



MetroTM

**City of La Puente
Annual Financial Report of its**

**Proposition A Local Return Fund
Proposition C Local Return Fund
Measure R Local Return Fund
Transportation Development Act Article 3 Fund**

**As of and for the Year Ended June 30, 2016
with Report of Independent Auditors**

	<u>PAGE</u>
FINANCIAL SECTION	
Report of Independent Auditors	1
Proposition A Local Return Fund:	
Basic Financial Statements:	
Balance Sheets	4
Statements of Revenues, Expenditures and Changes in Fund Balance	5
Supplementary Information:	
Schedule of Expenditures – Actual and LACMTA Approved Project Budget	6
Schedule of Capital Assets	7
Proposition C Local Return Fund:	
Basic Financial Statements:	
Balance Sheets	8
Statements of Revenues, Expenditures and Changes in Fund Balance	9
Supplementary Information:	
Schedule of Expenditures – Actual and LACMTA Approved Project Budget	10
Schedule of Capital Assets	11
Measure R Local Return Fund:	
Basic Financial Statements:	
Balance Sheets	12
Statements of Revenues, Expenditures and Changes in Fund Balance	13
Supplementary Information:	
Schedule of Expenditures – Actual and LACMTA Approved Project Budget	14
Schedule of Capital Assets	15
Transportation Development Act Article 3 Fund:	
Basic Financial Statements:	
Balance Sheets	16
Statements of Revenues, Expenditures and Changes in Fund Balance	17
Supplementary Information:	
Schedule of Transportation Development Act Allocation for Specific Projects	18
Notes to Funds Financial Statements	19
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 <i>Government Auditing Standards</i>	23
COMPLIANCE SECTION	
Report of Independent Auditors on Compliance	25
Compliance Matrix	27
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	29
EXIT CONFERENCE	38

FINANCIAL SECTION

Report of Independent Auditors

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

Report on the Financial Statements

We have audited the accompanying financial statements of the Proposition A Local Return Fund, Proposition C Local Return Fund, Measure R Local Return Fund and the Transportation Development Act Article 3 Fund (collectively, the Funds), of the City of La Puente, California (the City) which comprise the Funds' balance sheets as of June 30, 2016, and the related statements of revenues, expenditures and changes in fund balances for the year then ended, and the related notes to the financial statements.

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 audits. We conducted our audits 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 audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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



Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Proposition A Local Return Fund, the Proposition C Local Return Fund, the Measure R Local Return Fund and the Transportation Development Act Article 3 Fund of the City of La Puente, California, as of June 30, 2016, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

The financial statements of the Proposition A Local Return Fund, the Proposition C Local Return Fund, the Measure R Local Return Fund and the Transportation Development Act Article 3 Fund, as of and for the year ended June 30, 2015, were audited by other auditors, whose report, dated September 1, 2015, expressed an unmodified opinion on those statements.

Emphasis of Matter

As discussed in Note 2, the financial statements present only the Proposition A Local Return Fund, the Proposition C Local Return Fund, the Measure R Local Return Fund and the Transportation Development Act Article 3 Fund of the City and do not purport to, and do not present fairly the financial position of the City as of June 30, 2016, and the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Supplementary Information

Our audits were conducted for the purpose of forming opinions on each of the Funds' financial statements as a whole. The supplementary information identified in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information identified in the table of contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the Funds' basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the Funds' 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 Funds' basic financial statements or to the Funds' 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 supplementary information is fairly stated, in all material respects, in relation to each of the Funds' basic financial statements as a whole.



Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2016 on our consideration of the City's internal control over the Funds' 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 the Funds' financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over the Funds' financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over the Funds' financial reporting and compliance.

Vacquez & Company LLP

Los Angeles, California
December 20, 2016

**City of La Puente
Proposition A Local Return Fund
Balance Sheets**

		June 30	
		2016	2015
ASSETS			
Cash and investments	\$	803,297	\$ 785,363
Total assets	\$	803,297	\$ 785,363
LIABILITIES AND FUND BALANCE			
Liabilities			
Accounts payable	\$	62,626	\$ 49,593
Union dues payable		27	30
Total liabilities		62,653	49,623
Fund balance			
Restricted		740,644	735,740
Total fund balance		740,644	735,740
Total liabilities and fund balance	\$	803,297	\$ 785,363

See notes to Funds financial statements.

City of La Puente
Proposition A Local Return Fund
Statements of Revenues, Expenditures and Changes in Fund Balance

	Years ended June 30	
	2016	2015
Revenues		
Proposition A	\$ 730,638	\$ 711,337
Interest income	7,934	9,259
Project generated revenues	168,729	198,824
Total revenues	907,301	919,420
 Expenditures		
Various projects	902,397	815,998
Total expenditures	902,397	815,998
 Excess of revenues over expenditures	 4,904	 103,422
 Fund balance at beginning of year	 735,740	 632,318
 Fund balance at end of year	 \$ 740,644	 \$ 735,740

See notes to Funds financial statements.

