

***CITY OF LANCASTER
ANNUAL FINANCIAL REPORT OF THE
PROPOSITION A LOCAL RETURN FUND
PROPOSITION C LOCAL RETURN FUND
MEASURE R LOCAL RETURN FUND
TRANSPORTATION DEVELOPMENT ACT
ARTICLE 3 FUND
TRANSPORTATION DEVELOPMENT ACT
ARTICLE 8 FUND***

***FOR THE FISCAL YEARS ENDED
JUNE 30, 2017 AND 2016***



Metro[®]



Simpson & Simpson, LLP
Certified Public Accountants

CITY OF LANCASTER
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FINANCIAL SECTION



SIMPSON & SIMPSON
CERTIFIED PUBLIC ACCOUNTANTS

FOUNDING PARTNERS
BRANARD C. SIMPSON, CPA
MELBA W. SIMPSON, CPA

U.S. BANK TOWER
633 WEST 5TH STREET, SUITE 3320
LOS ANGELES, CA 90071
(213) 736-6664 TELEPHONE
(213) 736-6692 FAX
www.simpsonllp.com

Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the Proposition A Local Return Fund (PALRF), Proposition C Local Return Fund (PCLRF), Measure R Local Return Fund (MRLRF), Transportation Development Act Article 3 Fund (TDAA3F) and Transportation Development Act Article 8 Fund (TDAA8F) of the City of Lancaster, California (City) as of and for the years ended June 30, 2017 and 2016, and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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



Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the PALRF, PCLRF, MRLRF, TDAA3F, and TDAA8F of the City of Lancaster, California, as of June 30, 2017 and 2016, and the respective changes in their 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 PALRF, PCLRF, MRLRF, TDAA3F, and TDAA8F and do not purport to, and do not, present fairly the financial position of the City of Lancaster, California, as of June 30, 2017 and 2016, and the changes in financial position thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Lancaster, California's PALRF, PCLRF, MRLRF, TDAA3F, and TDAA8F Fund financial statements as a whole. The accompanying supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements.

The supplementary information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have issued our report dated November 21, 2017, on our consideration of the City of Lancaster's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance

A handwritten signature in black ink that reads "Simpson & Simpson". The signature is written in a cursive, flowing style.

Los Angeles, California
November 21, 2017

CITY OF LANCASTER

PROPOSITION A LOCAL RETURN FUND

BALANCE SHEETS

JUNE 30

	<u>2017</u>	<u>2016</u>
ASSETS		
Cash and investments	\$ 3,529,443	\$ 3,545,199
Interest receivable	<u>8,768</u>	<u>6,337</u>
Total assets	<u>\$ 3,538,211</u>	<u>\$ 3,551,536</u>
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 19,721	\$ 9,743
Wages payable	<u>310</u>	<u>744</u>
Total liabilities	<u>20,031</u>	<u>10,487</u>
Fund Balance		
Restricted	<u>3,518,180</u>	<u>3,541,049</u>
Total fund balance	<u>3,518,180</u>	<u>3,541,049</u>
Total liabilities and fund balance	<u>\$ 3,538,211</u>	<u>\$ 3,551,536</u>

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

CITY OF LANCASTER
PROPOSITION A LOCAL RETURN FUND
STATEMENTS OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE

For the Fiscal Years Ended June 30

	<u>2017</u>	<u>2016</u>
REVENUES		
Proposition A	\$ 2,933,883	\$ 2,885,838
Interest income	11,927	9,887
Unrealized (loss) gain	<u>(4,913)</u>	<u>7,822</u>
Total revenues	<u>2,940,897</u>	<u>2,903,547</u>
EXPENDITURES		
Various projects	<u>1,538,766</u>	<u>2,510,819</u>
Total expenditures	<u>1,538,766</u>	<u>2,510,819</u>
Excess of revenues over expenditures	1,402,131	392,728
Other Funding Uses		
Fund exchange with City of Commerce (Note 7)	<u>(1,425,000)</u>	<u>-</u>
Total other funding uses	<u>(1,425,000)</u>	<u>-</u>
(Deficiency) excess of revenues over expenditures and other funding uses	(22,869)	392,728
Fund balance at beginning of year	<u>3,541,049</u>	<u>3,148,321</u>
Fund balance at end of year	<u>\$ 3,518,180</u>	<u>\$ 3,541,049</u>

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

CITY OF LANCASTER

PROPOSITION A LOCAL RETURN FUND

SUPPLEMENTARY INFORMATION

SCHEDULE OF EXPENDITURES

ACTUAL AND METRO APPROVED PROJECT BUDGET

For the Fiscal Year Ended June 30, 2017

(With Comparative Actual Amount for the Fiscal Year Ended June 30, 2016)

