



MetroTM

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

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

As of and for the Years Ended June 30, 2018 and 2017

and

Measure M Local Return Fund

**As of and for the Years Ended June 30, 2018 and 2017
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, 2018 and 2017, and the related statements of revenues, expenditures and changes in fund balances for the years then ended, and the accompanying financial statements of the City's Measure M Local Return Fund (the Fund) which comprise the Fund's balance sheet as of June 30, 2018, and the related statement of revenues, expenditures and changes in fund balance for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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



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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Proposition A Local Return Fund, the Proposition C Local Return Fund, the Measure R Local Return Fund and the Transportation Development Act Article 3 Fund as of June 30, 2018 and 2017 and the Measure M Local Return Fund as of June 30, 2018, of the City of Huntington Park, California, 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 15, the fiscal year 2017 financial statements of Proposition C Local Return Fund and Transportation Development Act Article 3 Fund have been restated to report project expenditures and retention payable of the Pacific Boulevard Pedestrian Improvements project that were not recorded in fiscal year 2017. 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, the Measure M Local Return Fund and the Transportation Development Act Article 3 Fund of the City of Huntington Park, California, and do not purport to, and do not present fairly the financial position of the City as of June 30, 2018 and 2017, 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 January 29, 2019 on our consideration of the City's internal control over the Funds' financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over the Funds' financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over the Funds' financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over the Funds' financial reporting and compliance.

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

**Glendale, California
January 29, 2019**

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

		June 30	
		2018	2017
ASSETS			
Cash and investments	\$	76,582	\$ 151,479
Interest receivable		273	-
Accounts receivable		905	-
Prepaid expense		48,493	-
Total assets	\$	126,253	\$ 151,479
LIABILITIES AND FUND BALANCE			
Liabilities			
Accounts payable	\$	21,419	\$ 78,378
Accrued payroll		2,912	3,963
Total liabilities		24,331	82,341
Fund balance			
Restricted		101,922	69,138
Total fund balance		101,922	69,138
Total liabilities and fund balance	\$	126,253	\$ 151,479

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	
	2018	2017
Revenues		
Proposition A	\$ 1,113,939	\$ 1,082,287
Proposition A Discretionary Incentive Program grant	-	63,933
Interest Income	470	1,549
Project generated revenues	96,810	107,010
Miscellaneous	42,487	20,140
Total revenues	1,253,706	1,274,919
 Expenditures		
Various projects	1,220,922	1,550,924
Total expenditures	1,220,922	1,550,924
 Excess (deficiency) of revenues over expenditures	 32,784	 (276,005)
 Fund balance at beginning of year	 69,138	 345,143
 Fund balance at end of year	 \$ 101,922	 \$ 69,138

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, 2018
(With Comparative Actuals for 2017)

Project Code	Project Name	2018			2017 Actual
		LACMTA Budget	Actual	Variance Positive (Negative)	
110-02	Fixed Route Public Transit Services	\$ 359,300	\$ 359,300	\$ -	\$ 723,616
120-01	General Public Paratransit Dial-A-Ride	620,000	576,310	43,690	578,286
140-02	Special Event Transit	15,000	9,051	5,949	6,170
180-01	Purchase One (1) 15-Passenger Van for Passenger Service	45,000	-	45,000	-
180-02	Transit Operator Vehicle Replacement	26,475	-	26,475	-
250-01	User Side Subsidy (Elderly/Handicapped)	55,000	64,811	(9,811)	49,328
270-01	Transportation Planning Organization Dues	-	-	-	43,909
270-02	Gateway Cities (COG) Invoice	-	46,000 *	(46,000)	-
270-04	Orange Line	-	18,909 *	(18,909)	-
480-03	Administration Prop A	223,293	146,541	76,752	149,615
Total expenditures		\$ 1,344,068	\$ 1,220,922	\$ 123,146	\$ 1,550,924

* 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, 2018

Date Acquired	Description	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018
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	
		2018	(as restated) 2017
ASSETS			
Cash and investments	\$	531,026	\$ -
Due from LACMTA		111,211	751,201
Total assets	\$	642,237	\$ 751,201
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE			
Liabilities			
Cash overdraft	\$	-	\$ 272,645
Accounts payable		217,970	241,170
Accrued payroll		6,447	14,571
Total liabilities		224,417	528,386
Deferred inflows of resources			
Unavailable revenues		111,211	111,211
Fund balance			
Restricted		306,609	111,604
Total fund balance		306,609	111,604
Total liabilities, deferred inflows of resources and fund balance	\$	642,237	\$ 751,201

