



Metro[™]

**City of Huntington Park
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 Years Ended June 30, 2017 and 2016
with Report of Independent Auditors**

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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 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, 2017 and 2016, 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 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 Huntington Park, California, as of June 30, 2017 and 2016, 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.

Other Matter

As discussed in Note 14, the fiscal year 2016 financial statements of Proposition A Local Return Fund, Proposition C Local Return Fund and Measure R Local Return Fund have been restated to remove certain expenditures from the Proposition A Local Return Fund that were funded by the General Fund and to transfer the 2016 LACMTA Call for Project Grant from Measure R Local Return Fund to Proposition C Local Return Fund. Our opinion is not modified with respect to this matter.

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, 2017 and 2016, 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 20, 2017 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.

Vaqueria & Company LLP

Los Angeles, California
December 20, 2017

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

		June 30	
		2017	2016 (as restated)
ASSETS			
Cash and investments	\$	151,479	\$ 409,073
Interest receivable		-	62
Accounts receivable		-	1,914
Total assets	\$	151,479	\$ 411,049
LIABILITIES AND FUND BALANCE			
Liabilities			
Accounts payable	\$	78,378	\$ 34,872
Accrued payroll		3,963	6,034
Other performance deposit		-	25,000
Total liabilities		82,341	65,906
Fund balance			
Restricted		69,138	345,143
Total fund balance		69,138	345,143
Total liabilities and fund balance	\$	151,479	\$ 411,049

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	
	2017	(as restated) 2016
Revenues		
Proposition A	\$ 1,082,287	\$ 1,065,561
Proposition A Discretionary Incentive Program grant	63,933	88,010
Project generated revenues	107,010	102,725
Investment income	1,549	302
Miscellaneous	20,140	1,000
Total revenues	1,274,919	1,257,598
 Expenditures		
Various projects	1,550,924	1,133,041
Total expenditures	1,550,924	1,133,041
 Excess (deficiency) of revenues over expenditures	 (276,005)	 124,557
 Fund balance at beginning of year	 345,143	 220,586
 Fund balance at end of year	 \$ 69,138	 \$ 345,143

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, 2017
(With Comparative Actuals for 2016)

Project Code	Project Name	2017			(as restated) 2016 Actual
		LACMTA Budget	Actual	Variance Positive (Negative)	
110-02	Fixed Route Public Transit Services	\$ 740,898	\$ 723,616 ^a	\$ 17,282	\$ 407,434
120-01	General Public Paratransit Dial-A-Ride	585,000	578,286	6,714	503,325
140-02	Special Event Transit	15,000	6,170	8,830	9,245
180-01	Purchase one (1) 15-Passenger Van for Passenger Service	93,635	-	93,635	-
180-02	Transit Operator Vehicle Replacement	72,000	-	72,000	-
250-01	User Side Subsidy (Elderly/Handicapped)	55,000	49,328	5,672	55,000
250-02	LACMTA Monthly Bus Passes	10,008	-	10,008	-
270-01	Transportation Planning Organization Dues	40,000	43,909	(3,909)	40,000
480-03	Administration Prop A	118,992	149,615 [*]	(30,623)	118,037
Total expenditures		\$ 1,730,533	\$ 1,550,924	\$ 179,609	\$ 1,133,041

^a The actual variance after considering other funding sources is calculated as follows:

LACMTA Budget		\$ 740,898
Total expenditures	\$ 723,616	
Less: Project generated revenues - fixed route fares	(74,350)	
PALRF Expenditures		649,266
Actual Variance Positive (Negative)		\$ 91,632

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

See report of independent auditors.

City of Huntington Park
Proposition A Local Return Fund
Supplementary Information
Schedule of Capital Assets
Year ended June 30, 2017

<u>Date Acquired</u>	<u>Description</u>	<u>Balance July 1, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2017</u>
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	
		2017	(as restated) 2016
ASSETS			
Cash and investments	\$	-	\$ 433,198
Due from LACMTA		751,201	278,831
Interest receivable		-	89
Total assets	\$	751,201	\$ 712,118
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE			
Liabilities			
Cash overdraft	\$	272,645	\$ -
Accounts payable		139,140	386,595
Accrued payroll		14,571	12,471
Total liabilities		426,356	399,066
Deferred inflows of resources			
Unavailable revenues		111,211	-
Fund balance			
Restricted		213,634	313,052
Total fund balance		213,634	313,052
Total liabilities, deferred inflows of resources and fund balance	\$	751,201	\$ 712,118