Project Code	Project Name	2017		Variance Favorable (Unfavorable)	2016 Actual
		Metro Budget	Actual		
110-01	AVTA Transit Services	\$ 1,201,084	\$ 1,203,084	\$ (2,000)	\$ 1,615,460
140-01	Recreational Transit Services	24,168	20,000	4,168	14,775
150-03	Phase 1 Bus Stop Improvements	1	-	1	640,272
105-05	2017 Bus Stop Improvements	800,000	32,426	767,574	-
170-02	Bus Shelter/Bench Maintenance	95,000	79,264	15,736	22,041
170-03	Care and Maintenance of AVTA Transfer Center	40,055	40,990	(935)	42,753
230-01	Park & Ride Security Program	117,095	117,095	-	82,165
360-01	Metrolink Station Repairs	-	-	-	18,355
480-03	Transportation Program Administration	44,315	8,732	35,583	38,553
480-05	General Fund Overhead Allocation	37,175	37,175	-	36,445
	Total expenditures	2,358,893	1,538,766	820,127	2,510,819
Fund Exchange (Note 7)					
405-01	Exchange Prop A Funds with City of Commerce	1,425,000	1,425,000	-	-
	Total fund exchange	1,425,000	1,425,000	-	-
	Total expenditures and fund exchange	<u>\$ 3,783,893</u>	<u>\$ 2,963,766</u>	<u>\$ 820,127</u>	<u>\$ 2,510,819</u>

See accompanying independent auditor's report.

CITY OF LANCASTER

PROPOSITION A LOCAL RETURN FUND

SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS

June 30, 2017

<u>Date</u> <u>Acquired</u>	<u>Description</u>	<u>Balance</u> <u>7/1/2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>6/30/2017</u>
6/4/2012	Pressure Washer Trailer	\$ 10,874	\$ -	\$ -	\$ 10,874
	Total	\$ 10,874	\$ -	\$ -	\$ 10,874

See accompanying independent auditor's report.

CITY OF LANCASTER

PROPOSITION C LOCAL RETURN FUND

BALANCE SHEETS

JUNE 30

	<u>2017</u>	<u>2016</u>
ASSETS		
Cash and investments	\$ 6,135,867	\$ 6,620,671
Interest receivable	<u>14,250</u>	<u>11,414</u>
Total assets	<u>\$ 6,150,117</u>	<u>\$ 6,632,085</u>
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ <u>600</u>	\$ <u>-</u>
Total liabilities	<u>600</u>	<u>-</u>
Fund Balance		
Restricted	<u>6,149,517</u>	<u>6,632,085</u>
Total fund balance	<u>6,149,517</u>	<u>6,632,085</u>
Total liabilities and fund balance	<u>\$ 6,150,117</u>	<u>\$ 6,632,085</u>

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

CITY OF LANCASTER

PROPOSITION C LOCAL RETURN FUND

**STATEMENTS OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE**

For the Fiscal Years Ended June 30

	<u>2017</u>	<u>2016</u>
REVENUES		
Proposition C	\$ 2,400,022	\$ 2,358,983
Interest income	28,688	18,853
Unrealized (loss) gain	<u>(7,410)</u>	<u>14,235</u>
Total revenues	<u>2,421,300</u>	<u>2,392,071</u>
EXPENDITURES		
Various projects	<u>2,903,868</u>	<u>1,473,043</u>
Total expenditures	<u>2,903,868</u>	<u>1,473,043</u>
(Deficiency) excess of revenues over expenditures	(482,568)	919,028
Fund balance at beginning of year	<u>6,632,085</u>	<u>5,713,057</u>
Fund balance at end of year	<u><u>\$ 6,149,517</u></u>	<u><u>\$ 6,632,085</u></u>

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

CITY OF LANCASTER

PROPOSITION C LOCAL RETURN FUND

SUPPLEMENTARY INFORMATION

SCHEDULE OF EXPENDITURES

ACTUAL AND METRO APPROVED PROJECT BUDGET

For the Fiscal Year Ended June 30, 2017

(With Comparative Actual Amount for the Fiscal Year Ended June 30, 2016)

Project Code	Project Name	2017		Variance	2016 Actual
		Metro Budget	Actual	Favorable (Unfavorable)	
110-01	AVTA Transit Services	\$ 391,904	\$ 391,904	\$ -	\$ -
180-01	Purchase of Sealant Melter & Applications	100,000	98,901	1,099	-
290-01	Downtown Park-n-Ride	174,079	-	174,079	-
440-01	Ave H Restripe - 20th St W to Trevor	60,019	10,210	49,809	58,704
440-02	St Rehab/Repair - 20th W/Lanc Blvd to Ave J	1,554,062	146,227	1,407,835	83,183
450-05	10th Street West Gap Closure	1,761,720	258,893	1,502,827	176,579
450-13	Downtown Gateway	1	-	1	153,336
450-16	Avenue I Streetscape Enhancements, 15th St W to 10th St W	575,436	72,584	502,852	56,609
450-18	Lancaster Auto Mall	20,000	75	19,925	151,971
450-19	Endeavor School Pedestrian Improvements	1	-	1	184,978
450-20	Sidewalk Improvements at Railroad Crossings	234,609	3,265	231,344	12,778
450-21	Intersection Improvements - 10th W & 30th W at Ave I	736,079	166,233	569,846	25,702
450-22	Avenue H Rehab	372,170	71,983	300,187	61,831
450-23	Ave K-8 5th St East to 7th St East Drainage	224,000	-	224,000	-
450-24	10th Street West and Avenue K Improvements	400,000	-	400,000	-
470-03	Professional Services - PMS	58,000	600	57,400	55,504
470-04	2012 Pavement Management Program	1	-	1	19,092
470-05	Cole Middle School and Tierra Bonita	117,348	89,301	28,047	58,664
470-06	2014 Pavement Management Program	-	-	-	306,609
470-07	2015 Pavement Management Program	99,518	121,035	(21,517)	47,080
470-08	15/16 Pavement Management Program/Revive 25	1,582,565	1,227,001	355,564	17,422
470-09	2016/17 Pavement Management Program R-25	579,957	243,808	336,149	-
480-03	Transporation Program Administration	1	-	1	-
500-02	Computer Software	2,700	1,848	852	3,001
	Total expenditures	\$ 9,044,170	\$ 2,903,868	\$ 6,140,302	\$ 1,473,043

See accompanying independent auditor's report.

