

*City of La Puente*

**California**



**Comprehensive Annual Financial Report**

**For the Fiscal Year Ended**

**June 30, 2014**

**Prepared by:**

**The Administrative Services Department**



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## **INTRODUCTORY SECTION**

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# City of La Puente

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November 25, 2014

Honorable Mayor and City Council  
City of La Puente, California

## INTRODUCTION

State law requires that all general-purpose local governments publish, within six months of the close of each fiscal year, a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) as set forth in the pronouncements of the Governmental Accounting Standards Board (GASB) and audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants. This report is also in compliance with the relevant requirements of Governmental Accounting, Auditing, and Financial Reporting published by the Governmental Finance Officers Association of the United States and Canada. Pursuant to that requirement, we hereby issue the Comprehensive Annual Financial Report (CAFR) for the City of La Puente for the fiscal year ended June 30, 2014.

The financial statements are the responsibility of the City of La Puente's management. Consequently, management assumes full responsibility for the completeness and reliability of the information presented in this report. To provide a reasonable basis for making these representations, management of the City of La Puente has established a comprehensive internal control framework that is designed both to protect the government assets from loss, theft, or misuse, and to compile sufficient reliable information for the preparation of the financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements are free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The management's discussion and analysis (MD&A) interprets the financial reports by analyzing trends and by explaining changes, fluctuations, and variations in the financial data. In addition, the MD&A is intended to disclose any known significant events or decisions that affect the financial condition of the City. The Statistical Section includes selected financial, demographic and other relevant information.

The City's financial statements have been audited by the independent certified public accounting firm of Vasquez & Company LLP, Certified Public Accountants. The auditors have issued an unmodified ("clean") opinion on these financial statements. The auditors' report is located at the front of the financial section of this report.

The financial statements present the financial condition of the City of La Puente (the primary government) and its component unit, La Puente Public Financing Authority. The financial reporting entity consists of: (1) the City, (2) organizations for which the City is financially accountable, and (3) organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete.

## **PROFILE OF THE CITY OF LA PUENTE**

The City of La Puente is located 20 miles east of downtown Los Angeles in the San Gabriel Valley. The community of La Puente is predominantly residential and home to over 39,000 residents. Commercial land usage is located primarily along major highways/arterials and industrial land usage is less than five percent (5%) of the City's 3.5 square mile land area. Freeway access to the City is readily available from Interstate 10 and the 60 Freeway. The City is a general law city, incorporated on August 1, 1956; however, the history of the community extends back much further. The City's name "La Puente" means the bridge in old Spanish and refers to an early bridge built across the San Jose Creek by members of the Portola-Serra expedition in 1769, as they surveyed the region for Spain. A modernized version of the bridge can be seen in the City's colorful seal. The community of La Puente began in 1841 when European settlers arrived by wagon train from New Mexico and obtained title to the large 48,000 acre Rancho La Puente. During the 1930's, the area was famous for its fruit and walnut groves. The largest walnut packing plant in the world was located in the City.

The City of La Puente is governed by a five member City Council. The City Council holds its regular meetings every second and fourth Tuesday of the month at 7:00 p.m. in the City Council Chambers at City Hall. In-house programs and functions at City Hall include Administration, City Clerk's Office, Development Services, Administrative Services, Recreation Services, and Public Safety. The City operates various facilities to serve the community. These include a Community Center, Youth Learning Activity Center, Senior Center, La Puente Park and Puente Creek Nature and Education Center. There are also seventeen public and private schools, two County libraries, and a County health center serving the City's residents.

## **MAJOR INITIATIVES**

**For The Year.** The City of La Puente has made significant progress during fiscal year 2013-2014. The completed projects and major initiatives consist of the following:

### **Capital Improvement Projects**

- Completion of a 9.5 acre commercial development located along Hacienda Boulevard continued during Fiscal Year 2013-14. In March 2012 El Super market opened for business in a new 45,000 square foot store and an additional 12,000 square feet of retail "shops" space was also completed with T-Mobile occupying 1,500 square feet. The City has been working with the project developer, Jasmine Real Estate Investments, LLC, in completing the final build out of approximately 62,000 square feet of additional retail space to be occupied by national retail tenants. Construction began on a 57,250 square foot building that will include a Harbor Freight Tools and on a 4,700 square foot pad building that will include a drive-thru Starbucks and Waba Grill restaurant.
- The City completed street and related improvements along Amar Road. This project, with an approximate construction cost of \$1,561,691 enhances the safety and aesthetic appearance of Amar Road from Unruh Avenue to Aileron Avenue. Improvements included the repaving of the roadway, repair of damaged concrete areas, installation of new storm drain pipes and catch basins, a landscaped center median, and a new City entrance monument sign. Proposition C funds were utilized for this project.

- The City also completed street resurfacing as part of the Local Streets Improvement Project. The completed local street segments are in accordance with the City's Pavement Management System (PMS) and included cold milling and overlay of the pavement with asphalt rubber hot mix, reconstruction of sidewalks, curb and gutter repairs, new handicap ramps, driveway approaches, cross gutters, striping and pavement markings. The project construction cost was \$467,804 and was funded with Gas Tax and Measure R funds.
- Phase IV of the City's Sewer System Capital Program was completed which consisted of replacement of existing sewer mainline and reconnection of laterals, installation of sewer liners at various locations throughout the City, and street resurfacing. The construction cost of \$2,147,031 million was financed by sewer funds.

### **Other Major Initiatives**

#### ➤ Balanced Budget

For the past several years, the City has had to use reserves to close the budget gap between revenues and expenditures. Based on the direction of the City Council, the City annual budget for Fiscal Year 2014-2015 was balanced without using general fund reserves. City Staff continues to explore various ways to ensure the fiscal stability of the City going forward.

#### ➤ Public Safety

The City was awarded one of the 50 safest cities in California by SafeWise on November 18, 2013. This was due to an outstanding intelligence and community policing by the LA Sheriff's department, an active Community Center and Youth Learning Activity Center that kept every family safe and healthy. Volunteers on Patrol (VOP) program helped ensure neighborhoods crime statistics were low. The City offers a safe neighborhood, community gathering places and easy freeway access to earn a reputation as a great place to establish family roots.

City Council and City Officials continued to build outstanding working relationship with the Police Lieutenant, Special Assignment Officers Team, to reduce crime, graffiti and gang activity within the City boundaries.

#### ➤ Public Transit & Maintenance Services

The City acquired three new propane fueled transit buses and two new CNG maintenance trucks to replace the older vehicles for the La Puente Link and Dial-a-Ride services and reduce vehicle maintenance costs and increase operating efficiency. These were funded by the Air Quality Management District AB2766 fees and a grant from Mobile Source Air Pollution Reduction Review Committee (MSRC) clean transportation.

#### ➤ Parks Services

The City received an Award of Excellence from the California Park & Recreation Services for its Puente Creek Nature and Education Center. The award was for excellence in design for park planning and the City was honored at the 2014 California and Pacific Southwest Recreation and Park Training Conference held in Ontario, CA last May 5-7, 2014.

➤ Government Outreach

The City created a Facebook page to increase awareness of City events and happenings to its residents to supplement the La Puente Spotlight, quarterly newspaper. The residents were also encouraged to use government outreach computer and mobile application “GoRequest” to easily report local issues which are automatically delivered to City Staff Members.

City Council and City Officials continued strong working relationships with key stakeholders including Senator Edward Hernandez and Councilmember Ian Calderon, School District members, representatives from Gloria Molina’s and Napolitano’s offices, Old Town Puente Association, Art Walk organizers, Bike Ride, churches, City of Industry, and utility liaisons.

➤ Special Events

- Under the direction of the City Council, the leadership of the Recreation Department, with support from the Sheriff’s Department and Development Services Department Maintenance Division, presented a very successful 3rd of July event.
- Worked with Sheriff’s Department and the Los Angeles County Arts Commission to coordinate funding and donations for the second annual National Night Out.
- Partnered with the Boys and Girls Club, and the Old Town Puente Business Association for the Holiday Parade and Tree Lighting Ceremony.
- Partnered with local businesses to host the annual Halloween Maze at little to no cost to the City.
- Held the first City Hall Open House to provide the public the opportunity to learn about the services that City Hall provides for its residents.
- Awarded 15 scholarships to La Puente residents for higher education, adult education and vocational training through the proceeds gained from the Annual Main Street Halloween 5K/10K.

**For The Future.** Though essentially a built-out city, the City is pursuing various capital improvement projects and other major initiatives to meet goals set by the City Council for fiscal year 2014-2015:

**Capital Improvement Projects**

- **Safe Routes to Schools Grant** – The City was awarded a grant in the amount of \$387,000 for pedestrian improvements in the vicinity of La Puente High School and Sierra Vista Middle School. Improvements will include intersection bulb-outs, school crosswalk signs, center median fencing, and speed awareness signs. The City plans to use Gas Tax funds for the \$43,000 local match for this project. The City Council authorized the solicitation of bids for this project in fiscal year 2013-14.
- **Santo Oro Storm Drain and Local Street Improvements** - This project will enhance the safety and condition of various local streets by repaving the roadway, signing and striping, repair of damaged concrete improvements, installation of new storm drain improvements and repaving of the City Hall parking lot. The proposed local street improvements are in accordance with the City’s Pavement Management System (PMS). The estimated construction cost is \$650,000 with funding from Measure R and Sewer Funds. The City Council authorized the solicitation of bids for this project in fiscal year 2013-14.

## **Other Major Initiatives and Goals:**

- Implement the Strategic Plan for the year.
- Continue to work with the Los Angeles County Sheriff's Department to reduce crime in the community.
- Partner with the Sheriff's Department and develop an emergency preparedness plan and provide training for City staff.
- Complete the comprehensive update to the City's Zoning Code.
- Launch the City's new website.
- Develop a long-term financial plan and fund balance policy.
- Partnering with the Los Angeles County Sheriff's Department to institute the Incident Command Structure for major City Wide Special Events.
- Under the direction of the City Council, held a Community Wide Health, Wellness and Safety Fair featuring the VSP mobile eye clinic, the Los Angeles County Sheriff's Department and the Los Angeles County Fire Department.
- Work with the IT support firm to implement the five year plan.
- Continue training of staff on professionalism and customer service.
- Recommend improvements in City policies and procedures and bring forward to City Council for consideration.
- Increase new and existing business outreach and economic development business attraction programs.
- Identify cost-cutting measures and new sources of General Fund revenue to achieve long-term sustainability.

The goal is to accomplish projects and other major initiatives and goals listed above during the fiscal year of 2013-2014; however, there are some projects that will be carried over to the following fiscal year.

As a "no/low" property tax City that is primarily residential, La Puente relies heavily on its two major revenue sources, sales tax and property tax to support General Fund operations. These two sources represent approximately 79% of the City's general fund revenue.

## **BUDGETARY CONTROLS**

The City of La Puente maintains budgetary control to ensure compliance with legal provisions embodied in the annual appropriated budget adopted by the City Council. Each year, a proposed budget is submitted to the City Council and several public meetings are conducted to obtain taxpayer comments. The budget is subsequently adopted by the Council through the passage of a resolution. All annual appropriations lapse at fiscal year-end. Certain multi-year project appropriations are re-budgeted by the City Council as part of the adoption process of the subsequent year's budget. The level of budgetary control is maintained at the department level.

## **LOCAL ECONOMY AND ECONOMIC OUTLOOK**

The City relies heavily on two major revenue sources – property taxes and sales and use taxes for its general fund operating expenses. During the year, property values continued to increase significantly but still remained below the high values at the height of the market in 2007. This is expected to continue at a slow but stable rate. The unemployment rate continued to improve from 11.0% to 9.0% and is expected to be the same as the population stayed flat during the year. The City was successful in attracting branded businesses but continues to face challenges due to limited location and retail space selection. The City will continue to promote new business opportunities using business fairs and expanding business networking for the available vacant spaces while it continues to explore other revenue generating sources in advertising and promotion of commercial development of existing businesses.

## **LONG-TERM FINANCIAL PLANNING**

The unassigned fund balance in the General Fund is \$4.9 million. This amount falls within the management budget guidelines as approved by the Council for budgetary and planning purposes and is considered above average for similar size cities.

## **GFOA CERTIFICATE OF ACHIEVEMENT**

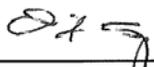
The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2013. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of State and local government financial reports. In order to receive the award, a government had to publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable legal requirements. The awards are valid for a period of one year only. We believe that our current CAFR continues to meet program requirements and we are submitting it to the GFOA to determine its eligibility for another award.

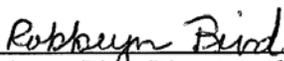
## **ACKNOWLEDGEMENTS**

The preparation of the CAFR could not have been made without the efficient and dedicated services of the Administrative Services and Finance Division Staff. We wish to express our appreciation to the numerous City employees who assisted in gathering information for the preparation of this report. This document reflects the hard work, talent and commitment of City Staff and could not have been accomplished without the high level of professionalism and dedication that they bring to the City of La Puente. We would also like to express our appreciation to Vasquez & Company LLP, our independent auditors, who assisted and contributed to the preparation of this report.

We also would like to give special acknowledgement to the Mayor and City Council for their continuing support and interest in directing the efforts to maintain the City's strong fiscal health in a responsible and professional manner.

Respectfully submitted,

  
\_\_\_\_\_  
Dave Carmany, City Manager

  
\_\_\_\_\_  
Robbeyn Bird, Director of Administrative Services



**CITY OF LA PUENTE, CALIFORNIA**

**ELECTED OFFICIALS - CITY COUNCIL**

Violeta Lewis, Mayor  
Dan Holloway, Mayor Pro Tem  
David Argudo, Councilmember  
Charlie Klinakis, Councilmember  
Valerie Munoz, Councilmember

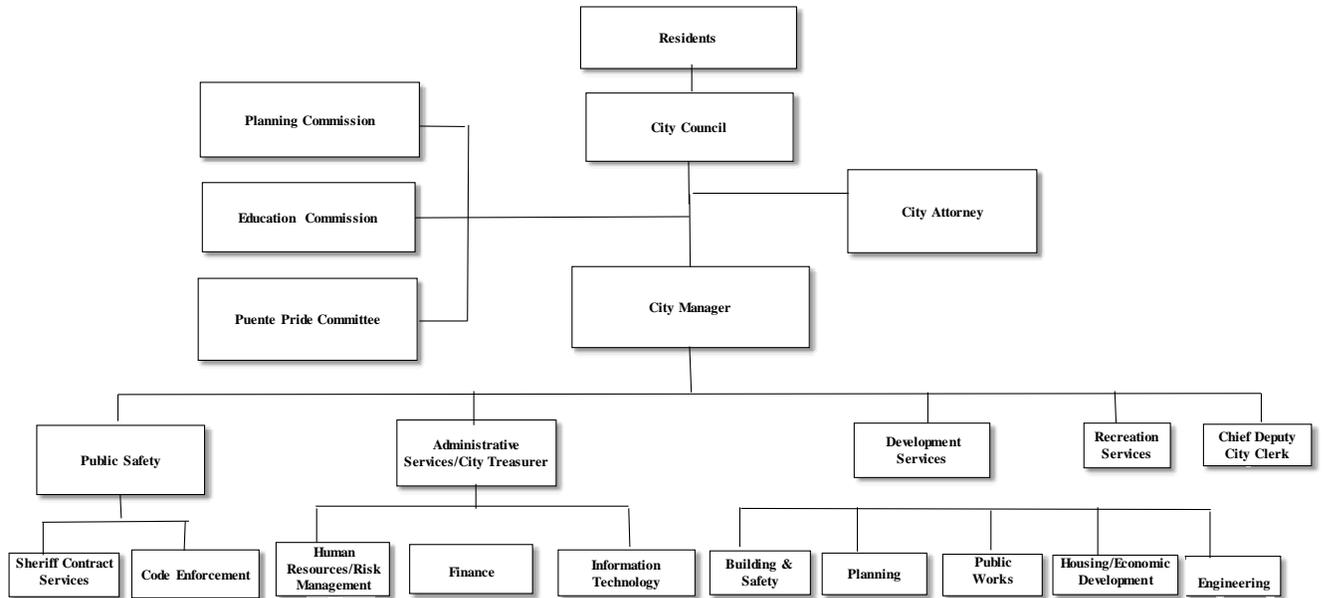
**CITY OFFICIALS**

City Manager.....Dave Carmany  
Director of Administrative Services/City Treasurer..... Robbeyn Bird  
Chief Deputy City Clerk.....Sheryl Garcia  
City Attorney.....James Casso  
Finance Manager.....Raul Purificacion  
Development Services Director.....John DiMario  
Recreation Services Director.....Roxanne Bjorklund  
Chief of Police.....Pete Cacheiro



## City of La Puente

### Organizational Chart





Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**City of La Puente  
California**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2013**

Executive Director/CEO

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## **FINANCIAL SECTION**

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## **Report of Independent Auditors**

**City Council**  
**City of La Puente, California**

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of La Puente, California (the City), as of and for the year ended June 30, 2014, and the related notes to financial statements which collectively comprise the City's basic 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.

### ***Auditors' 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.



## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of La Puente, California, as of June 30, 2014, and the respective changes in financial position, and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 13 through 22 and budgetary comparison information and funded status of pension and other postemployment benefit plans on pages 66 through 70 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of La Puente's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, agency fund financial statements, capital assets used in the operation of governmental funds and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, agency fund financial statements, and capital assets used in the operation of governmental funds are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, agency fund financial statements, and capital assets used in the operation of governmental funds are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.



***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 25, 2014, 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, and 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 of La Puente's internal control over financial reporting and compliance.

*Vargas + Company LLP*

**Los Angeles, California  
November 25, 2014**

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

The management of the City of La Puente offers the readers of the City's basic financial statements, this narrative overview, and analysis of the financial activities of the City as of and for the fiscal year ended June 30, 2014. We encourage readers to consider the information presented here in conjunction with additional information furnished in the letter of transmittal, which can be found on page 1 of this report and the City's basic financial statements, which begin on page 23 of this report.

## FINANCIAL HIGHLIGHTS

### Government-wide

- The assets of the City of La Puente exceeded its liabilities at the close of the fiscal year by \$40,865,762. Of this, \$5,316,550 is unrestricted and may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position decreased by \$298,648 from the previous fiscal year.
- Citywide revenues were \$15,960,261. Total revenues are composed of \$8,784,539 in general revenue dollars, \$3,113,028 in charges for services, \$2,142,823 in operating grants and contributions, and \$1,919,871 in capital grants and contributions.
- Citywide expenses were \$16,258,909 with public safety being the largest functional area at \$5,000,488, or 31% of the total expenses.

### Fund level

- The total fund balance of the City governmental funds was \$9,053,022 at the close of the fiscal year. \$1,103,523 is nonspendable, \$3,041,388 is restricted and not available for spending, and \$4,908,111 is unassigned. Additional information on the fund balance is on page 27 of this report.
- General Fund expenditures were above revenues by \$1,633,560 for the fiscal year ended June 30, 2014.
- Governmental fund balances decreased by \$1,742,309 during fiscal year 2013-2014.

## OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

### The Basic Financial Statements

This discussion and analysis are intended to serve as an introduction to the City of La Puente's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The report also contains required supplementary information and other supplementary information in addition to the basic financial statements.

**Government-wide financial statements.** The government-wide financial statements are comprised of the Statement of Net Position and Statement of Activities. These two statements are designed to provide readers with a broad overview of the City of La Puente's finances utilizing the full accrual method of accounting, in a manner similar to a private-sector business. Under the full accrual method of accounting, transactions are reported as soon as the underlying events occur, regardless of the timing of related cash flows.

Statement of Net Position. This report presents information on all the City's assets and deferred outflows of resources and liabilities and deferred inflows of resources, including capital assets and long-term liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City as a whole is improving or deteriorating.

Statement of Activities. The information presented in this report shows how the City's net position changed during the most recent fiscal year. Functional activities are highlighted in this statement, whereby direct and indirect functional expenses are shown net of related program revenue. This statement shows the extent to which various functions depend on general taxes and non-program revenues for support.

Both of these government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (referred to as governmental activities), from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (referred to as business-type activities). The governmental activities of the City of La Puente include general government, public safety, public works, recreation/senior services, and community development. Program revenues finance approximately 38% of these activities and general revenues finance the difference.

The government-wide financial statements can be found on pages 23 to 25 of this report.

**Fund financial statements.** The fund financial statements focus on current available resources and report the City's operations in more detail for the City's most significant funds. Each fund is defined as a fiscal and accounting entity with a self-balancing set of accounts established for the purpose of carrying on specific activities or attaining certain objectives in accordance with authorities or legal mandates, restrictions or limitations. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. These statements focus on the near-term inflows and outflows of spendable resources, as well as on balances of spendable resources at the end of the fiscal year. Such information provides a short-term view of the City's general government operations and show whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. These funds are reported using the *modified accrual method* of accounting, which measures cash and all other financial assets that can readily be converted to cash. The relationship between governmental activities and the governmental funds are reported on the Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position page of the Government-wide Financial Statements.

The governmental fund financial statements can be found on pages 26 to 30 of this report.

Proprietary fund. The City maintains two different types of proprietary funds. The enterprise fund is used to report the same functions presented as *business-type activities* in the *government-wide financial statements*. The City's enterprise fund accounts for sewer construction and maintenance operations. The City's internal service fund accounts for central equipment services.

*Fiduciary funds.* These funds are used to account for resources held for the benefit of parties outside the government. They are not reflected in the government-wide financial statements because the resources of these funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The fiduciary fund financial statements can be found on page 35 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in both the government-wide and fund financial statements.

The notes are on pages 37 to 65 of this report.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

### Governmental Activities

This analysis focuses on the net position and changes in net position of the City's governmental activities which are presented in the government-wide financial statements.

Table 1

	2014	2013	Change	% Change
Current and Other Assets	\$ 12,230,839	\$ 13,954,009	\$ (1,723,170)	-12.35%
Capital Assets	35,446,259	34,920,656	525,603	1.51%
Total Assets	<u>47,677,098</u>	<u>48,874,665</u>	<u>(1,197,567)</u>	-2.45%
Other Liabilities	2,624,009	2,014,856	609,153	30.23%
Long-term Liabilities	9,508,892	10,409,633	(900,741)	-8.65%
Total Liabilities	<u>12,132,901</u>	<u>12,424,489</u>	<u>(291,588)</u>	-2.35%
Net Position:				
Net investment in capital assets	27,186,259	26,030,656	1,155,603	4.44%
Restricted	3,041,388	3,987,665	(946,277)	-23.73%
Unrestricted	5,316,550	6,431,855	(1,115,305)	-17.34%
Total Net Position	<u>\$ 35,544,197</u>	<u>\$ 36,450,176</u>	<u>\$ (905,979)</u>	-2.49%

Net position may serve over time as a useful indicator of the City's financial position. The City's governmental assets exceeded its liabilities by \$35,544,197 at the close of the fiscal year, a decrease of \$905,979 or 2% from the previous year.

The largest portion of the City's net position (at 76%) is net investment in capital assets (land, construction in progress, buildings and improvements, equipment/furniture, and infrastructure) less any related debt outstanding used to acquire those assets. The City uses these capital assets to provide services to citizens. The capital assets are not available for future spending. Resources needed to repay the related debt outstanding must be provided from other sources because the capital assets cannot be used to liquidate these liabilities.

**City of La Puente**  
**Management Discussion and Analysis**  
**June 30, 2014**

A portion of net position, \$3,041,388, or 9%, represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* of \$5,316,550 or 15% may be used to meet the City's ongoing obligations to citizens and creditors.