City of La Puente
Proposition A Local Return Fund
Supplementary Information
Schedule of Expenditures – Actual and LACMTA Approved Project Budget
Year ended June 30, 2016
(With Comparative Actuals for 2015)

Project Code	Project Name	2016		Variance Positive (Negative)	2015 Actual
		LACMTA Budget	Actual		
110-01	Fixed Route Transit	\$ 425,000	\$ 382,175	\$ 42,825	\$ 393,012
130-01	Special Service Paratransit	81,000	98,529	(17,529)	79,010
140-01	Recreation Transportation	5,000	2,833	2,167	4,880
150-01	Bus Shelter Replacement	135,000	14,967	120,033	-
170-01	Bus Shelter Maintenance	28,000	29,975	(1,975)	27,000
250-01	User Side Subsidy	180,000	176,093	3,907	154,142
270-01	SGVCOG Membership	8,700	8,977	(277)	8,572
280-01	Transit Marketing	5,900	3,286	2,614	5,245
480-01	Administration - Proposition A	173,720	185,562 *	(11,842)	144,137
Total expenditures		\$ 1,042,320	\$ 902,397	\$ 139,923	\$ 815,998

* See Compliance Matrix and Schedule of Findings and Questioned Costs.

See report of independent auditors.

City of La Puente
Proposition A Local Return Fund
Supplementary Information
Schedule of Capital Assets
Year ended June 30, 2016

<u>Date Acquired</u>	<u>Description</u>	<u>Balance July 1, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2016</u>
1984-87	Parking Lots	\$ 425,363	\$ -	\$ -	\$ 425,363
1987	Cash Register	1,609	-	-	1,609
1987	Cash Register	826	-	-	826
2002	Equipment	708	-	-	708
2002	3 Transit Vehicles	51,114	-	-	51,114
2005	Parking Lot Expansion - Glendora Ave	216,096	-	-	216,096
2006	Bus Shelters	74,099	-	-	74,099
2007	Bus Shelters	101,086	-	-	101,086
Total		\$ 870,901	\$ -	\$ -	\$ 870,901

See report of independent auditors.

**City of La Puente
Proposition C Local Return Fund
Balance Sheets**

		June 30	
		2016	2015
ASSETS			
Cash and investments	\$	867,313	\$ 818,443
Accounts receivable		614	-
Total assets	\$	867,927	\$ 818,443
LIABILITIES AND FUND BALANCE			
Liabilities			
Accounts payable	\$	22,881	\$ 12,966
Total liabilities		22,881	12,966
Fund balance			
Restricted		845,046	805,477
Total fund balance		845,046	805,477
Total liabilities and fund balance	\$	867,927	\$ 818,443

See notes to Funds financial statements.

City of La Puente
Proposition C Local Return Fund
Statements of Revenues, Expenditures and Changes in Fund Balance

		Years ended June 30	
		2016	2015
Revenues			
Proposition C	\$	608,355	\$ 592,519
Interest income		9,145	7,387
Total revenues		617,500	599,906
 Expenditures			
Various projects		577,931	117,265
Total expenditures		577,931	117,265
Excess of revenues over expenditures		39,569	482,641
Fund balance at beginning of year		805,477	322,836
Fund balance at end of year		\$ 845,046	\$ 805,477

See notes to Funds financial statements.

City of La Puente
Proposition C Local Return Fund
Supplementary Information
Schedule of Expenditures – Actual and LACMTA Approved Project Budget
Year ended June 30, 2016
(With Comparative Actuals for 2015)

Project Code	Project Name	2016			2015 Actual
		LACMTA Budget	Actual	Variance Positive (Negative)	
440-01	Sunset Ave Resurfacing Project	\$ 582,000	\$ 402,379	\$ 179,621	\$ -
440-08	Valley Boulevard Wall Improvements Phase III - Ferreo to Dora Guzman	10,000	6,900	3,100	93,100
440-09	Temple Avenue Improvements - Lanny Avenue to East City Limit	-	-	-	4,494
440-10	Street Improvements at Del Valle and Dora Guzman	450,000	72,228	377,772	-
480-02	Administration - Prop C	183,200	96,424 *	86,776	19,671
	Total expenditures	\$ 1,225,200	\$ 577,931	\$ 647,269	\$ 117,265

* See Compliance Matrix and Schedule of Findings and Questioned Costs.

See report of independent auditors.

City of La Puente
Proposition C Local Return Fund
Supplementary Information
Schedule of Capital Assets
Year ended June 30, 2016

Date Acquired	Description	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016
1999	Electronic Sign	\$ 593	-	-	\$ 593
2002-2003	Temple Avenue Resurfacing - Phase 3	76,574	-	-	76,574
2002-2003	Temple Avenue Reconstruction - Stimson Avenue	381,228	-	-	381,228
2005	Hacienda Restructuring/Reconstruction	40,573	-	-	40,573
2005	Traffic Stop - Glendora Avenue Hill	178,985	-	-	178,985
2006	Traffic Signal - Glendora Avenue Hill	12,525	-	-	12,525
2007	Central Street Reconstruction	239,640	-	-	239,640
2010	Bus Pad - Orange and Amar	9,475	-	-	9,475
2010	Bus Pad - Hacienda and Amar	18,460	-	-	18,460
2010	Main Street Reconstruction	136,601	-	-	136,601
2010	Bus Pad - Old Valley Road	16,933	-	-	16,933
2010	Glendora Ave Reconstruction	91,082	-	-	91,082
2010	Hacienda Boulevard Improvement Project	233,982	-	-	233,982
2011	Temple, Dora Guzman, Del Valle	195,263	-	-	195,263
2014	Valley Boulevard Improvement	6,493	-	-	6,493
2014	Amar Road Storm Drain	1,529,144	-	-	1,529,144
2014	Temple and Glendora	138,792	-	-	138,792
2014	Street Improvements at Various Streets	138,500	-	-	138,500
2014	Pavement Management System	33,244	-	-	33,244
Total		\$ 3,478,087	\$ -	\$ -	\$ 3,478,087

See report of independent auditors.