CITY OF LANCASTER

PROPOSITION C LOCAL RETURN FUND

SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS

June 30, 2017

<u>Date</u> <u>Acquired</u>	<u>Description</u>	<u>Balance</u> <u>7/1/2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>6/30/2017</u>
5/23/2017	Crack Sealer	\$ -	\$ 98,901	\$ -	\$ 98,901
	Total	\$ -	\$ 98,901	\$ -	\$ 98,901

See accompanying independent auditor's report.

CITY OF LANCASTER

MEASURE R LOCAL RETURN FUND

BALANCE SHEETS

JUNE 30

	<u>2017</u>	<u>2016</u>
ASSETS		
Cash and investments	\$ 4,640,226	\$ 3,402,209
Due from LACMTA	989,411	725,422
Interest receivable	11,096	5,923
Due from other government (Note 8)	1,367,911	1,795,153
Total assets	\$ <u>7,008,644</u>	\$ <u>5,928,707</u>
 DEFERRED INFLOW OF RESOURCES AND FUND BALANCE		
 Deferred Inflow of Resources		
Unavailable revenue (Note 8)	\$ <u>1,367,911</u>	\$ <u>1,795,153</u>
Total deferred inflow of resources	<u>1,367,911</u>	<u>1,795,153</u>
 Fund Balance		
Restricted	<u>5,640,733</u>	<u>4,133,554</u>
Total fund balance	<u>5,640,733</u>	<u>4,133,554</u>
 Total liabilities and fund balance	\$ <u>7,008,644</u>	\$ <u>5,928,707</u>

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

CITY OF LANCASTER

MEASURE R LOCAL RETURN FUND

**STATEMENTS OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE**

For the Fiscal Years Ended June 30

	<u>2017</u>	<u>2016</u>
REVENUES		
Measure R	\$ 1,825,625	\$ 1,796,381
Measure R Highway Program Grant (Note 9)	3,155,363	1,419,818
Interest income	18,274	11,032
Unrealized (loss) gain	(7,296)	11,968
Other income	-	5,986
Total revenues	<u>4,991,966</u>	<u>3,245,185</u>
EXPENDITURES		
Various projects	<u>3,484,787</u>	<u>3,614,026</u>
Total expenditures	<u>3,484,787</u>	<u>3,614,026</u>
Excess (deficiency) of revenues over expenditures	1,507,179	(368,841)
Fund balance at beginning of year	<u>4,133,554</u>	<u>4,502,395</u>
Fund balance at end of year	<u>\$ 5,640,733</u>	<u>\$ 4,133,554</u>

The accompanying notes are an integral part of the financial statements

CITY OF LANCASTER

MEASURE R LOCAL RETURN FUND

SUPPLEMENTARY INFORMATION

SCHEDULE OF EXPENDITURES

ACTUAL AND METRO APPROVED PROJECT BUDGET

For the Fiscal Year Ended June 30, 2017

(With Comparative Actual Amount for the Fiscal Year Ended June 30, 2016)

Project Code	Project Name	2017		Variance	2016 Actual
		Metro Budget	Actual	Favorable (Unfavorable)	
1.05	2012 Pavement Management Program	\$ -	\$ -	\$ -	\$ 42,948
1.05	2014 Pavement Management Program	25,480	-	25,480	248,791
1.05	2015 Pavement Management Program	1,009,932	23,331	986,601	187,496
1.05	16/17 Pavement Management/Revive 25	4,416,768	172,123	4,244,645	43,589
1.05	Street Rehab/ Repair Lancaster Blvd/ 30th-40th	11,476	11,476	-	-
1.20	Downtown Gateway	-	-	-	5,595
1.20	15/16 Neighborhood Speed Humps	137,470	119,390	18,080	12,528
1.25	10th St W Gap Closures, Avenue L to Avenue M	601,455	-	601,455	-
1.25	Ave I St Improvements Challenger to Price	134,075	375	133,700	690
1.25	Ave I St Improvements Price to 35th St E	158,559	186	158,373	11,071
1.90	Maintenance Yard Storage Building, Phase 2	-	-	-	136,337
1.90	Trevor Avenue Widening	825,276	43,021	782,255	24,722
3.05	20th St W Road Diet, Ave J-9 to Ave L	5,526	3,591	1,935	4,185
3.05	5th St E Corridor Improvements	70,000	44,547	25,453	-
3.20	Lancaster Auto Mall	-	-	-	100,000
3.90	Elementary School LED Stop Sign Program	28,430	-	28,430	29,408
<i>Expenditures Funded by Measure R Local Return Fund</i>		<u>7,424,447</u>	<u>418,040</u>	<u>7,006,407</u>	<u>847,360</u>
1.10	Avenue K and SR 14 Interchange (Note 9)	14,201,078	770,527	13,430,551	348,156
1.10	Avenue M and SR 14 Interchange (Note 9)	2,826,024	483,629	2,342,395	1,332,641
1.10	Avenue G and SR 14 Interchange (Note 9)	2,359,714	616,000	1,743,714	511,904
1.10	Ave J/SR 14 Interchange (Note 9)	2,746,611	864,889	1,881,722	515,339
1.10	Avenue L and SR 14 Interchange (Note 9)	295,465	331,702	(36,237)	58,626
<i>Expenditures Funded by Measure R Highway Grant Funds</i>		<u>22,428,892</u>	<u>3,066,747</u>	<u>19,362,145</u>	<u>2,766,666</u>
Total expenditures		<u>\$ 29,853,339</u>	<u>\$ 3,484,787</u>	<u>\$ 26,368,552</u>	<u>\$ 3,614,026</u>