Table 2

	2014	2013	Change	% Change
<b>Revenues</b>				
Program Revenues:				
Charges for Services	\$ 1,765,882	\$ 1,735,273	\$ 30,609	1.76%
Operating Grants and Contributions	2,142,823	2,344,928	(202,105)	-8.62%
Capital Grants and Contributions	1,919,871	1,860,992	58,879	3.16%
General Revenues:				
Taxes:				
Property Taxes	4,793,494	4,591,293	202,201	4.40%
Franchise Taxes	942,507	981,476	(38,969)	-3.97%
Sales and Use Taxes	2,070,062	1,767,497	302,565	17.12%
Property Transfer Taxes	52,324	46,120	6,204	13.45%
Transient Occupancy Taxes	192,100	172,369	19,731	11.45%
Other Taxes	376,917	724,696	(347,779)	-47.99%
Intergovernmental	124,139	60,404	63,735	105.51%
Investment Income	114,002	31,786	82,216	258.65%
Other revenues	98,793	43,067	55,726	129.39%
Total revenues	<u>14,592,914</u>	<u>14,359,901</u>	<u>233,013</u>	1.62%
<b>Expenses</b>				
General Government	3,480,756	2,540,210	940,546	37.03%
Public Safety	5,000,488	4,913,590	86,898	1.77%
Public Works	2,276,659	1,847,640	429,019	23.22%
Recreation/Senior Services	1,772,731	1,670,038	102,693	6.15%
Community Development	2,637,299	2,121,666	515,633	24.30%
Interest on Long-Term Debt	330,960	465,004	(134,044)	-28.83%
Total expenses	<u>15,498,893</u>	<u>13,558,148</u>	<u>2,173,758</u>	16.03%
Excess (deficiency) of revenues over expenses	(905,979)	801,753	(1,707,732)	-213.00%
Other financing sources (uses)				
Transfers	-	(100,000)	100,000	100.00%
Change in net position	(905,979)	701,753	(1,607,732)	-229.10%
Net position, beginning	<u>36,450,176</u>	<u>35,748,423</u>	<u>701,753</u>	1.96%
Net position, ending	<u>\$ 35,544,197</u>	<u>\$ 36,450,176</u>	<u>\$ (905,979)</u>	-2.49%

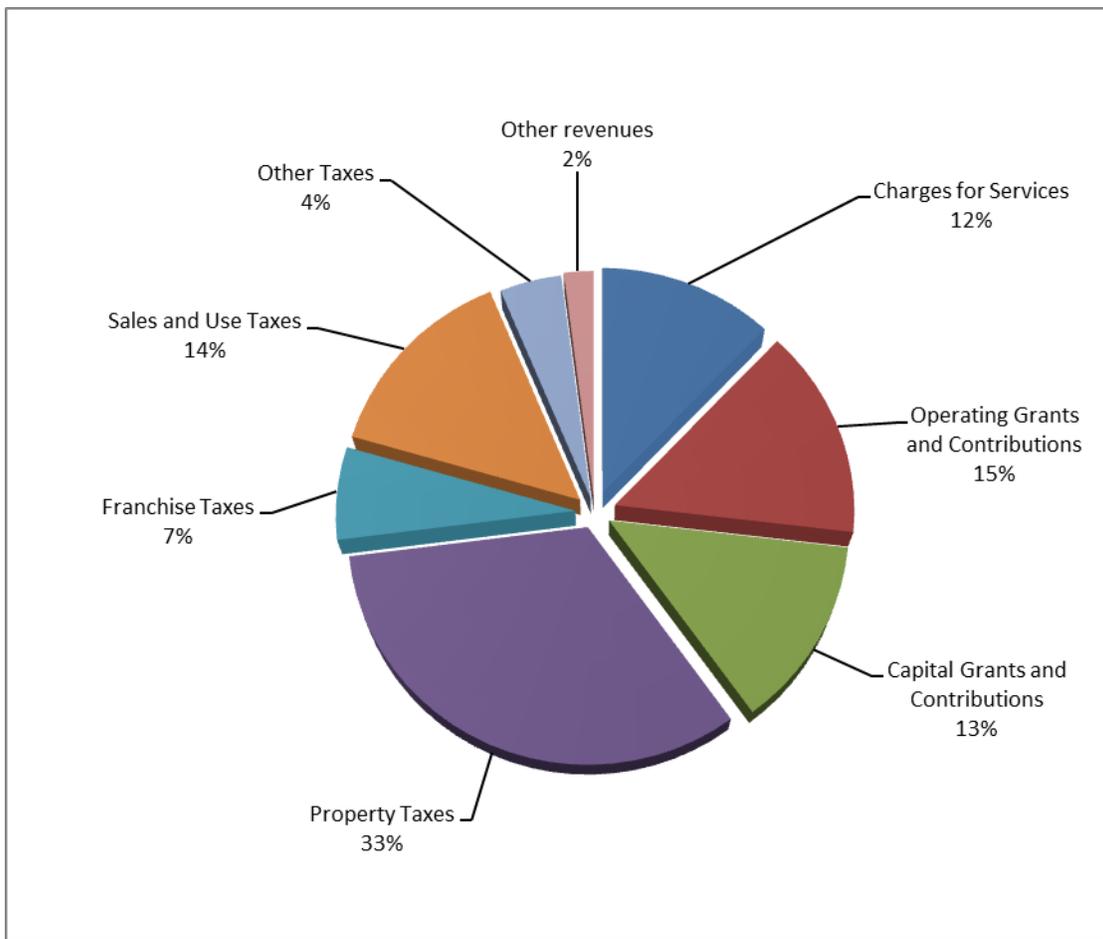
The City's net position decreased by \$905,979 during the fiscal year as a result of expenses exceeding revenues. The total cost of all City governmental activities was \$15,498,893 for the fiscal year. Net cost of all activities was \$9,670,317.

Total revenues increased by \$233,013 mainly due to the increase in general revenues as indicated above. The overall increase in expenses was attributed to the increase in general government, public works and community development expenses.

**Revenue Sources:**

The revenue sources from governmental activities presented in the preceding table are illustrated in a pie chart below to show the percentage relationship of these revenues to each other, as well as their impact on the City's total resources. Figure 1 below is the pie chart for fiscal year 2013-2014:

Figure 1  
Revenues by Source – Governmental Activities



As shown on the above pie chart, about 58% of the City's total governmental revenues are from taxes, which are comprised of property, sales and use, and franchise taxes. Program revenues totaled 40% of the total resources and other intergovernmental, investment income, and miscellaneous income amounted to 2% of the total governmental revenues for the year.

**Expense and Program Revenues:**

The City's expenses in connection with its governmental activities are categorized by function, namely: general government, public safety, public works, recreation/senior services, and community development. The program revenues associated with these governmental activities are classified into three categories which are charges for services, operating grants and contributions, and capital grants and contributions.

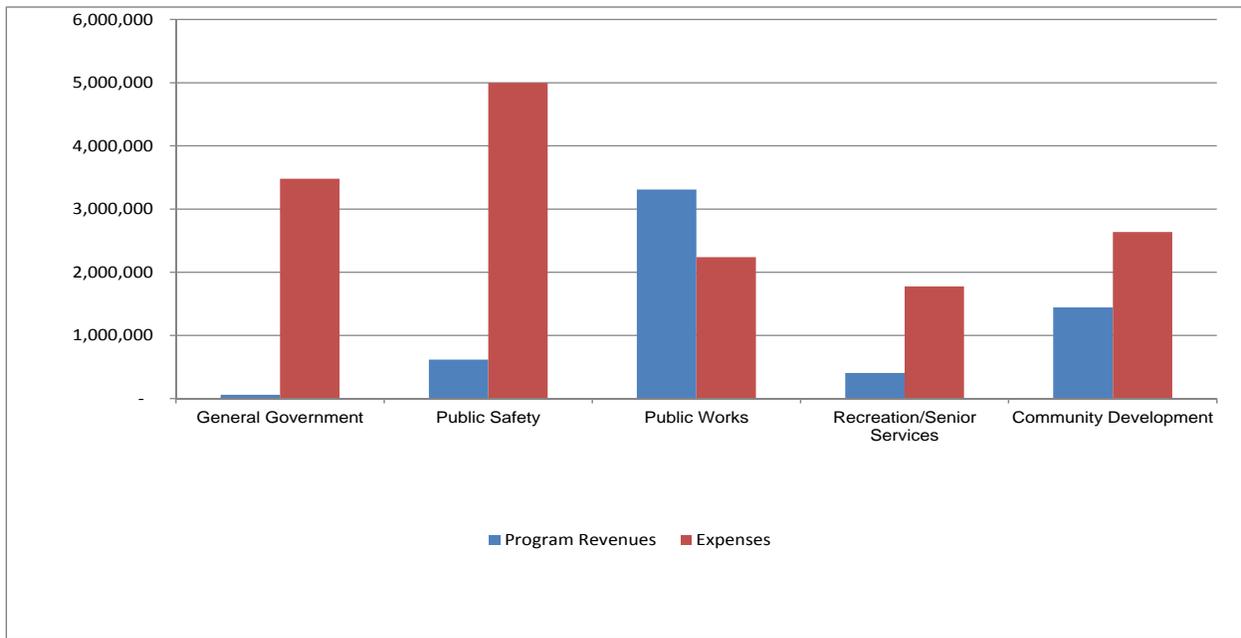
Governmental activities decreased the City's net position by \$905,979. Key elements of this decrease are as follows:

- Total expenses increased by \$2,173,758 largely due to retrospective payment of insurance premium of \$828,106, and increased expenses in community development (\$515,633) and public works (\$429,019).
- Operating grants and contributions decreased by \$202,105.

The relationship of the City's program revenues with the related governmental functions are illustrated in Figure 2.

The graph below shows that public works and community development services are largely provided for by program revenues. The general government, public safety, and recreation/senior services receive limited program revenue and are primarily funded from the general revenues of the City. It is typical for governmental expenses to be subsidized by general revenues, as the program revenues are generally not adequate to finance the governmental programs.

Figure 2  
Expense and Program Revenues



**Business-type Activities**

The analysis of business-type activities focuses on the net position and changes in net position of the City's sewer construction/maintenance functions which are presented in the government-wide financial statements.

**Table 3  
Business-type Activities Net Position**

	2014	2013
Current and other assets	\$ 3,373,555	\$ 4,263,739
Capital assets	11,076,570	9,709,214
Total assets	14,450,125	13,972,953
Other liabilities	122,777	42,255
Long-term liabilities outstanding	9,005,783	9,216,464
Total liabilities	9,128,560	9,258,719
Net position:		
Net investment in capital assets	2,070,787	492,750
Restricted	3,250,778	4,221,484
Total net position	\$ 5,321,565	\$ 4,714,234

The City's business-type revenues exceeded program expenses by \$607,331 as shown below. Revenues slightly decreased by \$44,170 during the year. There was also a slight increase in expenditures this year primarily because of the depreciation expenses of the sewer collection system.

**Table 4  
Business-type Activities Change in Net Position**

	2014	2013
<b>Revenues</b>		
Charges for services	\$ 1,347,146	\$ 1,311,226
Investment Income	20,201	11,951
Total revenues	1,367,347	1,323,177
<b>Expenses</b>		
Sewer assessment	333,503	263,449
Other expenses	426,513	434,951
Total expenses	760,016	698,400
Excess of revenues over expenses	607,331	624,777
Other financing sources (uses)		
Transfers in	-	100,000
Change in net position	\$ 607,331	\$ 724,777

## **FINANCIAL ANALYSIS OF THE CITY'S MAJOR FUNDS**

### **Governmental Funds – Fund Level**

The City of La Puente uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Focusing on financial resources, the City's Governmental Funds provide information on near-term inflows and outflows, and balances of spendable resources. This information is useful in assessing the City's ability to meet financial requirements. In particular, unreserved fund balance may serve as a useful measure of government net resources available for spending at the end of the fiscal year.

- Fund Balance – As of June 30, 2014, the City's Governmental Funds reported a combined fund balance of \$9,053,022, which decreased by \$1,742,309 or 16% from prior year fund balance.
- Fund Balance Classification
  - The City has \$1,103,523 nonspendable fund balance as of June 30, 2014. Nonspendable fund balance includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Examples are inventories, prepaid expenses, long-term receivables, or land held for resale.
  - Restricted fund balance amounted to \$3,041,388 at June 30, 2014. Restricted fund balance includes resources that are subject to externally enforceable legal restrictions.
  - The General Fund has unassigned fund balance of \$4,908,111. Unassigned fund balance is the residual classification for the City's General Fund and includes all spendable amounts not contained in the other classifications.

Major activities in the Governmental Funds in the current fiscal year include the following:

- General Fund – The General Fund ended the year with a \$6,011,634 fund balance, a decrease of \$1,633,560 from the previous year. See Notes to financial statements for more information regarding transfers.
- General Fund Revenues exceeded budgeted revenues by \$262,443. This was entirely due to taxes coming in higher than projected. Expenditures were \$168,412 higher than budgeted largely due to payment of separation pay of \$171,096.
- The City received \$153,080 in Cal-HOME grant revenues that were not budgeted. Cal-HOME expenditures were lower than the budgeted amount by \$44,780. Timing differences were the main reason for the lower expenses.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

The City's investment in capital assets, net of accumulated depreciation, for governmental and business-type activities as of June 30, 2014 is \$46,522,829. Capital assets, net of accumulated depreciation, include land, construction in progress, buildings and improvements, equipment, furniture, fixtures, and computer software and hardware. Infrastructure assets are reported at cost, where historical records are available and at estimated cost where no historical records exist. The net increase (additions minus deletions) in capital assets for the fiscal year was \$1,892,959. The increase is attributed to the street improvement projects and sewer construction projects. Additional information on the City's capital assets can be found in Note 4 to financial statements. Table 5 shows a summary of changes in capital assets (net of depreciation) as of June 30, 2014.

**Table 5  
Capital Assets**

	Beginning Balance	Increases	Reclassifications/ Decreases	Ending Balance
<b>Governmental Activities:</b>				
Capital assets, not depreciated:				
Land	\$ 3,620,179	\$ -	\$ -	\$ 3,620,179
Construction in progress	<u>1,730,736</u>	<u>1,859,198</u>	<u>(3,466,254)</u>	<u>123,680</u>
Total capital assets, not depreciated	<u>5,350,915</u>	<u>1,859,198</u>	<u>(3,466,254)</u>	<u>3,743,859</u>
Capital assets, being depreciated:				
Buildings and improvements	19,954,468	-	1,426,348	21,380,816
Equipment and furniture	1,680,015	112,159	(78,580)	1,713,594
Infrastructure	<u>32,005,724</u>	<u>-</u>	<u>2,039,906</u>	<u>34,045,630</u>
Total capital assets, being depreciated	<u>53,640,207</u>	<u>112,159</u>	<u>3,387,674</u>	<u>57,140,040</u>
Less accumulated depreciation:				
Buildings and improvements	(6,173,315)	(863,942)	-	(7,037,257)
Equipment and furniture	(1,324,645)	(96,354)	78,580	(1,342,419)
Infrastructure	<u>(16,572,506)</u>	<u>(485,458)</u>	<u>-</u>	<u>(17,057,964)</u>
Total accumulated depreciation	<u>(24,070,466)</u>	<u>(1,445,754)</u>	<u>78,580</u>	<u>(25,437,640)</u>
Total capital assets, being depreciated, net	<u>29,569,741</u>	<u>(1,333,595)</u>	<u>3,466,254</u>	<u>31,702,400</u>
Governmental activities capital assets, net	<u>\$ 34,920,656</u>	<u>\$ 525,603</u>	<u>\$ -</u>	<u>\$ 35,446,259</u>
<b>Business-type Activities:</b>				
Capital assets, not depreciated:				
Construction in progress	\$ 1,465,792	\$ 1,504,746	\$ (2,970,538)	\$ -
Total capital assets, not depreciated	<u>1,465,792</u>	<u>1,504,746</u>	<u>(2,970,538)</u>	<u>-</u>
Capital assets, being depreciated:				
Sewer collection systems	8,243,422	-	2,970,538	11,213,960
Less accumulated depreciation	<u>-</u>	<u>(137,390)</u>	<u>-</u>	<u>(137,390)</u>
Total capital assets, being depreciated, net	<u>8,243,422</u>	<u>(137,390)</u>	<u>2,970,538</u>	<u>11,076,570</u>
Business-type activities capital assets, net	<u>\$ 9,709,214</u>	<u>\$ 1,367,356</u>	<u>\$ -</u>	<u>\$ 11,076,570</u>

### **Debt Administration**

The City issued the 2007 Sewer Revenue Bonds for \$10,260,000. The debt service payment on the bonds will be made by the sewer fees collected from the City residents on their property tax bills.

In addition, the City also received a loan of \$10,000,000, which financed the construction of the Community Center and Youth Learning Activity Center. During fiscal year ended June 30, 2013, the loan was refinanced to take advantage of lower interest rates. The loan will be paid by the General Fund over the next 20 years.

Additional information on the City's long-term debt can be found in Note 4 to financial statements.

### **GENERAL FUND BUDGETARY ANALYSIS**

The revenue budget for fiscal year 2013-14 was \$10,032,920. Actual General Fund revenues were slightly higher than the final budgeted revenues by \$262,443. The increase was primarily due to higher than budgeted amounts of taxes and charges for services.

Appropriations were budgeted at \$12,246,506. Actual General Fund expenditures were more than the final budgeted expenditures by \$168,412. The overage was due to the payment of separation pay of \$171,096.

### **NEXT YEAR'S BUDGET AND ECONOMIC FACTORS**

The fiscal outlook for cities, counties, and federal and state agencies remains fragile. The economy is slowly improving and the housing market is seeing slight signs of recovery. The unemployment rate remains high at approximately 12% and it is anticipated that the City of La Puente's General Fund revenues will remain the same or slightly decrease in the coming year. As costs of providing service to the residents and businesses in La Puente continue to rise, City staff will diligently pursue opportunities to increase revenues and decrease expenditures.

The economic outlook of the City and its major initiatives for the coming year is discussed in detail in the accompanying Transmittal Letter.

### **REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the City of La Puente's finances for all those interested in them. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the City's Finance Department, at 15900 E. Main Street, La Puente, California, 91744.

## **BASIC FINANCIAL STATEMENTS**

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The government-wide financial statements, the Statement of Net Position and Statement of Activities, include all governmental and business-type activities of the City of La Puente. Their purpose is to summarize the City's consolidated financial activities and position. The government-wide financial statements are prepared on a full accrual basis of accounting similar to a private business entity.

**Statement of Net Position** is the basic government-wide statement of financial position. A statement of financial position presents all of an entity's assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position (equity). The presentation is referred to as the *statement of net position* (rather than *balance sheet*), and the difference between total assets and deferred outflows of resources and total liabilities and deferred inflows of resources is referred to as net position (rather than *equity*).

GAAP require the City's governmental activities be reported separately from its business-type activities. In general, governmental activities include activities reported in the general, special revenue, debt service and capital projects funds. Business-type activities include activities reported in the enterprise funds. Residual balances of internal service funds are included in governmental activities.

The City's government-wide statement of net position provides a column for the governmental activities, a column for the business-type activities, and a total column for the entire City. All internal balances (payables and receivables between governmental activities and business-type activities) are eliminated from the statement of net position.

Net positions are categorized as follows:

- Net investment in capital assets
- Restricted net position
- Unrestricted net position

**Statement of Activities** is used to report changes in net position reported on the government-wide statement of net position. The government-wide statement of activities presents expenses before revenues. This emphasizes that in the public sector, revenues are generated for the purpose of providing services rather than as an end in themselves.

The first column of the government-wide statement of activities present the direct expenses associated with each of the City's functional activities:

- General government
- Public safety
- Public works
- Recreation/Senior services
- Community development
- Redevelopment and housing

Business-type activities include direct expenses of the sewer operation and maintenance functions.

**City of La Puente**  
**Statement of Net Position**  
**June 30, 2014**

	Governmental Activities	Business-type Activities	Total
<b>Assets</b>			
Cash and investments	\$ 9,685,473	\$ 3,160,830	\$ 12,846,303
Accounts receivable	332,751	-	332,751
Interest receivable	6,711	-	6,711
Loans receivable	1,335,358	-	1,335,358
Due from other governments	696,069	12,725	708,794
Internal balances	(200,000)	200,000	-
Prepaid Items	331,283	-	331,283
Advances to Successor Agency	43,194	-	43,194
Capital assets, not depreciated:			
Land	3,620,179	-	3,620,179
Construction in progress	123,680	-	123,680
Capital assets, being depreciated, net			
Buildings and improvements	14,343,559	-	14,343,559
Equipment and furniture	371,175	-	371,175
Infrastructure	16,987,666	11,076,570	28,064,236
<b>Total Assets</b>	<b>47,677,098</b>	<b>14,450,125</b>	<b>62,127,223</b>
<b>Deferred outflows of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Liabilities</b>			
Accounts payable	2,589,184	122,777	2,711,961
Interest payable	34,825	-	34,825
Noncurrent liabilities:			
Due within one year	-	225,000	225,000
Due in more than one year	9,508,892	8,780,783	18,289,675
<b>Total Liabilities</b>	<b>12,132,901</b>	<b>9,128,560</b>	<b>21,261,461</b>
<b>Deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Position</b>			
Net investment in capital assets	27,186,259	2,070,787	29,257,046
Restricted for:			
General government	96,657	-	96,657
Public safety	47,306	-	47,306
Public works	1,677,384	-	1,677,384
Community development	1,220,041	-	1,220,041
Sewer operations	-	3,250,778	3,250,778
Unrestricted	5,316,550	-	5,316,550
<b>Total Net Position</b>	<b>\$ 35,544,197</b>	<b>\$ 5,321,565</b>	<b>\$ 40,865,762</b>

*See notes to financial statements.*

**City of La Puente  
Statement of Activities  
Year ended June 30, 2014**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Primary government:</b>							
<b>Governmental activities:</b>							
General government	\$ 3,480,756	\$ 60,688	\$ -	\$ -	\$ (3,420,068)	\$ -	\$ (3,420,068)
Public safety	5,000,488	498,247	115,776	-	(4,386,465)	-	(4,386,465)
Public works	2,276,659	197,430	1,328,902	1,781,497	1,031,170	-	1,031,170
Recreation/senior services	1,772,731	265,538	-	138,374	(1,368,819)	-	(1,368,819)
Community development	2,637,299	743,979	698,145	-	(1,195,175)	-	(1,195,175)
Interest on long-term debt	330,960	-	-	-	(330,960)	-	(330,960)
Total governmental activities	<u>15,498,893</u>	<u>1,765,882</u>	<u>2,142,823</u>	<u>1,919,871</u>	<u>(9,670,317)</u>	<u>-</u>	<u>(9,670,317)</u>
<b>Business-type activities:</b>							
Sewer assessment	760,016	1,347,146	-	-	-	587,130	587,130
Total business-type activities	<u>760,016</u>	<u>1,347,146</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>587,130</u>	<u>587,130</u>
Total primary government	<u>\$ 16,258,909</u>	<u>\$ 3,113,028</u>	<u>\$ 2,142,823</u>	<u>\$ 1,919,871</u>	<u>(9,670,317)</u>	<u>587,130</u>	<u>(9,083,187)</u>
<b>General revenues:</b>							
<b>Taxes:</b>							
Property taxes					4,793,494	-	4,793,494
Franchise taxes					942,507	-	942,507
Sales taxes					2,070,062	-	2,070,062
Property transfer tax					52,324	-	52,324
Transient occupancy taxes					192,100	-	192,100
Business license taxes					92,207	-	92,207
In-lieu sales tax					284,710	-	284,710
Intergovernmental, unrestricted					124,139	-	124,139
Investment income					114,002	20,201	134,203
Miscellaneous revenues					98,793	-	98,793
Total general revenues					<u>8,764,338</u>	<u>20,201</u>	<u>8,784,539</u>
Change in net position					(905,979)	607,331	(298,648)
Net position - beginning					<u>36,450,176</u>	<u>4,714,234</u>	<u>41,164,410</u>
Net position - ending					<u>\$ 35,544,197</u>	<u>\$ 5,321,565</u>	<u>\$ 40,865,762</u>

*See notes to financial statements.*

The governmental fund financial statements, the Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances, include all the major individual governmental funds and the total of nonmajor funds of the City of La Puente. The governmental fund financial statements are prepared on a modified accrual basis. The major governmental funds of the City are as follows:

**General Fund** - Accounts for the revenues and expenditures used to carry out basic governmental activities of the City such as general government, public safety, transportation, culture and leisure, and community development. Revenue is recorded by source (e.g. property taxes, licenses and permits, intergovernmental, charges for services and fines and forfeits). General Fund expenditures are made primarily for current day-to-day operations and operating equipment. They are recorded by major functional classification and operating departments. This fund accounts for all financial transactions not properly accounted for in another fund.

**Cal-Home Grant Fund** - Special revenue funds account for funding from the Department of Housing and Urban Development (HUD) in the form of grants to provide decent housing for low-and-moderate income families.

Budgetary comparison schedules for the General Fund and major special revenue funds are included in the required supplementary section. Individual nonmajor funds are located in the supplementary schedules section of the financial statements.

