



MetroTM

**City of Huntington Park
Annual Financial Report of its**

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

**As of and for the Years Ended June 30, 2019 and 2018
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
Measure M Local Return Fund:	
Basic Financial Statements:	
Balance Sheets	16
Statements of Revenues, Expenditures and Changes in Fund Balance	17
Supplementary Information:	
Schedule of Expenditures – Actual and LACMTA Approved Project Budget	18
Schedule of Capital Assets	19
Transportation Development Act Article 3 Fund:	
Basic Financial Statements:	
Balance Sheets	20
Statements of Revenues, Expenditures and Changes in Fund Balance	21
Supplementary Information:	
Schedule of Transportation Development Act Allocation for Specific Projects	22
Notes to Funds Financial Statements	23
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>	29

	<u>PAGE</u>
COMPLIANCE SECTION	
Report of Independent Auditors on Compliance	31
Compliance Matrix	33
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	37
EXIT CONFERENCE	38

FINANCIAL SECTION

Report of Independent Auditors

**To the Honorable Members of the City Council of the
City of Huntington Park, 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, the Proposition C Local Return Fund, the Measure R Local Return Fund, the Measure M Local Return Fund and the Transportation Development Act Article 3 Fund (collectively, the Funds) of the City of Huntington Park, California (the City) which comprise the Funds' balance sheets as of June 30, 2019 and 2018, and the related statements of revenues, expenditures and changes in fund balances for the years 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 City'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 City'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, the Measure M Local Return Fund and the Transportation Development Act Article 3 Fund of the City of Huntington Park, California, as of June 30, 2019 and 2018, and the respective changes in financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 2, the financial statements present only the Proposition A Local Return Fund, the Proposition C Local Return Fund, the Measure R Local Return Fund, the Measure M Local Return Fund and the Transportation Development Act Article 3 Fund of the City of Huntington Park, California, and do not purport to, and do not present fairly the financial position of the City as of June 30, 2019 and 2018, and the changes in its financial position for the years 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 16, 2019 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 solely 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 the effectiveness of the City's 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.

Glendale, California

December 16, 2019

**City of Huntington Park
Proposition A Local Return Fund
Balance Sheets**

		June 30	
		2019	2018
ASSETS			
Cash and investments	\$	467,383	\$ 76,582
Due from Metro Transit Services		12,558	-
Interest receivable		-	273
Accounts receivable		-	905
Prepaid expense		-	48,493
Total assets	\$	479,941	\$ 126,253
LIABILITIES AND FUND BALANCE			
Liabilities			
Accounts payable	\$	34,102	\$ 21,419
Accrued payroll		1,631	2,912
Total liabilities		35,733	24,331
Fund balance			
Restricted		444,208	101,922
Total fund balance		444,208	101,922
Total liabilities and fund balance	\$	479,941	\$ 126,253

See notes to Funds financial statements.

**City of Huntington Park
Proposition A Local Return Fund**

Statements of Revenues, Expenditures and Changes in Fund Balance

	Years ended June 30	
	2019	2018
Revenues		
Proposition A	\$ 1,192,179	\$ 1,113,939
Interest Income	2,394	470
Project generated revenues	99,906	96,810
LACMTA fuel reimbursement	144,898	-
Miscellaneous	6,396	42,487
Total revenues	1,445,773	1,253,706
 Expenditures		
Various projects	1,103,487	1,220,922
Total expenditures	1,103,487	1,220,922
 Excess of revenues over expenditures	342,286	32,784
 Fund balance at beginning of year	101,922	69,138
 Fund balance at end of year	\$ 444,208	\$ 101,922

See notes to Funds financial statements.