See accompanying independent auditor's report.

CITY OF LANCASTER

MEASURE R LOCAL RETURN FUND

SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS

June 30, 2017

<u>Date</u> <u>Acquired</u>	<u>Description</u>	<u>Balance</u> <u>7/1/2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>6/30/2017</u>
1/15/2013	Hydrostatic Spreader	\$ 162,127	\$ -	\$ -	\$ 162,127
1/15/2013	Pavement Preservation Broom	63,636	-	-	63,636
3/25/2013	Pneumatic Tire Compactor	87,745	-	-	87,745
3/25/2013	Pneumatic Tire Compactor	87,745	-	-	87,745
6/19/2014	Broce Model KR350 Broom with Kubota Engine	56,758	-	-	56,758
7/14/2014	Avalanche Sweeper	263,387	-	-	263,387
	Total	<u>\$ 721,398</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 721,398</u>

See accompanying independent auditor's report.

CITY OF LANCASTER

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

BALANCE SHEETS
JUNE 30

	<u>2017</u>	<u>2016</u>
ASSETS		
Cash and investment	\$ -	\$ 2,988
Interest receivable	-	5
Due from LACMTA	<u>1,768</u>	<u>-</u>
Total assets	<u>\$ 1,768</u>	<u>\$ 2,993</u>
 LIABILITIES AND FUND BALANCE		
Liabilities		
Due to General Fund	\$ <u>101</u>	\$ <u>-</u>
Total liabilities	<u>101</u>	<u>-</u>
 Fund Balance		
Restricted	<u>1,667</u>	<u>2,993</u>
Total fund balance	<u>1,667</u>	<u>2,993</u>
 Total liabilities and fund balance	 <u>\$ 1,768</u>	 <u>\$ 2,993</u>

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

CITY OF LANCASTER

TRANSPORTATION DEVELOPMENT ACT ARTICLE 3 FUND

STATEMENTS OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE

For the Fiscal Years Ended June 30

	<u>2017</u>	<u>2016</u>
REVENUES		
TDA 3 (Note 10)	\$ 1,768	\$ 209,424
Interest income	<u>(3)</u>	<u>2</u>
Total revenues	<u>1,765</u>	<u>209,426</u>
EXPENDITURES		
Construction/Maintenance	<u>3,091</u>	<u>162,071</u>
Total expenditures	<u>3,091</u>	<u>162,071</u>
(Deficiency) excess of revenues over expenditures	(1,326)	47,355
Fund balance at beginning of year	<u>2,993</u>	<u>(44,362)</u>
Fund balance at end of year	<u>\$ 1,667</u>	<u>\$ 2,993</u>

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

CITY OF LANCASTER

TRANSPORTATION DEVELOPMENT ACT ARTICLE 3 FUND
SUPPLEMENTARY INFORMATION

SCHEDULE OF TRANSPORTATION DEVELOPMENT ACT
ALLOCATION FOR SPECIFIC PROJECTS

For the Fiscal Year Ended June 30, 2017

<u>Project Description</u>	<u>Program Year</u>	<u>Allocations</u>	<u>Expenditures</u>	<u>Unexpended Allocations</u>	<u>Project Status</u>
Local allocations					
10th Street W & Avenue J Improvements	2017	\$ <u>1,765</u>	\$ <u>3,091</u>	\$ <u>(1,326)</u>	Ongoing
Total		\$ <u><u>1,765</u></u>	\$ <u><u>3,091</u></u>	<u>(1,326)</u>	
Unexpended interest accumulated to date				-	
Fund balance at beginning of year				<u>2,993</u>	
Fund balance at end of year				\$ <u><u>1,667</u></u> *	

* The fund balance of \$1,667 was encumbered as of June 30, 2017.

See accompanying independent auditor's report.