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	
	2018	(as restated) 2017
Revenues		
Proposition C	\$ 916,987	\$ 903,442
LACMTA Call for Projects Grant	-	1,834,176
Interest income	3,654	244
Miscellaneous	48,339	24,087
Total revenues	968,980	2,761,949
Expenditures		
Various projects	773,975	2,968,478
Total expenditures	773,975	2,968,478
Excess (deficiency) of revenues over expenditures	195,005	(206,529)
Other funding source		
Transfer from General Fund	-	5,081
Total other funding source	-	5,081
Change in fund balance	195,005	(201,448)
Fund balance at beginning of year	111,604	313,052
Fund balance at end of year	\$ 306,609	\$ 111,604

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, 2018
(With Comparative Actuals for 2017)

Project Code	Project Name	2018			Variance Positive (Negative)	(as restated) 2017 Actual
		LACMTA Budget	Actual			
110-02	Fixed Route Public Transit Services	\$ 450,000	\$ 424,477	\$ 25,523	\$ 100,000	
150-01	Bus Stop Improvements	-	-	-	117,063	
180-02	Transit Operator Vehicle Replacement	33,158	-	33,158	-	
440-01	Bus Route Street Operations	-	194,703 *	(194,703)	-	
440-01	Pacific Boulevard Pedestrian Improvements	-	-	-	2,326,247	
440-02	Street Operation Program Bus Route	-	-	-	83,937	
480-03	Administration Prop C	400,729	154,795	245,934	341,231	
	Total expenditures	\$ 883,887	\$ 773,975	\$ 109,912	\$ 2,968,478	

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

See report of independent auditors.

City of Huntington Park
Proposition C Local Return Fund
Supplementary Information
Schedule of Capital Assets
Year ended June 30, 2018

<u>Date Acquired</u>	<u>Description</u>	<u>Balance July 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2018</u>
1/01/2002	Bus Shelter Improvement	\$ 127,166	\$ -	\$ -	\$ 127,166
8/31/2005	Santa Fe Resurfacing	29,907	-	-	29,907
6/19/2018	Parking Pay Stations	-	120,000	-	120,000
Total		\$ 157,073	\$ 120,000	\$ -	\$ 277,073

See report of independent auditors.

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

		June 30	
		2018	2017
ASSETS			
Cash and investments	\$	2,295,775	\$ 2,464,116
Interest receivable		7,796	4,385
Total assets	\$	2,303,571	\$ 2,468,501
LIABILITIES AND FUND BALANCE			
Liabilities			
Accounts payable	\$	54,225	\$ 188,728
Accrued payroll		978	2,035
Total liabilities		55,203	190,763
Fund balance			
Restricted		2,248,368	2,277,738
Total fund balance		2,248,368	2,277,738
Total liabilities and fund balance	\$	2,303,571	\$ 2,468,501

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	
	2018	2017
Revenues		
Measure R	\$ 728,839	\$ 673,459
Interest income	27,088	13,046
Transit Oriented Development (TOD) Planning Grant Program	-	247,556
Open Street Program grant	-	140,311
Total revenues	755,927	1,074,372
 Expenditures		
Various projects	785,297	402,247
Total expenditures	785,297	402,247
 Excess (deficiency) of revenues over expenditures	(29,370)	672,125
 Fund balance at beginning of year	2,277,738	1,605,613
 Fund balance at end of year	\$ 2,248,368	\$ 2,277,738

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, 2018
(With Comparative Actuals for 2017)