**City of La Puente  
Balance Sheet  
June 30, 2014**

	General	Cal-Home Grant	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Cash and investments	\$ 6,482,683	\$ 274,020	\$ 2,881,890	\$ 9,638,593
Accounts receivable	326,416	-	6,335	332,751
Interest receivable	6,711	-	-	6,711
Loans receivable	-	688,239	647,119	1,335,358
Due from other governments	455,122	-	240,947	696,069
Prepaid items	1,103,523	-	-	1,103,523
Advances to Successor Agency, net of allowance for uncollectible accounts of \$12,233,300	1,407,211	-	-	1,407,211
<b>Total assets</b>	<u>9,781,666</u>	<u>962,259</u>	<u>3,776,291</u>	<u>14,520,216</u>
<b>Deferred outflows of resources</b>				
	-	-	-	-
<b>Total assets and deferred outflows of resources</b>	<u>\$ 9,781,666</u>	<u>\$ 962,259</u>	<u>\$ 3,776,291</u>	<u>\$ 14,520,216</u>
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Accounts payable and accrued expenses	\$ 2,206,015	\$ 563	\$ 361,241	\$ 2,567,819
Due to other funds	200,000	-	-	200,000
<b>Total liabilities</b>	<u>2,406,015</u>	<u>563</u>	<u>361,241</u>	<u>2,767,819</u>
<b>Deferred inflows of resources</b>				
Unavailable revenue	1,364,017	688,239	647,119	2,699,375
Fund Balances:				
Nonspendable				
Prepaid items	1,103,523	-	-	1,103,523
Restricted				
General government	-	-	96,657	96,657
Public safety	-	-	47,306	47,306
Public works	-	-	1,677,384	1,677,384
Community development	-	273,457	946,584	1,220,041
Unassigned				
General Fund	4,908,111	-	-	4,908,111
Total Fund Balances	<u>6,011,634</u>	<u>273,457</u>	<u>2,767,931</u>	<u>9,053,022</u>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<u>\$ 9,781,666</u>	<u>\$ 962,259</u>	<u>\$ 3,776,291</u>	<u>\$ 14,520,216</u>

*See notes to financial statements.*

**City of La Puente**  
**Reconciliation of the Balance Sheet of Governmental Funds**  
**to the Statement of Net Position**  
**June 30, 2014**

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Amounts reported for governmental activities in the Statement of Net Position are different because:

Fund balances of governmental funds	\$ 9,053,022
Capital assets net of depreciation have not been included as financial resources in governmental fund balance sheet.	35,237,570
Other long-term assets are not available to pay for current period expenditures and are reported as unavailable revenue in the funds.	2,699,375
Accrued interest on long-term debt is not due and payable in the current period and is not reported in the funds.	(34,825)
Long-term liabilities are not due and payable in the current period and are not reported in the funds.	
Lease agreement	(8,260,000)
Compensated absences	(113,433)
Net OPEB obligation	(1,135,459)
Allowance for doubtful accounts that is not reported in the governmental fund financial statements.	(1,364,017)
Prepayment of debt service expenses reported in the governmental funds but offset against long-term liabilities in the Statement of Net Position	(772,240)
Internal service funds are used to charge the cost of activities to individual funds. The assets and liabilities are included in governmental activities in the statement of net position.	234,204
Net position of governmental activities	<u>\$ 35,544,197</u>

*See notes to financial statements.*

**City of La Puente  
Governmental Funds**

**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Year ended June 30, 2014**

	General Fund	Cal-Home Grant	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>				
Taxes	\$ 8,427,404	-	-	\$ 8,427,404
Licenses and permits	489,130	-	-	489,130
Intergovernmental	124,139	153,080	4,300,361	4,577,580
Charges for services	711,042	-	222,409	933,451
Fines and forfeitures	339,929	-	-	339,929
Investment income	203,719	1,894	19,666	225,279
Other revenue	-	-	95,209	95,209
Total revenues	<u>10,295,363</u>	<u>154,974</u>	<u>4,637,645</u>	<u>15,087,982</u>
<b>Expenditures</b>				
Current:				
General government	3,283,603	-	122,982	3,406,585
Public safety	4,981,401	-	19,362	5,000,763
Public works	637,686	-	987,405	1,625,091
Recreation/senior services	958,390	-	-	958,390
Community development	1,340,643	130,419	1,016,981	2,488,043
Capital outlay	-	-	2,138,224	2,138,224
Debt service:				
Interest and fiscal charges	158,195	-	-	158,195
Principal	1,055,000	-	-	1,055,000
Total expenditures	<u>12,414,918</u>	<u>130,419</u>	<u>4,284,954</u>	<u>16,830,291</u>
Excess (deficiency) of revenues over expenditures	<u>(2,119,555)</u>	<u>24,555</u>	<u>352,691</u>	<u>(1,742,309)</u>
<b>Other financing sources (uses)</b>				
Transfers in	618,840	-	78,663	697,503
Transfers out	(132,845)	-	(564,658)	(697,503)
Total other financing sources (uses)	<u>485,995</u>	<u>-</u>	<u>(485,995)</u>	<u>-</u>
<b>Change in fund balances</b>	(1,633,560)	24,555	(133,304)	(1,742,309)
<b>Fund balances, beginning of year</b>	<u>7,645,194</u>	<u>248,902</u>	<u>2,901,235</u>	<u>10,795,331</u>
<b>Fund balances, end of year</b>	<u>\$ 6,011,634</u>	<u>\$ 273,457</u>	<u>\$ 2,767,931</u>	<u>\$ 9,053,022</u>

*See notes to financial statements.*

**City of La Puente  
Governmental Funds**

**Reconciliation of the Statement of Revenues, Expenditures, and  
Changes in Fund Balances of Governmental Funds to the Statement of Activities  
Year ended June 30, 2014**

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Amounts reported for governmental activities in the Statement of Activities are different because:

Change in fund balances - governmental funds	\$ (1,742,309)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of these assets is allocated over their estimated useful lives as depreciation expense. This amount represents capital outlay, net of depreciation expense.	456,596
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. This is the net change in unavailable revenue for the current period.	(593,861)
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.	
Loan payment - HVAC	270,000
Loan payment and retirement of debt	785,000
Accrued interest for long-term debt. This is the net change in accrued interest for the current period.	(172,765)
Reduction in the Allowance for Bad Debts reported in the Statement of Activities but not in the governmental funds.	98,793
Some expenses reported in the Statement of Activities do not require the use of current financial resources and are not reported as governmental fund expenditures. This amount represents the net change in OPEB liability and compensated absences.	741
Internal Service Funds are used by management to charge the costs of certain activities to individual funds. The net revenue (expense) of the Internal Service Funds is included in the Statement of Activities.	<u>(8,174)</u>
Change in net position of governmental activities	<u>\$ (905,979)</u>

*See notes to financial statements.*

Generally accepted accounting principles (GAAP) for state and local governments prescribe the following basic proprietary fund financial statements:

- Statement of Net Position
- Statement of Revenues, Expenses, and Changes in Fund Net Position
- Statement of Cash Flows

The proprietary fund financial statements include enterprise and internal service funds of the City of La Puente. The proprietary financial statements are prepared on a full accrual basis (including depreciation) similar to a private business entity.

The enterprise fund is used to account for activities that are financed and operated in a manner similar to private business enterprises. The intent is to recover costs of construction, maintenance, and operation of the sewer system on a continuing basis through user charges.

The internal service fund is used to account for charges for services performed internally for the user departments. The City uses the Equipment Replacement Fund for vehicle/equipment management and the management information system. A portion of operating costs and depreciation expenses is allocated back to individual user functions based on usage.

**City of La Puente**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2014**

	<u>Business-type Activities - Enterprise Fund Sewer Assessment</u>	<u>Governmental Activities - Internal Service Funds</u>
<b>Assets</b>		
Current assets:		
Cash and investments	\$ 3,160,830	\$ 46,880
Due from other governments	12,725	-
Due from other funds	200,000	-
Total current assets	<u>3,373,555</u>	<u>46,880</u>
Noncurrent assets:		
Capital assets:		
Sewer collection systems	11,213,960	-
Vehicles	-	567,369
Furniture and equipment	-	563,084
Less accumulated depreciation	(137,390)	(921,764)
Total noncurrent assets	<u>11,076,570</u>	<u>208,689</u>
Total Assets	<u>14,450,125</u>	<u>255,569</u>
<b>Deferred outflows of resources</b>		
	<u>-</u>	<u>-</u>
<b>Liabilities</b>		
Current liabilities:		
Accounts payable and accrued expenses	122,777	21,365
Bonds payable - current	225,000	-
Total current liabilities	<u>347,777</u>	<u>21,365</u>
Noncurrent liabilities:		
Bonds payable (net of unamortized discount)	8,780,783	-
Total Liabilities	<u>9,128,560</u>	<u>21,365</u>
<b>Deferred inflows of resources</b>		
	<u>-</u>	<u>-</u>
<b>Net Position</b>		
Net investment in capital assets	2,070,787	208,689
Restricted for Sewer operations	3,250,778	-
Unrestricted	-	25,515
Total Net Position	<u>\$ 5,321,565</u>	<u>\$ 234,204</u>

*See notes to financial statements.*

**City of La Puente**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**Proprietary Funds**  
**Year ended June 30, 2014**

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	<u>Business-type Activities - Enterprise Fund Sewer Assessment</u>	<u>Governmental Activities - Internal Service Funds</u>
<b>Operating revenues</b>		
Charges for services	\$ 1,347,146	\$ 112,100
Total operating revenue	<u>1,347,146</u>	<u>112,100</u>
<b>Operating expenses</b>		
Salaries and benefits	89,845	-
Other general expenses	106,268	198,846
Depreciation	137,390	43,152
Total operating expenses	<u>333,503</u>	<u>241,998</u>
<b>Operating income (loss)</b>	<u>1,013,643</u>	<u>(129,898)</u>
<b>Nonoperating revenues (expenses)</b>		
Investment income	20,201	230
Interest expense	(426,513)	-
Capital contribution	-	112,159
Gain from sale of capital assets	-	9,335
Total nonoperating revenues (expenses)	<u>(406,312)</u>	<u>121,724</u>
<b>Change in net position</b>	607,331	(8,174)
<b>Total net position, beginning of year</b>	<u>4,714,234</u>	<u>242,378</u>
<b>Total net position, end of year</b>	<u>\$ 5,321,565</u>	<u>\$ 234,204</u>

*See notes to financial statements.*

**City of La Puente**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**Year ended June 30, 2014**

	Business-type Activities - Enterprise Fund Sewer Assessment	Governmental Activities - Internal Service Funds
<b>Cash flows from operating activities</b>		
Cash received from customers and users	\$ 1,434,421	\$ 112,100
Cash paid to suppliers	(25,746)	(206,488)
Cash paid to employees	(89,845)	-
	<u>1,318,830</u>	<u>(94,388)</u>
<b>Net cash provided by (used in) operating activities</b>		
<b>Cash flows from capital and related financing activities</b>		
Capital asset purchases	(1,504,746)	(112,159)
Capital contribution	-	112,159
Gain from sale of capital assets	-	9,335
Principal paid on long-term debt	(215,000)	-
Interest paid	(422,194)	-
	<u>(2,141,940)</u>	<u>9,335</u>
<b>Net cash provided by (used in) capital and related financing activities</b>		
<b>Cash flows from investing activities</b>		
Interest received on investments	25,009	494
	<u>25,009</u>	<u>494</u>
<b>Net cash provided by investing activities</b>		
<b>Change in cash and cash equivalents</b>	(798,101)	(84,559)
<b>Cash and cash equivalents, beginning of year</b>	<u>3,958,931</u>	<u>131,439</u>
<b>Cash and cash equivalents, end of year</b>	<u>\$ 3,160,830</u>	<u>\$ 46,880</u>
 <b>Reconciliation of operating income to net cash provided by (used in) operating activities:</b>		
<b>Cash flows from operating activities</b>		
Operating income (loss)	\$ 1,013,643	\$ (129,898)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Depreciation	137,390	43,152
Increase in due from other governments	(12,725)	-
Decrease in due from other funds	100,000	-
Increase (decrease) in accounts payable	80,522	(7,642)
	<u>1,318,830</u>	<u>(94,388)</u>
<b>Net cash provided by (used in) operating activities</b>	<u>\$ 1,318,830</u>	<u>\$ (94,388)</u>

*See notes to financial statements.*

**City of La Puente**  
**Statement of Fiduciary Net Position**  
**June 30, 2014**

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	Successor Agency Private-purpose Trust Fund	Agency Fund
<b>Assets</b>		
Cash and investments	\$ 490,998	\$ 51,633
Cash with fiscal agent	327,609	-
Land held for resale	728,000	-
	1,546,607	51,633
<b>Liabilities</b>		
Accounts payable	105,207	4,196
Deposit payable	20,000	47,437
Interest payable	109,765	-
Advances from the City	13,640,511	-
Bonds payable:		
Due within one year	65,000	-
Due in more than one year	3,760,000	-
	17,700,483	51,633
<b>Fiduciary Net Position</b>		
Unrestricted net position	\$ (16,153,876)	\$ -

*See notes to financial statements.*

**City of La Puente**  
**Statement of Changes in Fiduciary Net Position**  
**Successor Agency to the Former La Puente Community Development Commission**  
**Private-Purpose Trust Fund**  
**Year ended June 30, 2014**

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Revenues		
Taxes	\$	<u>704,221</u>
Total revenues		<u>704,221</u>
Expenditures		
Administration		153,948
Debt service:		
Interest expense		<u>331,757</u>
Total expenses		<u>485,705</u>
Change in net position		218,516
Fiduciary net position, beginning of year		<u>(16,372,392)</u>
Fiduciary net position, end of year	\$	<u><u>(16,153,876)</u></u>

*See notes to financial statements.*

**NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Description of Reporting Entity**

The City of La Puente was incorporated August 1, 1956 under the general laws of the State of California, and enjoys all the rights and privileges pertaining to "General Law" Cities. It is governed by a five-member council.

The accompanying financial statements present the City of La Puente and its component units, entities for which the City is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the City's operations. Discretely presented component units, if any, are reported in a separate column in the government-wide financial statements (see note below for description) to emphasize that they are legally separate from the City. There are no discretely presented component units presented in these financial statements.

Blended Component Units

*La Puente Public Financing Authority*

The City of La Puente and the former La Puente Community Development Commission have entered into a Joint Exercise of Powers Agreement establishing the La Puente Public Financing Authority for the purpose, among others, of providing, through the issuance of debt, the necessary financing for the acquisition, construction and improvement of certain public capital improvements in the City.

**Government-wide and Fund Financial Statements**

The City's basic financial statements are prepared in conformity with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the United States of America.

Government-wide Statements: The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are expenses that are clearly identifiable with a specific program, project, function or segment. Program revenues of the City include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items that are properly not included among program revenues are reported instead as general revenues.

**NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Fund Financial Statements: Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the providers have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, except for certain grants which are considered available if collected within 7 months after year-end. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Taxes, intergovernmental revenues, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual, and are therefore recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the City.

The Agency funds are reporting only assets and liabilities under the accrual basis of accounting and have no measurement focus.

The City reports the following major governmental funds:

*General Fund*

This fund is used to account for all financial resources of the City, except for those required to be accounted for in another fund.

**NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*Cal-Home Grant Fund*

This special revenue fund accounts for funding from the Department of Housing and Urban Development (HUD) in the form of grant to provide decent housing for low and moderate income families.

The City reports the following major proprietary fund:

*Sewer Construction/Maintenance Fund*

This enterprise fund is used to account for the repair and maintenance of the City's sewer system,

Additionally, the City reports the following fund types:

*Internal Service Fund*

This equipment replacement fund is used to account for the replacement of City owned and operated vehicles, furniture and equipment, except for vans used in transit operations. The costs are accumulated in this fund and allocated as interfund user charges to other City departments.

*Fiduciary Funds*

Agency Funds

These funds are used to account for collection and payment of such items as performance bond deposits, as well as the collection of parking fines and the payment of these funds to the County Court.

Successor Agency Private-purpose Trust fund

Private-purpose trust fund is a fiduciary fund type used by the City to report trust arrangements under which principal and income benefit other governments. This fund is used to report the assets, liabilities and activities of the Successor Agency to the Dissolved La Puente Community Development Commission. Unlike the limited reporting typically utilized for Agency Fund, Private-Purpose Trust Fund reports a Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Direct expenses have not been eliminated from the functional categories; indirect expenses and internal payments have been eliminated.

**NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's Sewer Assessment Fund are from assessment charges to the residents of the City to be used for the replacement and maintenance of the City's sewer system. Operating expenses for the Sewer Assessment Fund are all expenses involved in the replacement and maintenance of the City's Sewer System. The principal operating revenues of the City's internal service funds are charges to other funds for replacement of City owned capital assets. Operating expenses for internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

**Assets, Liabilities, and Net Position**

**Cash and Investments**

For purposes of the statement of cash flows, cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash or so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. Cash equivalents also represent the proprietary funds' share in the cash and investment pool of the City of La Puente. Cash equivalents have an original maturity date of three months or less from the date of purchase.

Investments are reported in the accompanying financial statements at fair value, except for nonparticipating certificates of deposit and investment contracts that would be reported at cost because they are not transferable and they have terms that are not affected by changes in market interest rates.

Changes in fair value that occur during a fiscal year are recognized as *investment income* reported for that fiscal year. *Investment income* includes interest earnings, changes in fair value, and any gains or losses realized upon the liquidation, maturity, or sale of investments.

The City pools cash and investments of all funds. Each fund's share in this pool is displayed in the accompanying financial statements as *cash and investments*.

**NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

The City pools cash from all funds in order to increase income earned through its investment program. Investment income from pooled investments is allocated to those funds which are required by law or administrative action to receive interest. Investment income is allocated on a quarterly basis based on the weighted average cash balance in each fund.

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the noncurrent portion of interfund loans).

As a no-low property tax City, the City is allocated the minimum amount (6.6%) required by law. The County bills and collects the property taxes and remits them to the City in installments during the year. City property tax revenues are recognized when levied provided that the revenue is collected during the year or within 60 days of year-end. Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on July 1, and are payable in two installments on November 1 and February 1. Such taxes become delinquent on December 10 and April 10, respectively.

Prepaid Items

Certain payments to vendors reflect costs applicable to future periods and are recorded under prepaid items in both government-wide and fund financial statements. These costs will be recognized in the period when services are received or when the City receives title to the property.

Capital Assets

Capital assets, which include land, structures, equipment, and infrastructure assets, are reported in the government-wide and proprietary fund financial statements. Capital assets are recorded at cost where historical records are available and at an estimated historical cost where no historical records exist. Assets purchased in excess of \$5,000 are capitalized if they have an expected useful life of 2 years or more. Infrastructure is capitalized if cost is in excess of \$50,000 and it has an expected useful life of 2 years or more. The cost of normal maintenance and repairs that do not add to the value of the asset's lives are not capitalized.

Major capital outlay for capital assets and improvements are capitalized as projects are constructed. For debt-financed capital assets in proprietary funds, interest incurred during the construction phase is reflected in the capitalization value of the asset constructed, net of interest earned on the invested proceeds over the same period. Capital assets acquired through lease obligations are valued at the present value of future lease payments at the date acquired. Donated capital assets are valued at their estimated fair market value at the date of donation.

**NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Capital assets used in operations are depreciated over their estimated useful lives using the straight-line method in the government-wide financial statements and in the fund financial statements of the proprietary funds. Depreciation is charged as an expense against operations and accumulated depreciation is reported on the respective statement of net position. The ranges of lives used for depreciation purposes for each capital asset class are as follows:

Buildings and Improvements	15 - 40 years
Equipment and Furniture	5 - 10 years
Infrastructure	20 - 60 years

Deferred Outflows and Inflows of Resources

Pursuant to GASB Statements No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and No. 65, *Items Previously Reported as Assets and Liabilities*, the City recognizes deferred outflows and inflows of resources. A deferred outflow of resources is defined as a consumption of net position by the government that is applicable to a future reporting period. A deferred inflow of resources is defined as an acquisition of net position by the government that is applicable to a future reporting period. Refer to Note 5 for the list of deferred inflows of resources the City has recognized as of June 30, 2014.

Revenues earned, but not yet received, may not be available in a timely manner to pay current expenditures or obligations. Such receivables, not meeting the availability criteria necessary for accrual under modified accrual basis accounting principles, are reported as unavailable revenues for that period in the fund financial statements. In the government-wide financial statements, however, availability criteria are not considered. Instead, revenues become, and remain receivable from the point in time when revenue is earned through performance or similar recognition standards, until received.

Use of Estimates

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America and necessarily include amounts based on estimates and assumptions by management. Actual results could differ from those amounts.

Employee Leave Benefits

In accordance with GASB Statement No. 16, a liability is recorded for unused vacation and similar compensatory leave balances since the employees' entitlement to these balances are attributable to services already rendered and it is probable that virtually all of these balances will be liquidated by either paid time off or payment upon termination or retirement.

**NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Under GASB Statement No. 16, a liability is recorded for unused sick leave balances only to the extent that it is probable that the unused balances will result in termination payments. This is to be estimated by including in the liability the unused balances of employees currently entitled to receive termination payment, as well as those who are expected to become eligible to receive termination benefits as a result of continuing their employment with the City. It is the practice of the City to record a liability for one half of the unused sick leave balance. After five years of service, employees are able to receive a termination payment at the rate of one half of the employee's regular straight time hourly rate of pay at the time of termination.

All leave benefits are accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. Leave benefits are generally liquidated by the general fund.

**Fund Balance Reporting**

Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, establishes the following 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:

Nonspendable fund balance includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The City's nonspendable fund balances represent prepaid expenses, long-term receivables, and land held for resale.

Restricted fund balance includes resources that are subject to externally enforceable legal restrictions. It includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. The City's restricted fund balance of \$3,041,388 represent resources restricted for special projects, and programs funded by local, state and federal grants.

Committed fund balance includes amounts that can be used only for the specific purposes determined by a formal action or resolution of the City's highest level of decision-making authority (City Council). Committed amounts cannot be used for any other purpose unless the City Council removes or changes the specific use through the same type of formal action or resolution taken to establish the commitment. The City has no committed fund balances.

Assigned fund balance consists of funds that are set aside for specific purposes by the City's highest level of decision making authority or a body or official that has been given the authority to assign funds. The City Council delegates the authority to assign fund balance to the City Manager for purposes of reporting in the annual financial statements. The City has no assigned fund balances.

**NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Unassigned fund balance is the residual classification for the City's general fund and includes all spendable amounts not contained in the other classifications. This category also provides the resources necessary to meet unexpected expenditures and revenue shortfalls.

The City considers the restricted fund balances to have been spent when expenditure is incurred for purposes for which both unrestricted and restricted fund balance is available. The City considers unrestricted fund balances to have been spent when expenditure is incurred for purposes for which amounts in any of the unrestricted classifications of fund balance could be used. When expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, it is the policy of the City to reduce the committed amounts first, followed by assigned amounts, and then unassigned amounts.

**NOTE 2      RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

**Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position**

The governmental fund balance sheet includes a reconciliation between *fund balances of total governmental funds* and *net position of governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that "Other long-term assets are not available to pay for current period expenditures and are deferred in the funds." The details of this \$2,699,375 difference are as follows:

Loans receivable	\$ 1,335,358
Interest receivable from Successor Agency	<u>1,364,017</u>
	<u>\$ 2,699,375</u>

**Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances and the Government-wide Statement of Activities**

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances - total governmental funds* and *change in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense charged for the year."

**NOTE 2 RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (CONTINUED)**

The details of this \$456,596 difference are as follows:

Capital outlay	\$	1,859,198
Depreciation expense		<u>(1,402,602)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	\$	<u>456,596</u>

**NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**Deficit Fund Balances**

The following funds reported an accumulated deficit in fund balance as of June 30, 2014:

		<u>Accumulated Deficit</u>
Nonmajor funds:		
Safe Routes to School	\$	(533)

The above deficit will be eliminated by revenues that will become available in subsequent periods.

**Expenditures Exceeding Appropriations**

The following funds showed actual expenditures exceeding appropriations for the year ended June 30, 2014.

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
General fund			
Public works	\$ 424,730	\$ 637,686	\$ (212,956)
Community development	1,169,077	1,340,643	(171,566)
Nonmajor funds:			
Asset Seizure			
Public safety	4,430	8,133	(3,703)
Local Transportation			
Capital outlay	-	75,500	(75,500)

**NOTE 4      DETAILED NOTES ON ALL FUNDS**

**Cash and Investments**

Cash and Investments as of June 30, 2014 are classified in the accompanying financial statements as follows:

Governmental Activities	\$	9,685,473
Business-type Activities		3,160,830
Fiduciary Funds		
Cash and investments		542,631
Cash with fiscal agent		327,609
Total cash and Investments	\$	<u><u>13,716,543</u></u>

At June 30, 2014, cash and investments consist of the following:

Petty cash and change funds	\$	2,500
Deposits with financial institutions		741,317
Investments		12,972,726
Total cash and Investments	\$	<u><u>13,716,543</u></u>

Investments Authorized by the California Government Code and the Entity's Investment Policy

The table below identifies the investment types that are authorized for the City by the City's investment policy. The table also identifies certain provisions of the California Government Code (or the City's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Maximum Percentage Of Portfolio	Maximum Investment In One Issuer
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Banker's Acceptances	180 days	15%	2%
Repurchase Agreements	7 days	15%	None
Money Market Savings Accounts	N/A	None	\$250,000
Money Market Mutual Funds	N/A	15%	5%
County Pooled Investment Funds	N/A	5% of Pool	None
Local Agency Investment Fund (LAIF)	N/A	None	None

**NOTE 4      DETAILED NOTES ON ALL FUNDS (CONTINUED)**

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater is the sensitivity of its fair value to changes in market interest rates. One of the ways that the City manages its exposure to interest rates risk is by purchasing a combination of shorter-term and longer-term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity over time as necessary to provide the cash flow and liquidity needed for operations.