**City of La Puente
Measure R Local Return Fund
Balance Sheets**

		June 30	
		2016	2015
ASSETS			
Cash and investments	\$	504,612	\$ 385,582
Accounts receivable		2,846	-
Total assets	\$	507,458	\$ 385,582
LIABILITIES AND FUND BALANCE			
Liabilities			
Accounts payable	\$	417	\$ 111,785
Retention payable		-	35,693
Total liabilities		417	147,478
Fund balance			
Restricted		507,041	238,104
Total fund balance		507,041	238,104
Total liabilities and fund balance	\$	507,458	\$ 385,582

See notes to Funds financial statements.

City of La Puente
Measure R Local Return Fund
Statements of Revenues, Expenditures and Changes in Fund Balance

		Years ended June 30	
		2016	2015
Revenues			
Measure R	\$	454,809	\$ 442,627
Interest income		4,233	6,703
Total revenues		459,042	449,330
 Expenditures			
Various projects		190,105	929,935
Total expenditures		190,105	929,935
Excess (deficiency) of revenues over expenditures		268,937	(480,605)
Fund balance at beginning of year		238,104	718,709
Fund balance at end of year		\$ 507,041	\$ 238,104

See notes to Funds financial statements.

City of La Puente
Measure R Local Return Fund
Supplementary Information
Schedule of Expenditures – Actual and LACMTA Approved Project Budget
Year ended June 30, 2016
(With Comparative Actuals for 2015)

Project Code	Project Name	2016			2015 Actual
		LACMTA Budget	Actual	Variance Positive (Negative)	
01-001	Santo Oro Local Street Improvements	\$ -	\$ 1,954	\$ (1,954) *	\$ 714,128
01-002	Rule 20A Undergrounding	-	115	(115) *	-
02-001	Traffic Signal Improvements on Amar Road, Various Locations	-	2,682	(2,682) *	10,036
02-002	LP-3 Traffic Signals-Variou Locations	247,000	-	247,000	-
03-001	Concrete Sidewalk Improvements - Various Locations	150,000	150,000	-	-
03-002	Local Street Improvements (Concrete Repair)	-	-	-	52,000
08-001	Administration for 01-001	-	446	(446) *	141,396
08-002	Administration for 01-002	-	26	(26) *	-
08-003	Administration for 02-001	-	613	(613) *	1,975
08-004	Administration for 02-002	49,400	-	49,400	-
08-005	Administration for 03-001	-	-	-	10,400
08-006	Administration for 03-002	30,000	34,269	(4,269)	-
Total expenditures		\$ 476,400	\$ 190,105	\$ 286,295	\$ 929,935

* See Compliance Matrix and Schedule of Findings and Questioned Costs.

See report of independent auditors.

City of La Puente
Measure R Local Return Fund
Supplementary Information
Schedule of Capital Assets
Year ended June 30, 2016

<u>Date Acquired</u>	<u>Description</u>	<u>Balance July 1, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2016</u>
2010	Street Rehabilitation	\$ 122,229	\$ -	\$ -	\$ 122,229
2010	Valley Boulevard Improvements	74,315	-	-	74,315
2011	Traffic Signs and Striping	4,337	-	-	4,337
2011	Old Valley Boulevard Improvements	155,910	-	-	155,910
2013	Valley Boulevard Improvements - PH II	126,845	-	-	126,845
2013	Traffic Signals LP-3	44,693	-	-	44,693
2013	Amar/Tanopah	33,260	-	-	33,260
2014	Valley Blvd Improvements	6,000	-	-	6,000
2014	Local Street Improvements	364,643	-	-	364,643
2014	Pavement Management System	2,740	-	-	2,740
Total		\$ 934,972	\$ -	\$ -	\$ 934,972

See report of independent auditors.

City of La Puente
Transportation Development Act Article 3 Fund
Pursuant to Public Utilities Code Section 99234
Balance Sheets

		June 30	
		2016	2015
ASSETS			
Cash and investments	\$	-	\$ -
	Total assets	\$ -	\$ -
LIABILITIES AND FUND BALANCE			
Liabilities			
Accounts payable	\$	-	\$ -
	Total liabilities	-	-
Fund balance			
Restricted			
	Total fund balance	-	-
	Total liabilities and fund balance	\$ -	\$ -

See notes to Funds financial statements.

City of La Puente
 Transportation Development Act Article 3 Fund
 Pursuant to Public Utilities Code Section 99234
Statements of Revenues, Expenditures and Changes in Fund Balance

	Years ended June 30	
	2016	2015
Revenues		
Intergovernmental Allocations:		
Article 3	\$ 30,000	\$ -
Total revenues	30,000	-
Expenditures		
Sidewalk Maintenance and Repair	30,000	-
Total expenditures	30,000	-
Excess of revenues over expenditures	-	-
Fund balance at beginning of year	-	-
Fund balance at end of year	\$ -	\$ -

See notes to Funds financial statements.