Project Code	Project Name	2018			2017 Actual
		LACMTA Budget	Actual	Variance Positive (Negative)	
1.05	Paving Improvements for Florence, Zoe, and others	\$ -	\$ -	\$ -	25,000
1.05	Street Sweeping Contract with Nationwide Environment	180,000	194,575	(14,575)	-
1.90	Other Street and Roads	-	-	-	180,000
3.05	Improve Safety at Street Crossings at Intersection or Near Middle	50,000	50,000	-	14,200
3.05	Pedestrian Safety Improvements at 22 Uncontrolled Intersections	-	-	-	64,979
3.20	ADA Transitional Plan	50,000	41,345	8,655	49,960
3.20	Pacific Blvd Improvements	-	38,527 *	(38,527)	-
4.05	Fixed Route Transit	330,700	345,700	(15,000)	-
4.05	Fixed Route Transit Fuel and Oil	24,367	38,881	(14,514)	-
8.10	Fund Administration (20% cap)	87,090	76,269	10,821	68,108
Total expenditures		\$ 722,157	\$ 785,297	\$ (63,140)	\$ 402,247

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

See report of independent auditors.

City of Huntington Park
Measure R Local Return Fund
Supplementary Information
Schedule of Capital Assets
Year ended June 30, 2018

<u>Date Acquired</u>	<u>Description</u>	<u>Balance July 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2018</u>
10/09/2014	Samsung LED Sign	\$ 6,450	\$ -	\$ -	\$ 6,450
01/25/2018	Pacific Blvd Lighting & Beautification	-	18,000	-	18,000
07/03/2018	Pacific Blvd Lighting & Beautification	-	13,556	-	13,556
07/03/2018	Pacific Blvd Lighting & Beautification	-	9,022	-	9,022
07/31/2018	Pacific Blvd Lighting & Beautification	-	6,149	-	6,149
09/04/2018	Pacific Blvd Lighting & Beautification	-	5,184	-	5,184
03/16/2018	Middleton SR2S	-	52,654	-	52,654
Total		\$ 6,450	\$ 104,565	\$ -	\$ 111,015

See report of independent auditors.

**City of Huntington Park
Measure M Local Return Fund
Balance Sheet
June 30, 2018**

ASSETS

Cash and investments	\$	628,391
Interest receivable		2,135
Total assets	\$	<u>630,526</u>

LIABILITIES AND FUND BALANCE

Liabilities		
Accounts payable	\$	-
Total liabilities		<u>-</u>
Fund balance		
Restricted		630,526
Total fund balance		<u>630,526</u>
Total liabilities and fund balance	\$	<u>630,526</u>

See notes to Funds financial statements.

City of Huntington Park
Measure M Local Return Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Year ended June 30, 2018

Revenues	
Measure M	\$ 628,391
Interest income	2,135
Total revenues	<u>630,526</u>
 Expenditures	
Various projects	-
Total expenditures	<u>-</u>
Excess of revenues over expenditures	630,526
Fund balance at beginning of year	<u>-</u>
Fund balance at end of year	<u>\$ 630,526</u>

See notes to Funds financial statements.

City of Huntington Park
Measure M Local Return Fund
Supplementary Information
Schedule of Expenditures – Actual and LACMTA Approved Project Budget
Year ended June 30, 2018

Project Code	Project Name	LACMTA Budget	Actual	Variance Positive (Negative)
None		\$ -	\$ -	\$ -
	Total expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See report of independent auditors.

City of Huntington Park
Measure M Local Return Fund
Supplementary Information
Schedule of Capital Assets
Year ended June 30, 2018

<u>Date Acquired</u>	<u>Description</u>	<u>Balance July 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2018</u>
None		\$ -	\$ -	\$ -	\$ -
	Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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	
		2018	(as restated) 2017
ASSETS			
Cash and investments	\$	39,825	\$ -
Due from LACMTA		115,619	85,459
Interest receivable		133	-
Total assets	\$	155,577	\$ 85,459
LIABILITIES AND FUND BALANCE			
Liabilities			
Cash overdraft	\$	-	\$ 31,109
Accounts payable		1,280	1,280
Total liabilities		1,280	32,389
Fund balance			
Restricted		154,297	53,070
Total fund balance		154,297	53,070
Total liabilities and fund balance	\$	155,577	\$ 85,459

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	
	2018	(as restated) 2017
Revenues		
Intergovernmental Allocations:		
Article 3	\$ 115,619	\$ 85,459
Interest income	551	-
Total revenues	116,170	85,459
 Expenditures		
Construction/Maintenance	14,943	22,119
Total expenditures	14,943	22,119
 Excess of revenues over expenditures	 101,227	 63,340
 Fund balance (deficit) at beginning of year	 53,070	 (10,270)
 Fund balance at end of year	 \$ 154,297	 \$ 53,070