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	
	2017	(as restated) 2016
Revenues		
Proposition C	\$ 903,442	\$ 889,087
LACMTA Call for Projects Grant	1,834,176	278,831
Interest income	244	1,411
Miscellaneous	24,087	-
Total revenues	2,761,949	1,169,329
Expenditures		
Various projects	2,866,448	1,403,081
Total expenditures	2,866,448	1,403,081
Deficiency of revenues over expenditures	(104,499)	(233,752)
Other funding source		
Transfer from General Fund	5,081	-
Total other funding source	5,081	-
Deficiency of revenues over expenditures and other funding source	(99,418)	(233,752)
Fund balance at beginning of year	313,052	546,804
Fund balance at end of year	\$ 213,634	\$ 313,052

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, 2017
(With Comparative Actuals for 2016)

Project Code	Project Name	2017			2016 Actual
		LACMTA Budget	Actual	Variance Positive (Negative)	
110-02	Fixed Route Public Transit Services	\$ 100,000	\$ 100,000	\$ -	\$ 586,909
120-01	General Public Paratransit Dial-A-Ride	-	-	-	122,084
150-01	Bus Stop Improvements	111,462	117,063	(5,601)	113,026
270-03	Huntington Park Local Transit Service Operations Analysis	-	-	-	60,527
280-01	Huntington Park Express Bus Wraps	-	-	-	27,981
410-01	Downtown HP iPark	120,000	-	120,000	-
440-01	Pacific Boulevard Pedestrian Improvements	2,600,000	2,224,217	375,783	207,873
440-02	Street Operation Program Bus Route	100,000	83,937	16,063	-
480-03	Administration Prop C	385,315	341,231	44,084	284,681
Total expenditures		\$ 3,416,777	\$ 2,866,448	\$ 550,329	\$ 1,403,081

See report of independent auditors.

City of Huntington Park
Proposition C Local Return Fund
Supplementary Information
Schedule of Capital Assets
Year ended June 30, 2017

<u>Date Acquired</u>	<u>Description</u>	<u>Balance July 1, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2017</u>
1/01/2002	Bus Shelter Improvement	\$ 127,166	\$ -	\$ -	\$ 127,166
8/31/2005	Santa Fe Resurfacing	29,907	-	-	29,907
Total		\$ 157,073	\$ -	\$ -	\$ 157,073

See report of independent auditors.

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

		June 30	
		2017	(as restated) 2016
ASSETS			
Cash and investments	\$	2,464,116	\$ 1,713,930
Due from LACMTA		-	417,838
Interest receivable		4,385	1,894
Total assets	\$	<u>2,468,501</u>	<u>\$ 2,133,662</u>
LIABILITIES AND FUND BALANCE			
Liabilities			
Accounts payable	\$	188,728	\$ 524,056
Accrued payroll		2,035	3,993
Total liabilities		<u>190,763</u>	<u>528,049</u>
Fund balance			
Restricted		2,277,738	1,605,613
Total fund balance		<u>2,277,738</u>	<u>1,605,613</u>
Total liabilities and fund balance	\$	<u>2,468,501</u>	<u>\$ 2,133,662</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	
	2017	(as restated) 2016
Revenues		
Measure R	\$ 673,459	\$ 663,292
Interest income	13,046	4,828
Transit Oriented Development (TOD) Planning Grant Program	247,556	-
Open Street Program grant	140,311	417,839
Proceeds from sale of capital assets	-	8,600
Total revenues	1,074,372	1,094,559
 Expenditures		
Expenditures funded by Measure R Fund	402,247	793,945
Total expenditures	402,247	793,945
 Excess of revenues over expenditures	672,125	300,614
 Fund balance at beginning of year	1,605,613	1,304,999
 Fund balance at end of year	\$ 2,277,738	\$ 1,605,613

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, 2017
(With Comparative Actuals for 2016)

Project Code	Project Name	2017		Variance Positive (Negative)	2016 Actual (as restated)
		LACMTA Budget	Actual		
1.05	Paving Improvements for Florence, Zoe, and others	\$ 25,000	\$ 25,000	\$ -	\$ -
1.15	Design of Class II Bike Lane on State Street	67,600	-	67,600	-
1.90	Other Street and Roads	180,000	180,000	-	-
3.05	Improve Safety at Street Crossings at Intersection or Near Middle	248,000	14,200	233,800	-
3.05	Maintain and Improve Sidewalks Citywide	65,000	-	65,000	-
3.05	Pedestrian Safety Improvements at 22 Uncontrolled Intersections	186,000	64,979	121,021	-
3.20	ADA Transitional Plan	50,000	49,960	40	-
6.40	Promotions and Events	-	-	-	519,415
7.90	Other Planning, Engineering or CMP	-	-	-	200,772
7.90	Evaluate the Feasibility of Developing a Major Regional Bicycle Connection	285,888	-	285,888	-
8.10	Fund Administration (20% cap)	116,632	68,108	48,524	73,758
Total expenditures		\$ 1,224,120	\$ 402,247	\$ 821,873	\$ 793,945

See report of independent auditors.