City of La Puente
Transportation Development Act Article 3 Fund
Pursuant to Public Utilities Code Section 99234
Supplementary Information
Schedule of Transportation Development Act Allocation for Specific Projects
Year ended June 30, 2016

Project Description	Program Year	Totals to Date		Unexpended Allocations	Project Status
		Allocations	Expenditures		
Local Allocations:					
Sidewalk Maintenance and Repair	2016	\$ 30,000	\$ 30,000	\$ -	Ongoing
	Totals	<u>\$ 30,000</u>	<u>\$ 30,000</u>	-	
Fund balance at beginning of year				-	
Fund balance at end of year				<u>\$ -</u>	

See report of independent auditors.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fund Accounting

The operations of the Proposition A Local Return Fund (PALRF), Proposition C Local Return Fund (PCLRF), Measure R Local Return Fund (MRLRF) and Transportation Development Act Article 3 Fund (TDAA3F) (collectively, the Funds) are accounted for in separate sets of self-balancing accounts that comprise their assets, liabilities, fund balance, revenues and expenditures.

PALRF and PCLRF represent 25% and 20%, respectively, of the ½ cent Proposition A and ½ cent Proposition C sales taxes which are distributed to the jurisdictions within Los Angeles County based on population and must be used exclusively for transportation related programs and projects.

MRLRF is derived from 15% of a county-wide ½ cent sales tax which is distributed to the jurisdictions within Los Angeles County based on a per capita basis and must be used exclusively for transportation purposes.

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

Basis of Accounting and Measurement Focus

The PALRF, PCLRF, MRLRF, and TDAA3F are reported as Special Revenue Funds of the City and are accounted for using the modified accrual basis of accounting. Revenues are recognized when they become "susceptible to accrual", that is, measurable and available to finance expenditures of the current period. Expenditures are recorded when the liability is incurred.

Special Revenue Funds are reported on a spending or "financial flow" measurement focus. This means that generally only current assets, current liabilities and deferred inflows and outflows of resources are included on their balance sheets. Statements of revenues, expenditures and changes in fund balances for Special Revenue Funds generally present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

Budgets and Budgetary Accounting

The budgeted amounts presented in this report for comparison to the actual amounts are presented in accordance with accounting principles generally accepted in the United States of America.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurement

In accordance with GASB Statement No. 72, *Fair Value Measurement and Application*, which became effective for the fiscal year ended June 30, 2016, the City categorizes its fair value measurement within the fair value hierarchy that is based on the valuation inputs used to measure the fair value of the investment. Level 1 inputs are quoted prices in active markets for identical investments; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Accordingly, the City reports its investments at fair value and recognizes unrealized gain (loss) on investments.

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

Fund Balance Reporting

Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, establishes the fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

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

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

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

NOTE 2 ANNUAL FINANCIAL STATEMENTS

The financial statements reflect only the financial position and results of operations of the PALRF, PCLRF, MRLRF and TDAA3F, and do not purport to, and do not present fairly the City's financial position as of June 30, 2016, and the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

NOTE 3 PROPOSITION A AND PROPOSITION C LOCAL RETURN COMPLIANCE REQUIREMENTS

The Proposition A Ordinance requires that Local Return (LR) funds be used exclusively to benefit public transit. Expenditures related to fixed route and paratransit services, Transportation Demand Management, Transportation Systems Management and fare subsidy programs that exclusively benefit transit are all eligible uses of Proposition A LR funds. Proposition A LR funds may also be traded with other Jurisdictions in exchange for general or other funds.

The Proposition C Ordinance directs that LR funds also be used to benefit public transit, as described above, but provides an expanded list of eligible project expenditures including Congestion Management Programs, bikeways and bike lanes, street improvements supporting public transit service, and Pavement Management System projects. Proposition C LR funds cannot be traded.

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

NOTE 4 MEASURE R LOCAL RETURN COMPLIANCE REQUIREMENTS

The Measure R Ordinance specifies that LR funds be used exclusively for transportation purposes.

In accordance with *Measure R Local Return Program Guidelines*, funds received pursuant to these guidelines may only be used for Measure R Local Return approved programs. See accompanying Compliance Matrix.

NOTE 5 TRANSPORTATION DEVELOPMENT ACT COMPLIANCE REQUIREMENTS

In accordance with *Public Utilities Code Section 99234*, funds received pursuant to this Code's section may only be used for activities relating to pedestrians and bicycle facilities. See accompanying Compliance Matrix.

NOTE 6 CASH AND INVESTMENTS

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

Please refer to the City's Comprehensive Annual Financial Report (CAFR) for a full description of risks relating to cash and investments.