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, 2018

Project Description	Program Year	Totals to Date			Project Status
		Allocations	Expenditures	Unexpended Allocations	
Local Allocations:					
Pacific Blvd Project - Bike Racks, Benches and Crosswalk Improvements	2018	\$ 116,170	\$ 14,943	\$ 101,227	On-going
Totals		\$ 116,170	\$ 14,943	101,227	
Fund balance at beginning of year				53,070	
Fund balance at end of year				\$ 154,297 *	

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

See report of independent auditors.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fund Accounting

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

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

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

MMLRF is derived from 17% of the county-wide ½ cent Measure M sales tax which is distributed to the jurisdictions within Los Angeles County based on a per capita basis and must be used exclusively for transportation purposes.

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

Basis of Accounting and Measurement Focus

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

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

Budgets and Budgetary Accounting

The budgeted amounts presented in this report for comparison to the actual amounts are based on budgets approved by LACMTA and are presented in accordance with accounting principles generally accepted in the United States of America.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurement

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

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

Fund Balance Reporting

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

The PALRF, PCLRF, MRLRF, MMLRF and TDAA3F report the following fund balance classification as of June 30, 2018 and 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 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, 2018 and 2017.

NOTE 2 ANNUAL FINANCIAL STATEMENTS

The financial statements reflect only the financial position and results of operations of the PALRF, PCLRF, MRLRF, MMLRF and TDAA3F, and do not purport to, and do not present fairly the City's financial position as of June 30, 2018 and 2017, and the changes in its financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

NOTE 3 PROPOSITION A AND PROPOSITION C LOCAL RETURN COMPLIANCE REQUIREMENTS

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

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

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

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

NOTE 4 MEASURE R LOCAL RETURN COMPLIANCE REQUIREMENTS

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

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

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

NOTE 5 MEASURE M LOCAL RETURN COMPLIANCE REQUIREMENTS

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

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

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

NOTE 6 TRANSPORTATION DEVELOPMENT ACT COMPLIANCE REQUIREMENTS

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

NOTE 7 CASH AND INVESTMENTS

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

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

NOTE 8 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. For the year ended June 30, 2017, the City received \$63,933 for participating in the program.

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

NOTE 9 PROJECT GENERATED REVENUES

Project generated revenues under PALRF for the years ended June 30, 2018 and 2017 consisted of the following:

		2018		2017
Dial-A-Ride fares	\$	1,675	\$	1,670
Fixed route fares		61,995		74,350
LACMTA bus pass sales		33,140		30,990
	\$	96,810	\$	107,010

NOTE 10 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 \$0 and \$1,834,176 of revenues from this program during the years ended June 30, 2018 and 2017, respectively.

NOTE 11 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 \$0 and \$247,556 of reimbursements from this program during the years ended June 30, 2018 and 2017, respectively.

NOTE 12 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.

NOTE 12 OPEN STREET PROGRAM GRANT – MRLRF (CONTINUED)

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 \$0 and \$140,311 of revenues from this program during the years ended June 30, 2018 and 2017, respectively.

NOTE 13 TRANSPORTATION DEVELOPMENT ACT ARTICLE 3 FUND REVENUE ALLOCATION

The revenue allocations for the years ended June 30, 2018 and 2017 consisted of the following:

		2018		2017
FY 2012/13 reserve	\$	-	\$	37,950
FY 2013/14 reserve		-		47,509
FY 2014/15 reserve		38,694		-
FY 2015/16 reserve		37,621		-
FY 2016/17 reserve		39,304		-
	\$	115,619	\$	85,459

NOTE 14 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, 2018 and 2017, the City has funds on reserve as follows:

		2018		2017
FY 2014/15 reserve	\$	-	\$	38,694
FY 2015/16 reserve		-		37,621
FY 2016/17 reserve		-		39,304
FY 2017/18 allocation		38,896		-
	\$	38,896	\$	115,619

For FY 2017/18, any TDA Article 3 funds left on reserve for FY 2013/14 or prior, are subject to lapse if not claimed by the City by June 30, 2018. As of June 30, 2018, the City has funds drawn from reserve amounting to \$38,678 that lapsed. See Compliance Matrix and Schedule of Findings and Questioned Costs.