CITY OF LANCASTER

TRANSPORTATION DEVELOPMENT ACT ARTICLE 8 FUND
(PURSUANT TO PUBLIC UTILITIES CODE SECTION 99234)

BALANCE SHEETS
JUNE 30

	<u>2017</u>	<u>2016</u>
ASSETS		
Due from LACMTA	\$ 2,798,498	\$ 1,825,000
Interest receivable	<u>-</u>	<u>3,542</u>
Total assets	<u>\$ 2,798,498</u>	<u>\$ 1,828,542</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE		
Liabilities		
Due to General Fund	\$ <u>2,999,998</u>	\$ <u>1,492,948</u>
Total liabilities	<u>2,999,998</u>	<u>1,492,948</u>
Deferred Inflow of Resources		
Unavailable revenue	<u>2,798,498</u>	<u>-</u>
Total deferred inflow of resources	<u>2,798,498</u>	<u>-</u>
Fund Balance		
Restricted	<u>(2,999,998)</u>	<u>335,594</u>
Total fund balance	<u>(2,999,998)</u>	<u>335,594</u>
Total liabilities and fund balance	<u>\$ 2,798,498</u>	<u>\$ 1,828,542</u>

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

CITY OF LANCASTER

TRANSPORTATION DEVELOPMENT ACT ARTICLE 8 FUND

STATEMENTS OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE

For the Fiscal Years Ended June 30

	<u>2017</u>	<u>2016</u>
REVENUES		
TDA 8	\$ -	\$ 1,825,000
Project reimbursements (Note 12)	50,825	101,818
Interest income	(3,426)	4,927
Unrealized gain	1,821	12,620
Other income	2,663	-
Total revenues	<u>51,883</u>	<u>1,944,365</u>
EXPENDITURES		
Various expenditures	<u>3,387,475</u>	<u>5,694,941</u>
Total expenditures	<u>3,387,475</u>	<u>5,694,941</u>
(Deficiency) excess of revenues over expenditures	(3,335,592)	(3,750,576)
Fund balance at beginning of year	<u>335,594</u>	<u>4,086,170</u>
Fund balance at end of year	<u>\$ (2,999,998)</u>	<u>\$ 335,594</u>

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

CITY OF LANCASTER

TRANSPORTATION DEVELOPMENT ACT ARTICLE 8 FUND
SUPPLEMENTARY INFORMATION

SCHEDULE OF TRANSPORTATION DEVELOPMENT ACT
ALLOCATION FOR SPECIFIC PROJECTS

For the Fiscal Year Ended June 30, 2017

Project Description	Program Year	Allocations	Expenditures	Unexpended Allocations	Project Status
Local allocations					
13/14 St Rehab/ Repair-Lancaster Blvd/ 30th W	2014	\$ 65,402	\$ 65,402	\$ -	Closed
2015 Pavement Management Program	2015	117,340	147,385	(30,045)	Open
15/16 Pavement Management Program - R25	2016	5,511	5,511	-	Open
16/17 Pavement Management Program - R25	2017	-	126,318	(126,318)	Open
11/12 Corridors Project	2012	22,949	22,949	-	Closed
15/16 Lancaster Health District (Formerly Medical Main Street)	2016	125,995	125,995	-	Closed
16/17 Traffic Operations and Maintenance	2017	-	366,020	(366,020)	On-going
16/17 Street Maintenance	2017	-	2,228,870	(2,228,870)	On-going
16/17 Street Light Maintenance	2017	-	299,025	(299,025)	On-going
Total		<u>337,197</u>	<u>3,387,475</u>	<u>(3,050,278)</u>	
Interest income not allocated to a project		(1,604)	-	(1,604)	
		<u>\$ 335,593</u>	<u>\$ 3,387,475</u>	<u>\$ (3,051,882)</u>	
Unexpended interest accumulated to date				(1,604)	
Project reimbursements				50,825	
Other Income				2,663	
Fund balance at end of year				<u>\$ (2,999,998)</u>	

* The fund balance of \$2,999,998 was encumbered as of June 30, 2017.

CITY OF LANCASTER

NOTES TO FINANCIAL STATEMENTS For the Fiscal Years Ended June 30, 2017 and 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fund Accounting

The operations of the Proposition A Local Return Fund (PALRF) and Proposition C Local Return Funds (PCLRF), Measure R Local Return Fund (MRLRF), Transportation Development Act Article 3 Fund (TDAA3F), and Transportation Development Act Article 8 Fund (TDAA8F) are accounted for in separate sets of self-balancing accounts that comprise their assets, liabilities, fund balance, revenues and expenditures.

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

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

Transportation Development Act Article 3 Fund (TDAA3F) and Transportation Development Act Article 8 Fund (TDAA8F) is a Special Revenue Fund that accounts for the City's share of the Transportation Development Act Article 3 and 8 allocations which are legally restricted for specific purposes.

Basis of Accounting and Measurement Focus

PALRF, PCLRF, MRLRF, TDAA3F and TDAA8F are accounted for using the modified accrual basis of accounting whereby revenues are recognized when they become both measurable and available to finance expenditures of the current period and expenditures are generally recognized when the related fund liabilities are incurred.

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.

Unrealized Gain (Loss) on Investments

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and External Investment Pools*, local governments are required to use fair value (instead of amortized cost) for financial reporting purposes. As a result of such implementation, the City recognizes the unrealized gain (loss) on investments.

CITY OF LANCASTER

NOTES TO FINANCIAL STATEMENTS For the Fiscal Years Ended June 30, 2017 and 2016 (Continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fair Value Measurement

In accordance with GASB Statement No. 72, Fair Value Measurement and Application, which became effective for the fiscal years ended June 30, 2017 and 2016, the City categorizes its fair value measurement within the fair value hierarchy that is based on the valuation inputs used to measure the fair value of the investment. Level 1 inputs are quoted prices in active markets for identical investments; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Accordingly, the City reports its investments at fair value and recognizes unrealized gain (loss) on investments.