NOTE 7 PROJECT GENERATED REVENUES

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

		2016		2015
Transit bus passes	\$	117,144	\$	141,522
Shuttle fares		50,856		56,334
Dial-A-Ride fares		729		968
Total project generated revenues	\$	168,729	\$	198,824

NOTE 8 TRANSPORTATION DEVELOPMENT ACT ARTICLE 3 FUND REVENUE ALLOCATION

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

		2016		2015
FY 2014/15 allocation	\$	8,856	\$	-
FY 2015/16 allocation		21,144		-
Total allocation	\$	30,000	\$	-

NOTE 9 TRANSPORTATION DEVELOPMENT ACT ARTICLE 3 FUNDS RESERVED

In accordance with TDA Article 3 (SB821) Guidelines, funds which will not be spent during the fiscal year have been placed on reserve in the Local Transportation Fund (LTF) account with the County Auditor-Controller to be drawn down whenever the funds become eligible for a specific project and an approved drawdown request is received by LACMTA. As of June 30, 2016 and 2015, the City has funds on reserve as follows:

		2016		2015
FY 2013/14 allocation	\$	-	\$	8,856
FY 2014/15 allocation		5,409		26,553
FY 2015/16 allocation		25,801		-
Total reserve	\$	31,210	\$	35,409

For FY 2015/16, any TDA Article 3 funds left on reserve for FY 2011/12 or prior, are subject to lapse if not claimed by the City by June 30, 2016. There were no funds that lapsed in FY 2015/16.

NOTE 10 SUBSEQUENT EVENTS

The City has evaluated subsequent events through December 20, 2016, the date the financial statements were available to be issued, and concluded no events have occurred that require disclosure or adjustments to the financial statements.

**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***

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

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 Proposition A Local Return Fund, the Proposition C Local Return Fund, the Measure R Local Return Fund and the Transportation Development Act Article 3 Fund (collectively, the Funds) of the City of La Puente, California (the City) as of and for the year ended June 30, 2016, and the related notes to the financial statements, and have issued our report thereon dated December 20, 2016.

Internal Control over Financial Reporting

In planning and performing our audits of the Funds' financial statements, we considered the City's internal control over the Funds' financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the Funds' 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 Funds' 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 audits 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 Proposition A Local Return Fund, Proposition C Local Return Fund, Measure R Local Return Fund, and Transportation Development Act Article 3 Fund 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 audits, 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*.

The City's Responses to the Findings

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

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

**Los Angeles, California
December 20, 2016**

COMPLIANCE SECTION

Report of Independent Auditors on Compliance

**To the Members of the City Council of the
City of La Puente, California and the
Los Angeles County Metropolitan Transportation Authority**

Report on Compliance

We have audited the compliance of the City of La Puente, California (the City) with the Proposition A and Proposition C Local Return Guidelines, Measure R Local Return Guidelines, Transportation Development Act Article 3, and the Los Angeles County Metropolitan Transportation Authority's Funding and Allocation Guidelines for Transportation Development Act Article 3 Bicycle and Pedestrian Funds (collectively, the Guidelines) for the year ended June 30, 2016.

Management's Responsibility

Management is responsible for the City's compliance with the Guidelines.

Auditors' Responsibility

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

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

Opinion

In our opinion, the City of La Puente, California complied, in all material respects, with the compliance requirements of the Guidelines for the year ended June 30, 2016.



Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with the requirements, such that there is a reasonable possibility that material noncompliance will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with the requirements that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We consider the deficiencies as described in the accompanying Schedule of Findings and Questioned Costs as Findings #2016-001 to #2016-004, collectively, to be material weaknesses.

Other Matters

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Guidelines. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "Vaguez & Company LLP".

Los Angeles, California
December 20, 2016

**City of La Puente
Compliance Matrix
Year ended June 30, 2016**

Compliance Requirements	In Compliance			Questioned Costs	If no, provide details and management response.
	Yes	No	N/A		
A. Proposition A and Proposition C Local Return Funds					
1. Uses the State Controller's Uniform System of Accounts and Records.	X				
2. Timely use of funds.	X				
3. Funds expended were approved and have not been substituted for property tax.	X				
4. Expenditures that exceeded 25% of approved project budget have approved amended Project Description Form (Form A)	X				
5. Administrative expenses are within the 20% cap of the total annual Local Return Expenditures.		X		\$6,353	See Finding #2016-001
6. All on-going and carryover projects were reported in Form B.	X				
7. Annual Project Summary Report (Form B) was submitted on time.	X				
8. Annual Expenditure Report (Form C) was submitted on time.	X				
9. Cash or cash equivalents are maintained.	X				
10. Accounting procedures, record keeping and documentation are adequate.		X		\$96,424	See Finding #2016-002
11. Pavement Management System (PMS) in place and being used for Street Maintenance or Improvement Projects Expenditures.	X				
12. Local Return Account is credited for reimbursable expenditures.			X		
13. Self-Certification was completed and submitted for Intelligent Transportation Systems projects or elements.			X		
14. Assurances and Understandings form was on file.	X				
15. Recreational Transit Form was submitted on time.	X				