NOTE 15 RESTATEMENT OF 2017 PCLRF and TDAA3F FINANCIAL STATEMENTS

The 2017 financial statements of PCLRF and TDAA3F were restated to reflect the adjustments on the following accounts:

PCLRF

	Balance, as previously reported	<u>Adjustment</u>	Balance, as restated
Accounts payable	\$ 139,140	\$ 102,030	\$ 241,170
Expenditures	2,866,448	102,030	2,968,478
Fund balance	213,634	(102,030)	111,604

TDAA3F

	Balance, as previously reported	<u>Adjustment</u>	Balance, as restated
Accounts payable	\$ -	\$ 1,280	\$ 1,280
Expenditures	20,839	1,280	22,119
Fund balance	54,350	(1,280)	53,070

The restatement of the PCLRF and TDAA3F was to correct expenditures previously reported and to record retention payable related to Pacific Boulevard Improvement project incurred in FY 2016/17.

NOTE 16 SUBSEQUENT EVENTS

The City has evaluated subsequent events through January 29, 2019, the date the financial statements were available to be issued and concluded no events have occurred that require disclosure or adjustments to the financial statements.

**Report of Independent Auditors on Internal Control over Financial Reporting and
on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance With *Government Auditing Standards***

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Proposition A Local Return Fund, the Proposition C Local Return Fund, the Measure R Local Return Fund, the Measure M Local Return Fund and the Transportation Development Act Article 3 Fund (collectively, the Funds) of the City of Huntington Park, California (the City) as of and for the year ended June 30, 2018, and the related notes to the financial statements, and have issued our report thereon dated January 29, 2019.

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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a deficiency in internal control described in the Schedule of Findings on Internal Control over Financial Reporting as Finding No. FS 2018-001 that we consider to be a material weakness.



Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's Proposition A Local Return Fund, Proposition C Local Return Fund, Measure R Local Return Fund, the Measure M Local Return Fund and Transportation Development Act Article 3 Fund financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Glendale, California
January 29, 2019

Finding No. FS 2018-001: Compliance Controls

Criteria

Section V of the Proposition A and Proposition C Local Return Guidelines, Section VII of the Measure R Local Return Guidelines and Section XXV of the Measure M Local Return Guidelines states that, "It is the jurisdictions' responsibility to maintain proper accounting records and documentation to facilitate the performance of the audit as prescribed in these Guidelines".

Condition and Context

The beginning fund balances of the Proposition A Local Return Fund and TDA Article 3 Fund were restated to correct certain material errors in the prior year financials. In addition, the City was not able to provide reconciled Local Return Funds Forms which resulted in revisions made in the Forms and adjustment of balances. Further, there were significant delays in getting the necessary audit evidence to complete our audit procedures.

Cause and Effect

It is our understanding that there was miscommunication between the public works department and accounting personnel regarding roles, responsibilities and timing of audit procedures.

Recommendation

We recommend that the City establish internal controls to ensure that the audit requirements are prepared, reconciled and made available within the timeframe of the audit. All personnel involved in the implementation of the Local Return programs should undergo training particularly in understanding the requirements of the grants. An emphasis should be placed on strong communication and consistency between all departments. Implementing and enforcing a citywide standard operating and accounting procedures would help ensure that transactions are being identified, properly recorded and effectively monitored. In addition, regularly scheduled meetings to discuss and review the requirements of the grants will allow a better flow of information between departments.

Views of Responsible Officials

The City has made changes to the process to ensure timely and accurate recording of grant expenditures. City staff will also implement quarterly meetings with the departments involved to ensure quality flow of information.

COMPLIANCE SECTION

Report of Independent Auditors on Compliance

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

Report on Compliance

We have audited the compliance of the City of Huntington Park, California (the City) with the Proposition A and Proposition C Local Return Guidelines, Measure R Local Return Guidelines, Measure M Local Return Guidelines, Transportation Development Act Article 3, and the Los Angeles County Metropolitan Transportation Authority's Funding and Allocation Guidelines for Transportation Development Act Article 3 Bicycle and Pedestrian Funds (collectively, the Guidelines) for the year ended June 30, 2018.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion

In our opinion, except for TDAA3F, the City of Huntington Park, California complied, in all material respects, with the compliance requirements of the Guidelines for the year ended June 30, 2018.