City of Huntington Park
Proposition A Local Return Fund
Supplementary Information
Schedule of Expenditures – Actual and LACMTA Approved Project Budget
Year ended June 30, 2019
(With Comparative Actuals for 2018)

Project Code	Project Name	2019			2018 Actual
		LACMTA Budget	Actual	Variance Positive (Negative)	
110-02	Fixed Route Public Transit Services	\$ 376,210	\$ 244,176	\$ 132,034	\$ 359,300
120-01	General Public Paratransit Dial-A-Ride	638,600	638,600	-	576,310
140-02	Special Event Transit	15,000	5,850	9,150	9,051
180-01	Purchase One (1) 15-Passenger Van for Passenger Service	45,000	18,343	26,657	-
180-02	Transit Operator Vehicle Replacement	38,000	44,204	(6,204)	-
250-01	User Side Subsidy (Elderly/Handicapped)	64,000	73,370	(9,370)	64,811
270-02	Gateway Cities (COG) Invoice	-	-	-	46,000
270-04	Orange Line	18,910	18,909	1	18,909
480-03	Administration Prop A	88,998	60,035	28,963	146,541
Total expenditures		\$ 1,284,718	\$ 1,103,487	\$ 181,231	\$ 1,220,922

See report of independent auditors.

City of Huntington Park
Proposition A Local Return Fund
Supplementary Information
Schedule of Capital Assets
Year ended June 30, 2019

Date Acquired	Description	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019
6/30/2000	Fargo Quatro I.D.	\$ 4,435	\$ -	\$ -	4,435
7/17/2003	2005 Chevrolet 15-Passenger Express Van	27,929	-	-	27,929
7/28/2003	Chevrolet Van Unit #195	645	-	-	645
7/30/2008	El Dorado Elite 270	610,512	-	-	610,512
6/14/2010	Ford E-350 Paratransit bus	53,131	-	-	53,131
6/15/2010	Ford E-350 Paratransit bus	60,578	-	-	60,578
6/16/2010	Ford E-350 Paratransit bus	60,578	-	-	60,578
6/17/2010	Ford E-350 Paratransit bus	60,578	-	-	60,578
2/16/2016	Starcraft Allstar Bus	252,908	-	-	252,908
Total		\$ 1,131,294	\$ -	\$ -	\$ 1,131,294

See report of independent auditors.

**City of Huntington Park
Proposition C Local Return Fund
Balance Sheets**

		June 30	
		2019	2018
ASSETS			
Cash and investments	\$	507,565	\$ 531,026
Due from LACMTA		-	111,211
Total assets	\$	507,565	\$ 642,237
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE			
Liabilities			
Accounts payable	\$	47,252	\$ 217,970
Accrued payroll		9,018	6,447
Total liabilities		56,270	224,417
Deferred inflows of resources			
Unavailable revenues		-	111,211
Fund balance			
Restricted		451,295	306,609
Total fund balance		451,295	306,609
Total liabilities, deferred inflows of resources and fund balance	\$	507,565	\$ 642,237

See notes to Funds financial statements.

**City of Huntington Park
Proposition C Local Return Fund**

Statements of Revenues, Expenditures and Changes in Fund Balance

	Years ended June 30	
	2019	2018
Revenues		
Proposition C	\$ 988,879	\$ 916,987
Interest income	5,652	3,654
Miscellaneous	-	48,339
Total revenues	994,531	968,980
 Expenditures		
Various projects	849,845	773,975
Total expenditures	849,845	773,975
 Excess of revenues over expenditures	 144,686	 195,005
 Fund balance at beginning of year	 306,609	 111,604
 Fund balance at end of year	 \$ 451,295	 \$ 306,609

See notes to Funds financial statements.

City of Huntington Park
Proposition C Local Return Fund
Supplementary Information
Schedule of Expenditures – Actual and LACMTA Approved Project Budget
Year ended June 30, 2019
(With Comparative Actuals for 2018)

Project Code	Project Name	2019			2018 Actual
		LACMTA Budget	Actual	Variance Positive (Negative)	
110-02	Fixed Route Public Transit Services	\$ 466,910	\$ 463,490	\$ 3,420	\$ 424,477
150-01	Bus Stop Improvements	397,772	200,510	197,262	-
180-02	Transit Operator Vehicle Replacement	38,000	44,204	(6,204)	-
440-01	Bus Route Street Operations	-	-	-	194,703
480-03	Administration Prop C	135,026	141,641	(6,615)	154,795
	Total expenditures	\$ 1,037,708	\$ 849,845	\$ 187,863	\$ 773,975

See report of independent auditors.