Refer to the City's 2017 Comprehensive Annual Financial Report for detailed disclosures regarding the City's investments policy and fair value measurements.

Fund Balance Reporting

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

The PALRF, PCLRF, MRLRF, TDAA3F, and TDAA8F report the following fund balance classification as of June 30, 2017:

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

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

NOTE 2 – ANNUAL FINANCIAL STATEMENTS

The financial statements reflect only the financial position and results of operations of the PALRF, PCLRF, MRLRF, TDAA3F, and TDAA8F and their compliance with the Proposition A and Proposition C Local Return Program Guidelines, Measure R Local Return Program Guidelines, and Transportation Development Act Article 3 & 8 and the Los Angeles County Metropolitan Transportation Authority Funding, and Allocation Guidelines for Transportation Development Act Article 3 Bicycle and Pedestrian Funds, and Allocation Guidelines for Transportation Development Act Article 8 transit and paratransit programs to fulfill unmet transit needs in areas outside the service area of LACMTA operations.

CITY OF LANCASTER

NOTES TO FINANCIAL STATEMENTS
For the Fiscal Years Ended June 30, 2017 and 2016
(Continued)

NOTE 3 – PROPOSITION A AND PROPOSITION C LOCAL RETURN COMPLIANCE REQUIREMENTS

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

NOTE 4 – MEASURE R LOCAL RETURN COMPLIANCE REQUIREMENTS

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

NOTE 5 – TRANSPORTATION DEVELOPMENT ACT COMPLIANCE REQUIREMENTS

In accordance with Public Utilities Code Section 99234 and 99400 (a), funds received pursuant to this Code's section may only be used for activities relating to pedestrians and bicycle facilities, transit and paratransit programs to fulfill unmet transit needs in areas outside the service area of LACMTA operations. See accompanying Compliance Matrix.

NOTE 6 – CASH AND INVESTMENTS

The PALRF, PCLRF, MRLRF, TDAA3F, and TDAA8F cash balances were pooled with various other City funds for deposit and investment purposes. The share of each fund in the pooled cash account was separately maintained and interest income was apportioned to the participating funds based on the relationship of their average quarterly balances to the total of the pooled cash and investments.

NOTE 7 – PROPOSITION A LOCAL RETURN FUND EXCHANGE

On August 1, 2016, the City entered into an agreement with the City of Commerce to exchange \$1,425,000 of the City's Proposition A Local Return Funds for \$997,500 of Commerce's General Funds or \$0.70 of General Funds given for each \$1.00 of Prop A funds received. The agreement was only applicable to the fiscal year ended June 30, 2017.

CITY OF LANCASTER

NOTES TO FINANCIAL STATEMENTS
For the Fiscal Years Ended June 30, 2017 and 2016
(Continued)

NOTE 8 – DEFERRED INFLOW OF RESOURCES – MRLRF and TDAA 8

The City recognizes revenue when the payments for services rendered become measurable and available. In fiscal years ended June 30, 2017 and 2016, the City recorded deferred inflow of resources when the availability of the funds was not determined at fiscal year-end.

The issuance of Governmental Accounting Standards Board No. 65, Items Previously Reported as Assets and Liabilities, established accounting and financial reporting standards that reclassify certain liabilities as deferred inflows of resources. A deferred inflow of resources is defined as those resources that are not available for spending in the current period. Since the reimbursements from other funds were not available for spending MRLRF and TDAA 8 in fiscal years ended June 30, 2017 and 2016, the amount was reported as deferred inflows of resources. As of June 30, 2017, the deferred inflow of resources was \$1,367,911 from the Measure R Highway Grant and \$2,798,498 from the Transportation Development Act Article 8 fund.

Measure R Highway Grant projects detail deferred inflows of resources at June 30, 2017 are as follows:

<u>MOU Number</u>	<u>Project Name</u>	<u>Expenditure Amount</u>
MR330.02	15BR004 Ave K/SR 14 Interchange	\$ 345,140
MR330.03	15BR006 Ave G/SR 14 Interchange	150,765
MR330.04	15BR007 Ave J/SR 14 Interchange	261,187
MR330.05	15BR008 Ave L/SR 14 Interchange	510,764
MR330.06	15BR005 Ave M/SR 14 Interchange	100,055
	Total Expenditures	\$ <u>1,367,911</u>

NOTE 9 – OTHER FUNDING SOURCES - MRLRF

For fiscal year 2017, the Measure R Highway Grant had the following projects revenues and expenditures:

<u>MOU Number</u>	<u>Project Name</u>	<u>Revenue Received</u>
MR330.02	15BR004 Ave K/SR 14 Interchange	\$ 596,913
MR330.06	15BR005 Ave M/SR 14 Interchange	1,145,325
MR330.03	15BR006 Ave G/SR 14 Interchange	567,007
MR330.04	15BR007 Ave J/SR 14 Interchange	573,868
MR330.05	15BR008 Ave L/SR 14 Interchange	272,249
		\$ <u>3,155,363</u>