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 #2018-001 to #2018-005. 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 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 "Vaughan & Company LLP".

**Glendale, California
January 29, 2019**

**City of Huntington Park
Compliance Matrix
Year ended June 30, 2018**

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			See Finding #2018-001
4. Expenditures that exceeded 25% of approved project budget have approved amended Project Description Form (Form A).	X				
5. Administrative expenses are within the 20% cap of the total annual Local Return Expenditures.	X				
6. All on-going and carryover projects were reported in Form B.	X				
7. Annual Project Summary Report (Form B) was submitted timely.	X				
8. Annual Expenditure Report (Form C) was submitted timely.	X				
9. Cash or cash equivalents are maintained.	X				
10. Accounting procedures, record keeping and documentation are adequate.	X				
11. Pavement Management System (PMS) in place and being used for Street Maintenance or Improvement Projects Expenditures.	X				
12. Local Return Account is credited for reimbursable expenditures.	X				
13. Self-Certification was completed and submitted for Intelligent Transportation Systems projects or elements.			X		
14. Assurances and Understandings form was on file.	X				
15. Recreational Transit Form was submitted timely.		X			See Finding #2018-002

See report of independent auditors on compliance.

**City of Huntington Park
Compliance Matrix
Year ended June 30, 2018**

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			See Finding #2018-003
7. Expenditure Plan (Form One) was submitted timely.	X				
8. Expenditure Report (Form Two) was submitted timely.	X				
9. Timely use of funds.	X				
10. Administrative expenses are within the 20% cap.	X				
11. Fund exchanges were approved by LACMTA.			X		
12. A separate account was established for Capital reserve funds and Capital reserve was approved by LACMTA.			X		
13. Recreational transit form was submitted timely.			X		

See report of independent auditors on compliance.

**City of Huntington Park
Compliance Matrix
Year ended June 30, 2018**

Compliance Requirements	In Compliance			Questioned Costs	If no, provide details and management response.
	Yes	No	N/A		
C. Measure M Local Return Fund					
1. Funds were expended for transportation purposes.			X		There were no expenditures in FY 2017/18.
2. Funds were used to augment, not supplant, existing local revenues being used for transportation purposes unless there is a fund shortfall.			X		There were no expenditures in FY 2017/18.
3. Signed Assurances and Understandings on file.	X				
4. Separate Measure M Local Return Account was established.	X				
5. Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure M Local Return Account.	X				
6. Funds were expended with LACMTA's approval.			X		
7. Expenditure Plan (Form M-One) was submitted timely.			X		There were no expenditures in FY 2017/18.
8. Expenditure Report (Form M-Two) was submitted timely.		X			See Finding #2018-004
9. Timely use of funds.	X				
10. Administrative expenses are within the 20% cap.			X		There were no expenditures in FY 2017/18.
11. Fund exchanges were approved by LACMTA.			X		
12. A separate account was established for Capital reserve funds and Capital reserve was approved by LACMTA.			X		
13. Recreational transit form was submitted timely.			X		

See report of independent auditors on compliance.

**City of Huntington Park
Compliance Matrix
Year ended June 30, 2018**

Compliance Requirements	In Compliance			Questioned Costs	If no, provide details and management response.
	Yes	No	N/A		
D. Transportation Development Act Article 3 Fund					
1. Timely use of funds.		X			See Finding #2018-005
2. Expenditures were incurred for activities relating to pedestrian and bicycle facilities and amenities.	X				

See report of independent auditors on compliance.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**City of Huntington Park
Schedule of Findings and Questioned Costs
Year ended June 30, 2018**

PALRF & PCLRF: Finding #2018-001

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 claimed expenditures under the following projects with no prior approval from LACMTA.</p> <ul style="list-style-type: none"> a. PALRF Project code 270-02, Gateway Cities (COG) Invoice, totaling \$46,000; b. PALRF Project code 270-04, Orange Line, totaling \$18,909; and c. PCLRF Project code 440-01, Bus Route Street Operations, totaling \$194,703. <p>Although we found the expenditures to be eligible for Local Return funding, these projects had no prior approval from LACMTA.</p>
Cause	This condition was caused by turnover in City staff responsible for completing the appropriate forms. City staff that is currently assigned to monitoring the Proposition A and C Local Return forms was unaware of the requirements to submit Form A prior to expending any funds.
Effect	Proposition A and Proposition C LR funds were expended towards project expenditures without prior approval by the LACMTA.
Recommendation	We recommend for the City to establish procedures and controls to ensure that approval is obtained from LACMTA prior to spending on any Local Return-funded projects.
Management Response	Staff assigned in ensuring compliance with Proposition A and Proposition C Guidelines have been apprised of the rules governing the use of these funds. In addition, the Department Director will verify that all projects have been approved before expending any of these funds. The finance department staff had also implemented procedures to verify approval by LACMTA before issuing any checks for the projects.

City of Huntington Park
Schedule of Findings and Questioned Costs
Year ended June 30, 2018

PALRF & PCLRF: Finding #2018-001 (Continued)

Findings Resolved During the Audit	LACMTA Program Manager granted a retroactive approval of projects' budget on December 19, 2018. No follow up is required.
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**City of Huntington Park
Schedule of Findings and Questioned Costs
Year ended June 30, 2018**

PALRF: Finding #2018-002

Compliance Reference	Under Section III (A) of the Proposition A and Proposition C Local Return Guidelines, for Jurisdictions with Recreational Transit projects, Jurisdictions are required to annually submit an accounting of Recreational Transit trips, destinations and costs. This information should be submitted along with the Form C, no later than October 15 after the fiscal year.
Condition	The Recreational Transit report was submitted on December 14, 2018, 60 days beyond the due date of October 15, 2018.
Cause	The Recreational Transit report was submitted late due to an oversight by City staff assigned to complete that task.
Effect	The City was not in compliance with the reporting requirements of the Local Return Guidelines.
Recommendation	We recommend for the City to establish procedures and controls to ensure that the Annual Recreational Transit Report is submitted by October 15 as required by the Guidelines.
Management Response	City staff assigned to complete the Recreational Transit Report have been advised of the October 15th deadline to submit the report. In addition, a reminder has been set up on the calendar of the Director to ensure that the report is completed and submitted to the LACMTA in a timely fashion.
Finding Corrected During the Audit	The City subsequently submitted the form. No follow up is required.

City of Huntington Park
Schedule of Findings and Questioned Costs
Year ended June 30, 2018

MRLRF: Finding #2018-003

Compliance Reference	<p>Section B (II) of Measure R Local Return Program Guideline states that, "To maintain legal eligibility and meet Measure R LR program compliance requirements, Jurisdiction shall submit to LACMTA an Expenditure Plan (Form One), annually, by August 1st of each year.</p> <p>Expenditure Plan (Form One) provides a listing of projects funded with Measure R LR funds along with estimated expenditures for the year. For both operating and capital projects, Part I is to be filled out. For capital projects (projects over \$250,000), Part II is required. Pursuant to AB2321, LACMTA will provide LR funds to a capital project or program sponsor who submits the required expenditure plan.</p>
Condition	<p>The City claimed expenditures under the MRLRF Project code 3.20, Pacific Boulevard Improvements, totaling \$38,527, with no prior approval from LACMTA.</p> <p>Although we found the expenditures for these projects to be eligible for Measure R Local Return funding, these projects had no prior approval from LACMTA.</p> <p>The City submitted a revised Expenditure Plan (Form One) to the LACMTA Program Manager and obtained a retroactive approval of the said project on December 20, 2018.</p>
Cause	<p>This condition was caused by turnover in City staff responsible for completing the Expenditure Plan (Form One). City staff that is currently assigned to monitoring the Measure R Local Return Expenditure Plan was unaware of the requirements to submit Form 1 by August 1st of each year.</p>
Effect	<p>Measure R Local Return funds were expended towards project expenditures without prior approval by the LACMTA.</p>
Recommendation	<p>We recommend for the City to establish procedures and controls to ensure that approval is obtained from LACMTA prior to spending on any Local Return-funded projects.</p>
Management's Response	<p>City staff assigned to preparing the appropriate forms and meeting all of the LACMTA deadlines have been advised of the requirements to submit an expenditure Plan by August 1st of each year. In addition, a date has been set on the director's calendar as a reminder of the August 1st deadline. Also, the Finance Department has also implemented procedures to verify LACMTA approval prior to expending any funds.</p>

