</u>

See accompanying independent auditor's report.

**CITY OF LA PUENTE**

**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>
1999	Electronic Sign	\$ 593	\$ -	\$ -	\$ 593
2002-2003	Temple Avenue Resurfacing - Phase 3	76,574	-	-	76,574
2002-2003	Temple Avenue Reconstruction - Stimson Avenue	381,228	-	-	381,228
2005	Hacienda Restructuring/Reconstruction	40,573	-	-	40,573
2005	Traffic Stop - Glendora Avenue Hill	178,985	-	-	178,985
2006	Traffic Signal - Glendora Avenue Hill	12,525	-	-	12,525
2007	Central Street Reconstruction	239,640	-	-	239,640
2010	Bus Pad - Orange and Amar	9,475	-	-	9,475
2010	Bus Pad - Hacienda and Amar	18,460	-	-	18,460
2010	Main Street Reconstruction	136,601	-	-	136,601
2010	Bus Pad - Old Valley Road	16,933	-	-	16,933
2010	Glendora Ave. Reconstruction	91,082	-	-	91,082
2010	Hacienda Boulevard Improvement Project	233,982	-	-	233,982
2011	Temple, Dora Guzman, Del Valle	195,263	-	-	195,263
2014	Valley Boulevard Improvement	6,493	-	-	6,493
2014	Amar Road Storm Drain	1,529,144	-	-	1,529,144
2014	Temple and Glendora	138,792	-	-	138,792
2014	Street Improvements at Various Streets	138,500	-	-	138,500
2014	Pavement Management System	33,244	-	-	33,244
	<b>Total</b>	<b>\$ 3,478,087</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,478,087</b>

See accompanying independent auditor's report.

**CITY OF LA PUENTE**

**MEASURE R LOCAL RETURN FUND**

**BALANCE SHEETS**

**JUNE 30**

	<u>2015</u>	<u>2014</u>
<b>ASSETS</b>		
Cash and investments	\$ <u>385,582</u>	\$ <u>723,921</u>
Total assets	\$ <u><u>385,582</u></u>	\$ <u><u>723,921</u></u>
 <b>LIABILITIES AND FUND BALANCE</b>		
<b>Liabilities</b>		
Accounts payable	\$ 111,785	\$ 5,212
Retention payable	<u>35,693</u>	<u>-</u>
Total liabilities	<u>147,478</u>	<u>5,212</u>
 <b>Fund Balance</b>		
Restricted	<u>238,104</u>	<u>718,709</u>
Total fund balance	<u>238,104</u>	<u>718,709</u>
 Total liabilities and fund balance	 \$ <u><u>385,582</u></u>	 \$ <u><u>723,921</u></u>

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

**CITY OF LA PUENTE**

**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>
<b>REVENUES</b>		
Measure R	\$ 442,627	\$ 422,574
Interest income	<u>6,703</u>	<u>4,272</u>
Total revenues	<u>449,330</u>	<u>426,846</u>
<b>EXPENDITURES</b>		
Various projects	<u>929,935</u>	<u>373,151</u>
Total expenditures	<u>929,935</u>	<u>373,151</u>
(Deficiency) excess of revenues over expenditures	(480,605)	53,695
Fund balance at beginning of year	<u>718,709</u>	<u>665,014</u>
Fund balance at end of year	<u>\$ 238,104</u>	<u>\$ 718,709</u>

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

**CITY OF LA PUENTE**

**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)	
1.05	Santo Oro Local Street Improvements	\$ 730,000	\$ 714,128	\$ 15,872	\$ 73,680
2.01	Traffic Signal Improvements on Amar Road, Various Locations	13,000	10,036	2,964	10,642
3.20	Local Street Improvements (Concrete Repair)	52,000	52,000	-	228,411
7.90	Other Planning	18,083	-	18,083	-
8.10	Administration for 01-001	146,000	141,396	4,604	14,736
8.10	Administration for 02-001	2,600	1,975	625	-
8.10	Administration for 03-001	10,400	10,400	-	45,682
8.10	Administration for 07-001	3,617	-	3,617	-
	Total expenditures	<u>\$ 975,700</u>	<u>\$ 929,935</u>	<u>\$ 45,765</u>	<u>\$ 373,151</u>

See accompanying independent auditor's report.