**City of La Puente
Compliance Matrix
Year ended June 30, 2016**

Compliance Requirements	In Compliance			Questioned Costs	If no, provide details and management response.
	Yes	No	N/A		
B. Measure R Local Return Fund					
1. Funds were expended for transportation purposes.		X		\$30,950	See Finding #2016-003
2. Funds were used to augment, not supplant, existing local revenues being used for transportation purposes unless there is a funding shortfall.	X				
3. Signed Assurances and Understandings on file.	X				
4. Separate Measure R Local Return Account was established.	X				
5. Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure R Local Return Account.	X				
6. Funds were expended with LACMTA's approval.		X			See Finding #2016-004
7. Expenditure Plan (Form One) was submitted on time.	X				
8. Expenditure Report (Form Two) was submitted on time.	X				
9. Timely use of funds.	X				
10. Administrative expenses are within the 20% cap.	X				
11. Fund exchanges were approved by LACMTA.			X		
12. A separate account was established for Capital reserve funds and Capital reserve was approved by LACMTA.			X		
13. Recreational transit form was submitted on time.			X		
C. Transportation Development Act Article 3 Fund					
1. Timely use of funds.	X				
2. Expenditures were incurred for activities relating to pedestrian and bicycle facilities and amenities.	X				

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

City of La Puente
Schedule of Findings and Questioned Costs
Year ended June 30, 2016

PALRF: Finding #2016-001

Compliance Reference	Proposition A and Proposition C Local Return Guidelines Section II(A)(15) states that, "The administrative expenditures for any year shall not exceed 20 percent of the total LR annual expenditures, based on the year-end expenditures, and will be subject to an audit finding if the amount exceeds 20 percent".
Condition	The City's Administrative expenditures exceeded more than 20 percent of its PALRF total annual expenditures by \$6,353.
Cause	There appears to be lack of interim review of the City's compliance with the Local Return Guidelines' 20 percent cap on the administrative expenditures that can be claimed under the local return fund.
Effect	Administrative expenses exceeded over 20% of the total annual local return expenditures. The City is required to return the questioned cost of \$6,353 to the PALRF account.
Recommendation	We recommend for the City to reimburse the questioned cost of \$6,353 to the PALRF account. In addition, the City should establish procedures to ensure that administrative expenditures claimed under the local return funds be limited to 20 percent of the fund's total annual expenditures.
Management's Response	The City understands this finding and the City will reimburse the PALRF account the excess costs. In the future, administrative costs will be reviewed to ensure that they do not exceed 20% of the total Local Return Annual Expenditures.
Finding Corrected During the Audit	The City has reimbursed the City's PALRF account the amount of \$6,353 in FY 2016/17. No follow up is required.

PCLRF: Finding #2016-002

<p>Compliance Reference</p>	<p>Proposition A and Proposition C Local Return Guidelines Section II states that, "A proposed expenditure of funds shall be deemed to be for public transit purposes to the extent that it can reasonably be expected to sustain or improve the quality and safety of and/or access to public transit services by the general public or those requiring special public transit assistance". Also, Section V states that, "It is the jurisdictions' responsibility to maintain proper accounting records and documentation to facilitate the performance of the audit as prescribed in these Guidelines".</p> <p>On April 29, 2014, the LACMTA Local Return Program Manager issued a memo addressed to all Jurisdictions to provide clarification for adequate salary and related costs documentations for the audit of the Local Return funds.</p> <p>Below are recommendations to ensure that jurisdictions have adequate evidence to support its compliance with the Local Return Guidelines:</p> <ol style="list-style-type: none"> 1. All hours are required to be documented. Develop and/or maintain a system that will keep track of actual hours worked by employees whose salaries and benefits were charged to the LACMTA project. Expenditures claimed based solely on budgeted amounts is not considered adequate documentation because it does not reflect actual expenditures incurred on the LACMTA project and do not provide adequate evidence that labor hours charged has transit/transportation purpose. The record of hours worked must: a) identify the LACMTA project, b) be authenticated by the employee and approved by his/her immediate supervisor, and c) tie to hours reported in the payroll records. 2. Provide adequate support for indirect costs. For indirect expenditures allocated to LACMTA projects, develop and/or maintain a system that distributes allowable expenditures to projects based on causal or beneficial relationships. Expenditures cannot be claimed on LACMTA project if the expenditures are not allowable (i.e., not transportation or transit related) or not allocable to the LACMTA project (i.e., LACMTA project did not cause the incurrence of the expenditure or LACMTA project did not benefit from the expenditure).
------------------------------------	--

City of La Puente
Schedule of Findings and Questioned Costs
Year ended June 30, 2016

PCLRF: Finding #2016-002 (Continued)

Condition	The City claimed expenditures under project code 480-02, Administration – Prop C, amounting to \$96,424 has no supporting documentation as to the nature of the expenditures. We were informed that the amount was derived from a calculation based on 20 percent of the total local return annual expenditures. We were not able to verify the reasonableness and allowability of the expenditures under the Guidelines.
Cause	The City was not aware that its practice of calculating 20 percent of the total annual expenditure and charging this amount to administrative expenditures without adequate support was a noncompliance with the requirements of the Guidelines.
Effect	The unsupported administrative expenditures claimed under the PCLRF is disallowed under the Proposition A and Proposition C Local Return Guidelines.
Recommendation	We recommend that the City reimburse its PCLRF account the amount of \$96,424. In addition, we recommend that the City establish controls to ensure that the costs charged to the Local Return funds are adequately supported by contracts, invoices, cancelled checks or similar documentation and that it revise its current labor costs reporting procedures to ensure that labor costs charged to Local Return funds are adequately supported by timesheets, payroll registers, personnel action forms with job descriptions, or similar documentation so that Local Return expenditures are in compliance with the Guidelines.