CITY OF LANCASTER

NOTES TO FINANCIAL STATEMENTS
For the Fiscal Years Ended June 30, 2017 and 2016
(Continued)

NOTE 9 – OTHER FUNDING SOURCES – MRLRF (Continued)

<u>MOU Number</u>	<u>Project Name</u>	<u>Expenditure Amount</u>
MR330.02	15BR004 Ave K/SR 14 Interchange	\$ 770,527
MR330.06	15BR005 Ave M/SR 14 Interchange	483,629
MR330.03	15BR006 Ave G/SR 14 Interchange	616,000
MR330.04	15BR007 Ave J/SR 14 Interchange	864,889
MR330.05	15BR008 Ave L/SR 14 Interchange	331,702
		<u>\$ 3,066,747</u>

NOTE 10 – TRANSPORTATION DEVELOPMENT ACT ARTICLE 3 FUND REVENUE ALLOCATION

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

	<u>2017</u>	<u>2016</u>
FY 2014-15 allocation	\$ 1,768	\$ -
Total payment requested	<u>\$ 1,768</u>	<u>\$ -</u>

NOTE 11 – TRANSPORTATION DEVELOPMENT ACT ARTICLE 3 FUNDS RESERVED

In accordance with TDA Article 3 (SB821) Guidelines, funds not spent during the fiscal year have been placed on reserve in the Local Transportation Fund (LTF) account with the County Auditor-Controller to be drawn down whenever the funds become eligible for a specific project and an approved drawdown request is received by Metro. As of June 30, 2017 and 2016, the City has funds on reserve as follows:

	<u>2017</u>	<u>2016</u>
FY 2014-15 allocation	\$ 52,394	\$ 54,162
FY 2015-16 allocation	101,858	101,858
FY 2016-17 allocation	106,518	-
Available reserve balance	<u>\$ 260,770</u>	<u>\$ 156,020</u>

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.

CITY OF LANCASTER

NOTES TO FINANCIAL STATEMENTS
For the Fiscal Years Ended June 30, 2017 and 2016
(Continued)

NOTE 12 – TRANSPORTATION DEVELOPMENT ACT ARTICLE 8 FUNDS PROJECT REIMBURSEMENTS

For June 30, 2017, the following project reimbursements were noted for TDAA8F.

Project No.	Project Name	Purpose	Entity name	Amount
15ST039	20th ST W Road Diet - Ave J8 to Ave L	Reduce FY 14/15 salary expenses by funding with Measure R Tax Revenue	Los Angeles County - MTA	2,555
15ST039	Bike Lanes 20th ST W/Ave J8 to Ave L	Reduce FY 14/15 salary expenses by funding with BTA112-07-LA-04 Grant	State of California Department of Transportation	22,861
12TS004	Smart Crosswalks (five locations)	Reduce FY 06/07 expenses by funding with SR2SL-5419(018)	State of California Office of Traffic Safety	25,409
				<u>\$ 50,825</u>

NOTE 13 – SUBSEQUENT EVENTS

The City has evaluated events or transactions that occurred subsequent to June 30, 2017 through November 21, 2017, the date the accompanying financial statements were available to be issued, for potential recognition or disclosure in the financial statements and determined no subsequent matters require disclosure or adjustment to the accompanying financial statements.



SIMPSON & SIMPSON
CERTIFIED PUBLIC ACCOUNTANTS

FOUNDING PARTNERS
BRANARD C. SIMPSON, CPA
MELBA W. SIMPSON, CPA

U.S. BANK TOWER
633 WEST 5TH STREET, SUITE 3320
LOS ANGELES, CA 90071
(213) 736-6664 TELEPHONE
(213) 736-6692 FAX
www.simpsonllp.com

**Independent Auditor's Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards***

To the Honorable Members of the City Council of the
City of Lancaster, California and the
Los Angeles County Metropolitan Transit Authority

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Proposition A Local Return Fund (PALRF), Proposition C Local Return Fund (PCLRF), Measure R Local Return Fund (MRLRF), Transportation Development Act Article 3 Fund (TDAA3F), and Transportation Development Act Article 8 Fund (TDAA8F) of the City of Lancaster, California (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 November 21, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's local return funds, TDAA3F and TDAA8F 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 any deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.





Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City’s financial statements of the Proposition A Local Return Fund (PALRF), Proposition C Local Return Fund (PCLRF), Measure R Local Return Fund (MRLRF), Transportation Development Act Article 3 Fund (TDAA3F), and Transportation Development Act Article 8 Fund (TDAA8F) are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

A handwritten signature in black ink that reads "Simpson & Simpson". The signature is written in a cursive, flowing style.

Los Angeles, California
November 21, 2017

COMPLIANCE SECTION



SIMPSON & SIMPSON
CERTIFIED PUBLIC ACCOUNTANTS

FOUNDING PARTNERS
BRANARD C. SIMPSON, CPA
MELBA W. SIMPSON, CPA

U.S. BANK TOWER
633 WEST 5TH STREET, SUITE 3320
LOS ANGELES, CA 90071
(213) 736-6664 TELEPHONE
(213) 736-6692 FAX
www.simpsonllp.com

Independent Auditor's Report On Compliance

To the Honorable Members of the City Council of the
City of Lancaster, California and the
Los Angeles County Metropolitan Transit Authority

Report on Compliance

We have audited the compliance of the City of Lancaster, California (City) with the Proposition A and Proposition C Local Return Guidelines, Measure R Local Return Guidelines, Transportation Development Act Article 3, and the Los Angeles County Metropolitan Transportation Authority's Funding and Allocation Guidelines for the Transportation Development Act Article 3 Bicycle and Pedestrian Funds (Guidelines) and Transportation Development Act Article 8 Funds (Guidelines) for the years ended June 30, 2017 and 2016.