Information about the sensitivity of the fair values of the City's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity:

Investment Type	Total	Remaining Maturity (in Months)		
		12 Months Or Less	13 to 24 Months	25 to 60 Months
Negotiable certificates of deposits	\$ 3,729,547	\$ -	\$ -	\$ 3,729,547
Federal agency securities	3,228,987	-	-	3,228,987
State investment pool - LAIF	5,686,583	5,686,583	-	-
Held by fiscal agent:				
Mutual funds	327,609	327,609	-	-
<b>Total</b>	<b>\$ 12,972,726</b>	<b>\$ 6,014,192</b>	<b>\$ -</b>	<b>\$ 6,958,534</b>

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code or the City's investment policy and the actual rating as of yearend for each investment type.

Investment Type	Total	Minimum Legal Rating	Rating as of Year End	
			AAA/AA	Not Rated
Negotiable certificates of deposits	\$ 3,729,547	N/A	\$ 3,729,547	\$ -
Federal agency securities	3,228,987	N/A	3,228,987	-
State investment pool - LAIF	5,686,583	N/A	-	5,686,583
Held by fiscal agent:				
Mutual funds	327,609	N/A	327,609	-
<b>Total</b>	<b>\$ 12,972,726</b>		<b>\$ 7,286,143</b>	<b>\$ 5,686,583</b>

**NOTE 4      DETAILED NOTES ON ALL FUNDS (CONTINUED)**

There are no investments in any one issuer (other than U.S. Treasury securities, money market savings accounts, mutual funds, and external investment pools) that represent 5% or more of total City's investments.

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local government units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

As of June 30, 2014, no deposits with financial institutions in excess of federal depository insurance limits were held in uncollateralized accounts.

The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities.

Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as LAIF). As of June 30, 2014, none of the City's investments were held by the broker-dealer (counterparty) that was used by the City to purchase the securities.

Investment in State Investment Pool

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the Entity's investment in this pool is reported in the accompanying financial statements at amounts based on the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Information regarding LAIF's and the City's exposure to risk (credit, market, or legal) is not currently available.

**NOTE 4      DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**Interfund Receivables, Payables and Transfers**

Due to/from other funds at June 30, 2014 are as follows:

		DUE TO
		Sewer Enterprise Fund
DUE FROM	General Fund	\$     200,000

The interfund payable balance represents routine and temporary cash flow assistance to the General Fund until the amounts receivable from other agencies are collected to reimburse eligible expenditures.

Advances to Successor Agency at June 30, 2014 are as follows:

		ADVANCES TO
		Successor Agency Private-purpose Trust
ADVANCES FROM	General Fund	\$    13,640,511

As of June 30, 2014, the City had advanced to the former Redevelopment Agency (RDA) \$13,640,511, including interest receivable of \$1,364,017, to assist in redevelopment activities. In June 2011, Assembly Bill 26 (1st extraordinary session) dissolved the former RDA, effective (after some litigation on the matter) February 1, 2012. As part of the dissolution process set forth in that bill and a later bill clarifying and modifying the terms of the dissolution (Assembly Bill 1484, adopted in June 2012), the loan from the City to the former RDA was considered by the Department of Finance to be unenforceable. The successor agency to the former RDA sought reconsideration by the Department of Finance as to the enforceability of the loan. On April 26, 2013, the Department of Finance allowed the loan to be placed on the Recognized Obligation Payment Schedule (ROPS) as an enforceable obligation provided the Oversight Board makes a finding that the loan was for legitimate redevelopment purposes under HSC Section 34191(b)(i). However, loan repayment depends on the availability of excess property tax increment. Because of the uncertainty as to when the former RDA will have excess property tax distribution to pay for the loan, the principal amount of \$12,233,300 has been reserved as potentially uncollectible as of June 30, 2014 in the fund financial statements and an additional reserve has been established for the interest receivable of \$1,364,017 under the government-wide financial statements. The remaining balance of \$43,194 is a collectible amount.

**NOTE 4      DETAILED NOTES ON ALL FUNDS (CONTINUED)**

Interfund transfers for the year ended June 30, 2014 are as follows:

		TRANSFERS IN		Total Transfers Out
		General Fund	Non-major Governmental Funds	
OUT	General Fund	\$ -	\$ 132,845	\$ 132,845
	Non-major governmental	618,840	(54,182)	564,658
	Total Transfers In	\$ 618,840	\$ 78,663	\$ 697,503

Transfers from and to the General Fund were for reimbursement of administrative expenses and interfund transfers among non-major governmental funds were for sharing of project costs.

**Housing and Community Development Loan Program**

The City uses Housing and Community Development Block Grant and Cal-Home Grant funds to provide deferred payment housing rehabilitation loans to eligible applicants. Such loans are made to low and moderate income persons to improve or rehabilitate residences. Loan repayment is deferred until the home is sold or changes title.

The City accounts for this program in the Special Revenue CDBG/Cal-Home Grant Fund. Rehabilitation loans receivable of \$1,335,358 at June 30, 2014 have been reflected in the accompanying financial statements as loans receivable with an offsetting deferred inflows of resources in the fund financial statements to indicate that such receivables were unavailable resources as of June 30, 2014.

**NOTE 4      DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**Capital Assets**

Capital asset activity for the year ended June 30, 2014, is as follows:

	Beginning Balance	Increases	Reclassifications/ Decreases	Ending Balance
<b>Governmental Activities:</b>				
Capital assets, not depreciated:				
Land	\$ 3,620,179	\$ -	\$ -	\$ 3,620,179
Construction in progress	1,730,736	1,859,198	(3,466,254)	123,680
Total capital assets, not depreciated	5,350,915	1,859,198	(3,466,254)	3,743,859
Capital assets, being depreciated:				
Buildings and improvements	19,954,468	-	1,426,348	21,380,816
Equipment and furniture	1,680,015	112,159	(78,580)	1,713,594
Infrastructure	32,005,724	-	2,039,906	34,045,630
Total capital assets, being depreciated	53,640,207	112,159	3,387,674	57,140,040
Less accumulated depreciation:				
Buildings and improvements	(6,173,315)	(863,942)	-	(7,037,257)
Equipment and furniture	(1,324,645)	(96,354)	78,580	(1,342,419)
Infrastructure	(16,572,506)	(485,458)	-	(17,057,964)
Total accumulated depreciation	(24,070,466)	(1,445,754)	78,580	(25,437,640)
Total capital assets, being depreciated, net	29,569,741	(1,333,595)	3,466,254	31,702,400
Governmental activities capital assets, net	\$ 34,920,656	\$ 525,603	\$ -	\$ 35,446,259
<b>Business-type Activities:</b>				
Capital assets, not depreciated:				
Construction in progress	\$ 1,465,792	\$ 1,504,746	\$ (2,970,538)	\$ -
Total capital assets, not depreciated	1,465,792	1,504,746	(2,970,538)	-
Capital assets, being depreciated:				
Sewer collection systems	8,243,422	-	2,970,538	11,213,960
Less accumulated depreciation	-	(137,390)	-	(137,390)
Total capital assets, being depreciated, net	8,243,422	(137,390)	2,970,538	11,076,570
Business-type activities capital assets, net	\$ 9,709,214	\$ 1,367,356	\$ -	\$ 11,076,570

Depreciation expense was charged to functions/programs as follows:

<b>Governmental Activities:</b>	
General government	\$ 73,495
Public works	368,954
Recreation/senior services	813,534
Community development	146,619
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	43,152
Total depreciation expense	\$ 1,445,754

**NOTE 4      DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**Long-term Liabilities**

Long-term liabilities for the year ended June 30, 2014 are as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental Activities:</b>					
2013 Bank of Nevada					
lease refunding	\$ 8,890,000	\$ -	\$ (630,000)	\$ 8,260,000	\$ -
HVAC loan	270,000	-	(270,000)	-	-
Compensated absences	130,953	-	(17,520)	113,433	-
Net OPEB obligation	<u>1,118,680</u>	<u>437,221</u>	<u>(420,442)</u>	<u>1,135,459</u>	<u>-</u>
Governmental Activities					
Long-term Liabilities	<u>\$ 10,409,633</u>	<u>\$ 437,221</u>	<u>\$ (1,337,962)</u>	<u>\$ 9,508,892</u>	<u>\$ -</u>
<b>Business-type Activities:</b>					
2007 Sewer revenue bond	\$ 9,320,000	\$ -	\$ (215,000)	\$ 9,105,000	\$ 225,000
Discount on bonds	<u>(103,536)</u>	<u>-</u>	<u>4,319</u>	<u>(99,217)</u>	<u>-</u>
Business-type Activities					
Long-term Liabilities	<u>\$ 9,216,464</u>	<u>\$ -</u>	<u>\$ (210,681)</u>	<u>\$ 9,005,783</u>	<u>\$ 225,000</u>

Lease Agreement

On January 1, 2008, the City entered into a lease agreement with the La Puente Public Financing Authority (the "Authority") for an up-front rental payment to be used in the construction and improvement of a community center and a youth learning activity center. In order to provide financing to the City, the Authority assigned its rights under the lease to Union Bank of California ("UBOC"). In consideration of the foregoing assignment, UBOC paid the Authority an amount of \$10,000,000 to be deposited in the project fund established under the lease.

On June 1, 2013, the Authority and the City entered into a loan agreement with the Bank of Nevada to refinance the UBOC debt. The \$9,675,000 loan proceeds from the Bank of Nevada were used to retire the UBOC outstanding debt of \$9,411,765, paid interest expense of \$192,116 and loan processing costs of \$60,182. The City did not lose or gain from the loan refinancing except for future savings from the interest expense resulting from the 1% reduction in interest rate. With the refinancing of the UBOC debt, the above lease agreement was assigned to the Bank of Nevada. In September 2014, the Bank of Nevada assigned the loan to Capital One Bank under the same terms and conditions.

Under the terms of the lease, the Authority leased back the said projects to the City for lease payments as the rental for the leased property. The lease payments are payable semiannually with an interest of 3.2% on January 1 and July 1 of each year, commencing July 1, 2013. At June 30, 2014, the annual lease payments are as follows:

**NOTE 4      DETAILED NOTES ON ALL FUNDS (CONTINUED)**

Year Ending June 30,	Principal	Interest
2015	\$ -	\$ 132,160
2016	625,000	254,320
2017	620,000	234,400
2018	615,000	214,640
2019	610,000	195,040
2020-2024	2,975,000	686,800
2025-2029	2,815,000	223,120
	<u>\$ 8,260,000</u>	<u>\$ 1,940,480</u>

HVAC Loan

In August 2012, the City entered into a Lease with Option to Purchase Agreement with the Municipal Finance Corporation (MFC) for the lease of a heating, ventilation and air conditioning system (HVAC). MFC provided the City with \$270,000 to acquire the HVAC. The lease term is 5 years with rental payments due in five annual payments. Each payment includes interest at 3.95% per annum on the principal component of the unpaid rental payments. The City has the option to prepay the lease agreement. The City fully settled this obligation in August 2013.

2007 Sewer Revenue Bonds

In November of 2007, the La Puente Financing Authority (a component unit of the City of La Puente) issued \$10,260,000 in Sewer Revenue Bonds, which mature in amounts from \$175,000 to \$615,000 annually from 2009 to 2038, with interest payments of 4.00% to 5.00% payable semi-annually on June 1 and December 1 of each year.

The bonds were issued to provide funds to construct improvements for the City's sewer system. The bonds are payable from and secured by the Authority's pledge under the indenture of that portion of "Revenues" necessary to pay debt service on the bonds and any parity bonds issued under the indenture. "Revenues" are derived of installment payments to be made by the City pursuant to an Installment Sale Agreement dated as of November 1, 2007, between the City and the Authority. Installment payments are payable from net revenues, defined generally as gross revenues received from the sewer system, less maintenance and operation costs.

**NOTE 4      DETAILED NOTES ON ALL FUNDS (CONTINUED)**

Annual debt service requirements to maturity are as follows:

Year Ending June 30,	Principal	Interest
2015	\$ 225,000	\$ 417,899
2016	235,000	410,024
2017	240,000	401,799
2018	250,000	392,199
2019	260,000	382,199
2020-2024	1,475,000	1,742,335
2025-2029	1,830,000	1,387,245
2030-2034	2,305,000	916,000
2035-2038	<u>2,285,000</u>	<u>292,750</u>
	<u>\$ 9,105,000</u>	<u>\$ 6,342,450</u>

**NOTE 5      DEFERRED INFLOWS OF RESOURCES**

Deferred inflows of resources consisted of the following unavailable revenue as of June 30, 2014:

	General Fund	Cal-HOME Grant Fund	CDBG Fund	Total
Amounts associated with long-term loans or advances				
Accrued interest portion of City's advances to the Successor Agency	\$ 1,364,017	\$ -	\$ -	\$ 1,364,017
Noncurrent loans receivable	-	688,239	647,119	1,335,358
	<u>\$ 1,364,017</u>	<u>\$ 688,239</u>	<u>\$ 647,119</u>	<u>\$ 2,699,375</u>

**NOTE 6      OTHER INFORMATION**

**Risk Management**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and emissions; and natural disasters for which the City participates in the California Joint Powers Insurance Authority (Authority) as follows:

**NOTE 6      OTHER INFORMATION (CONTINUED)**

**Description of Self-Insurance Pool Pursuant to Joint Powers Agreement**

The City of La Puente is a member of the CALIFORNIA JOINT POWERS INSURANCE AUTHORITY (Authority). The Authority is composed of 119 California public entities and is organized under a joint powers agreement pursuant to California Government Code §6500 et seq. The purpose of the Authority is to arrange and administer programs for the pooling of self-insured losses, to purchase excess insurance or reinsurance, and to arrange for group purchased insurance for property and other lines of coverage. The California JPIA began covering claims of its members in 1978. Each member government has an elected official as its representative on the Board of Directors. The Board operates through a nine-member Executive Committee.

**Self-Insurance Programs of the Authority**

Each member pays an annual contribution to cover estimated losses for the coverage period. This initial funding is paid at the beginning of the coverage period. After the close of the coverage period, outstanding claims are valued. A retrospective deposit computation is then conducted annually thereafter until all claims incurred during the coverage period are closed on a pool-wide basis. This subsequent cost re-allocation among members based on actual claim development can result in adjustments of either refunds or additional deposits required.

The total funding requirement for self-insurance programs is estimated using actuarial models and pre-funded through the annual contribution. Costs are allocated to individual agencies based on exposure (payroll) and experience (claims) relative to other members of the risk-sharing pool. Additional information regarding the cost allocation methodology is provided below.

*Liability*

In the liability program claims are pooled separately between police and non-police exposures. (1) The payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to losses within the formula. (2) The first layer of losses includes incurred costs up to \$30,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the first layer. (3) The second layer of losses includes incurred costs from \$30,000 to \$750,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs in excess of \$750,000 up to the reinsurance attachment point of \$5 million are distributed based on the outcome of cost allocation within the first and second loss layers. (5) Costs of covered claims from \$5 million to \$10 million are paid under a reinsurance contract subject to a \$2.5 million annual aggregate deductible. The \$2.5 million annual aggregate deductible is fully covered under a separate policy; as such no portion of it is retained by the Authority. Costs of covered claims from \$10 million to \$15 million are paid under two reinsurance contracts subject to a combined \$3 million annual aggregate deductible. The \$3.0 million annual aggregate deductible is fully retained by the Authority. (6) Costs of covered claims from \$15 million to \$20 million are paid under reinsurance agreements. (7) Costs of covered claims from \$20 million to \$50 million are paid under excess insurance policies.

**NOTE 6      OTHER INFORMATION (CONTINUED)**

The overall coverage limit for each member including all layers of coverage is \$50 million per occurrence.

Costs of covered claims for subsidence losses are paid by reinsurance and excess insurance with a pooled sub-limit of \$30 million per occurrence. This \$30 million subsidence sub-limit is composed of (a) \$5 million retained within the pool's SIR, (b) \$15 million in reinsurance, subject to the same annual aggregate deductibles previously stated, and (c) \$10 million in excess insurance. The excess insurance layer has a \$10 million annual aggregate limit.

*Workers' Compensation*

In the workers' compensation program claims are pooled separately between public safety (police and fire) and non-public safety exposures. (1) The payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to losses within the formula. (2) The first layer of losses includes incurred costs up to \$50,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the first layer. (3) The second layer of losses includes incurred costs from \$50,000 to \$100,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs in excess of \$100,000 up to the reinsurance attachment point of \$2 million are distributed based on the outcome of cost allocation within the first and second loss layers. (5) Costs of covered claims from \$2 million up to statutory limits are paid under a reinsurance policy. Protection is provided per statutory liability under California Workers' Compensation Law.

Employer's Liability losses are pooled among members to \$2 million. Coverage from \$2 million to \$5 million is purchased as part of a reinsurance policy, and Employer's Liability losses from \$5 million to \$10 million are pooled among members.

**Purchased Insurance**

*Pollution Legal Liability Insurance*

The City of La Puente participates in the pollution legal liability insurance program (formerly called environmental insurance) which is available through the Authority. The policy covers sudden and gradual pollution of scheduled property, streets, and storm drains owned by the City of La Puente. Coverage is on a claims-made basis. There is a \$50,000 deductible. The Authority has a limit of \$50 million for the 3-year period from July 1, 2011 through July 1, 2014. Each member of the Authority has a \$10 million sub-limit during the 3-year term of the policy.

**NOTE 6      OTHER INFORMATION (CONTINUED)**

*Property Insurance*

The City of La Puente participates in the all-risk property protection program of the Authority. This insurance protection is underwritten by several insurance companies. City of La Puente property is currently insured according to a schedule of covered property submitted by the City of La Puente to the Authority. City of La Puente property currently has all-risk property insurance protection in the amount of \$22,698,685. There is a \$5,000 deductible per occurrence except for non-emergency vehicle insurance which has a \$1,000 deductible. Premiums for the coverage are paid annually and are not subject to retrospective adjustments.

*Earthquake and Flood Insurance*

The City of La Puente purchases earthquake and flood insurance on a portion of its property. The earthquake insurance is part of the property protection insurance program of the Authority. City of La Puente property currently has earthquake protection in the amount of \$0. There is a deductible of 5% per unit of value with a minimum deductible of \$100,000. Premiums for the coverage are paid annually and are not subject to retrospective adjustments.

*Crime Insurance*

The City of La Puente purchases crime insurance coverage in the amount of \$1,000,000 with a \$2,500 deductible. The fidelity coverage is provided through the Authority. Premiums are paid annually and are not subject to retrospective adjustments.

*Special Event Tenant User Liability Insurance*

The City of La Puente further protects against liability damages by requiring tenant users of certain property to purchase low-cost tenant user liability insurance for certain activities on agency property. The insurance premium is paid by the tenant user and is paid to the City of La Puente according to a schedule. The City of La Puente then pays for the insurance. The insurance is arranged by the Authority.

**Adequacy of Protection**

During the past three fiscal years, none of the above programs of protection experienced settlements or judgments that exceeded pooled or insured coverage. There were also no significant reductions in pooled or insured liability coverage in 2013-14.

**NOTE 6      OTHER INFORMATION (CONTINUED)**

**Claims and Judgments**

The City accounts for uninsured, material claims and judgments and associated legal and administrative costs when it is probable that the liability claim has been incurred and the amount of the loss can be reasonably estimated. Included therein are claims incurred but not reported, which consists of (a) known loss events expected to be presented as claims later, (b) unknown loss events that are expected to become claims, and (c) expected future development on claims already reported. This is based upon historical actual results that have established a reliable pattern supplemental by specific information about current matters. Small dollar claims and judgments are recorded as expenditures when paid.

**Defined Benefit Pension Plan**

Plan Description

The City of La Puente contributes to the California Public Employees Retirement System (PERS), a cost-sharing multiple-employer public employee defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by state statute and city ordinance. Copies of PERS' annual financial report may be obtained from their executive office: 400 P Street, Sacramento, California 95814.

Funding Policy

Participants are required to contribute 8% of their annual covered salary. The City makes the contributions required of City employees on their behalf and for their account. The City is also required to make an additional contribution at an actuarially determined rate. This rate for the fiscal year was 17.805% of annual covered payroll. The contribution requirements of plan members and the City are established and may be amended by PERS. The City's contributions to PERS for the years ended June 30, 2014, 2013 and 2012 were \$262,790, \$244,077, and \$242,326, respectively, and were equal to 100% of the required contributions for each year.

**NOTE 6      OTHER INFORMATION (CONTINUED)**

**Annual Pension Cost**

For the year ended June 30, 2014, the City's annual pension cost (employer contribution) of \$262,790 for miscellaneous employees was equal to the City's required and actual contributions. The annual required contribution (ARC) for the period July 1, 2013 to June 30, 2014 has been determined by the actuarial valuation of the plan as of June 30, 2011.

A summary of principal assumptions and methods used to determine the ARC is shown below:

Valuation Date:	June 30, 2011
Actuarial Cost Method:	Entry Age Normal Cost Method
Amortization Method:	Level Percent of Payroll
Average Remaining Period:	21 Years as of the Valuation Date
Asset Valuation Method:	15 Year Smoothed Market
Actuarial Assumptions:	
Investment Rate of Return:	7.50% (net of administrative expenses)
Projected Salary Increases:	3.30% to 14.20% depending on Age, Service, and type of employment
Inflation:	2.75%
Payroll Growth:	3.00%
Individual Salary Growth:	A merit scale varying by duration of employment coupled with an assumed annual inflation growth of 2.75% and an annual production growth of 0.25%

Initial unfunded liabilities are amortized over a closed period that depends on the plan's date of entry into CalPERS. Subsequent plan amendments are amortized as a level percentage of pay over a closed 20-year period. Gains and losses that occur in the operation of the plan are amortized over a 30 year rolling period. If the plan's accrued liability exceeds the actuarial value of plan assets, the annual contribution with respect to the total unfunded liability may not be less than the amount produced by a 30-year amortization of the unfunded liability.

**NOTE 6      OTHER INFORMATION (CONTINUED)**

**Other Postemployment Benefits**

Plan Description

The City's defined benefit postemployment healthcare plan, (City of La Puente Retiree Healthcare Plan, LPRHP), provides medical, dental and vision benefits to eligible retired City employees and spouses. LPRHP is part of the Public Agency portion of the California Employers' Retiree Benefit Trust Fund (CERBT), a single-employer defined benefit healthcare plan administered by California Public Employees' Retirement System (CalPERS), which acts as a common investment and administrative agent for participating public employers within the State of California. A menu of benefit provisions as well as other requirements is established by State statute within the Public Employees' Retirement Law. LPRHP selects optional benefit provisions from the benefit menu by contracting with CalPERS and adopts those benefits through City resolution. CalPERS issues a Comprehensive Annual Financial Report (CAFR). The CAFR is issued in aggregate and includes the sum of all CalPERS plans. Copies of the CalPERS CAFR may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, California 95814.

Funding Policy

The contribution requirements of plan members and the City are established and may be amended by the City Council. The City contributes the Public Employees' Medical and Hospital Care Act (PEMHCA) minimum.

The City is required to contribute the *annual required contribution of the employer (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The City Council, through resolution, determined the City will make contributions using the 10-Year ARC Phase-In 30-Year Amortization method. The City will contribute the Pay-Go amount plus 20% of the ARC minus the Pay-Go amount in the fiscal year 2010-11. The percentage of the ARC minus the Pay-Go amount will increase by 10% over 10 years until the City contributes the full ARC.