City of Huntington Park
Measure R Local Return Fund
Supplementary Information
Schedule of Capital Assets
Year ended June 30, 2017

<u>Date Acquired</u>	<u>Description</u>	<u>Balance July 1, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2017</u>
10/9/2014	Samsung LED Sign	\$ 6,450	\$ -	\$ -	\$ 6,450
	Total	<u>\$ 6,450</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,450</u>

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	
		2017	2016
ASSETS			
Cash and investments	\$	-	\$ 4,302
Due from LACMTA		85,459	-
Interest receivable		-	32
Total assets	\$	85,459	\$ 4,334
LIABILITIES AND FUND BALANCE (DEFICIT)			
Liabilities			
Cash overdraft	\$	31,109	\$ -
Due to other fund		-	14,604
Total liabilities		31,109	14,604
Fund balance (deficit)			
Restricted		54,350	(10,270)
Total fund balance (deficit)		54,350	(10,270)
Total liabilities and fund balance (deficit)	\$	85,459	\$ 4,334

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	
	2017	2016
Revenues		
Intergovernmental Allocations:		
Article 3	\$ 85,459	\$ -
Interest income	-	193
Total revenues	85,459	193
 Expenditures		
Construction/Maintenance	20,839	58,607
Total expenditures	20,839	58,607
Excess (deficiency) of revenues over expenditures	64,620	(58,414)
Fund balance (deficit) at beginning of year	(10,270)	48,144
Fund balance (deficit) at end of year	\$ 54,350	\$ (10,270)

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, 2017

Project Description	<u>Program Year</u>	Totals to Date		Unexpended	<u>Project Status</u>
		Allocations	Expenditures	Allocations	
Local Allocations:					
Pacific Blvd Project - Bike Racks, Benches and Crosswalk Improvements	2017	\$ 85,459	\$ 20,839	\$ 64,620	On-going
Totals		\$ 85,459	\$ 20,839	64,620	
Fund balance (deficit) at beginning of year				(10,270)	
Fund balance at end of year				\$ 54,350	*

* 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) and the 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*, 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, and TDAA3F report the following fund balance classification as of June 30, 2017 and 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 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, 2017 and 2016.

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, 2017 and 2016, 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 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 PROPOSITION A DISCRETIONARY INCENTIVE PROGRAM GRANT

Proposition A Discretionary Incentive Program grant represents additional funds received from LACMTA for participating in the National Transit Database Reporting Program. The City received \$63,933 and \$88,010 for the years ended June 30, 2017 and 2016, respectively, for participating in the program.

The Proposition A Discretionary Incentive Program grant was recorded under PALRF.

NOTE 8 PROJECT GENERATED REVENUES

Project generated revenues under PALRF for the years ended June 30, 2017 and 2016 consisted of the following:

		2017		2016
Dial-A-Ride fares	\$	1,670	\$	665
Fixed route fares		74,350		69,546
LACMTA bus pass sales		30,990		31,600
Miscellaneous		-		914
	\$	107,010	\$	102,725

NOTE 9 LACMTA CALL FOR PROJECTS GRANT (PACIFIC BOULEVARD PEDESTRIAN IMPROVEMENT PROJECT) – PCLRF

In September 2009, the LACMTA Board of Directors approved the Pacific Boulevard Pedestrian Improvement Project (ID#F3609 and FTIP#LAF3609) as part of the 2009 Call for Projects. Under the agreement, LACMTA will make a one-time grant of the Local Transportation Funds for the projects to the extent the funds are available. The release of funds to the City is made on a reimbursement basis and the City is required to submit a quarterly progress/expenditure report within a certain number of days after the close of each quarter. The City recognized \$1,834,176 and \$278,831 of revenues from this program during the years ended June 30, 2017 and 2016, respectively.

NOTE 10 TRANSIT ORIENTED DEVELOPMENT (TOD) PLANNING GRANT PROGRAM – MRLRF

In August 2013, the LACMTA and the City entered into a funding agreement (MOU.TOD.312.02.14) for its TOD Planning Grant Program. Under the agreement, LACMTA will advance local funds up to the grant amount for the project and then submits requests based on the City's invoices for reimbursement. Meanwhile, the City has agreed to provide the required local match (in kind or monetary) as additional funding to complete the project. The one-time grant is paid on reimbursement basis and the City is required to comply with all requirements of the federal grant. The City recognized \$247,556 and \$0 of reimbursements from this program during the years ended June 30, 2017 and 2016, respectively.

NOTE 11 OPEN STREET PROGRAM GRANT – MRLRF

In June 2014, the LACMTA Board approved the award of \$598,515 to the City for its Open Street Event titled CicLAvia: Southeast Cities (Open Street Program Grant). Under the agreement (ID#920000000CYC14159), LACMTA as the pass through agency will advance local funds up to the grant amount for the project and then submits requests based on the City's invoices, to Caltrans for reimbursement with Congestion Mitigation Air Quality (CMAQ) funds. The CMAQ funds are provided to LACMTA pursuant to another grant dated August 2014 between Caltrans and LACMTA. Meanwhile, the City has agreed to provide the required local match (in kind or monetary) of \$194,235 as additional funding to complete the project. The one-time grant is paid on reimbursement basis and the City is required to comply with all requirements of the federal grant and other applicable requirements of the United States Department of Transportation, the United States Department of Labor, and Caltrans. The City recognized \$140,311 and \$417,839 of revenues from this program during the years ended June 30, 2017 and 2016, respectively.

NOTE 12 TRANSPORTATION DEVELOPMENT ACT ARTICLE 3 FUND REVENUE ALLOCATION

The revenue allocations for the years ended June 30, 2017 and 2016 consisted of the following:

	2017	2016
FY 2012/13 reserve	\$ 37,950	\$ -
FY 2013/14 reserve	47,509	-
	\$ 85,459	\$ -

NOTE 13 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, 2017 and 2016, the City has funds on reserve as follows:

	2017	2016
FY 2012/13 reserve	\$ -	\$ 37,950
FY 2013/14 reserve	-	47,509
FY 2014/15 reserve	38,694	38,694
FY 2015/16 reserve	37,621	37,621
FY 2016/17 allocation	39,304	-
	\$ 115,619	\$ 161,774

For FY 2016/17, any TDA Article 3 funds left on reserve for FY 2012/13 or prior, are subject to lapse if not claimed by the City by June 30, 2017. There were no funds that lapsed in FY 2016/17.

NOTE 14 RESTATEMENT OF 2016 PALRF, PCLRF and MRLRF FINANCIAL STATEMENTS

The 2016 financial statements of PALRF, PCLRF and MRLRF were restated to reflect the adjustments on the following accounts:

PALRF

	Balance, as previously reported	Adjustment	Balance, as restated
Cash and investment	\$ 408,373	\$ 700	\$ 409,073
Accounts payable	36,372	(1,500)	34,872
Expenditures	1,135,241	(2,200)	1,133,041
Fund balance	342,943	2,200	345,143

NOTE 14 RESTATEMENT OF 2016 PALRF, PCLRF and MRLRF FINANCIAL STATEMENTS (CONTINUED)

PCLRF

	Balance, as previously reported	Adjustment	Balance, as restated
Due from LACMTA	\$ -	\$ 278,831	\$ 278,831
Fund balance	34,221	278,831	313,052
LACMTA Call for Projects Grant	-	278,831	278,831

MRLRF

	Balance, as previously reported	Adjustment	Balance, as restated
Due from LACMTA	\$ 696,669	\$ (278,831)	\$ 417,838
Fund balance	1,884,444	(278,831)	1,605,613
LACMTA Call for Projects Grant	278,831	(278,831)	-

The restatement of the Proposition A Local Return Fund financial statements is to remove certain expenditures from the Proposition A Local Return Fund that were funded by the General Fund.

The restatement of the Proposition C Local Return Fund and Measure R Local Return Fund is to transfer the 2016 LACMTA Call for Project Grant from Measure R Local Return Fund to Proposition C Local Return Fund.

NOTE 15 SUBSEQUENT EVENTS

The City has evaluated subsequent events through December 20, 2017, 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 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 years ended June 30, 2017 and 2016, and the related notes to the financial statements, and have issued our report thereon dated December 20, 2017.

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 an instance 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.

Los Angeles, California
December 20, 2017

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, 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, 2017.

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 Huntington Park, California complied, in all material respects, with the compliance requirements of the Guidelines for the year ended June 30, 2017.