City of La Puente
Schedule of Findings and Questioned Costs
Year ended June 30, 2016

PCLRF: Finding #2016-002 (Continued)

<p>Management's Response</p>	<p>The Proposition A and Proposition C Local Return Guidelines (Guidelines) issued by the Los Angeles County Metropolitan Transit Authority (LACMTA) do not stipulate that actual administrative hours are to be documented and staff is confident the City is in compliance with existing Guidelines. Current staff was unaware of the letter that was sent out by MTA in April 2014 <i>recommending</i> specific documentation for administrative costs. The letter referenced above was provided to the City at the time of the FY 15-16 audit. Furthermore, no mention of additional required documentation for administrative costs was made during the prior (FY 14-15) LACMTA audit. City staff is now aware of the recommendation and will ensure adequate evidence to support administrative charges in the future (beginning in fiscal year 2016-2017).</p> <p>Beginning in fiscal year 2016-2017, a system will be developed and maintained that will ensure that administrative costs charged to Local Return funds are adequately supported by time sheets, payroll registers or other documentation so that it is in compliance with the LACMTA's recommendation for documenting administrative costs.</p>
<p>Auditors' Rejoinder</p>	<p>Aside from the memo issued on April 29, 2014, LACMTA and the Auditors conducted annual kickoff workshops attended by representatives from the Jurisdictions. During these workshops, Auditors and LACMTA emphasized the importance of maintaining proper documentation that would support allowability of expenditures charged to local return funds including supports for payroll and administration charges.</p>
<p>Finding Corrected During the Audit</p>	<p>The City has reimbursed the City's PALRF account the amount of \$96,424 in FY 2016/17. No follow up is required.</p>

MRLRF: Finding #2016-003

<p>Compliance Reference</p>	<p>Measure R Local Return Program Guidelines Section A(II)(8) states that, "Transportation Administration expenditures are those administrative costs associated with and incurred for the aforementioned eligible projects/program. Direct administration expenditures includes those fully burdened costs that are directly associated with administering LR program or projects, and includes salaries and benefits, office supplies and equipment, and other overhead costs. All costs must be associated with developing, maintaining, monitoring, and coordinating, reporting and budgeting specific LR project(s). Expenditures must be reasonable and appropriate to the activities undertaken by the locality. The administrative expenditures for any year shall not exceed twenty percent (20%) of the total LR annual expenditures".</p> <p>On April 29, 2014, the LACMTA Local Return Program Manager issued a memo addressed to all Jurisdictions to provide clarification for adequate salary and related costs documentations for the audit of the Local Return funds.</p> <p>Below are recommendations to ensure that jurisdictions have adequate evidence to support its compliance with the Local Return Guidelines:</p> <ol style="list-style-type: none"> 1. All hours are required to be documented. Develop and/or maintain a system that will keep track of actual hours worked by employees whose salaries and benefits were charged to the LACMTA project. Expenditures claimed based solely on budgeted amounts is not considered adequate documentation because it does not reflect actual expenditures incurred on the LACMTA project and do not provide adequate evidence that labor hours charged has transit/transportation purpose. The record of hours worked must: a) identify the LACMTA project, b) be authenticated by the employee and approved by his/her immediate supervisor, and c) tie to hours reported in the payroll records. 2. Provide adequate support for indirect costs. For indirect expenditures allocated to LACMTA projects, develop and/or maintain a system that distributes allowable expenditures to projects based on causal or beneficial relationships. Expenditures cannot be claimed on LACMTA project if the expenditures are not allowable (i.e., not transportation or transit related) or not allocable to the LACMTA project (i.e., LACMTA project did not cause the incurrence of the expenditure or LACMTA project did not benefit from the expenditure).
------------------------------------	---

City of La Puente
Schedule of Findings and Questioned Costs
Year ended June 30, 2016

MRLRF: Finding #2016-003 (Continued)

Condition	The claimed expenditures under project codes 08-001 to 08-006, Administration, amounting to \$30,950 has no supporting documentation as to the nature of the expenditures. We were informed that the amount was derived from a calculation based on 20 percent of the total local return annual expenditures. We were not able to verify the reasonableness and allowability of the expenditures under the Guidelines.
Cause	The City was not aware that its practice of calculating 20 percent of the total annual expenditure and charging this amount to administrative expenditures without adequate support was a noncompliance with the requirements of the Guidelines.
Effect	The unsupported administrative expenditures claimed under the MRLRF is disallowed under the Measure R Local Return Program Guidelines.
Recommendation	We recommend that the City reimburse its MRLRF account the amount of \$30,950. In addition, we recommend that the City establish controls to ensure that the costs charged to the Local Return funds are adequately supported by contracts, invoices, cancelled checks or similar documentation and that it revise its current labor costs reporting procedures to ensure that labor costs charged to Local Return funds are adequately supported by timesheets, payroll registers, personnel action forms with job descriptions, or similar documentation so that Local Return expenditures are in compliance with the Guidelines.
Management's Response	The Proposition A and Proposition C Local Return Guidelines (Guidelines) issued by the Los Angeles County Metropolitan Transit Authority (LACMTA) do not stipulate that actual administrative hours are to be documented and staff is confident the City is in compliance with existing Guidelines. Current staff was unaware of the letter that was sent out by MTA in April 2014 <i>recommending</i> specific documentation for administrative costs. The letter referenced above was provided to the City at the time of the FY 15-16 audit. Furthermore, no mention of additional required documentation for administrative costs was made during the prior (FY 14-15) LACMTA audit. City staff is now aware of the recommendation and will ensure adequate evidence to support administrative charges in the future (beginning in fiscal year 2016-2017).