City of Huntington Park
Proposition C Local Return Fund
Supplementary Information
Schedule of Capital Assets
Year ended June 30, 2019

<u>Date Acquired</u>	<u>Description</u>	<u>Balance July 1, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2019</u>
1/01/2002	Bus Shelter Improvement	\$ 127,166	\$ -	\$ -	127,166
8/31/2005	Santa Fe Resurfacing	29,907	-	-	29,907
6/19/2018	Parking Pay Stations	120,000	-	-	120,000
	Total	\$ 277,073	\$ -	\$ -	277,073

See report of independent auditors.

**City of Huntington Park
Measure R Local Return Fund
Balance Sheets**

		June 30	
		2019	2018
ASSETS			
Cash and investments	\$	1,538,065	\$ 2,295,775
Due from LACMTA		14,442	-
Interest receivable		-	7,796
Total assets	\$	<u>1,552,507</u>	<u>\$ 2,303,571</u>
LIABILITIES AND FUND BALANCE			
Liabilities			
Accounts payable	\$	118,774	\$ 54,225
Accrued payroll		877	978
Total liabilities		<u>119,651</u>	<u>55,203</u>
Fund balance			
Restricted		<u>1,432,856</u>	<u>2,248,368</u>
Total fund balance		<u>1,432,856</u>	<u>2,248,368</u>
Total liabilities and fund balance	\$	<u>1,552,507</u>	<u>\$ 2,303,571</u>

See notes to Funds financial statements.

**City of Huntington Park
Measure R Local Return Fund**

Statements of Revenues, Expenditures and Changes in Fund Balance

	Years ended June 30	
	2019	2018
Revenues		
Measure R	\$ 741,872	\$ 692,051
Interest income	25,937	27,088
Project generated revenues	14,443	36,788
Total revenues	782,252	755,927
 Expenditures		
Various projects	1,597,764	785,297
Total expenditures	1,597,764	785,297
 Deficiency of revenues over expenditures	(815,512)	(29,370)
 Fund balance at beginning of year	2,248,368	2,277,738
 Fund balance at end of year	\$ 1,432,856	\$ 2,248,368

See notes to Funds financial statements.

City of Huntington Park
Measure R Local Return Fund
Supplementary Information
Schedule of Expenditures – Actual and LACMTA Approved Project Budget
Year ended June 30, 2019
(With Comparative Actuals for 2018)

Project Code	Project Name	2019			2018 Actual
		LACMTA Budget	Actual	Variance Positive (Negative)	
1.05	Paving Improvements for Florence, Zoe, and others	\$ 723,081	\$ 723,081	\$ -	-
1.05	Street Sweeping Contract with Nationwide Environment	-	-	-	194,575
3.05	Improve Safety at Street Crossings at Intersection or Near Middle	-	-	-	50,000
3.20	ADA Transitional Plan	-	-	-	41,345
3.20	Pacific Blvd Improvements	18,000	-	18,000	38,527
4.05	Fixed Route Transit	-	-	-	345,700
4.05	Fixed Route Transit Fuel and Oil	-	-	-	38,881
4.25	Metro Transit Fuel and Oil	38,000	44,204	(6,204)	-
4.25	Fixed Route Transit	331,080	299,282	31,798	-
4.25	Contractual Service Other	255,695	259,328	(3,633)	-
4.25	Other Improvements	36,000	-	36,000	-
5.05	Downtown Huntington Park "I-Park" System Implementation	43,427	-	43,427	-
5.20	Pacific Boulevard Pedestrian and Transportation Improvements	243,615	110,561	133,054	-
7.90	ATP Cycle II CIP 2016-01 Design	91,138	58,249	32,889	-
7.90	Downtown Huntington Park "I-Park" System Implementation	112,920	62,556	50,364	-
7.90	Pacific Boulevard Pedestrian and Transportation Improvements	66,866	-	66,866	-
8.10	Fund Administration (20% cap)	84,570	40,503	44,067	76,269
Total expenditures		\$ 2,044,392	\$ 1,597,764	\$ 446,628	\$ 785,297

See report of independent auditors.

**City of Huntington Park
Measure R Local Return Fund
Supplementary Information
Schedule of Capital Assets
Year ended June 30, 2019**

<u>Date Acquired</u>	<u>Description</u>	<u>Balance July 1, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2019</u>
10/09/2014	Samsung LED Sign	\$ 6,450	\$ -	\$ -	\$ 6,450
01/25/2018	Pacific Blvd Lighting & Beautification	18,000	-	-	18,000
03/16/2018	Middleton SR2S	52,654	-	-	52,654
07/03/2018	Pacific Blvd Lighting & Beautification	13,556	-	-	13,556
07/03/2018	Pacific Blvd Lighting & Beautification	9,022	-	-	9,022
07/31/2018	Pacific Blvd Lighting & Beautification	6,149	-	-	6,149
09/04/2018	Pacific Blvd Lighting & Beautification	5,184	-	-	5,184
02/05/19	Downtown i-Park System	-	22,924	-	22,924
02/14/19	Pacific Blvd Project	-	110,561	-	110,561
02/21/19	Street Improvement Project	-	36,322	-	36,322
04/02/19	Downtown i-Park System	-	39,632	-	39,632
04/02/19	Construction Mgmt Pacific Blvd Project	-	35,834	-	35,834
04/17/19	Street Improvement Project	-	686,758	-	686,758
06/30/19	Safety Enhancement Improvement ATP Cycle 2	-	58,249	-	58,249
	Total	<u>\$ 111,015</u>	<u>\$ 990,280</u>	<u>\$ -</u>	<u>\$ 1,101,295</u>

See report of independent auditors.

**City of Huntington Park
Measure M Local Return Fund
Balance Sheets**

		June 30	
		2019	2018
ASSETS			
Cash and investments	\$	699,027	\$ 628,391
Interest receivable		-	2,135
	Total assets	\$ 699,027	\$ 630,526
LIABILITIES AND FUND BALANCE			
Liabilities			
Accounts payable	\$	40,974	\$ -
	Total liabilities	40,974	-
Fund balance			
Restricted		658,053	630,526
	Total fund balance	658,053	630,526
	Total liabilities and fund balance	\$ 699,027	\$ 630,526

See notes to Funds financial statements.

City of Huntington Park
Measure M Local Return Fund

Statements of Revenues, Expenditures and Changes in Fund Balance

	Years ended June 30	
	2019	2018
Revenues		
Measure M	\$ 835,925	\$ 628,391
Interest income	11,077	2,135
Total revenues	847,002	630,526
Expenditures		
Various projects	819,475	-
Total expenditures	819,475	-
Excess of revenues over expenditures	27,527	630,526
Fund balance at beginning of year	630,526	-
Fund balance at end of year	\$ 658,053	\$ 630,526

See notes to Funds financial statements.

City of Huntington Park
Measure M Local Return Fund
Supplementary Information
Schedule of Expenditures – Actual and LACMTA Approved Project Budget
Year ended June 30, 2019
(With Comparative Actuals for 2018)

Project Code	Project Name	2019			2018 Actual
		LACMTA Budget	Actual	Variance Positive (Negative)	
1.05	City-wide Street Improvements	\$ -	\$ 819,475 *	\$ (819,475)	-
	Total expenditures	\$ -	\$ 819,475	\$ (819,475)	-

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

See report of independent auditors.

City of Huntington Park
Measure M Local Return Fund
Supplementary Information
Schedule of Capital Assets
Year ended June 30, 2019

<u>Date Acquired</u>	<u>Description</u>	<u>Balance July 1, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2019</u>
6/7/2019	2018-19 Various street paving project	\$ -	\$ 819,475	\$ -	\$ 819,475
	Total	\$ -	\$ 819,475	\$ -	\$ 819,475

See report of independent auditors.

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

		June 30	
		2019	2018
ASSETS			
Cash and investments	\$	137,479	\$ 39,825
Due from LACMTA		-	115,619
Interest receivable		-	133
Total assets	\$	137,479	\$ 155,577
LIABILITIES AND FUND BALANCE			
Liabilities			
Accounts payable	\$	5,752	\$ 1,280
Total liabilities		5,752	1,280
Fund balance			
Restricted		131,727	154,297
Total fund balance		131,727	154,297
Total liabilities and fund balance	\$	137,479	\$ 155,577

See notes to Funds financial statements.

City of Huntington Park
 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	
	2019	2018
Revenues		
Intergovernmental Allocations:		
Article 3	\$ -	\$ 115,619
Interest income	1,684	551
Total revenues	1,684	116,170
 Expenditures		
Construction/Maintenance	24,254	14,943
Total expenditures	24,254	14,943
Excess (deficiency) of revenues over expenditures	(22,570)	101,227
Fund balance at beginning of year	154,297	53,070
Fund balance at end of year	\$ 131,727	\$ 154,297

See notes to Funds financial statements.

City of Huntington Park
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, 2019

Project Description	Program Year	Totals to Date			Project Status
		Allocations	Expenditures	Unexpended Allocations	
Local Allocations:					
Pacific Blvd Project - Bike Racks, Benches and Crosswalk Improvements	2019	\$ -	\$ 24,254	\$ (24,254)	On-going
Totals		\$ -	\$ 24,254	(24,254)	
Interest income				1,684	
Fund balance at beginning of year				154,297	
Fund balance at end of year				\$ 131,727	*

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

See report of independent auditors.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fund Accounting

The operations of the Proposition A Local Return Fund (PALRF), the Proposition C Local Return Fund (PCLRF), the Measure R Local Return Fund (MRLRF), the Measure M Local Return Fund (MMLRF) and the Transportation Development Act Article 3 Fund (TDAA3F) (collectively, the Funds) of the City of Huntington Park (the City) 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 the county-wide ½ cent Measure R 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.

MMLRF is derived from 17% of the county-wide ½ cent Measure M 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, MMLRF 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 based on budgets approved by LACMTA and 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*, 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 Comprehensive Annual Financial Report for detailed disclosures regarding the City's investments policy and fair value measurement disclosures.

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, MMLRF and TDAA3F report the following fund balance classification as of June 30, 2019 and 2018:

- 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 is restricted for projects approved by LACMTA.

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

Deferred Outflows and Inflows of Resources

Pursuant to GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, the City recognizes deferred outflows and deferred 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.

Deferred inflows of resources reported by the City represent resources that are not available for spending as of June 30, 2019 and 2018.

NOTE 2 ANNUAL FINANCIAL STATEMENTS

The financial statements reflect only the financial position and results of operations of the PALRF, PCLRF, MRLRF, MMLRF and TDAA3F, and do not purport to, and do not present fairly the City's financial position as of June 30, 2019 and 2018, and the changes in its financial position for the years 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.

Proposition A and Proposition C LR funds must be expended within three years of the last day of the fiscal year in which funds were originally allocated.

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.

Measure R LR funds must be expended within five years of the first day of the fiscal year in which funds were originally allocated or received.

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 MEASURE M LOCAL RETURN COMPLIANCE REQUIREMENTS

Measure M was approved by the voters of Los Angeles County on November 8, 2016 to improve transportation and ease traffic congestion consistent with the Los Angeles County Traffic Improvement Plan Ordinance approved by the Metro Board of Directors on June 23, 2016. The Measure M Ordinance specifies that LR funds be used exclusively for transportation purposes.

Measure M LR funds must be expended within five years of the first day of the fiscal year in which funds were originally allocated or received.

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

NOTE 6 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 7 CASH AND INVESTMENTS

The PALRF, PCLRF, MRLRF, MMLRF 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 8 PROJECT GENERATED REVENUES

PALRF

Project generated revenues under PALRF for the years ended June 30, 2019 and 2018 consisted of the following:

	2019	2018
Dial-A-Ride fares	\$ 1,345	\$ 1,675
Fixed route fares	65,051	61,995
LACMTA bus pass sales	33,510	33,140
	\$ 99,906	\$ 96,810

NOTE 8 PROJECT GENERATED REVENUES (CONTINUED)

MRLRF

Project generated revenues under MRLRF for the years ended June 30, 2019 and 2018 consisted of the following:

	<u>2019</u>	<u>2018</u>
Park pay station	\$ <u>14,443</u>	\$ <u>-</u>
	\$ <u>14,443</u>	\$ <u>-</u>

NOTE 9 TRANSPORTATION DEVELOPMENT ACT ARTICLE 3 FUND REVENUE ALLOCATION

The revenue allocations for the years ended June 30, 2019 and 2018 consisted of the following:

	<u>2019</u>	<u>2018</u>
FY 2014/15 reserve	\$ -	\$ 38,694
FY 2015/16 reserve	-	37,621
FY 2016/17 reserve	-	39,304
	\$ <u>-</u>	\$ <u>115,619</u>

NOTE 10 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, 2019 and 2018, the City has funds on reserve as follows:

	<u>2019</u>	<u>2018</u>
FY 2017/18 reserve	\$ <u>38,896</u>	\$ 38,896
FY 2018/19 reserve	\$ <u>40,259</u>	-
	\$ <u>79,155</u>	\$ <u>38,896</u>

**NOTE 10 TRANSPORTATION DEVELOPMENT ACT ARTICLE 3 FUNDS RESERVED
(CONTINUED)**

For FY 2018/19, any TDA Article 3 funds left on reserve for FY 2014/15 or prior, are subject to lapse if not claimed by the City by June 30, 2019. As of June 30, 2019, the City has unspent TDA Article 3 funds as follows:

	Amount
FY 2013/14 reserve	\$ 14,424
FY 2014/15 reserve	38,694
FY 2015/16 reserve	37,621
FY 2016/17 reserve	39,304
Unspent TDA article 3 as of June 30, 2019	130,043
FY 2018/19 interest	1,684
Fund Balance at June 30, 2019	\$ 131,727

* As of June 30, 2018, the City has funds drawn from reserve amounting to \$53,118, FY 2014/15 and prior, that have lapsed. See Compliance Matrix and Schedule of Findings and Questioned Costs.

NOTE 11 SUBSEQUENT EVENTS

The City has evaluated subsequent events through December 16, 2019, 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 Huntington Park, 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, the Measure M Local Return Fund and the Transportation Development Act Article 3 Fund (collectively, the Funds) of the City of Huntington Park, California (the City) as of and for the year ended June 30, 2019, and the related notes to the financial statements, and have issued our report thereon dated December 16, 2019.

Internal Control over Financial Reporting

In planning and performing our audit 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 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 Proposition A Local Return Fund, Proposition C Local Return Fund, Measure R Local Return Fund, the Measure M 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 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 results 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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

**Glendale, California
December 16, 2019**

COMPLIANCE SECTION

Report of Independent Auditors on Compliance

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

Report on Compliance

We have audited the compliance of the City of Huntington Park, California (the City) with the Proposition A and Proposition C Local Return Guidelines, Measure R Local Return Guidelines, Measure M 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, 2019.

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, Measure M 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 Huntington Park, California complied, in all material respects, with the compliance requirements of the Guidelines for the year ended June 30, 2019.



Other Matters

The results of our auditing procedures disclosed an instance of noncompliance with the requirements, which is described in the accompanying Schedule of Findings and Questioned Costs as Finding #2019-001. Our opinion is not modified with respect to this matter.

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

Report on Internal Control over Compliance

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

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".

**Glendale, California
December 16, 2019**

**City of Huntington Park
Compliance Matrix
Year ended June 30, 2019**

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. All on-going and carryover projects were reported in Form B.	X				
7. Annual Project Summary Report (Form B) was submitted timely.	X				
8. Annual Expenditure Report (Form C) was submitted timely.	X				
9. Cash or cash equivalents are maintained.	X				
10. Accounting procedures, record keeping and documentation are adequate.	X				
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 timely.			X		

See report of independent auditors on compliance.

**City of Huntington Park
Compliance Matrix
Year ended June 30, 2019**

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				
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				
7. Expenditure Plan (Form One) was submitted timely.	X				
8. Expenditure Report (Form Two) was submitted timely.	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 timely.			X		

See report of independent auditors on compliance.

**City of Huntington Park
Compliance Matrix
Year ended June 30, 2019**

Compliance Requirements	In Compliance			Questioned Costs	If no, provide details and management response.
	Yes	No	N/A		
C. Measure M Local Return Fund					
1. Funds were expended for transportation purposes.	X				
2. Funds were used to augment, not supplant, existing local revenues being used for transportation purposes unless there is a fund shortfall.	X				
3. Signed Assurances and Understandings on file.	X				
4. Separate Measure M Local Return Account was established.	X				
5. Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure M Local Return Account.	X				
6. Funds were expended with LACMTA's approval.	X				
7. Expenditure Plan (Form M-One) was submitted timely.	X				
8. Expenditure Report (Form M-Two) was submitted timely.	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 timely.			X		

See report of independent auditors on compliance.

**City of Huntington Park
Compliance Matrix
Year ended June 30, 2019**

Compliance Requirements	In Compliance			Questioned Costs	If no, provide details and management response.
	Yes	No	N/A		
D. Transportation Development Act Article 3 Fund					
1. Timely use of funds.		X			See Finding #2019-001
2. Expenditures were incurred for activities relating to pedestrian and bicycle facilities and amenities.	X				

See report of independent auditors on compliance.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**City of Huntington Park
Schedule of Findings and Questioned Costs
Year ended June 30, 2019**

TDAA3F: Finding #2019-001

Compliance Reference	TDA Article 3 Guidelines states that “Agencies may only draw down the funds that they can spend during the fiscal year in which they were allocated. Agencies are not allowed to have a fund balance at the end of the fiscal year. Any funds drawn down and that remain unspent after the end of the fiscal year must be returned to LACMTA to be placed on reserve for the City under the fiscal year in which they were originally allocated. Agencies must also fully spend any interest accumulated by these funds by the end of the fiscal year in which the funds were allocated”.
Condition	The City has a total of \$131,727 in unexpended TDA Article 3 funds as of June 30, 2019, as discussed in Note 10. Included in this amount was \$53,118 of lapsed funds.
Cause	There appears to be a lack of timely review of the available funding to be spent and/or returned for the TDA Article 3 Fund.
Effect	The City was not in compliance with the TDA Article 3 Guidelines and is required to return the amount of \$131,727 that was unexpended as of June 30, 2019.
Recommendation	We recommend that the City return the unexpended funds to LACMTA consistent with the TDA Article 3 Guidelines.
Management’s Response	The City has requested a waiver from LACMTA to expend all the funds during Fiscal Year 2019-20.
Findings Resolved During the Audit	On December 18, 2019, LACMTA granted an extension of the funds remaining with the City through June 30, 2020. No follow up is required.

EXIT CONFERENCE

An exit conference was held on December 11, 2019 with the City of Huntington Park representative. Those in attendance were:

Vasquez and Company LLP representatives:
Cristy Canieda – Audit Partner
Shweta Mehrotra – Audit Supervisor

City of Huntington Park representative:
Nita McKay – Director of Finance and Administrative Services

Matters discussed:

Results of the audit disclosed an instance of noncompliance with the Guidelines.

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

Nita McKay – Director of Finance and Administrative Services



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