*CITY OF LA PUENTE*

MEASURE R LOCAL RETURN FUND

SUPPLEMENTAL INFORMATION  
SCHEDULE OF CAPITAL ASSETS

June 30, 2015

<u>Date</u> <u>Acquired</u>	<u>Description</u>	<u>Balance</u> <u>7/1/2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>6/30/2015</u>
2010	Street Rehabilitation	\$ 122,229	\$ -	\$ -	\$ 122,229
2010	Valley Boulevard Improvements	74,315	-	-	74,315
2011	Traffic Signs and Striping	4,337	-	-	4,337
2011	Old Valley Boulevard Improvements	155,910	-	-	155,910
2013	Valley Boulevard Improvements- PH II	126,845	-	-	126,845
2013	Traffic Signals LP-3	44,693	-	-	44,693
2013	Amar/Tanopah	33,260	-	-	33,260
2014	Valley Boulevard Improvements	6,000	-	-	6,000
2014	Local Street Improvements	364,643	-	-	364,643
2014	Pavement Management System	2,740	-	-	2,740
	Total	\$ <u>934,972</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>934,972</u>

See accompanying independent auditor's report.

**CITY OF LA PUENTE**

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

**BALANCE SHEETS  
JUNE 30**

	<u>2015</u>	<u>2014</u>
<b>ASSETS</b>		
Cash	\$ -	\$ 59
Total assets	\$ <u>-</u>	\$ <u>59</u>
<b>LIABILITIES AND FUND BALANCE</b>		
<b>Liabilities</b>		
Due to other funds	\$ -	\$ -
Total liabilities	<u>-</u>	<u>-</u>
<b>Fund Balance</b>		
Restricted	<u>-</u>	<u>59</u>
Total fund balance	<u>-</u>	<u>59</u>
Total liabilities and fund balance	\$ <u>-</u>	\$ <u>59</u>

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

**CITY OF LA PUENTE**

**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>
<b>REVENUES</b>		
Drawdown FY 13-14 apportionment	\$ -	\$ 23,744
Payment from prior year reserve	-	51,756
Interest income	-	59
Total revenues	<u>-</u>	<u>75,559</u>
<b>EXPENDITURES</b>		
Installation of Access Curb Ramps	<u>-</u>	<u>75,500</u>
Total expenditures	<u>-</u>	<u>75,500</u>
Excess of revenues over expenditures	<u>-</u>	<u>59</u>
Fund balance at beginning of year, as previously reported	59	-
Prior period adjustment (Note 8)	<u>(59)</u>	<u>-</u>
Fund balance at beginning of year, as restated	<u>-</u>	<u>59</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 59</u>

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

**CITY OF LA PUENTE**

**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>
<b>Local allocations</b>					
None	2014-15	\$ -	\$ -	\$ -	
	Total	<u>\$ -</u>	<u>\$ -</u>	-	
Unexpended Interest Income				-	
Prior Period Adjustment (Note 8)				(59)	
Fund balance at beginning of year				<u>59</u>	
Fund balance at end of year				<u>\$ -</u>	

See accompanying independent auditor's report.

***CITY OF LA PUENTE***

**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.

**CITY OF LA PUENTE**

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

**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.

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

Project generated revenues for the years ended June 30, 2015 and 2014 consisted of the following:

	2015	2014
Transit Bus Passes	\$ 141,522	\$ 142,871
Shuttle Fares	56,334	53,972
Dial-a-Ride Fares	968	587
Total	<u>\$ 198,824</u>	<u>\$ 197,430</u>

**CITY OF LA PUENTE**

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

**NOTE 8 – PRIOR PERIOD ADJUSTMENT – TDAA3F**

The prior period adjustment reported under TDAA3F represents the adjustment of the fund’s interest income earned in fiscal year ended June 30, 2014 for a total amount of \$59. A City-wide project reconciliation was performed during fiscal year ended June 30, 2015 and determined that the interest income earned was for a non-TDAA3F project, resulting in a restatement of its beginning fund balance in the current fiscal year financial statement in the amount of zero.

**NOTE 9 – TRANSPORTATION DEVELOPMENT ACT FUND REVENUE ALLOCATION**

The revenue allocation for the years ended June 30, 2015 and 2014 consisted of the following:

	2015	2014
FY 2011-12 allocation	\$ -	\$ 20,899
FY 2012-13 allocation	-	30,857
FY 2013-14 allocation	-	23,744
Total	\$ -	\$ 75,500

**NOTE 10 – 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, 2015 and 2014, the City has funds on reserve as follows:

	2015	2014
FY 2013-14 allocation	\$ 8,856	\$ 8,856
FY 2014-15 allocation	26,553	-
Available reserve balance	\$ 35,409	\$ 8,856

**NOTE 11 – SUBSEQUENT EVENTS**

The City has evaluated events or transactions that occurred subsequent to June 30, 2015 through September 1, 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 La Puente, 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 La Puente, 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 September 1, 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 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".

Los Angeles, California  
September 1, 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 La Puente, California and the  
Los Angeles County Metropolitan Transit Authority

### Report on Compliance

We have audited the compliance of the City of La Puente, 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, 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, except as noted in the compliance Matrix and the Schedule of Findings and Recommendations, the City of La Puente 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 for the year ended June 30, 2015.



### ***Other Matters***

The result of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Guidelines and which is described in the accompanying Schedule of Findings and Recommendations as Finding No. 15-01. Our opinion on the Proposition A Local Return Fund is not modified with respect to this matter.

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

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

Management of the City of La Puente 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 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 &amp; Simpson".

Los Angeles, California  
September 1, 2015

**CITY OF LA PUENTE**  
**COMPLIANCE MATRIX**  
Year Ended June 30, 2015

Compliance Requirement	In Compliance		Questioned Costs	If no, provide details and management response.	
	Yes	No			
<b>A. Proposition A and Proposition C Local Return Funds</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.	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	See Finding No.15-01 at the Schedule of Findings and Recommendations.
9.	Cash or cash equivalents were maintained.	X		None	
10.	Accounting procedures, record keeping and documentation were adequate.	X		None	

**CITY OF LA PUENTE**  
**COMPLIANCE MATRIX**  
Year Ended June 30, 2015  
(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	

**CITY OF LA PUENTE**  
**COMPLIANCE MATRIX**  
Year Ended June 30, 2015  
(Continued)

Compliance Requirement		In Compliance		Questioned Costs	If no, provide details and management response.
		Yes	No		
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	
<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 LA PUENTE***

**SCHEDULE OF FINDINGS AND RECOMMENDATIONS**  
June 30, 2015

**Finding No. 15-01 – Fund: PALRF**

***Criteria:***

According to Proposition A & C Guidelines, Section 1.3, “Jurisdictions shall submit a Listing of Recreational Transit Services to LACMTA annually, by October 15th (following the conclusion of the fiscal year).”

***Condition:***

The City did not submit the Recreational Transit Services Listing to LACMTA by October 15, 2014 deadline. However, the City submitted the Recreational Transit Services Listing to LACMTA on October 21, 2014.

***Cause:***

The City employee responsible for the submission of the form missed the deadline set by MTA.

***Effect:***

The City’s Recreational Transit Services Listing was not submitted timely.

***Questioned Costs:***

None

***Recommendation:***

We recommend that the City establish procedures to ensure that the Recreational Transit Services Listing is properly prepared and submitted prior to the October 15th deadline and that the City retains a confirmation of receipt by LACMTA to comply with the Guidelines.

***Management Response:***

The City agrees with MTA’s finding. Current staff is aware of filing deadlines for Proposition A, and Proposition C, and Measure R and will strive to ensure all reporting deadlines are met.



---

*EXIT CONFERENCE*

---

***CITY OF LA PUENTE***

**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 16, 2015 via telephone conference. Those in attendance were:

***Simpson & Simpson Representative:***

Yung Dang, Semi-Senior Auditor

***City's Representative:***

Robbeyn Bird, Director of Administrative Services

Joann Gitmed, Finance Manager

***Matters Discussed:***

Results of the audit disclosed no significant control deficiencies and one (1) non-compliance issue 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:

Robbeyn Bird, Director of Administrative Services

Joann Gitmed, Finance Manager