City of La Puente
Schedule of Findings and Questioned Costs
Year ended June 30, 2016

MRLRF: Finding #2016-003 (Continued)

Management's Response (Continued)	Beginning in fiscal year 2016-2017, a system will be developed and maintained that will ensure that administrative costs charged to Local Return funds are adequately supported by time sheets, payroll registers or other documentation so that it is in compliance with the LACMTA's recommendation for documenting administrative costs.
Auditors' Rejoinder	Aside from the memo issued on April 29, 2014, LACMTA and the Auditors conducted an annual kickoff workshop attended by representatives from the Jurisdictions. During these workshops, Auditors and LACMTA emphasizes the importance of maintaining proper documentation that would support allowability of expenditures charged to local return funds including supports for payroll and administration charges.
Finding Corrected During the Audit	The City has reimbursed the City's PALRF account the amount of \$30,950 in FY 2016/17. No follow up is required.

City of La Puente
Schedule of Findings and Questioned Costs
Year ended June 30, 2016

MRLRF: Finding #2016-004

Compliance Reference	<p>Measure R Local Return Program Guidelines Section B(VII)(A) states that, "The Measure R LR Audits shall include, but not limited to, verification of adherence to the following financial and compliance provisions of this guidelines:</p> <p>Verification that funds were expended with Metro's approval."</p>
Condition	<p>The City claimed expenditures for the following projects without prior approval from LACMTA:</p> <ul style="list-style-type: none"> a. Project code 01-001, Santo Oro Local Street Improvements, amounting to \$1,954; b. Project code 01-002, Rule 20A Undergrounding, amounting to \$115; c. Project code 08-001, Administration for 01-001, amounting to \$446; d. Project code 08-002, Administration for 01-002, amounting to \$26; e. Project code 08-003, Administration for 02-001, amounting to \$613; and f. Project code 02-001, Traffic Signal Improvements on Amar Road, Various Locations, amounting to \$2,682.
Cause	<p>Invoices were not submitted in a timely fashion by vendors (Project 01-001); Staff began preliminary work on projects (remaining projects) that were being budgeted for in the following fiscal year. LACMTA approval for the projects had yet to be received.</p>
Effect	<p>The City claimed expenditures totaling \$5,836 without prior approval from LACMTA. Lack of prior approval results in non-compliance which could impact future funding or result in questioned costs that require funding to be returned to LACMTA.</p>
Recommendation	<p>We recommend for the City to submit a revised Form One to obtain approval from LACMTA. In addition, the City should establish procedures and controls to ensure that approval is obtained from LACMTA prior to implementing any Measure R-funded projects.</p>
Management's Response	<p>The City has subsequently submitted a revised Form One to LACMTA and has received approval on December 12, 2016 for the above-mentioned projects. Additionally, staff will work to ensure that proper approval is obtained from LACMTA prior to project expenditures and will encourage vendors to submit invoices in a timely fashion.</p>

City of La Puente
Schedule of Findings and Questioned Costs
Year ended June 30, 2016

MRLRF: Finding #2016-004 (Continued)

Finding Corrected During the Audit	LACMTA Program Manager granted retroactive approval of the said project on December 12, 2016. No additional follow up is required.
---	--

EXIT CONFERENCE

An exit conference was held on December 20, 2016 with the City of La Puente representative. Those in attendance were:

Vasquez and Company LLP representatives:
Cristy Canieda – Partner
Marialyn Salvador – Audit Manager

City of La Puente representative:
Joann Gitmed – Finance Manager

Matters discussed:

Results of the audit disclosed instances of noncompliance with the Local Return Guidelines.

A copy of this report was forwarded to the following City of La Puente representative for comments prior to the issuance of the final report:

Joann Gitmed – Finance Manager



www.vasquezcpa.com

Vasquez & Company LLP has over 45 years of experience in performing audit, accounting & consulting services for all types of nonprofit organizations, for-profit companies, governmental entities and publicly traded companies. Vasquez is a member of the RSM US Alliance. RSM US Alliance provides its members with access to resources of RSM US LLP. RSM US Alliance member firms are separate and independent businesses and legal entities that are responsible for their own acts and omissions, and each are separate and independent from RSM US LLP. RSM US LLP is the U.S. member firm of RSM International, a global network of independent audit, tax, and consulting firms. Members of RSM US Alliance have access to RSM International resources through RSM US LLP but are not member firms of RSM International. Visit [rsmus.com/about us](http://rsmus.com/about-us) for more information regarding RSM US LLP and RSM International. The RSM™ logo is used under license by RSM US LLP. RSM US Alliance products and services are proprietary to RSM US LLP.

801 South Grand Avenue, Suite 400 • Los Angeles, California 90017-4646 • Ph. (213) 873-1700 • Fax (213) 873-1777