Other Matters

The results of our auditing procedures disclosed instances of noncompliance with the requirements, which are described in the accompanying Schedule of Findings and Questioned Costs as Findings #2017-001 and #2017-002. Our opinion is not modified with respect to these 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.

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 or significant deficiencies 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 "Vaqueria & Company LLP".

**Los Angeles, California
December 20, 2017**

**City of Huntington Park
Compliance Matrix
Year ended June 30, 2017**

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			See Finding #2017-001
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 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				
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				

See report of independent auditors on compliance.

**City of Huntington Park
Compliance Matrix
Year ended June 30, 2017**

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 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			See Finding #2017-002

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, 2017

PALRF: Finding #2017-001

Compliance Reference	Section I(C) of the Proposition A and C Local Return Guidelines states that, "Jurisdictions shall submit for approval a Project Description Form (Form A) prior to the expenditure of funds for: 1) a new project; 2) a new route; 3) a 25 percent change (increase or decrease) in route or revenue vehicle miles for an established LR funded transit service; 4) a 0.75 miles or greater service change that duplicates/overlays an existing transit service; or 5) a 25 percent or greater change in an approved LR project budget or scope on all operating or capital LR projects."
Condition	<p>The City exceeded LACMTA's approved budget by more than 25 percent without obtaining prior approval through a revised Form A for Project code 480-03, Administration Prop A. The amount in excess of 25 percent of the approved budget was \$875.</p> <p>Projects with greater than 25 percent change from the approved project budget should be amended by submitting an amended Project Description Form (Form A).</p> <p>This is a repeat finding from prior year audit.</p>
Cause	The Public Works Department did not submit the Form A in a timely manner in the amount of \$875.
Effect	The City's PALRF project expenditures exceeded 25 percent of LACMTA's approved budget without LACMTA's approval and the City did not comply with the Guidelines.
Recommendation	We recommend that the City submit Form A to obtain LACMTA's approval for any changes in the project's originally approved budget. Also, we recommend for the City to implement controls to ensure compliance with this requirement.
Management Response	The Public Works Director and the Finance Director will monitor the budget vs actuals on a monthly basis to ensure administrative charges do not exceed 25 percent of the local annual expenditures. The Finance Department will not process any cost over the approved budgeted amount without the approved Form A.
Findings Resolved During the Audit	On December 14, 2017, the City subsequently submitted an amended Form A and obtained LACMTA's approval for the increase in the budget.

City of Huntington Park
Schedule of Findings and Questioned Costs
Year ended June 30, 2017

TDAA3F: Finding #2017-002

Compliance Reference	<p>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”.</p> <p>In addition, any TDA Article 3 funds left on reserve for FY 2012/13 are subject to lapse if not claimed by the City by June 30, 2017.</p>
Condition	<p>The City has requested a draw down of \$85,459 during the fiscal year 2016/17 that has not yet been collected as of June 30, 2017. Out of this amount, there is an unexpended fund balance of \$54,350 as of June 30, 2017. The unexpended fund balance includes \$6,841 from the FY 2012/13 allocation which are subject to lapsed as of June 30, 2017.</p> <p>LACMTA granted the City a one-year extension through June 30, 2018 to use the funds.</p>
Cause	<p>The Public Works Department did not review in timely manner the available funding to be spent and/or returned for TDA Article 3 Fund.</p>
Effect	<p>The City was not in compliance with the TDA Article 3 Guidelines and will be required to return the unexpended fund balance that lapsed as of June 30, 2017.</p>
Recommendation	<p>We recommend that the City return the unexpended fund balance that lapsed to LACMTA consistent with the TDA Article 3 Guidelines.</p>
Management’s Response	<p>The Public Works Director and the Finance Director will review the available funding to be spent and/or returned for TDA Article 3 Fund on a monthly basis. The monthly review will ensure the use of funds in timely manner.</p>
Finding Corrected During the Audit	<p>On December 19, 2017, LACMTA granted the City a one-year extension through June 30, 2018 to use the funds.</p>

EXIT CONFERENCE

An exit conference was held on December 20, 2017 with the City of Huntington Park representatives. Those in attendance were:

Vasquez and Company LLP representatives:
Marialyn Salvador – Audit Senior Manager
Emer Fabro – Audit Supervisor

City of Huntington Park representatives:
Annie Ruiz – Accounting Manager
Edwin Aragon – Senior Accountant

Matters discussed:

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

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

Annie Ruiz – Accounting Manager
Edwin Aragon – Senior Accountant



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