City of Huntington Park
Schedule of Findings and Questioned Costs
Year ended June 30, 2018

MRLRF: Finding #2018-003 (Continued)

Finding Corrected During the Audit	LACMTA Program Manager granted a retroactive approval of the project budget on December 20, 2018. No follow up is required.
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City of Huntington Park
Schedule of Findings and Questioned Costs
Year ended June 30, 2018

MMLRF: Finding #2018-004

Compliance Reference	Section XXV of the Measure M Final Guidelines states that, "The submittal of an Expenditure Report (Form M-Two) is also required to maintain legal eligibility and meet Measure M LR program compliance requirements. Jurisdiction shall submit a Form M-Two, to Metro annually, by October 15th (following the conclusion of the fiscal year)."
Condition	The City submitted its Form M-Two on November 20, 2018, 36 days beyond the due date set under the Guidelines.
Cause	The condition was due to oversight by City Staff.
Effect	Expenditure Report (Form M-Two) was not submitted timely as required by the Guidelines.
Recommendation	We recommend for the City to establish procedures and controls to ensure that Expenditure Report (Form M-Two) is submitted by October 15 as required by the Guidelines.
Management's Response	City staff assigned to preparing the appropriate forms and meeting all of the MTA deadlines have been advised of the requirements to submit an expenditure report (Form M-2) by October 15th following the conclusion of the fiscal year. In addition, the department director has set a reminder notice to ensure that the deadline is met each year. Also, the Finance Department staff have implemented procedures to verify that MTA has approved an expenditure plan prior to expenditure of any Measure M funds.
Finding Corrected During the Audit	The City subsequently submitted the form. No follow up is required.

**City of Huntington Park
Schedule of Findings and Questioned Costs
Year ended June 30, 2018**

TDAA3F: Finding #2018-005

Compliance Reference	TDA Article 3 Guidelines states that, "Agencies may only draw down the funds that they can spend during the fiscal year in which they were allocated. Agencies are not allowed to have a fund balance at the end of the fiscal year. Any funds drawn down and that remain unspent after the end of the fiscal year must be returned to LACMTA to be placed on reserve for the City under the fiscal year in which they were originally allocated. Agencies must also fully spend any interest accumulated by these funds by the end of the fiscal year in which the funds were allocated".
Condition	<p>The City has funds drawn and unexpended amounting to \$38,678 that lapsed as of June 30, 2018.</p> <p>The City has requested a drawdown of \$115,619 during the fiscal year 2017/18 that has not yet been collected as of June 30, 2018. The total unexpended fund balance of \$154,297 as of June 30, 2018 includes \$38,678 from the FY 2013/14 allocation which lapsed during the FY2017/18.</p>
Cause	There appears to be a lack of timely review of the available funding to be spent and/or returned for TDA Article 3 Fund.
Effect	The City was not in compliance with the TDA Article 3 Guidelines and is required to return the amount of \$38,678 that lapsed as of June 30, 2018.
Recommendation	We recommend that the City return the unexpended funds to LACMTA consistent with the TDA Article 3 Guidelines.
Management's Response	The City has requested a waiver from LACMTA to expend all the funds during Fiscal Year 2018-19. A waiver has been granted and the funds will be used for our Pacific Pedestrian and Transportation Improvement Project in FY 2018/19.
Finding Corrected During the Audit	LACMTA Program Manager granted the City an extension to use the funds in FY 2018/19.

EXIT CONFERENCE

An exit conference was held on January 14, 2019 with the City of Huntington Park representatives. Those in attendance were:

Vasquez and Company LLP representatives:
Roger Martinez – Audit Partner
Marialyn Salvador – Audit Senior Manager

City of Huntington Park representatives:
Nita McKay – Director of Finance
Robbeyn Bird – Interim Finance Manager

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:

Nita McKay – Director of Finance
Robbeyn Bird – Interim Finance Manager
Edwin Aragon – Senior Accountant



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