The City's annual OPEB cost, net OPEB obligation and the related information for 2014 were as follows:

Annual Required Contribution	\$ 459,453
Interest on Net Pension Obligation	36,357
Adjustment to Annual Required Contribution	<u>(58,589)</u>
Annual OPEB Cost	437,221
Contributions Made	<u>(420,442)</u>
Increase in Net Pension Obligation	16,779
Net Pension Obligation, Beginning of Year	<u>1,118,680</u>
Net Pension Obligation, End of Year	<u><u>\$ 1,135,459</u></u>

**NOTE 6 OTHER INFORMATION (CONTINUED)**

For 2014, the City's annual OPEB cost (expense) of \$437,221 for LPRHP was less than the ARC by \$22,232. The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2014 and the two preceding years were as follows:

THREE-YEAR TREND INFORMATION FOR CERBT			
Fiscal Year	Annual OPEB Cost (AOC)	Percentage of OPEB Cost Contributed	Net OPEB Obligation
6/30/2012	\$ 530,956	65%	\$ 978,919
6/30/2013	471,874	70%	1,118,680
6/30/2014	437,221	96%	1,135,459

Funded Status and Funding Progress

The funded status of the plan as of June 30, 2013, the date of the latest actuarial valuation report, was as follows:

Actuarial Accrued Liability (AAL)	\$ 5,250,891
Actuarial Value of Plan Assets	168,156
Unfunded Actuarial Accrued Liability (UAAL)	5,082,735
Funded Ratio (Actuarial Value of Plan Assets/AAL)	3.2%
Covered Payroll (Active Plan Members)	2,008,468
UAAL as a Percentage of Covered Payroll	253%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

**NOTE 6      OTHER INFORMATION (CONTINUED)**

The following is a summary of the actuarial assumptions and methods used:

Valuation Date	June 30, 2013
Actuarial Cost Method	Entry Age Normal Cost Method
Amortization Method	Level Percent of Payroll
Average Remaining Period	30 Years as of the Valuation Date
Actuarial Assumptions:	
Investment Rate of Return	6%
Projected Salary Increase	2.75%
Health Care Trend Rate	4%
General Inflation	2.75%

An open 30 year amortization period is used to amortize the unfunded actuarial accrued liability.

The liability for governmental activities is primarily liquidated from the general fund while the liability for business-type activities is liquidated from the enterprise funds.

**Deferred Compensation Plan**

The City has made available to its employees a deferred compensation plan, whereby employees authorize the City to withhold funds from salaries to be invested in individual investment accounts. Funds may be withdrawn by participants upon termination of employment or retirement. The City makes no contributions under the plan. The trustee invests compensation deferred by employees in various investment options selected by the employee and retains title to all accumulated funds until they are paid to the employee or other beneficiary. Plan assets were established in the trust arrangement specified by Internal Revenue Code Section 457. In accordance with GASB 32, the plan assets are not reflected on the City's financial statements.

**Contingent Liabilities**

Claims and lawsuits have been filed against the City in the normal course of business. The outcome of these matters is not presently determinable. However, in the opinion of management, the resolution of these matters is not expected to have a significant impact on the financial condition of the City.

Other Contingencies and Commitments

The City has received state and federal funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowances under terms of the grants, it is believed that any required reimbursements will not be material. The estimated amount of remaining construction contract obligations at year-end is \$146,320.

**NOTE 7      GOVERNMENTAL ACCOUNTING STANDARDS BOARD (GASB) STATEMENTS  
ISSUED, NOT YET EFFECTIVE**

The Governmental Accounting Standards Board (GASB) has issued several pronouncements prior to June 30, 2014, that have effective dates that may impact future financial presentations. Management has not yet determined any impact the implementation of the following statements may have on the financial statements of the City.

**GASB No. 68** - GASB has issued Statement No. 68, Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27. The requirements of this Statement will improve the decision-usefulness of information in employer and governmental nonemployer contributing entity financial reports and will enhance its value for assessing accountability and interperiod equity by requiring recognition of the entire net pension liability and a more comprehensive measure of pension expense. Decision-usefulness and accountability also will be enhanced through new note disclosures and required supplementary information. The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2014.

**GASB No. 69** - GASB has issued Statement No. 69, Government Combinations and Disposals of Government Operations. This Statement establishes accounting and financial reporting standards related government combinations and disposals of government operations. As used in this Statement, the term government combinations include a variety of transactions referred to as mergers, acquisitions, and transfers of operations. This Statement requires disclosures to be made about government combinations and disposals of government operations to enable financial statement users to evaluate the nature and financial effects of those transactions. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2013.

**GASB No. 70** - GASB has issued Statement No. 70, Accounting and Financial Reporting for Nonexchange Financial Guarantees. The objective of this Statement is to improve accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees. The provisions of this Statement are effective for reporting periods beginning after June 15, 2013.

**GASB No. 71** – GASB has issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date* – an amendment of GASB Statement No. 68. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts association with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government’s beginning net pension liability. The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2014.

**NOTE 8      SUCCESSOR AGENCY TRUST FOR ASSETS OF FORMER LA PUENTE COMMUNITY DEVELOPMENT COMMISSION**

The accompanying financial statements also include the Private-purpose Trust Fund for the Successor Agency to the City’s former Redevelopment Agency (Successor Agency). The City, as the Successor Agency, serves in a fiduciary capacity, as custodian for the assets and to wind down the affairs of the former Redevelopment Agency. Its assets are held in trust for the benefit of the taxing entities within the former Redevelopment Agency’s boundaries and as such, are not available for the use of the City.

**Information About the Outstanding Debts of the Successor Agency Trust Fund**

2007 Tax Allocation Bonds

In November of 2007, the Commission issued \$4,040,000 in Tax Allocation Bonds, which mature in amounts from \$50,000 to \$315,000 annually from 2011 to 2038 with interest payments of 6.875% payable semi-annually on February 1 and August 1 of each year.

The purpose of the bonds is to finance certain redevelopment projects within the La Puente Redevelopment Project Area. The bonds are special obligations of the Commission and are payable exclusively from Pledged Tax Revenues. The bonds are not a debt, liability or obligation of the City of La Puente (the “City”), the County of Los Angeles (the “County”), the State of California or any of its political subdivisions, other than the Commission, and neither the City, the County, the State of California nor any of its political subdivisions, other than the Commission, is liable therefore. In no event shall the bonds be payable out of any funds or properties other than those of the Commission. At June 30, 2014, the Bond Reserve Fund was \$327,609 which was sufficient to cover the minimum bond reserve requirement. Annual debt service requirements to maturity are as follows:

Year Ending June 30,	Principal	Interest
2015	\$ 65,000	\$ 260,734
2016	70,000	256,094
2017	75,000	251,110
2018	80,000	245,782
2019	85,000	240,110
2020-2024	525,000	1,100,517
2025-2029	735,000	886,016
2030-2034	1,050,000	582,659
2035-2038	1,140,000	163,626
	<u>\$ 3,825,000</u>	<u>\$ 3,986,648</u>

**NOTE 8      SUCCESSOR AGENCY TRUST FOR ASSETS OF FORMER LA PUENTE  
COMMUNITY DEVELOPMENT COMMISSION (CONTINUED)**

Advances from the City  
Please refer to Note 4.

**NOTE 9      SUBSEQUENT EVENTS**

The City has evaluated events subsequent to June 30, 2014 to assess the need for potential recognition or disclosure in the financial statements. Such events were evaluated through November 25, 2014, the date the financial statements were available to be issued. Based upon this evaluation, it was determined that no subsequent events occurred that require recognition or additional disclosure in the financial statements.

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**REQUIRED SUPPLEMENTARY INFORMATION**

**City of La Puente**  
**Schedule of Funding Progress**  
**California Public Employees Retirement System (CalPERS)**  
**Year ended June 30, 2014**

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Actuarial Valuation Date	Actuarial Liabilities (AL)	Actuarial Value of Assets (AVA)	Unfunded Liabilities (UL)	Funded Ratio (AVA/AL)	Annual Covered Payroll	UL as a % of Payroll
6/30/2011	\$ 18,860,026	\$ 14,233,884	\$ 4,626,142	75.5%	\$ 1,786,286	259%
6/30/2012	18,722,759	13,281,748	5,441,011	70.9%	1,638,280	332%
6/30/2013	19,147,663	14,589,095	4,558,568	76.2%	1,451,648	314%

N/A - not available

**City of La Puente**  
**Schedule of Funding Progress for La Puente Retiree Healthcare Plan (LPRHP)**  
**Year ended June 30, 2014**

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Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) Entry Age (B)	Unfunded AAL (UAAL) (B - A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll [(B-A)/C]
6/30/2009	\$ 41,156	\$ 6,592,232	\$ 6,551,076	1%	\$ 2,149,000	305%
6/30/2011	140,556	5,902,812	5,762,256	2%	2,526,015	228%
6/30/2013	168,156	5,250,891	5,082,735	3%	2,008,468	253%

**City of La Puente**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget and Actual – General Fund**  
**Year ended June 30, 2014**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ 8,360,920	\$ 8,360,920	\$ 8,427,404	\$ 66,484
Licenses and permits	430,000	430,000	489,130	59,130
Intergovernmental	95,000	95,000	124,139	29,139
Charges for services	631,000	631,000	711,042	80,042
Fines and forfeitures	395,000	395,000	339,929	(55,071)
Investment income	90,000	90,000	203,719	113,719
Other revenue	31,000	31,000	-	(31,000)
<b>Total revenues</b>	<b>10,032,920</b>	<b>10,032,920</b>	<b>10,295,363</b>	<b>262,443</b>
<b>Expenditures:</b>				
<b>Current:</b>				
General government	2,477,175	3,305,281	3,283,603	21,678
Public safety	5,118,628	5,118,628	4,981,401	137,227
Public works	424,730	424,730	637,686	(212,956)
Recreation/Senior services	1,007,250	1,007,250	958,390	48,860
Community development	1,169,077	1,169,077	1,340,643	(171,566)
Debt service	1,221,540	1,221,540	1,213,195	8,345
<b>Total expenditures</b>	<b>11,418,400</b>	<b>12,246,506</b>	<b>12,414,918</b>	<b>(168,412)</b>
Excess (deficiency) of revenues over expenditures	(1,385,480)	(2,213,586)	(2,119,555)	94,031
<b>Other financing sources (uses):</b>				
Transfers in	494,900	494,900	618,840	123,940
Transfers out	(100,000)	(100,000)	(132,845)	(32,845)
<b>Net other financing sources</b>	<b>394,900</b>	<b>394,900</b>	<b>485,995</b>	<b>91,095</b>
Change in fund balance	(990,580)	(1,818,686)	(1,633,560)	185,126
Fund balances, beginning	7,645,194	7,645,194	7,645,194	-
<b>Fund balances, ending</b>	<b>\$ 6,654,614</b>	<b>\$ 5,826,508</b>	<b>\$ 6,011,634</b>	<b>\$ 185,126</b>

**City of La Puente**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget and Actual – Cal-HOME**  
**Year ended June 30, 2014**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		Positive (Negative)
Revenues:				
Intergovernmental	\$ -	\$ -	\$ 153,080	\$ 153,080
Investment Income	250	250	1,894	1,644
Total revenues	<u>250</u>	<u>250</u>	<u>154,974</u>	<u>154,724</u>
Expenditures:				
Current:				
Community development	175,199	175,199	130,419	44,780
Total expenditures	<u>175,199</u>	<u>175,199</u>	<u>130,419</u>	<u>44,780</u>
Excess (deficiency) of revenues over expenditures	(174,949)	(174,949)	24,555	199,504
Fund balances, beginning	<u>248,902</u>	<u>248,902</u>	<u>248,902</u>	<u>-</u>
Fund balances, ending	<u>\$ 73,953</u>	<u>\$ 73,953</u>	<u>\$ 273,457</u>	<u>\$ 199,504</u>

**NOTE 1      BUDGETS AND BUDGETARY ACCOUNTING**

The City follows the following procedures in establishing the budgetary data reflected in the financial statements:

- Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. All annual appropriations lapse at fiscal year end.
- The City Council approves total budgeted appropriations. The appropriated budget is prepared by fund, program and activity. Each program of the City represents a separate government function, namely: general government public safety, transportation, culture and leisure, community development and redevelopment and housing. Accordingly, each program of the City has been identified as a separate line item in the accompanying combined statement of revenues, expenditures and changes in fund balances. The City Manager is authorized to make appropriation transfers from one activity to another leaving the total fund appropriation unchanged within the same fund. City Council approves all other amendments to appropriations throughout the year. Actual expenditures may not exceed budgeted appropriations at the departmental level. Budget figures used in the financial statements are the final adjusted amounts. During the fiscal year 2010-2011, the City Council made several supplemental budgetary appropriations, although none of the adjustments were considered material.
- Formal budget integration is employed as a management control device during the year.
- Under Article XIII B of the California Constitution (the Gann Spending Litigation Initiative), the City is restricted as to the amount of annual appropriations from the proceeds of taxes, and if proceeds of taxes exceed allowed appropriations, the excess must either be refunded to the State Controller, returned to the taxpayers through revised tax rates, or revised fee schedules, or an excess in one year may be offset against a deficit in the following year. For the fiscal year ended June 30, 2014, based on calculations by City management, proceeds of taxes did not exceed appropriations. Further, Section 5 of Article XIII B allows the City to designate a portion of fund balance for general contingencies, to be used for any purpose.
- The City does not utilize the encumbrance system, and therefore, no reservations for encumbrances have been established.

**SUPPLEMENTARY INFORMATION**

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**Special Revenue Funds**

**Major Fund**

**Cal-Home Loan Grant Fund** - To account for funding from the Department of Housing and Urban Development (HUD) in the form of grant to provide decent housing for low and moderate income families.

**Nonmajor Funds**

**Traffic Safety Fund** - Under the provision of the Vehicle Code of the State of California, fines resulting from traffic violations must be deposited in this fund. Expenditures from this fund are restricted to traffic signs, signals and control devices, equipment and supplies for traffic law enforcement and accident prevention, street purposes and certain others.

**Asset Seizure Fund** - To account for the revenues received from asset forfeiture fines and for the expenditure of these funds.

**PEG Access Fund** - Accounts for funds received to develop public, educational, and governmental access to cable television.

**State COPS Fund** - To account for funds received from the State of California under AB3229 for the purpose of the Citizens Option for Public Safety (COPS) program.

**Traffic Safety LAPTOP Fund** - To account for receiving and expending fees collected for the impoundment of vehicles at a La Puente Traffic Offender Program (LAPTOP) check point.

**JAG Grant Fund** - To account for revenues received from the Justice Assistance Grant Program that are to be used exclusively for law enforcement programs.

**Gas Tax Fund** - To account for gasoline taxes received by the City. These funds may be used for street maintenance, right-of-way acquisition and street construction.

**County Park Act** – To account for grants received for the construction and improvement of the community center and youth learning activity center.

**CDBG Fund** - To account for the funds received from the Community Development Block Grant for housing loans, code enforcement, and senior services program.

**Proposition 1B Fund** - To account for funds received from the State of California for specific transportation programs.

**Energy Efficiency Fund** - To account for grant funds received from the Department of Energy.

**Air Quality Improvement Fund** - Accounts for clean air fees collected by the State and distributed by the Southern California Air Quality Management District to cities for clean air project expenditures.

**Measure R Fund** - To account for revenues received from Los Angeles County under Measure R that are to be used exclusively for transportation projects and improvements.

**Prop. A Transportation Fund** - To account for revenues received from Los Angeles County under Proposition A that are to be used exclusively for public transit.

**Prop. C Transportation Fund** - To account for revenues received from the Los Angeles County Metropolitan Transportation Authority under Proposition C that are to be used for transportation related purposes.

**Local Transportation Fund** - This fund is to account for the funds received from the State to improve street access for bicycle and pedestrian.

**Highway Safety Improvement Program (HSIP) Grant Fund** – This fund is to account for grant money received from Caltrans to be used for public roads to achieve a significant reduction in traffic fatalities and serious injuries.

**Safe Routes to School Fund** - To account for the funds received to remove barriers that prevent children who walk or use bicycle to go to school.

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	Special Revenue			
	Traffic Safety	Asset Seizure	PEG Access	State COPS
<b>Assets</b>				
Cash and investments	\$ 2,805	\$ 8,483	\$ 90,322	\$ 12,518
Accounts receivable	-	-	6,335	-
Loans receivable	-	-	-	-
Due from other governments	-	-	-	-
<b>Total Assets</b>	<b>\$ 2,805</b>	<b>\$ 8,483</b>	<b>\$ 96,657</b>	<b>\$ 12,518</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>				
<b>Liabilities:</b>				
Accounts payable and accrued expenses	\$ -	\$ -	\$ -	\$ -
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Deferred inflows of resources:</b>				
Unavailable revenue	-	-	-	-
<b>Fund Balances:</b>				
Restricted	2,805	8,483	96,657	12,518
Unassigned				
Special revenue funds	-	-	-	-
<b>Total Fund Balances</b>	<b>2,805</b>	<b>8,483</b>	<b>96,657</b>	<b>12,518</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 2,805</b>	<b>\$ 8,483</b>	<b>\$ 96,657</b>	<b>\$ 12,518</b>

**City of La Puente  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2014**

Special Revenue					
Traffic Safety LAPTOP	JAG Grant	Gas Tax	County Park Act	Prop 1B	CDBG Grant
\$ 18,371	\$ 5,129	\$ 522,974	\$ -	\$ 62,613	\$ -
-	-	-	-	-	-
-	-	-	-	-	647,119
-	-	129,017	-	-	87,878
<u>\$ 18,371</u>	<u>\$ 5,129</u>	<u>\$ 651,991</u>	<u>\$ -</u>	<u>\$ 62,613</u>	<u>\$ 734,997</u>
\$ -	\$ -	\$ 78,291	\$ -	\$ -	\$ 56,497
-	-	78,291	-	-	56,497
-	-	-	-	-	647,119
18,371	5,129	573,700	-	62,613	31,381
-	-	-	-	-	-
<u>18,371</u>	<u>5,129</u>	<u>573,700</u>	<u>-</u>	<u>62,613</u>	<u>31,381</u>
<u>\$ 18,371</u>	<u>\$ 5,129</u>	<u>\$ 651,991</u>	<u>\$ -</u>	<u>\$ 62,613</u>	<u>\$ 734,997</u>

	Special Revenue			
	Energy Efficiency	Air Quality Improvement	Measure R	Prop. A Transportation
<b>Assets</b>				
Cash and investments	\$ 1,528	\$ 268,400	\$ 723,921	\$ 724,129
Accounts receivable	-	-	-	-
Loans receivable	-	-	-	-
Due from other governments	-	12,958	-	-
<b>Total Assets</b>	<b>\$ 1,528</b>	<b>\$ 281,358</b>	<b>\$ 723,921</b>	<b>\$ 724,129</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>				
Liabilities:				
Accounts payable and accrued expenses	\$ -	\$ -	\$ 5,212	\$ 91,812
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>5,212</b>	<b>91,812</b>
Deferred inflows of resources:				
Unavailable revenue	-	-	-	-
Fund Balances:				
Restricted	1,528	281,358	718,709	632,317
Unassigned				
Special revenue funds	-	-	-	-
<b>Total Fund Balances</b>	<b>1,528</b>	<b>281,358</b>	<b>718,709</b>	<b>632,317</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 1,528</b>	<b>\$ 281,358</b>	<b>\$ 723,921</b>	<b>\$ 724,129</b>

**City of La Puente**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds (Continued)**  
**June 30, 2014**

Prop. C Transportation	Special Revenue			Safe Routes to School	Total Nonmajor Governmental Funds
	Local Transportation	HSIP Grant			
\$ 440,638	\$ 59	\$ -		\$ -	2,881,890
-	-	-		-	6,335
-	-	-		-	647,119
-	-	-		11,094	240,947
<u>\$ 440,638</u>	<u>\$ 59</u>	<u>\$ -</u>		<u>\$ 11,094</u>	<u>\$ 3,776,291</u>
\$ 117,802	\$ -	\$ -		\$ 11,627	\$ 361,241
<u>117,802</u>	<u>-</u>	<u>-</u>		<u>11,627</u>	<u>361,241</u>
-	-	-		-	647,119
322,836	59	-		(533)	2,767,931
-	-	-		-	-
<u>322,836</u>	<u>59</u>	<u>-</u>		<u>(533)</u>	<u>2,767,931</u>
<u>\$ 440,638</u>	<u>\$ 59</u>	<u>\$ -</u>		<u>\$ 11,094</u>	<u>\$ 3,776,291</u>

	Special Revenue			
	Traffic Safety	Asset Seizure	PEG Access	State COPS
<b>Revenues</b>				
Intergovernmental	\$ -	\$ -	\$ -	\$ 100,000
Charges for services	-	-	24,979	-
Investment income	17	55	505	187
Other revenue	-	3,301	-	-
Total revenues	17	3,356	25,484	100,187
<b>Expenditures</b>				
Current:				
General government	-	-	15,680	-
Public safety	-	8,133	-	-
Public works	-	-	-	-
Community development	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	-	8,133	15,680	-
Excess (deficiency) of revenues over expenditures	17	(4,777)	9,804	100,187
<b>Other financing uses</b>				
Transfers In	-	-	-	-
Transfers out	-	-	(4,538)	(200,000)
Total other financing uses	-	-	(4,538)	(200,000)
Change in fund balances	17	(4,777)	5,266	(99,813)
Fund Balances - beginning	2,788	13,260	91,391	112,331
Fund Balances - ending	\$ 2,805	\$ 8,483	\$ 96,657	\$ 12,518

**City of La Puente**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**Year Ended June 30, 2014**

Special Revenue					
Traffic Safety LAPTOP	JAG Grant	Gas Tax	County Park Act	Prop 1B	CDBG Grant
\$ -	\$ 15,776	\$ 1,328,902	\$ 628,840	\$ -	\$ 395,566
-	-	-	-	-	-
106	-	1,305	-	422	-
-	-	-	10,604	-	58,000
106	15,776	1,330,207	639,444	422	453,566
-	-	-	-	-	11,086
-	11,229	-	-	-	-
-	-	954,215	-	-	-
-	-	-	-	-	314,982
-	-	203,104	-	-	-
-	11,229	1,157,319	-	-	326,068
106	4,547	172,888	639,444	422	127,498
-	-	-	68,033	-	-
-	-	-	-	-	-
-	-	-	68,033	-	-
106	4,547	172,888	707,477	422	127,498
18,265	582	400,812	(707,477)	62,191	(96,117)
\$ 18,371	\$ 5,129	\$ 573,700	\$ -	\$ 62,613	\$ 31,381

	Special Revenue			
	Energy Efficiency	Air Quality Improvement	Measure R	Prop. A Transportation
<b>Revenues</b>				
Intergovernmental	\$ -	\$ 49,780	\$ 422,574	\$ 682,639
Charges for services	-	-	-	197,430
investment Income	-	1,525	4,596	4,503
Other revenue	-	-	-	-
<b>Total revenues</b>	<b>-</b>	<b>51,305</b>	<b>427,170</b>	<b>884,572</b>
<b>Expenditures</b>				
Current:				
General government	-	-	-	96,216
Public safety	-	-	-	-
Public works	-	-	-	-
Community development	-	-	-	701,999
Capital outlay	-	112,158	302,104	-
<b>Total expenditures</b>	<b>-</b>	<b>112,158</b>	<b>302,104</b>	<b>798,215</b>
Excess (deficiency) of revenues over expenditures	-	(60,853)	125,066	86,357
<b>Other financing uses</b>				
Transfers In	-	-	-	-
Transfers out	-	-	(71,048)	-
Total other financing uses	-	-	(71,048)	-
Change in fund balances	-	(60,853)	54,018	86,357
Fund Balances - beginning	1,528	342,211	664,691	545,960
Fund Balances - ending	<u>\$ 1,528</u>	<u>\$ 281,358</u>	<u>\$ 718,709</u>	<u>\$ 632,317</u>

**City of La Puente**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Governmental Funds (Continued)**  
**Year Ended June 30, 2014**

Prop. C Transportation	Special Revenue			Total Nonmajor Governmental Funds
	Local Transportation	HSIP Grant	Safe Routes to School	
\$ 568,608	\$ 75,500	\$ -	\$ 32,176	\$ 4,300,361
-	-	-	-	222,409
6,386	59	-	-	19,666
-	-	23,304	-	95,209
<u>574,994</u>	<u>75,559</u>	<u>23,304</u>	<u>32,176</u>	<u>4,637,645</u>
-	-	-	-	122,982
-	-	-	-	19,362
481	-	-	32,709	987,405
-	-	-	-	1,016,981
<u>1,445,358</u>	<u>75,500</u>	<u>-</u>	<u>-</u>	<u>2,138,224</u>
<u>1,445,839</u>	<u>75,500</u>	<u>-</u>	<u>32,709</u>	<u>4,284,954</u>
<u>(870,845)</u>	<u>59</u>	<u>23,304</u>	<u>(533)</u>	<u>352,691</u>
-	-	10,630	-	78,663
<u>(289,072)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(564,658)</u>
<u>(289,072)</u>	<u>-</u>	<u>10,630</u>	<u>-</u>	<u>(485,995)</u>
(1,159,917)	59	33,934	(533)	(133,304)
<u>1,482,753</u>	<u>-</u>	<u>(33,934)</u>	<u>-</u>	<u>2,901,235</u>
<u>\$ 322,836</u>	<u>\$ 59</u>	<u>\$ -</u>	<u>\$ (533)</u>	<u>\$ 2,767,931</u>

**City of La Puente**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance –**  
**Budget and Actual - Traffic Safety Fund**  
**Year ended June 30, 2014**

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	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Investment income	\$ -	\$ -	\$ 17	\$ 17
Total revenues	-	-	17	17
Expenditures:				
Current:				
Public safety	-	-	-	-
Total expenditures	-	-	-	-
Excess of revenues over expenditures	-	-	17	17
Fund balance, beginning	2,788	2,788	2,788	-
Fund balance, ending	<u>\$ 2,788</u>	<u>\$ 2,788</u>	<u>\$ 2,805</u>	<u>\$ 17</u>

**City of La Puente**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance –**  
**Budget and Actual - Asset Seizure Fund**  
**Year ended June 30, 2014**

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	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Investment Income	\$ 200	\$ 200	\$ 55	\$ (145)
Other revenue	-	-	3,301	3,301
Total revenues	<u>200</u>	<u>200</u>	<u>3,356</u>	<u>3,156</u>
Expenditures:				
Current:				
Public safety	<u>4,430</u>	<u>4,430</u>	<u>8,133</u>	<u>(3,703)</u>
Total expenditures	<u>4,430</u>	<u>4,430</u>	<u>8,133</u>	<u>(3,703)</u>
Excess (deficiency) of revenues over expenditures	(4,230)	(4,230)	(4,777)	(547)
Fund balance, beginning	<u>13,260</u>	<u>13,260</u>	<u>13,260</u>	<u>-</u>
Fund balance, ending	<u>\$ 9,030</u>	<u>\$ 9,030</u>	<u>\$ 8,483</u>	<u>\$ (547)</u>

**City of La Puente**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance –**  
**Budget and Actual - PEG Access Fund**  
**Year ended June 30, 2014**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues:				
Charges for services	\$ 20,000	\$ 20,000	\$ 24,979	\$ 4,979
Investment income	1,400	1,400	505	(895)
Total revenues	<u>21,400</u>	<u>21,400</u>	<u>25,484</u>	<u>4,084</u>
Expenditure:				
Current:				
General government	88,800	88,800	15,680	73,120
Total expenditures	<u>88,800</u>	<u>88,800</u>	<u>15,680</u>	<u>73,120</u>
Excess (deficiency) of revenues over expenditures	(67,400)	(67,400)	9,804	77,204
Other financing uses				
Transfer out	-	-	(4,538)	4,538
Change in fund balance	(67,400)	(67,400)	5,266	72,666
Fund balance, beginning	<u>91,391</u>	<u>91,391</u>	<u>91,391</u>	<u>-</u>
Fund balance, ending	<u>\$ 23,991</u>	<u>\$ 23,991</u>	<u>\$ 96,657</u>	<u>\$ 72,666</u>

**City of La Puente**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance –**  
**Budget and Actual - State COPS Fund**  
**Year ended June 30, 2014**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 100,000	\$ 100,000	\$ 100,000	\$ -
Investment income	150	150	187	37
Total revenues	<u>100,150</u>	<u>100,150</u>	<u>100,187</u>	<u>37</u>
Expenditures:				
Current:				
Public safety	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over expenditures	100,150	100,150	100,187	37
Other financing uses				
Transfers out	<u>(100,000)</u>	<u>(100,000)</u>	<u>(200,000)</u>	<u>(100,000)</u>
Change in fund balances	150	150	(99,813)	(99,963)
Fund balance, beginning	<u>112,331</u>	<u>112,331</u>	<u>112,331</u>	<u>-</u>
Fund balance, ending	<u>\$ 112,481</u>	<u>\$ 112,481</u>	<u>\$ 12,518</u>	<u>\$ (99,963)</u>

**City of La Puente**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance –**  
**Budget and Actual - Traffic Safety LAPTOP Fund**  
**Year ended June 30, 2014**

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	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		Positive (Negative)
Revenues:				
Investment income	\$ -	\$ -	\$ 106	\$ 106
Total revenues	<u>-</u>	<u>-</u>	<u>106</u>	<u>106</u>
Expenditures:				
Current:				
Public safety	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over expenditures	-	-	106	106
Fund balance, beginning	<u>18,265</u>	<u>18,265</u>	<u>18,265</u>	<u>-</u>
Fund balance, ending	<u>\$ 18,265</u>	<u>\$ 18,265</u>	<u>\$ 18,371</u>	<u>\$ 106</u>

**City of La Puente**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance –**  
**Budget and Actual – JAG Grant Fund**  
**Year ended June 30, 2014**

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	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		Positive (Negative)
Revenues:				
Intergovernmental	\$ -	\$ -	\$ 15,776	\$ 15,776
Total revenues	<u>-</u>	<u>-</u>	<u>15,776</u>	<u>15,776</u>
Expenditures:				
Current:				
Public safety	36,280	36,280	11,229	25,051
Total expenditures	<u>36,280</u>	<u>36,280</u>	<u>11,229</u>	<u>25,051</u>
Excess (deficiency) of revenues over expenditures	(36,280)	(36,280)	4,547	40,827
Fund balance, beginning	<u>582</u>	<u>582</u>	<u>582</u>	<u>-</u>
Fund balance, ending	<u>\$ (35,698)</u>	<u>\$ (35,698)</u>	<u>\$ 5,129</u>	<u>\$ 40,827</u>

**City of La Puente**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance –**  
**Budget and Actual - Gas Tax Fund**  
**Year ended June 30, 2014**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Intergovernmental	\$ 1,262,930	\$ 1,262,930	\$ 1,328,902	\$ 65,972
Investment income	1,500	1,500	1,305	1,305
Total revenues	<u>1,264,430</u>	<u>1,264,430</u>	<u>1,330,207</u>	<u>67,277</u>
<b>Expenditures:</b>				
Current:				
Public works	1,024,800	1,024,800	954,215	70,585
Capital outlay	313,000	313,000	203,104	109,896
Total expenditures	<u>1,337,800</u>	<u>1,337,800</u>	<u>1,157,319</u>	<u>180,481</u>
Excess (deficiency) of revenues over expenditures	(73,370)	(73,370)	172,888	247,758
Fund balance, beginning	<u>400,812</u>	<u>400,812</u>	<u>400,812</u>	<u>-</u>
Fund balance, ending	<u><u>\$ 327,442</u></u>	<u><u>\$ 327,442</u></u>	<u><u>\$ 573,700</u></u>	<u><u>\$ 247,758</u></u>

**City of La Puente**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance –**  
**Budget and Actual – County Park Act Fund**  
**Year ended June 30, 2014**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ -	\$ -	628,840	\$ 628,840
Other revenue	-	-	10,604	10,604
Total revenues	-	-	639,444	639,444
Expenditures:				
Capital outlay	-	-	-	-
Total expenditures	-	-	-	-
Excess of revenues over expenditures	-	-	639,444	639,444
Other financing sources				
Transfer in	-	-	68,033	68,033
Change in fund balance	-	-	707,477	707,477
Fund balance, beginning	(707,477)	(707,477)	(707,477)	-
Fund balance, ending	<u>\$ (707,477)</u>	<u>\$ (707,477)</u>	<u>\$ -</u>	<u>\$ 707,477</u>

**City of La Puente**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance –**  
**Budget and Actual – Prop 1B Fund**  
**Year ended June 30, 2014**

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	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Investment Income	\$ -	\$ -	\$ 422	\$ 422
Other revenue	-	-	-	-
Total revenues	-	-	422	422
Expenditures:				
Capital Outlay	-	-	-	-
Total expenditures	-	-	-	-
Excess of revenues over expenditures	-	-	422	422
Fund balance, beginning	62,191	62,191	62,191	-
Fund balance, ending	<u>\$ 62,191</u>	<u>\$ 62,191</u>	<u>\$ 62,613</u>	<u>\$ 422</u>

**City of La Puente**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance –**  
**Budget and Actual - CDBG Fund**  
**Year ended June 30, 2014**

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	<u>Budgeted Amounts</u>		<u>Actual</u> Amounts	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 348,219	\$ 348,219	\$ 395,566	\$ 47,347
Other revenue	-	-	58,000	58,000
Total revenues	<u>348,219</u>	<u>348,219</u>	<u>453,566</u>	<u>105,347</u>
Expenditures:				
Current:				
Community development	<u>357,600</u>	<u>357,600</u>	<u>326,068</u>	<u>31,532</u>
Total expenditures	<u>357,600</u>	<u>357,600</u>	<u>326,068</u>	<u>31,532</u>
Excess (deficiency) of revenues over expenditures	(9,381)	(9,381)	127,498	136,879
Fund balance, beginning	<u>(96,117)</u>	<u>(96,117)</u>	<u>(96,117)</u>	-
Fund balance, ending	<u><u>\$ (105,498)</u></u>	<u><u>\$ (105,498)</u></u>	<u><u>\$ 31,381</u></u>	<u><u>\$ 136,879</u></u>

**City of La Puente**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance –**  
**Budget and Actual – Energy Efficiency Fund**  
**Year ended June 30, 2014**

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	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
Expenditures:				
Capital outlay	-	-	-	-
Total expenditures	-	-	-	-
Excess of revenues over expenditures	-	-	-	-
Fund balance, beginning	1,528	1,528	1,528	-
Fund balance, ending	<u>\$ 1,528</u>	<u>\$ 1,528</u>	<u>\$ 1,528</u>	<u>\$ -</u>

**City of La Puente**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance –**  
**Budget and Actual – Air Quality Improvement Fund**  
**Year ended June 30, 2014**

	<u>Budgeted Amounts</u>		<u>Actual</u> Amounts	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 53,000	\$ 53,000	\$ 49,780	\$ (3,220)
Investment income	750	750	1,525	775
Total revenues	<u>53,750</u>	<u>53,750</u>	<u>51,305</u>	<u>(2,445)</u>
Expenditures:				
Capital Outlay	443,678	443,678	112,158	331,520
Total expenditures	<u>443,678</u>	<u>443,678</u>	<u>112,158</u>	<u>331,520</u>
Excess (deficiency) of revenues over expenditures	(389,928)	(389,928)	(60,853)	329,075
Fund balance, beginning	<u>342,211</u>	<u>342,211</u>	<u>342,211</u>	<u>-</u>
Fund balance, ending	<u>\$ (47,717)</u>	<u>\$ (47,717)</u>	<u>\$ 281,358</u>	<u>\$ 329,075</u>

**City of La Puente**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance –**  
**Budget and Actual – Measure R Fund**  
**Year ended June 30, 2014**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 423,412	\$ 423,412	\$ 422,574	\$ (838)
Investment Income	6,000	6,000	4,596	(1,404)
Total revenues	<u>429,412</u>	<u>429,412</u>	<u>427,170</u>	<u>(2,242)</u>
Expenditures:				
Current:				
Public works	12,365	12,365	-	12,365
Capital outlay	840,000	840,000	302,104	537,896
Total expenditures	<u>852,365</u>	<u>852,365</u>	<u>302,104</u>	<u>550,261</u>
Excess (deficiency) of revenues over expenditures	(422,953)	(422,953)	125,066	548,019
Other financing uses				
Transfers out	(53,300)	(53,300)	(71,048)	(17,748)
Change in fund balances	(476,253)	(476,253)	54,018	530,271
Fund balance, beginning	<u>664,691</u>	<u>664,691</u>	<u>664,691</u>	<u>-</u>
Fund balance, ending	<u>\$ 188,438</u>	<u>\$ 188,438</u>	<u>\$ 718,709</u>	<u>\$ 530,271</u>

**City of La Puente**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance –**  
**Budget and Actual - Prop A Transportation Fund**  
**Year ended June 30, 2014**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenue :				
Intergovernmental	\$ 680,613	\$ 680,613	\$ 682,639	\$ 2,026
Charges for services	201,500	201,500	197,430	(4,070)
Investment income	6,000	6,000	4,503	(1,497)
Total revenues	<u>888,113</u>	<u>888,113</u>	<u>884,572</u>	<u>(3,541)</u>
Expenditures:				
Current:				
General government	101,090	101,090	96,216	4,874
Community development	770,650	770,650	701,999	68,651
Total expenditures	<u>871,740</u>	<u>871,740</u>	<u>798,215</u>	<u>73,525</u>
Excess of revenues over expenditures	16,373	16,373	86,357	69,984
Other financing sources (uses):				
Transfers out	(22,600)	(22,600)	-	22,600
Total other financing sources (uses)	<u>(22,600)</u>	<u>(22,600)</u>	<u>-</u>	<u>22,600</u>
Change in fund balance	(6,227)	(6,227)	86,357	92,584
Fund balance, beginning	545,960	545,960	545,960	-
Fund balance, ending	<u>\$ 539,733</u>	<u>\$ 539,733</u>	<u>\$ 632,317</u>	<u>\$ 92,584</u>

**City of La Puente**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance –**  
**Budget and Actual – Prop C Transportation Fund**  
**Year ended June 30, 2014**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 564,551	\$ 564,551	\$ 568,608	\$ 4,057
Investment income	9,000	9,000	6,386	(2,614)
Total revenues	<u>573,551</u>	<u>573,551</u>	<u>574,994</u>	<u>1,443</u>
Expenditures:				
Current:				
Public works	15,050	15,050	481	14,569
Capital outlay	1,501,121	1,501,121	1,445,358	55,763
Total expenditures	<u>1,516,171</u>	<u>1,516,171</u>	<u>1,445,839</u>	<u>70,332</u>
Excess (deficiency) of revenues over expenditures	(942,620)	(942,620)	(870,845)	71,775
Other financing uses				
Transfers out	(319,000)	(319,000)	(289,072)	29,928
Change in fund balance	(1,261,620)	(1,261,620)	(1,159,917)	101,703
Fund balance, beginning	1,482,753	1,482,753	1,482,753	-
Fund balance, ending	<u>\$ 221,133</u>	<u>\$ 221,133</u>	<u>\$ 322,836</u>	<u>\$ 101,703</u>

**City of La Puente**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance –**  
**Budget and Actual – Local Transportation Fund**  
**Year ended June 30, 2014**

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	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 25,375	\$ 25,375	\$ 75,500	\$ 50,125
Investment income	-	-	59	59
	<u>25,375</u>	<u>25,375</u>	<u>75,559</u>	<u>50,184</u>
Total revenues				
Expenditures:				
Capital outlay	-	-	75,500	(75,500)
	<u>-</u>	<u>-</u>	<u>75,500</u>	<u>(75,500)</u>
Total expenditures				
Excess of revenues over expenditures	25,375	25,375	59	(25,316)
Fund balance, beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, ending	<u>\$ 25,375</u>	<u>\$ 25,375</u>	<u>59</u>	<u>\$ (25,316)</u>

**City of La Puente**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance –**  
**Budget and Actual – HSIP Grant Fund**  
**Year ended June 30, 2014**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenue :				
Other revenue	\$ -	\$ -	\$ 23,304	\$ 23,304
Total revenues	-	-	23,304	23,304
Expenditures:				
Capital outlay	-	-	-	-
Total expenditures	-	-	-	-
Excess of revenues over expenditures	-	-	23,304	23,304
Other financing sources				
Transfers In	-	-	10,630	10,630
Change in fund balance	-	-	33,934	(33,934)
Fund balance, beginning	(33,934)	(33,934)	(33,934)	-
Fund balance, ending	<u>\$ (33,934)</u>	<u>\$ (33,934)</u>	<u>\$ -</u>	<u>\$ (33,934)</u>

**City of La Puente**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance –**  
**Budget and Actual – Safe Routes to School Fund**  
**Year ended June 30, 2014**

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	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues:				
Intergovernmental	\$ 387,000	\$ 387,000	\$ 32,176	\$ (354,824)
Total revenues	<u>387,000</u>	<u>387,000</u>	<u>32,176</u>	<u>(354,824)</u>
Expenditures:				
Public works	387,000	387,000	32,709	354,291
Total expenditures	<u>387,000</u>	<u>387,000</u>	<u>32,709</u>	<u>354,291</u>
Excess (deficiency) of revenues over expenditures	-	-	(533)	(533)
Fund balance, beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (533)</u>	<u>\$ (533)</u>

Deposit Funds – To account for collection and payment of such items as performance bond deposits.

County Court Parking Fines Fund – To account for the collection of parking fines and the payment of these funds to the County Court.

**City of La Puente**  
**Combining Statement of Fiduciary Assets and Liabilities**  
**Agency Funds**  
**June 30, 2014**

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	Deposits	County Court Parking Fines	Totals
<b>Assets</b>			
Cash and Investments	\$ 46,075	\$ 5,558	\$ 51,633
Total Assets	\$ 46,075	\$ 5,558	\$ 51,633
<b>Liabilities</b>			
Accounts Payable	522	5,558	\$ 6,080
Deposits Payable	45,553	-	45,553
Total Liabilities	\$ 46,075	\$ 5,558	\$ 51,633

**City of La Puente**  
**Combining Statement of Changes in Fiduciary Assets and Liabilities**  
**Agency Funds**  
**Year Ended June 30, 2014**

	Balance at July 1, 2013	Additions	Deletions	Balance at June 30, 2014
<b><u>Deposits Fund</u></b>				
<b>Assets</b>				
Cash and Investments	\$ 135,394	\$ 69,451	\$ 158,770	\$ 46,075
Total Assets	<u>\$ 135,394</u>	<u>\$ 69,451</u>	<u>\$ 158,770</u>	<u>\$ 46,075</u>
<b>Liabilities</b>				
Accounts Payable	\$ 662	\$ -	\$ 140	\$ 522
Deposits Payable	134,732	69,451	158,630	45,553
Total Liabilities	<u>\$ 135,394</u>	<u>\$ 69,451</u>	<u>\$ 158,770</u>	<u>\$ 46,075</u>
 <b><u>County Court Parking Fines Fund</u></b>				
<b>Assets</b>				
Cash and Investments	\$ 4,879	\$ 1,279	\$ 600	\$ 5,558
Total Assets	<u>\$ 4,879</u>	<u>\$ 1,279</u>	<u>\$ 600</u>	<u>\$ 5,558</u>
<b>Liabilities</b>				
Accounts Payable	\$ 4,879	\$ 1,279	\$ 600	\$ 5,558
Total Liabilities	<u>\$ 4,879</u>	<u>\$ 1,279</u>	<u>\$ 600</u>	<u>\$ 5,558</u>
 <b><u>Totals - All Agency Funds</u></b>				
<b>Assets</b>				
Cash and Investments	\$ 140,273	\$ 70,730	\$ 159,370	\$ 51,633
Total Assets	<u>\$ 140,273</u>	<u>\$ 70,730</u>	<u>\$ 159,370</u>	<u>\$ 51,633</u>
<b>Liabilities</b>				
Accounts Payable	\$ 5,541	\$ 1,279	\$ 740	\$ 6,080
Deposits	134,732	69,451	158,630	45,553
Total Liabilities	<u>\$ 140,273</u>	<u>\$ 70,730</u>	<u>\$ 159,370</u>	<u>\$ 51,633</u>

**CAPITAL ASSETS USED IN THE OPERATION  
OF GOVERNMENTAL FUNDS**

**City of La Puente**  
**Capital Assets used in the Operation of Governmental Funds**  
**Schedule by Source<sup>1</sup>**  
**June 30, 2014**

---

**Governmental Funds Capital Assets**

Land	\$ 3,620,179
Building and Improvements	21,380,816
Furniture and Equipment	583,140
Infrastructure	34,045,630
Construction in Progress	<u>123,680</u>
 Total Governmental Funds Capital Assets	 \$ <u><u>59,753,445</u></u>

**Investments in Governmental Funds Capital Assets by Source**

General Fund	\$ 9,195,260
Special Revenue Funds	18,185,439
Federal and State Grants	16,633,309
County Grants	6,055,618
Donated	<u>9,683,819</u>
 Total Governmental Funds Capital Assets by Source	 \$ <u><u>59,753,445</u></u>

<sup>1</sup> This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts.

**City of La Puente**  
**Capital Assets used in the Operation of Governmental Funds**  
**Schedule by Function and Activity<sup>1</sup>**  
**June 30, 2014**

---

	<u>Land</u>	<u>Building and Improvements</u>	<u>Furniture and Equipment</u>	<u>Infrastructure</u>	<u>Construction in Progress</u>	<u>Totals</u>
<b>Function and Activity</b>						
General Government	\$ 591,008	\$ 1,056,868	\$ 260,610	\$ -	\$ -	\$ 1,908,486
Public Works	2,538,966	617,995	33,858	31,952,217	123,680	35,266,716
Recreation/Senior Services	415,620	17,523,100	183,821	-	-	18,122,541
Community Development	<u>74,585</u>	<u>2,182,853</u>	<u>104,851</u>	<u>2,093,413</u>	<u>-</u>	<u>4,455,702</u>
 Total Governmental Funds						
Capital Assets	<u>\$ 3,620,179</u>	<u>\$ 21,380,816</u>	<u>\$ 583,140</u>	<u>\$ 34,045,630</u>	<u>\$ 123,680</u>	<u>\$ 59,753,445</u>

<sup>1</sup> This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. The capital assets of internal service funds are included as governmental activities in the statement of net position.

**City of La Puente**  
**Capital Assets used in the Operation of Governmental Funds**  
**Schedule of Changes by Function and Activity<sup>1</sup>**  
**Year ended June 30, 2014**

---

	Governmental Funds Capital Assets July 1, 2013	Additions	Deletions	Governmental Funds Capital Assets June 30, 2014
<b>Function and Activity</b>				
General Government	\$ 1,908,486	\$ -	\$ -	\$ 1,908,486
Public Works	33,396,914	1,869,802	-	35,266,716
Recreation/Senior Services	18,133,145	-	(10,604)	18,122,541
Community Development	4,455,702	-	-	4,455,702
	<u>\$ 57,894,247</u>	<u>\$ 1,869,802</u>	<u>\$ (10,604)</u>	<u>\$ 59,753,445</u>

<sup>1</sup> This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. The capital assets of internal service funds are included as governmental activities in the statement of net assets.



## **STATISTICAL SECTION**

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This part of the City of La Puente's (City) Comprehensive Annual Financial Report (CAFR) presents detailed information as a context for understanding what the information in the financial statements, notes to financial statements, and required supplementary information say about the City's overall financial health.

<b>Contents</b>	<b>Page</b>
Financial Trends	106
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	
Revenue Capacity	117
These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	
Debt Capacity	121
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	
Demographic and Economic Information	125
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	
Operating Information	130
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The City implemented GASB Statement No. 34 in fiscal year 2002-2003. Schedules presenting government-wide information include information beginning in that year.

	Fiscal Year			
	2005	2006	2007	2008
<b>Governmental Activities:</b>				
Net investment in capital assets	\$15,075,137	\$15,185,715	\$16,370,709	\$19,264,458
Restricted for:				
Public Safety	236,442	75,476	59,343	65,725
Public Works	1,769,618	2,200,940	1,640,448	2,435,774
Community Development	1,494,379	525,745	357,972	386,591
Redevelopment and Housing	-	39,587	126,041	258,694
Debt Service	-	-	-	-
Total Restricted	3,500,439	2,841,748	2,183,804	3,146,784
Unrestricted	12,161,177	16,520,756	19,032,647	18,498,278
Total governmental activities net position	<u>\$30,736,753</u>	<u>\$34,548,219</u>	<u>\$37,587,160</u>	<u>\$40,909,520</u>
 <b>Business-type Activities</b>				
Net investment in capital assets	\$ -	\$ -	\$ -	\$ -
Restricted	(111,925)	(271,433)	358,985	961,825
Total business-type activities net position	<u>\$ (111,925)</u>	<u>\$ (271,433)</u>	<u>\$ 358,985</u>	<u>\$ 961,825</u>
 <b>Primary Government</b>				
Net investment in capital assets	\$15,075,137	\$15,185,715	\$16,370,709	\$19,264,458
Restricted	3,388,514	2,570,315	2,542,789	4,108,609
Unrestricted	12,161,177	16,520,756	19,032,647	18,498,278
Total Primary Government Net Position	<u>\$30,624,828</u>	<u>\$34,276,786</u>	<u>\$37,946,145</u>	<u>\$41,871,345</u>

Source: Statement of Net Position (Page 24)

**City of La Puente  
Net Position by Component  
Last Ten Fiscal Years**

Fiscal Year					
2009	2010	2011	2012	2013	2014
\$16,983,727	\$16,092,239	\$ 16,941,283	\$ 24,660,544	\$ 26,030,656	\$ 27,186,259
46,084	54,421	32,625	132,778	133,966	38,823
1,507,413	962,696	2,352,679	3,480,766	3,343,118	2,278,943
1,370,161	1,095,201	933,572	648,165	510,581	723,622
240,029	197,844	83,571	-	-	-
1,337,441	-	-	-	-	-
4,501,128	2,310,162	3,402,447	4,261,709	3,987,665	3,041,388
20,112,358	14,822,183	12,840,852	6,826,170	6,431,855	5,316,550
<u>\$41,597,213</u>	<u>\$33,224,584</u>	<u>\$ 33,184,582</u>	<u>\$ 35,748,423</u>	<u>\$ 36,450,176</u>	<u>\$ 35,544,197</u>
\$ -	\$ (1,115,652)	\$ 2,754	\$ 198,502	\$ 492,750	\$ 2,070,787
1,771,347	3,590,394	3,049,730	4,072,131	4,221,484	3,250,778
<u>\$ 1,771,347</u>	<u>\$ 2,474,742</u>	<u>\$ 3,052,484</u>	<u>\$ 4,270,633</u>	<u>\$ 4,714,234</u>	<u>\$ 5,321,565</u>
\$16,983,727	\$14,976,587	\$ 16,944,037	\$ 24,859,046	\$ 26,523,406	\$ 29,257,046
6,272,475	5,900,556	6,452,177	8,333,840	8,209,149	6,292,166
20,112,358	14,822,183	12,840,852	6,826,170	6,431,855	5,316,550
<u>\$43,368,560</u>	<u>\$35,699,326</u>	<u>\$ 36,237,066</u>	<u>\$ 40,019,056</u>	<u>\$ 41,164,410</u>	<u>\$ 40,865,762</u>

	Fiscal Year			
	2005	2006	2007	2008
<b>Expenses</b>				
Governmental activities:				
General Government	\$ 2,750,320	\$ 2,738,433	\$ 2,616,817	\$ 2,334,414
Public Safety	3,925,328	4,243,279	4,384,287	4,726,466
Public Works	2,372,207	2,204,142	2,401,088	2,308,174
Recreation/Senior Services	1,263,928	1,459,510	1,682,856	926,008
Community Development	1,678,923	1,657,091	2,058,623	2,702,339
Redevelopment and Housing	-	140,180	293,793	355,308
Interest on Long-Term Debt	-	-	-	365,075
Total governmental activities expenses	<u>11,990,706</u>	<u>12,442,635</u>	<u>13,437,464</u>	<u>13,717,784</u>
Business-type activities:				
Sewer Maintenance	<u>111,925</u>	<u>159,508</u>	<u>207,386</u>	<u>493,506</u>
Total business-type activities expenses	<u>111,925</u>	<u>159,508</u>	<u>207,386</u>	<u>493,506</u>
Total primary government expenses	<u>\$12,102,631</u>	<u>\$12,602,143</u>	<u>\$13,644,850</u>	<u>\$14,211,290</u>
<b>Program Revenue</b>				
Governmental activities:				
Charges for services:				
General Government	\$ 76,314	\$ 113,394	\$ 18,849	\$ 212,007
Public Safety	611,108	652,823	716,992	483,631
Public Works	225,395	244,590	226,555	19,616
Recreation/Senior Services	139,064	155,576	229,627	201,896
Community Development	854,612	706,501	862,105	1,109,159
Redevelopment and Housing	-	-	25,000	30,000
Operating Grants and Contributions	3,526,754	2,996,058	2,576,987	2,511,242
Capital Grants and Contributions	<u>1,162,186</u>	<u>374,583</u>	<u>1,093,492</u>	<u>2,884,233</u>
Total governmental activities program revenues	6,595,433	5,243,525	5,749,607	7,451,784
Business-type activities:				
Charges for services:	-	-	821,819	845,918
Legal settlement	-	-	-	-
Total business-type activities program revenues	-	-	821,819	845,918
Total primary government program revenues	<u>\$ 6,595,433</u>	<u>\$ 5,243,525</u>	<u>\$ 6,571,426</u>	<u>\$ 8,297,702</u>

**City of La Puente  
Changes in Net Position  
Last Ten Fiscal Years**

Fiscal Year					
2009	2010	2011	2012	2013	2014
\$ 2,278,010	\$ 2,451,276	\$ 3,007,718	\$ 2,541,017	\$ 2,540,210	\$ 3,480,756
4,740,092	4,666,557	4,874,645	4,845,030	4,913,590	5,000,488
2,199,934	2,241,821	1,913,164	1,780,147	1,847,640	2,276,659
1,620,980	1,818,721	1,742,028	1,675,871	1,670,038	1,772,731
2,351,984	2,591,842	2,783,759	2,206,673	2,121,666	2,637,299
633,713	9,045,803	433,232	185,562	-	-
866,783	796,115	848,724	723,961	465,004	330,960
<u>14,691,496</u>	<u>23,612,135</u>	<u>15,603,270</u>	<u>13,958,261</u>	<u>13,558,148</u>	<u>15,498,893</u>
<u>356,205</u>	<u>251,431</u>	<u>753,264</u>	<u>1,091,411</u>	<u>698,400</u>	<u>760,016</u>
<u>356,205</u>	<u>251,431</u>	<u>753,264</u>	<u>1,091,411</u>	<u>698,400</u>	<u>760,016</u>
<u>\$15,047,701</u>	<u>\$ 23,863,566</u>	<u>\$16,356,534</u>	<u>\$15,049,672</u>	<u>\$ 14,256,548</u>	<u>\$ 16,258,909</u>
\$ 141,391	\$ 44,159	\$ 47,445	\$ 54,087	\$ 53,996	\$ 60,688
741,057	1,235,688	618,183	549,768	462,652	498,247
48,417	209,605	223,676	221,072	219,396	197,430
260,694	263,437	288,248	252,787	248,797	265,538
611,166	449,431	762,499	556,668	750,432	743,979
-	-	-	-	-	-
2,604,895	1,739,023	1,923,401	1,908,160	2,344,928	2,142,823
1,298,214	2,699,626	2,488,930	2,818,206	1,860,992	1,919,871
<u>5,705,834</u>	<u>6,640,969</u>	<u>6,352,382</u>	<u>6,360,748</u>	<u>5,941,193</u>	<u>5,828,576</u>
942,477	885,843	1,304,280	1,308,823	1,311,226	1,347,146
-	-	-	992,500	-	-
<u>942,477</u>	<u>885,843</u>	<u>1,304,280</u>	<u>2,301,323</u>	<u>1,311,226</u>	<u>1,347,146</u>
<u>\$ 6,648,311</u>	<u>\$ 7,526,812</u>	<u>\$ 7,656,662</u>	<u>\$ 8,662,071</u>	<u>\$ 7,252,419</u>	<u>\$ 7,175,722</u>

	Fiscal Year			
	2005	2006	2007	2008
<b>Net (Expense)/Revenue</b>				
Government activities	\$ (5,395,273)	\$ (7,199,110)	\$ (7,687,857)	\$ (6,266,000)
Business-type activities	<u>(111,925)</u>	<u>(159,508)</u>	<u>614,433</u>	<u>352,412</u>
Total primary government net expense	<u>\$ (5,507,198)</u>	<u>\$ (7,358,618)</u>	<u>\$ (7,073,424)</u>	<u>\$ (5,913,588)</u>
<b>General Revenues and Other Changes in Net Position</b>				
Governmental activities:				
Taxes:				
Property Taxes	\$ 690,236	\$ 4,032,046	\$ 4,794,769	\$ 5,346,519
Franchise Taxes	650,645	694,517	709,320	734,498
Sales Taxes	1,771,893	1,870,984	1,935,111	1,763,275
Property Transfer Tax	208,181	223,719	207,756	58,934
Transient Occupancy Taxes	82,386	86,789	83,025	79,490
Business License Taxes	91,029	89,881	87,169	92,605
In-Lieu Sales Tax	603,328	469,799	632,023	676,367
Other Taxes	-	-	-	-
Total taxes	<u>4,097,698</u>	<u>7,467,735</u>	<u>8,449,173</u>	<u>8,751,688</u>
Motor Vehicle In-Lieu	2,685,185	-	-	-
Intergovernmental	142,358	1,094,772	432,818	247,333
Investment Income	201,439	220,438	680,643	481,495
Miscellaneous Revenues	92,386	63,199	118,534	107,844
Special Items:				
Legal Settlement	-	1,928,645	1,045,000	-
Sale of Land	-	<u>235,787</u>	<u>630</u>	-
Total Governmental activities	<u>7,219,066</u>	<u>11,010,576</u>	<u>10,726,798</u>	<u>9,588,360</u>
Business-type activities:				
Total business-type activities	<u>-</u>	<u>-</u>	<u>15,985</u>	<u>250,428</u>
Total primary government	<u>\$ 7,219,066</u>	<u>\$ 11,010,576</u>	<u>\$ 10,742,783</u>	<u>\$ 9,838,788</u>
<b>Change in Net Position</b>				
Governmental activities	\$ 1,823,793	\$ 3,811,466	\$ 3,038,941	\$ 3,322,360
Business-type activities	<u>(111,925)</u>	<u>(159,508)</u>	<u>630,418</u>	<u>602,840</u>
Total primary government	<u>\$ 1,711,868</u>	<u>\$ 3,651,958</u>	<u>\$ 3,669,359</u>	<u>\$ 3,925,200</u>

Source: Statement of Activities (Page 25)

**City of La Puente  
Changes in Net Position (Continued)  
Last Ten Fiscal Years**

Fiscal Year					
2009	2010	2011	2012	2013	2014
\$ (8,985,662)	\$(16,971,166)	\$ (9,250,888)	\$ (7,597,513)	\$ (7,616,955)	\$ (9,670,317)
<u>586,272</u>	<u>634,412</u>	<u>551,016</u>	<u>1,209,912</u>	<u>612,826</u>	<u>587,130</u>
<u>\$ (8,399,390)</u>	<u>\$(16,336,754)</u>	<u>\$ (8,699,872)</u>	<u>\$ (6,387,601)</u>	<u>\$ (7,004,129)</u>	<u>\$ (9,083,187)</u>
\$ 5,604,423	\$ 5,229,270	\$ 5,118,947	\$ 4,649,124	\$ 4,591,293	\$ 4,793,494
970,943	662,966	896,989	915,203	981,476	942,507
1,467,084	1,500,841	1,779,729	1,779,534	1,767,497	2,070,062
95,248	117,126	40,608	48,832	46,120	52,324
71,967	82,605	137,402	153,444	172,369	192,100
90,642	86,927	186,303	128,970	91,961	92,207
545,380	386,646	548,785	609,430	632,735	284,710
-	-	-	-	(100,000)	-
<u>8,845,687</u>	<u>8,066,381</u>	<u>8,708,763</u>	<u>8,284,537</u>	<u>8,183,451</u>	<u>8,427,404</u>
-	-	-	-	-	-
255,884	170,929	377,755	86,146	60,404	124,139
463,456	144,194	93,806	61,285	31,786	114,002
108,328	199,206	30,562	242,172	43,067	98,793
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>9,673,355</u>	<u>8,580,710</u>	<u>9,210,886</u>	<u>8,674,140</u>	<u>8,318,708</u>	<u>8,764,338</u>
<u>223,250</u>	<u>68,983</u>	<u>26,726</u>	<u>8,237</u>	<u>111,951</u>	<u>20,201</u>
<u>\$ 9,896,605</u>	<u>\$ 8,649,693</u>	<u>\$ 9,237,612</u>	<u>\$ 8,682,377</u>	<u>\$ 8,430,659</u>	<u>\$ 8,784,539</u>
\$ 687,693	\$ (8,390,456)	\$ (40,002)	\$ 1,076,627	\$ 701,753	\$ (905,979)
<u>809,522</u>	<u>703,395</u>	<u>577,742</u>	<u>1,218,149</u>	<u>724,777</u>	<u>607,331</u>
<u>\$ 1,497,215</u>	<u>\$ (7,687,061)</u>	<u>\$ 537,740</u>	<u>\$ 2,294,776</u>	<u>\$ 1,426,530</u>	<u>\$ (298,648)</u>

**City of La Puente**  
**Governmental Activities Tax Revenues by Source**  
**Last Ten Fiscal Years**

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Fiscal Year	Property Tax	Sales Tax	Franchise Tax	Property Transfer Tax	Transient Occupancy Taxes	Business License Taxes	In-Lieu Sales Tax	Total
2005	\$ 690,236	\$ 1,771,893	\$ 650,645	\$ 208,181	\$ 82,386	\$ 91,029	\$ 603,328	\$ 4,097,698
2006	4,032,046	1,870,984	694,517	223,719	86,789	89,881	469,799	7,467,735
2007	4,794,769	1,935,111	709,320	207,756	83,025	87,169	632,023	8,449,173
2008	5,346,519	1,763,275	734,498	58,934	79,490	92,605	676,367	8,751,688
2009	5,604,423	1,467,084	970,943	95,248	71,967	90,642	545,380	8,845,687
2010	5,229,270	1,500,841	662,966	117,126	82,605	86,927	386,646	8,066,381
2011	5,118,947	1,779,729	896,989	40,608	137,402	186,303	548,785	8,708,763
2012	4,649,124	1,779,534	915,203	48,832	153,444	128,970	609,430	8,284,537
2013	4,591,293	1,767,497	981,476	46,120	172,369	91,961	632,735	8,283,451
2014	4,793,494	2,070,062	942,507	52,324	192,100	92,207	284,710	8,427,404

Source: Statement of Activities (Page25)

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	Fiscal Year			
	2005	2006	2007	2008
<b>General Fund</b>				
Reserved	\$ 5,012,337	\$ 6,946,674	\$11,356,449	\$ 11,943,037
Unreserved	<u>8,094,102</u>	<u>8,936,319</u>	<u>6,569,579</u>	<u>8,779,737</u>
Total general fund	<u>\$13,106,439</u>	<u>\$15,882,993</u>	<u>\$17,926,028</u>	<u>\$ 20,722,774</u>
<b>All other governmental funds</b>				
Reserved	\$ 3,511,981	\$ 5,485,664	\$ 5,537,503	\$ 11,985,341
Unreserved, reported in:				
Special Revenue Funds	2,416,329	2,595,249	2,179,965	2,229,734
Debt Service Fund	(1,632,565)	(1,841,098)	(1,950,311)	(2,795,778)
Capital Projects Funds	<u>(4,742,538)</u>	<u>(6,331,557)</u>	<u>(6,665,360)</u>	<u>(5,500,761)</u>
Total all other governmental funds	<u>\$ (446,793)</u>	<u>\$ (91,742)</u>	<u>\$ (898,203)</u>	<u>\$ 5,918,536</u>
<b>General Fund</b>				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Restricted				
Unrestricted:				
Unassigned				
General Fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>All other governmental funds</b>				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-
Unrestricted:				
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Note: The City implemented GASB Statement No. 54, Fund Balance Reporting in FY 2010-2011.

Source: Balance Sheet - Governmental Funds (Page 27)

**City of La Puente  
Fund Balances of Governmental Funds  
Last Ten Fiscal Years**

Fiscal Year					
2009	2010	2011	2012	2013	2014
\$14,117,346	\$13,017,404	\$ -	\$ -	\$ -	\$ -
<u>5,958,656</u>	<u>6,093,429</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$20,076,002</u>	<u>\$19,110,833</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$14,239,645	\$ 7,513,002	\$ -	\$ -	\$ -	\$ -
3,089,829	2,146,069	-	-	-	-
(3,377,292)	(4,126,158)	-	-	-	-
<u>(11,674,885)</u>	<u>(12,508,278)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 2,277,297</u>	<u>\$ (6,975,365)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ 12,968,441	\$ 1,143,252	\$ 790,213	\$ 1,103,523
		-	1,521,681	1,527,172	-
-	-	5,601,360	4,843,455	5,327,809	4,908,111
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,569,801</u>	<u>\$ 7,508,388</u>	<u>\$ 7,645,194</u>	<u>\$ 6,011,634</u>
\$ -	\$ -	\$ 6,615,757	\$ -	\$ -	\$ -
-	-	3,402,447	4,261,709	3,987,665	3,041,388
-	-	(17,640,549)	(794,854)	(837,528)	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ (7,622,345)</u>	<u>\$ 3,466,855</u>	<u>\$ 3,150,137</u>	<u>\$ 3,041,388</u>

	Fiscal Year			
	2005	2006	2007	2008
<b>Revenues:</b>				
Taxes	\$ 4,097,698	\$ 7,467,735	\$ 8,449,174	\$ 8,751,688
Licenses and permits	450,406	432,732	386,911	332,227
Intergovernmental	7,516,483	4,465,413	4,103,297	5,038,388
Charges for services	831,956	833,801	930,265	840,148
Fines and Forfeitures	568,161	606,351	625,597	665,409
Investment Income	260,671	193,146	664,921	466,760
Other revenue	92,386	63,199	122,477	171,996
Total revenues	<u>13,817,761</u>	<u>14,062,377</u>	<u>15,282,642</u>	<u>16,266,616</u>
<b>Expenditures:</b>				
General government	2,548,442	2,556,526	2,559,138	1,977,375
Public safety	3,925,328	4,243,279	4,384,287	4,726,466
Public Works	2,066,346	1,870,146	1,923,101	1,937,843
Recreation/Senior Services	1,111,718	1,280,050	1,553,937	786,704
Community Development	1,661,896	1,646,099	1,959,098	2,776,773
Redevelopment and Housing	-	97,944	293,793	355,308
Capital outlay	2,357,128	955,586	1,952,728	7,239,556
Debt service:				
Principal	-	-	-	-
Interest & Fiscal Charges	203,887	369,063	404,642	612,721
Cost of Issuance	-	-	-	252,180
Total expenditures	<u>13,874,745</u>	<u>13,018,693</u>	<u>15,030,724</u>	<u>20,664,926</u>
Excess of revenues over (under) expenditures	<u>(56,984)</u>	<u>1,043,684</u>	<u>251,918</u>	<u>(4,398,310)</u>
Other Financing Sources (Uses)				
Debt Issuance	-	-	-	14,040,000
Loan Proceeds	-	-	-	-
Transfers In	-	162,283	88,546	7,933,410
Transfers Out	-	(162,283)	(148,890)	(7,961,615)
Total Other Financing Sources (Uses)	-	-	(60,344)	14,011,795
Special / Extraordinary Items				
Legal Settlement	-	1,928,645	1,045,000	-
Sale of Land	-	397,237	-	-
Dissolution of RDA	-	-	-	-
Total Special / Extraordinary Items	-	<u>2,325,882</u>	<u>1,045,000</u>	-
<b>Net change in fund balances</b>	<u>\$ (56,984)</u>	<u>\$ 3,369,566</u>	<u>\$ 1,236,574</u>	<u>\$ 9,613,485</u>
Debt service as a percentage of noncapital expenditures	1.77%	3.06%	3.09%	6.43%

Source: Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds  
(Page 29)

**City of La Puente**  
**Changes in Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**

Fiscal Year					
2009	2010	2011	2012	2013	2014
\$ 8,845,687	\$ 8,066,381	\$ 8,708,763	\$ 8,284,537	\$ 8,283,451	\$ 8,427,404
241,162	313,337	273,183	356,891	393,005	489,130
5,178,684	4,477,921	4,945,362	4,344,589	4,348,679	4,577,580
958,304	886,241	1,003,997	806,404	942,820	933,451
603,259	547,680	458,677	491,027	399,365	339,929
463,456	144,194	60,604	1,109,729	43,903	225,279
108,328	714,402	35,812	320,617	43,150	95,209
<u>16,398,880</u>	<u>15,150,156</u>	<u>15,486,398</u>	<u>15,713,794</u>	<u>\$ 14,454,373</u>	<u>\$ 15,087,982</u>
1,979,259	2,267,156	2,893,469	2,414,268	2,441,815	3,406,585
4,740,578	4,666,557	4,824,769	4,773,178	4,873,055	5,000,763
1,895,557	1,711,607	1,485,074	1,189,367	1,305,707	1,625,091
1,252,315	988,071	958,193	882,589	878,004	958,390
2,368,298	2,414,069	2,606,245	1,971,871	1,940,182	2,488,043
634,199	9,045,803	461,447	179,235	-	-
8,883,691	2,751,793	1,955,078	2,331,483	2,369,863	2,138,224
-	100,000	100,000	724,788	670,659	1,055,000
1,350,974	1,348,651	1,390,135	2,350,000	588,235	158,195
82,020	-	-	-	-	-
<u>23,186,891</u>	<u>25,293,707</u>	<u>16,674,410</u>	<u>16,816,779</u>	<u>15,067,520</u>	<u>16,830,291</u>
<u>(6,788,011)</u>	<u>(10,143,551)</u>	<u>(1,188,012)</u>	<u>(1,102,985)</u>	<u>(613,147)</u>	<u>(1,742,309)</u>
-	-	-	-	9,945,000	-
2,500,000	-	-	-	(9,411,765)	-
558,430	1,598,359	967,830	1,242,934	196,390	697,503
<u>(558,430)</u>	<u>(1,672,639)</u>	<u>(967,830)</u>	<u>(1,292,934)</u>	<u>(296,390)</u>	<u>(697,503)</u>
2,500,000	(74,280)	-	(50,000)	433,235	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	1,180,772	-	-
-	-	-	<u>1,180,772</u>	-	-
<u>\$ (4,288,011)</u>	<u>\$ (10,217,831)</u>	<u>\$ (1,188,012)</u>	<u>\$ 27,787</u>	<u>\$ (179,912)</u>	<u>\$ (1,742,309)</u>
10.12%	6.40%	10.15%	20.96%	9.80%	8.26%

**City of La Puente**  
**Assessed Value of Taxable Property by Use**  
**Last Ten Fiscal Years**

Fiscal Year	Assessed Values				Less: Tax Exempt	Total Taxable Assessed Value	Total Direct Tax Rate
	Residential	Commercial	Industrial	Other			
2005	\$ 1,040,930,321	165,247,308	18,645,327	35,256,503	(8,356,647)	1,251,722,812	0.06391%
2006	1,143,123,909	176,780,144	19,495,859	46,191,425	(8,409,435)	1,377,181,902	0.07425%
2007	1,300,336,565	196,103,013	20,050,753	47,742,908	(12,892,335)	1,551,340,904	0.08601%
2008	1,424,807,676	215,130,123	21,761,258	48,019,897	(12,160,956)	1,697,557,998	0.09465%
2009	1,504,488,964	247,993,848	22,599,723	49,061,668	(12,216,097)	1,811,928,106	0.10454%
2010	1,377,271,873	235,079,377	22,613,632	47,789,065	(12,216,097)	1,670,537,850	0.10809%
2011	1,335,702,403	229,938,122	23,184,803	41,811,224	(13,156,968)	1,617,479,584	0.10549%
2012	1,383,870,463	234,556,238	23,291,279	59,488,762	(12,472,489)	1,672,773,503	0.10669%
2013	1,372,048,956	240,616,336	22,688,117	76,877,520	(9,079,536)	1,703,151,393	0.11113%
2014	1,451,168,711	253,204,927	23,578,548	65,262,798	(9,079,536)	1,784,135,448	0.06478%

Source: HdL, Coren & Cone; L.A. County Assessor 2013/14 Combined Tax Rolls

**City of La Puente  
Direct and Overlapping Governments Property Tax Rates  
Last Ten Fiscal Years**

<b>Agency</b>	<b>2004/05</b>	<b>2005/06</b>	<b>2006/07</b>	<b>2007/08</b>	<b>2008/09</b>	<b>2009/10</b>	<b>2010/11</b>	<b>2011/12</b>	<b>2012/13</b>	<b>2013/14</b>
<b>Basic Levy<sup>1</sup></b>	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000
Bassett Unified School Dist	0.00000	0.09051	0.08210	0.10806	0.08990	0.10877	0.12316	0.11628	0.12773	0.11632
County Detention Facilities 1987 Debt	0.00092	0.00080	0.00066	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
Hacienda-La Puente Unified	0.05625	0.05511	0.05239	0.05103	0.05681	0.05973	0.06462	0.06430	0.06689	0.06653
La County Flood Control	0.00025	0.00005	0.00005	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
Metropolitan Water District	0.00580	0.00520	0.00470	0.00450	0.00430	0.00430	0.00370	0.00370	0.00350	0.00350
Mt. San Antonio College	0.01473	0.02122	0.02530	0.01750	0.02333	0.02571	0.02636	0.02642	0.02896	0.02023
Row land Heights Unified	0.03885	0.03633	0.07429	0.06944	0.07029	0.06769	0.07538	0.09195	0.10053	0.12297
West Covina Unified	0.08223	0.06148	0.06511	0.05143	0.06041	0.05258	0.05920	0.05377	0.04965	0.03626
<b>Total Direct &amp; Overlapping<sup>2</sup> Tax Rates</b>	<b>1.19903</b>	<b>1.27069</b>	<b>1.30461</b>	<b>1.30196</b>	<b>1.30502</b>	<b>1.31878</b>	<b>1.35242</b>	<b>1.35641</b>	<b>1.37725</b>	<b>1.36581</b>
<b>City's Share of 1% Levy Per Prop 13<sup>3</sup></b>	0.06582	0.06582	0.06582	0.06582	0.06582	0.06582	0.06582	0.06582	0.06582	0.06582
<b>Redevelopment Rate<sup>4</sup></b>		1.00604	1.00541	1.00450	1.00430	1.00430	1.00370	1.00370	n/a	n/a
<b>Total Direct Rate<sup>5</sup></b>	0.06391	0.07425	0.08601	0.09465	0.10454	0.10809	0.10549	0.10669	0.11113	0.06478

Notes:

<sup>1</sup>In 1978, California voters passed Proposition 13 which set the property tax rate at a 1.00% fixed amount. This 1.00% is shared by all taxing agencies for which the subject property resides within. In addition to the 1.00% fixed amount, property owners are charged taxes as a percentage of assessed property values for the payment of any voter approved bonds.

<sup>2</sup>Overlapping rates are those of local and county governments that apply to property owners within the City. Not all overlapping rates apply to all city property owners.

<sup>3</sup>City's Share of 1% Levy is based on the City's share of the general fund tax rate area with the largest net taxable value within the city. ERAF general fund tax shifts may not be included in tax ratio figures.

<sup>4</sup>Redevelopment Rate is based on the largest RDA tax rate area and includes only rate(s) from indebtedness adopted prior to 1989 per California State statute. RDA direct and overlapping rates are applied only to the incremental property values. The approval of ABX1 26 eliminated Redevelopment from the State of California for the fiscal year 2012/2013 and years thereafter.

n/a - not applicable

Data Source: L. A. County Assessor 2004/05 - 2013/14 Tax Rate Table

This report is not to be used in support of debt issuance or continuing disclosure statements without the written consent of HdL, Coren & Cone

**City of La Puente  
Principal Property Taxpayers  
Current Year and Ten Years Ago**

<u>Taxpayer</u>	<b>2005</b>			<b>2014</b>		
	<u>Taxable AV</u>	<u>Rank</u>	<u>% of Total Taxable AV</u>	<u>Taxable AV</u>	<u>Rank</u>	<u>% of Total Taxable AV</u>
Hacienda Plaza JPS LLC	\$ -	-	-	\$ 30,398,000	1	1.70%
Plaza de Hacienda LLC	18,806,676	1	1.49%	-	-	-
Group X Rosemead Prop.	-	-	-	22,133,709	2	1.24%
Haeri LLC	13,635,989	2	1.08%	15,456,927	3	0.87%
Sunkist Shopping Center	11,341,937	3	0.90%	13,097,742	4	0.73%
Jasmine Real Estate Investments LLC	-	-	-	11,922,600	5	0.67%
Villa Las Brisas LLC	-	-	-	11,743,986	6	0.66%
Laurala Limited	8,128,867	6	0.64%	11,251,808	7	0.63%
La Puente Preservation	10,286,528	4	0.81%	-	-	-
Walnut Apartments	9,578,028	5	0.76%	11,048,226	8	0.62%
David L. Tsoong	8,113,863	7	0.64%	-	-	-
Wind Chime Properties	-	-	-	10,693,097	9	0.60%
Time Warner NY Cable LLC	-	-	-	8,392,492	10	0.47%
Mahomed&A.M. Limbada	6,462,166	8	0.51%	-	-	-
La Puente Gardens	5,640,746	9	0.45%	-	-	-
La Puente Plaza LLC	5,500,818	10	0.44%	-	-	-
	<u>\$ 97,495,618</u>		<u>7.72%</u>	<u>\$ 146,138,587</u>		<u>8.19%</u>

Source: HdL Coren & Cone

**City of La Puente  
Property Tax Levies and Collections  
Last Ten Fiscal Years**

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Fiscal Year	Total Tax Levy <sup>(1)</sup>	Current Tax Collections	Percent of Current Taxes Collected	Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collections to Total Tax Levy
2005	\$ 804,303	\$ 32,624	4.1%	\$ 437	\$ 33,061	4.1%
2006	882,864	746,746	84.6%	1,931	748,677	84.8%
2007	976,622	852,795	87.3%	5,879	858,674	87.9%
2008	1,056,106	897,977	85.0%	-	897,977	85.0%
2009	1,126,953	968,444	85.9%	9,737	978,181	86.8%
2010	1,040,321	888,710	85.4%	12,259	900,969	86.6%
2011	999,478	867,546	86.8%	371	867,916	86.8%
2012	1,027,929	942,203	91.7%	-	942,203	91.7%
2013	1,048,173	950,591	90.7%	-	950,591	90.7%
2014	1,078,480	999,723	92.7%	-	999,723	92.7%

<sup>(1)</sup> Includes secured and unsecured property tax levies exclusive of homeowner exemption and supplemental roll.

Source: Los Angeles County

**City of La Puente**  
**Ratios of Outstanding Debt by Type**  
**Last Ten Fiscal Years**

Fiscal Year	Governmental Activities			Business-Type Activities	Total Primary Government	(1) & (2) Percentage of Personal Income	Per Capita <sup>(1)</sup>
	Tax Allocation Bond	Lease Agreement	Loan	Sewer Bonds			
2005	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2006	-	-	-	-	-	-	-
2007	-	-	-	-	-	-	-
2008	4,040,000	10,000,000	-	10,260,000	24,300,000	na	562
2009	4,040,000	10,000,000	2,500,000	10,085,000	26,625,000	na	615
2010	4,040,000	10,000,000	2,400,000	9,925,000	26,365,000	4.47%	608
2011	3,990,000	10,000,000	2,300,000	9,925,000	26,215,000	5.79%	657
2012	-	9,411,765	-	9,530,000	18,941,765	3.15%	474
2013	-	8,890,000	270,000	9,216,464	18,376,464	3.46%	457
2014	-	8,260,000	-	9,005,783	17,265,783	3.65%	427

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

<sup>1</sup> See the Schedule of Demographic and Economic Statistics for personal income and population data.

<sup>2</sup> Information not available prior to 2010.

**City of La Puente**  
**Computation of Direct and Overlapping Bonded Debt**  
**General Obligation Bonds**  
**June 30, 2014**

Jurisdiction	Net General Obligation Bonded Debt Outstanding	Percentage Applicable to City of La Puente	Net Bonded Debt
<b>Direct - City of La Puente</b>			
Lease Agreement	\$ 8,260,000	100.000	\$ 8,260,000
Total Direct Debt			<u>8,260,000</u>
<b>Overlapping Debt:</b>			
<b>Water District:</b>			
*330.10 METROPOLITAN WATER DISTRICT	64,271,492	0.182	117,274
<b>Mt San Antonio College:</b>			
MT. SAN ANTONIO CCD 2001 SERIES 2004B	2,150,000	2.497	53,679
MT. SAN ANTONIO CCD DS 2001, 2006 SERIES C	2,940,000	2.497	73,402
MT. SAC ANTONIO CCD DS 2001, 2008 SERIES D	22,378,676	2.497	558,724
MT. SAC ANTONIO CCD DS 2008 SERIES 13A	205,586,691	2.497	5,132,869
MT. SAC ANTONIO CCD DS 2001, 2008 SERIES D	11,715,000	2.497	292,488
MT. SAC ANTONIO CCD DS 2001, 2008 SERIES D	74,910,000	2.497	1,870,273
MT. SAC ANTONIO CCD DS 2001, 2008 SERIES D	48,190,000	2.497	1,203,157
<b>School District:</b>			
BASSETT USD DS 2004 SERIES 2005 A	10,453,352	7.024	734,274
BASSETT USD DS 2004 SERIES 2005 B	10,616,192	7.024	745,713
BASSETT USD DS 2006 SERIES 2007	12,934,566	7.024	908,562
BASSETT USD DS 2006 SERIES B	4,999,970	7.024	351,213
HACIENDA- LA PUENTE USD DS 2000 SERIES A	2,724,899	13.330	363,228
HACIENDA- LA PUENTE USD DS 2000 S-03B	5,460,987	13.291	725,805
HACIENDA-LA PUENTE UNIFIED DS 2005 REFUNDING BOND	25,665,000	13.291	3,411,067
HACIENDA-LA PUENTE UNIFIED DS 2007 REFUNDING	55,000,000	13.291	7,309,905
ROWLAND HEIGHTS USD DS 2000 SERIES A	2,514,562	1.558	39,186
ROWLAND HEIGHTS USD DS 2000 SERIES B	8,719,075	1.558	135,875
ROWLAND HEIGHTS UNIFIED DS 2005 REF. BONDS	40,337,592	1.558	628,605
ROWLAND HEIGHTS USD DS 2006 SERIES A	41,690,000	1.558	649,680
ROWLAND HEIGHTS USD DS 2006 SERIES B	30,022,549	1.558	467,859
ROWLAND HEIGHTS USD DS 2006 SERIES C (BABS)	12,000,000	1.558	187,003
ROWLAND HEIGHTS USD DS 2006 SERIES D QSCB	22,725,000	1.558	354,137
ROWLAND HEIGHTS USD DS 2006 SERIES E	557,451	1.558	8,687
ROWLAND HEIGHTS USD DS 2012 SERIES A	50,000,000	1.558	779,203
WEST COVINA USD 2002 REFUNDING SERIES A	13,520,000	0.945	127,697
WEST COVINA USD DS 2012 REF BONDS	14,420,000	0.974	136,198
Total Overlapping Debt			<u>27,365,763</u>
Total Direct and Overlapping Debt			<u>\$ 35,625,763</u>

2013/14 Assessed Valuation: \$1,685,805,774 after deducting \$98,329,674 incremental value.

**Debt To Assessed Valuation Ratios:**

Direct Debt	0.00%
Overlapping Debt	0.02%
Total Debt	0.02%

\*This fund is a portion of a larger agency, and is responsible for debt in areas outside the City.

This report reflects debt which is being repaid through voter-approved property tax indebtedness. It excludes mortgage revenue, tax allocation bonds, interim financing obligations, non-bonded capital lease obligations, and certificates of participation, unless provided by the City.

Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. The percentage of overlapping debt applicable is estimated by using taxable assessed values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the City's boundaries and dividing it by each unit's total taxable assessed value.

Data Source: HdL Coren & Cone, L. A. County Assessor and Auditor Combined 2013/14 Lien Date Tax Rolls.

This report is not to be used in support of debt issuance or continuing disclosure statements without the written consent of HdL, Coren & Cone

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Debt Limit	\$190,361,919	\$207,838,701	\$234,634,986	\$256,457,843	\$273,621,630
Total net debt applicable to limit	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Legal debt margin	<u>\$176,329,392</u>	<u>\$190,361,919</u>	<u>\$207,838,701</u>	<u>\$234,634,986</u>	<u>\$256,457,843</u>
Total net debt applicable to the limit as a percentage of debt limit	0%	0%	0%	0%	0%

**Legal Debt Margin Calculation for Fiscal Year 2014**

Assessed value  
Add back: exempt real property  
Total assessed value

Debt limit (15% of total assessed value)  
Debt applicable to limit:  
General obligation bonds  
Less: Amount set aside for repayment of  
general obligation debt  
Total net debt applicable to limit  
Legal debt margin

Source: HdL Coren & Cone; L.A. County Assessor 2013/14 Combined Tax Rolls

**City of La Puente  
Legal Debt Margin Information  
Last Ten Fiscal Years**

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<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
\$252,413,092	\$ 244,595,483	\$ 255,181,011	\$ 255,472,709	\$ 268,982,248
-	-	-	-	-
<u>\$273,621,630</u>	<u>\$ 244,595,483</u>	<u>\$ 255,181,011</u>	<u>\$ 255,472,709</u>	<u>\$ 268,982,248</u>
0%	0%	0%	0%	0%

\$ 1,784,135,448
<u>9,079,536</u>
1,793,214,984
268,982,248
-
-
-
<u>\$ 268,982,248</u>

**City of La Puente  
Demographic and Economic Statistics  
Last Ten Fiscal Years**

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<u>Year</u>	<u>Population</u>	<u>Personal Income (thousands of dollars)</u>	<u>Per Capita Personal Income</u>	<u>School Enrollment</u>	<u>Unemployment Rate</u>
2005	42,922	\$ 525,287	\$ 12,238	22,302	7.7%
2006	43,048	546,704	12,700	20,821	6.4%
2007	42,999	575,580	13,386	19,831	5.7%
2008	42,919	594,077	13,842	19,072	6.0%
2009	42,937	598,852	13,947	18,153	8.8%
2010	43,105	586,965	13,617	17,495	13.6%
2011	43,355	611,219	14,098	17,235	14.8%
2012	39,987	601,364	15,039	20,708	14.4%
2013	40,222	629,796	15,658	20,783	10.9%
2014	40,478	630,526	15,577	20,032	9.0%

Source: Population - California State Department of Finance  
 Personal Income, Per Capita Personal Income, Median Age are provided by HdL Coren & Cone  
 School Enrollment - California Department of Education  
 Unemployment Rate - California Employment Development Department

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Employer	2005			2006		
	# of Emp.	Rank	% of Total City Employment	# of Emp.	Rank	% of Total City Employment
Northgate Supermarket	120	3	2.53%	120	2	3.10%
Food 4 Less #369	53	7	1.12%	58	6	1.50%
Sunset Gardens West	75	4	1.58%	-	-	-
Ed Butts Ford	70	5	1.48%	70	4	1.81%
Big Saver Foods #12	60	6	1.26%	60	5	1.55%
CVS Pharmacy #9629	-	-	-	-	-	-
Merritt's Hardware	50	9	1.05%	50	8	1.29%
99cents Only Stores	45	10	0.95%	-	-	-
Burger King	-	-	-	37	10	0.95%
AJ Wright #218	-	-	-	-	-	-
Jack in the Box	-	-	-	-	-	-
Walgreens #05702	-	-	-	41	9	1.06%
Others	n/a	-	-	n/a	-	-
Benchmark Staffing	52	8	1.10%	74	3	1.91%
Big Lots	-	-	-	-	-	-
Northgate Gonzales	121	2	2.55%	121	1	3.12%
Sav On Drugs #9629	-	-	-	56	7	1.44%
Fiesta Food Warehouse	127	1	2.68%	-	-	-
<b>Total</b>	<b>773</b>		<b>16.29%</b>	<b>687</b>		<b>17.72%</b>

Employer	2010			2011		
	# of Emp.	Rank	% of Total City Employment	# of Emp.	Rank	% of Total City Employment
Northgate Supermarket	120	1	3.13%	120	1	3.29%
Bodega Latina Corp	-	-	0.00%	-	-	0.00%
Food 4 Less #369	77	2	2.01%	77	2	2.11%
Sunset Gardens West	75	3	1.96%	-	-	0.00%
Big Saver Foods #12	60	5	1.57%	60	4	1.65%
Ed Butts Ford	70	4	1.83%	70	3	1.92%
Ross Store	-	-	0.00%	-	-	0.00%
Merritt's Hardware	50	7	1.30%	50	5	1.37%
Burger King	37	8	0.97%	37	6	1.01%
AJ Wright #218	35	9	0.91%	-	-	0.00%
CVS Pharmacy #9629	54	6	1.41%	33	8	0.90%
99cents Only Stores	37	8	0.97%	34	7	0.93%
Jack in the Box	32	10	0.83%	32	9	0.88%
Walgreens #05702	32	10	0.83%	32	10	0.88%
Others	3,154	-	82.29%	3,102	-	85.06%
<b>Total</b>	<b>3,833</b>		<b>100.00%</b>	<b>3,647</b>		<b>100.00%</b>

Source: City Finance Department - Business License Division

**City of La Puente  
Principal Employers  
Last Ten Fiscal Years**

2007			2008			2009		
# of Emp.	Rank #	% of Total City Employment	# of Emp.	Rank #	% of Total City Employment	# of Emp.	Rank #	% of Total City Employment
120	1	3.13%	120	1	3.14%	120	1	3.25%
58	5	1.51%	58	6	1.52%	75	2	2.03%
-	-	-	75	2	1.96%	75	2	2.03%
70	3	1.83%	70	3	1.83%	70	3	1.89%
60	4	1.57%	60	4	1.57%	60	4	1.62%
-	-	-	54	7	1.41%	54	5	1.46%
50	6	1.31%	50	8	1.31%	50	6	1.35%
-	-	-	38	10	0.99%	37	8	1.00%
37	8	0.97%	-	-	-	37	8	1.00%
35	9	0.91%	-	-	-	35	9	0.95%
-	-	-	-	-	-	32	10	0.87%
41	7	1.07%	41	9	1.07%	41	7	1.11%
3,214	-	83.94%	3,198	-	83.63%	3,009	-	81.43%
109	2	2.85%	60	5	1.57%	-	-	-
35	10	0.91%	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
3,829		100.00%	3,824		100.00%	3,695		100.00%

2012			2013			2014		
# of Emp.	Rank #	% of Total City Employment	# of Emp.	Rank #	% of Total City Employment	# of Emp.	Rank #	% of Total City Employment
120	1	4.02%	120	1	9.80%	120	1	18.29%
80	2	2.68%	80	2	6.54%	80	2	12.20%
75	3	2.51%	75	3	6.13%	75	3	11.43%
-	-	0.00%	-	-	0.00%	-	-	0.00%
60	5	2.01%	60	5	4.90%	60	4	9.15%
70	4	2.35%	70	4	5.72%	59	5	8.99%
-	-	0.00%	-	-	0.00%	51	6	7.77%
50	6	1.68%	43	6	3.51%	43	7	6.55%
37	7	1.24%	37	7	3.02%	37	8	5.64%
-	-	0.00%	-	-	0.00%	-	-	0.00%
33	9	1.11%	35	9	2.86%	35	9	5.34%
34	8	1.14%	32	8	2.61%	32	10	4.88%
32	10	1.07%	32	10	2.61%	32	-	4.88%
32	-	1.07%	32	-	2.61%	32	-	4.88%
2,362	-	79.13%	608	-	49.67%	-	-	0.00%
2,985		100.00%	1,224		100.00%	656		100.00%

Program/Function	2005	2006	2007	2008
General Government				
City Council	5.00	5.00	5.00	5.00
City Clerk/Election Services	3.66	2.68	1.73	3.65
Human Resources/Risk Management	-	-	-	0.75
Administration	2.38	2.38	1.62	1.95
Financial Services	4.36	4.36	3.83	3.45
Public Safety				
Public Safety Services	Contract out	Contract out	Contract out	Contract out
Public Works Services				
General Services	0.80	1.40	0.75	0.75
Emergency Preparedness Services	Contract out	Contract out	Contract out	Contract out
Public Works Services	2.20	2.20	2.20	3.30
Measure R				
Streets/Sidewalks (Prop C)	1.23	0.58	2.02	0.45
Waste Management Services	0.60	0.60	0.40	0.25
Park/Maintenance Services	5.39	5.64	5.34	5.00
Community Development				
Planning/Zoning Services	3.13	2.93	2.11	2.72
Housing/Community Services	4.18	3.94	2.65	4.23
Community Preservation Services	3.76	4.76	5.76	5.40
Public Transit Services (Prop A)	1.36	2.03	2.32	2.00
Recreation/Senior Services				
Recreation Services	3.57	2.77	2.42	2.50
Youth Activity Learning Center	-	-	-	-
Nature Education Center	-	-	-	-
Senior Services	1.38	0.73	0.94	0.90
Sewer Maintenance Fund				
Sewer Maintenance	-	-	1.11	1.10
Equipment Replacement Fund				
IT/Equipment Charges	-	-	0.80	1.00
Community Development Commission				
Low Mod Income Housing/Capital Project Fund	-	-	-	0.60
	<u>43.00</u>	<u>42.00</u>	<u>41.00</u>	<u>45.00</u>

\* On March 7, 2011, City Council approved a reorganization plan to create salary savings by eliminating various positions

**City of La Puente**  
**Full-time Equivalent City Government Employees by Function**  
**Last Ten Fiscal Years**

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<u>2009</u>	<u>2010</u>	<u>2011*</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
5.00	5.00	n/a	5.00	5.00	5.00
3.80	0.98	n/a	1.00	2.00	2.00
0.75	1.50	n/a	n/a	n/a	n/a
1.92	0.85	n/a	2.00	2.00	2.00
3.86	3.35	n/a	6.00	5.00	6.00
Contract out					
1.00	1.02	n/a	n/a	n/a	n/a
Contract out					
2.65	4.77	n/a	4.00	6.00	6.00
	0.11	n/a	n/a	n/a	n/a
1.40	0.99	n/a	n/a	n/a	n/a
0.20	0.06	n/a	n/a	n/a	n/a
6.65	4.71	n/a	n/a	n/a	n/a
3.03	2.68	n/a	1.00	1.00	1.00
1.84	1.70	n/a	1.00	1.00	1.00
6.00	6.00	n/a	6.00	6.00	6.00
2.15	2.39	n/a	n/a	n/a	n/a
2.34	2.19	n/a	2.00	3.00	3.00
0.33	-	-	-	1.00	1.00
1.00	2.62	n/a	n/a	n/a	n/a
2.83	1.19	n/a	1.00	1.00	1.00
1.80	1.79	n/a	n/a	n/a	n/a
1.20	1.50	n/a	n/a	n/a	n/a
0.75	3.60	n/a	n/a	n/a	n/a
<u>50.50</u>	<u>49.00</u>	<u>-</u>	<u>29.00</u>	<u>33.00</u>	<u>34.00</u>

Unable to determine F.T.E. for FY10/11.

**City of La Puente**  
**Operating Indicators by Function**  
**Last Ten Fiscal Years**

Function/Program	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Public Safety										
Physical arrests	2,627	3,481	3,646	-	1,887	1,781	1,772	1,160	1,210	1,279
Parking violations	6,743	9,065	10,208	10,394	9,432	5,650	6,619	6,993	6,687	5,881
Traffic violations	7,276	10,502	10,291	-	7,775	8,311	*	*	*	*
Fire										
Number of incidents	2,080	2,076	1,984	1,984	2,086	1,954	*	*	*	*
Commercial Inspections	570	1,757	547	547	503	582	*	*	*	*
Highways and streets										
Street resurfacing (Square Feet)	0.23	1,020,430	n/a	n/a	n/a	3.3 miles	n/a	n/a	n/a	n/a
Potholes patched	302.00	64.00	156.60	-	145.90	n/a	n/a	n/a	n/a	n/a
Sanitation										
Refuse collected (tons/day)	57.76	76.65	69.49	51.75	67.36	57.18	55.27	55.02	51.75	61.53
Recyclables collected (tons/day)	5.41	7.38	6.79	4.28	6.98	4.89	4.59	4.57	4.28	4.59
Green waste collected (tons/day)	8.21	11.69	9.60	10.59	9.36	10.99	10.97	11.23	10.59	9.77
Community Services										
Special Event-Main Street Run (number of participants)	4,000	3,675	3,335	3,653	5,190	3,500	3,330	4,391	3,730	3,825

\* The City of La Puente is a contracting city for Public Safety, Fire Prevention, Public Works, Water and Waste Services.  
n/a - data not available

Sources: City of La Puente  
L.A. County Fire Department  
L.A. County Sheriff Department  
Valley Vista Services

**City of La Puente**  
**Capital Asset Statistics by Function**  
**June 30, 2014**

Function/Program	Fiscal Year 2014
Public Safety	
Police:	
Stations	Contract out
Patrol units	Contract out
Fire stations	Contract out
Sanitation	
Collection trucks	Contract out
Highways and streets	
Streets (miles)	72.1
Streetlights	369
Traffic signals	41
Community Services	
Park acreage	24.2
Park	2
Community Center	1
Youth Learning Activity Center	1
Senior Center	1
Water	
Water mains (miles)	Contract out
Fire hydrants	Contract out
Maximum daily capacity (thousands of gallons)	Contract out
Sewer	
Sanitary sewers (miles)	67.5
Storm sewers (miles)	9.04
Maximum daily capacity (thousands of gallons)	Contract out
Electric	
Number of distribution stations	Contract out
Miles of service line	Contract out

The City of La Puente is a contracting city for Public Safety, Fire Prevention, Public Works, Water and Waste services. These figures represent the capital assets owned by the City. They remain the same for the past ten years other than the addition of the Youth Learning Activity Center and the recently completed Puente Creek Nature and Education Center.

Source: City of La Puente

**Report of Independent Auditors 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***

**The Honorable Mayor and Members of City Council of the  
City of La Puente, California**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of La Puente, California (City), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated November 25, 2014.

**Internal Control Over Financial Reporting**

Management of the City of La Puente is responsible for establishing and maintaining effective 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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

*Vargus + Company LLP*

**Los Angeles, California  
November 25, 2014**