Management's Responsibility

Management is responsible for the City's compliance with those guidelines.

Auditor's Responsibility

Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the Guidelines referred to in the preceding paragraph. Those standards and the Guidelines require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a local return program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Local Return Program, Transportation Development Act Article 3 and Transportation Development Act Article 8

In our opinion, the City of Lancaster complied, in all material respects, with the compliance requirements referred to above that apply to Proposition A Local Return Fund, Proposition C Local Return Fund, Measure R Local Return Fund, Transportation Development Act Article 3 (TDAA3F), and Transportation Development Act Article 8 (TDAA8F) Fund for the years ended June 30, 2017 and 2016.



Report on Internal Control Over Compliance

Management of the City of Lancaster is responsible for establishing and maintaining effective internal control over compliance with the Requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the Requirements that could have a direct and material effect on the Local Return programs, the TDAA3F and the TDAA8F to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance and to test and report on internal control over compliance in accordance with the Requirements, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance under the Requirements on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance under the Requirements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with 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 we consider to be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 requirement of the Guidelines. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Simpson & Simpson".

Los Angeles, California
November 21, 2017

CITY OF LANCASTER
COMPLIANCE MATRIX
Years Ended June 30, 2017

Compliance Requirement	In Compliance		Questioned Costs	If no, provide details and management response.
	Yes	No		
A. Proposition A and Proposition C Local Return Funds				
1. Timely use of funds.	X		None	
2. Expenditures were approved before being incurred.	X		None	
3. Funds were used on approved projects only and expenditures were supported and allowable per Guidelines.	X		None	
4. Expenditures did not exceed 25% of Metro's approved budget.	X		None	
5. Administrative expenses were within the 20% cap.	X		None	
6. All on-going and carryover projects were reported in Form B.	X		None	
7. Annual Project Summary Report (Form B) was submitted on time.	X		None	
8. Annual Expenditure Report (Form C) was submitted on time.	X		None	
9. Recreational Transit Form was submitted on time.	X		None	
10. Cash or cash equivalents were maintained.	X		None	
11. Accounting procedures, record keeping and documentation were adequate.	X		None	
12. Revenues received including allocations, project generated revenues, and interest income were properly credited to the PALRF and PCLRF accounts.	X		None	

CITY OF LANCASTER
COMPLIANCE MATRIX
 Years Ended June 30, 2017
 (Continued)

Compliance Requirement	In Compliance		Questioned Costs	If no, provide details and management response.
	Yes	No		
B. Measure R Local Return Fund				
1. Timely use of funds.	X		None	
2. Expenditures were approved before being incurred.	X		None	
3. Funds were used on approved projects only and expenditures were supported and allowable per Guidelines.	X		None	
4. Fund were not substituted for property tax.	X		None	
5. Administrative expenses were within the 20% cap.	X		None	
6. Expenditure Plan (Form One) was submitted on time.	X		None	
7. Expenditure Report (Form Two) was submitted on time.	X		None	
8. Cash or cash equivalents were maintained.	X		None	
9. Accounting procedures, record keeping and documentation were adequate.	X		None	
10. Revenues received including allocations, project generated revenues, and interest income were properly credited to the Measure R account.	X		None	
11. Funds were not used to supplant existing local revenues being used for transportation purpose.	X		None	

CITY OF LANCASTER
COMPLIANCE MATRIX
 Years Ended June 30, 2017
 (Continued)

Compliance Requirement	In Compliance		Questioned Costs	If no, provide details and management response.
	Yes	No		
C. Transportation Development Act Article 3 Fund				
1. Timely use of funds.	X		None	
2. Expenditures were incurred for activities relating to pedestrian and bicycle facilities and amenities.	X		None	
D. Transportation Development Act Article 8 Fund				
1. Timely use of funds.	X		None	
2. Expenditures were incurred for transit, paratransit, and local streets and roads.	X		None	

CITY OF LANCASTER

SCHEDULE OF FINDINGS AND RECOMMENDATIONS
June 30, 2017

No findings were noted.

EXIT CONFERENCE

CITY OF LANCASTER

PROPOSITION A, PROPOSITION C, MEASURE R LOCAL RETURN FUNDS, TRANSPORTATION
DEVELOPMENT ACT ARTICLE 3 FUND, AND TRANSPORTATION DEVELOPMENT ACT
ARTICLE 8 FUND
EXIT CONFERENCE
June 30, 2017

An exit conference was held on December 14, 2017 with the City of Lancaster. Those in attendance were:

Simpson & Simpson Representative:

Wanda Molina, Audit Supervisor

City's Representative:

Pamela Statsmann, Finance Director

Diane Maldonado, Accountant

Matters Discussed:

Results of the audit, no findings were noted

A copy of this report was forwarded to the following City representative(s) for their comments prior to the issuance of the final report: