



**INDEPENDENT AUDITOR'S REPORT
ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO MEASURE M ORDINANCE
AND MEASURE M LOCAL RETURN
GUIDELINES**

**TO THE LOS ANGELES COUNTY
METROPOLITAN TRANSPORTATION AUTHORITY**

FOR THE FISCAL YEAR ENDED JUNE 30, 2020



Simpson & Simpson, LLP
Certified Public Accountants

**Los Angeles County Metropolitan Transportation Authority
Measure M Local Return Fund
Consolidated Audit Report**

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SIMPSON & SIMPSON
CERTIFIED PUBLIC ACCOUNTANTS

FOUNDING PARTNERS
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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO MEASURE M ORDINANCE AND MEASURE M LOCAL RETURN GUIDELINES

To: Board of Directors of the Los Angeles County Metropolitan Transportation Authority
and Measure M Independent Taxpayer Oversight Committee

Report on Compliance

We have audited the compliance of the forty-nine (49) Cities and the County of Los Angeles identified in Schedule 1, with the types of compliance requirements described in the Measure M Ordinance enacted through a Los Angeles County (the County) voter approved law in November 2016; Measure M Local Return Guidelines, issued by the Los Angeles County Metropolitan Transportation Authority (LACMTA), approved by its Board of Directors on June 22, 2018 (collectively, the Guidelines); and the respective Assurances and Understandings Regarding Receipt and Use of Measure M Local Return Funds, executed by LACMTA and the respective Cities and the County for the year ended June 30, 2020 (collectively, the Requirements). Compliance with the above noted Guidelines and Requirements by the Cities and the County are identified in the accompanying Summary of Compliance Findings, Schedule 1 and Schedule 2.

Management's Responsibility

Compliance with the Guidelines and Requirements is the responsibility of the respective Cities' and the County's management.

Auditor's Responsibility

Our responsibility is to express opinions on the Cities' and the County's compliance with the Guidelines and Requirements referred to above based on our audits. We conducted our audits of compliance 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. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether noncompliance with the types of requirements referred to above that could have a direct and material effect on the Measure M Local Return program occurred. An audit includes examining, on a test basis, evidence about each City's and the County's compliance with the Guidelines and Requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audits provide a reasonable basis for our opinions on compliance. However, our audits do not provide a legal determination of each City's and the County's compliance with the Guidelines and Requirements.





Opinion

In our opinion, the Cities and the County complied, in all material respects, with the Guidelines and Requirements referred to above that could have a direct and material effect on the Measure M Local Return program for the year ended June 30, 2020.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Guidelines and Requirements and which are described in the accompanying Summary of Measure M Audit Results (Schedule 1) and Schedule of Findings and Questioned Costs (Schedule 2) as Findings #2020-001 through #2020-010. Our opinion is not modified with respect to these matters.

Responses by the Cities to the noncompliance findings identified in our audits are described in the accompanying Schedule 2 - Schedule of Findings and Questioned Costs. The Cities' 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

The management of each City and the County is responsible for establishing and maintaining effective internal control over compliance with the Guidelines and Requirements referred to above. In planning and performing our audits of compliance, we considered each City's and the County's internal control over compliance with the Guidelines and Requirements that could have a direct and material effect on the Measure M Local Return program 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 Guidelines and 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 each City's and the County'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 combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance under the Guidelines 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 Guidelines 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, we did identify deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Cost (Schedule 2) as Finding #2020-010 to be a significant deficiency.



The responses by the Cities to the internal control over compliance findings identified in our audits are described in the accompanying Schedule of Findings and Questioned Costs (Schedule 2). The responses by the Cities were not subject to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing on internal control over compliance and the results of that testing based on the requirements of the Guidelines and Requirements. Accordingly, this report 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
December 31, 2020

**Los Angeles County Metropolitan Transportation Authority
Measure M Local Return Fund
Summary of Compliance Findings
Fiscal Year Ended June 30, 2020**

The audit of the 49 cities and the County identified in Schedule 1 have resulted in 10 findings. The table below shows a summary of the findings:

Finding	# of Findings	Responsible Cities/ Finding Reference	Questioned Costs	Resolved During the Audit
Funds were expended for transportation purposes	1	Glendora (#2020-005)	None	None
Funds were expended with LACMTA's approval	4	Covina (#2020-003) Downey (#2020-004) Pasadena (#2020-007) South Pasadena (#2020-008)	\$ 347,440 45,205 45,000 86,000	\$ 347,440 45,205 45,000 86,000
Expenditure Plan (Form M-One) was submitted on time	4	Alhambra (#2020-001) Hermosa Beach (#2020-006) South Pasadena (#2020-009) Temple City (#2020-0010)	None None None None	None None None None
Expenditure Report (Form M-Two) was submitted on time	1	Artesia (#2020-002)	None	None
Total Findings and Questioned Costs	10		\$ 523,645	\$ 523,645

Details of the findings are in Schedule 2.

**Los Angeles County Metropolitan Transportation Authority
Measure M Local Return Fund
Summary of Audit Results
Fiscal Year Ended June 30, 2020**

Compliance Area Tested	Alhambra	Arcadia	Artesia
Funds were expended for transportation purposes	Compliant	Compliant	Compliant
Fund were used to augment, not supplant, existing local revenues being used for transportation purposes unless there is a funding shortfall.	Compliant	Compliant	Compliant
Signed Assurances and Understandings was on file.	Compliant	Compliant	Compliant
Separate Measure M Local Return Account was established.	Compliant	Compliant	Compliant
Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure M Local Return Account.	Compliant	Compliant	Compliant
Funds were expended with LACMTA's approval.	Compliant	Compliant	Compliant
Expenditure Plan (Form M - One) was submitted timely.	See Finding #2020-001	Compliant	Compliant
Expenditure Report (Form M - Two) was submitted timely.	Compliant	Compliant	See Finding #2020-002
Timely use of funds	Compliant	Compliant	Compliant
Administrative expenditures are within the 20% cap.	Not Applicable	Not Applicable	Not Applicable
Fund exchanges were approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
A separate account was established for Capital reserve funds and Capital reserve was approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
Recreational transit form was submitted timely.	Not Applicable	Not Applicable	Not Applicable

Los Angeles County Metropolitan Transportation Authority
Measure M Local Return Fund
Summary of Audit Results
Fiscal Year Ended June 30, 2020
(Continued)

Compliance Area Tested	Avalon	Bellflower	Bradbury
Funds were expended for transportation purposes	Compliant	Compliant	Not Applicable
Fund were used to augment, not supplant, existing local revenues being used for transportation purposes unless there is a funding shortfall.	Compliant	Compliant	Not Applicable
Signed Assurances and Understandings was on file.	Compliant	Compliant	Compliant
Separate Measure M Local Return Account was established.	Compliant	Compliant	Compliant
Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure M Local Return Account.	Compliant	Compliant	Compliant
Funds were expended with LACMTA's approval.	Compliant	Compliant	Not Applicable
Expenditure Plan (Form M - One) was submitted timely.	Compliant	Compliant	Compliant
Expenditure Report (Form M - Two) was submitted timely.	Compliant	Compliant	Compliant
Timely use of funds	Compliant	Compliant	Compliant
Administrative expenditures are within the 20% cap.	Not Applicable	Compliant	Not Applicable
Fund exchanges were approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
A separate account was established for Capital reserve funds and Capital reserve was approved by LACMTA.	Compliant	Not Applicable	Not Applicable
Recreational transit form was submitted timely.	Not Applicable	Not Applicable	Not Applicable

**Los Angeles County Metropolitan Transportation Authority
Measure M Local Return Fund
Summary of Audit Results
Fiscal Year Ended June 30, 2020
(Continued)**

Compliance Area Tested	Burbank	Cerritos	Claremont
Funds were expended for transportation purposes	Compliant	Compliant	Compliant
Fund were used to augment, not supplant, existing local revenues being used for transportation purposes unless there is a funding shortfall.	Compliant	Compliant	Compliant
Signed Assurances and Understandings was on file.	Compliant	Compliant	Compliant
Separate Measure M Local Return Account was established.	Compliant	Compliant	Compliant
Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure M Local Return Account.	Compliant	Compliant	Compliant
Funds were expended with LACMTA's approval.	Compliant	Compliant	Compliant
Expenditure Plan (Form M - One) was submitted timely.	Compliant	Compliant	Compliant
Expenditure Report (Form M - Two) was submitted timely.	Compliant	Compliant	Compliant
Timely use of funds	Compliant	Compliant	Compliant
Administrative expenditures are within the 20% cap.	Compliant	Not Applicable	Not Applicable
Fund exchanges were approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
A separate account was established for Capital reserve funds and Capital reserve was approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
Recreational transit form was submitted timely.	Not Applicable	Not Applicable	Not Applicable

**Los Angeles County Metropolitan Transportation Authority
Measure M Local Return Fund
Summary of Audit Results
Fiscal Year Ended June 30, 2020
(Continued)**

Compliance Area Tested	Covina	Diamond Bar	Downey
Funds were expended for transportation purposes	Compliant	Compliant	Complaint
Fund were used to augment, not supplant, existing local revenues being used for transportation purposes unless there is a funding shortfall.	Compliant	Compliant	Compliant
Signed Assurances and Understandings was on file.	Compliant	Compliant	Compliant
Separate Measure M Local Return Account was established.	Compliant	Compliant	Compliant
Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure M Local Return Account.	Compliant	Compliant	Compliant
Funds were expended with LACMTA's approval.	See Finding #2020-003	Compliant	See Finding #2020-004
Expenditure Plan (Form M - One) was submitted timely.	Compliant	Compliant	Compliant
Expenditure Report (Form M - Two) was submitted timely.	Compliant	Compliant	Compliant
Timely use of funds	Compliant	Compliant	Compliant
Administrative expenditures are within the 20% cap.	Not Applicable	Not Applicable	Not Applicable
Fund exchanges were approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
A separate account was established for Capital reserve funds and Capital reserve was approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
Recreational transit form was submitted timely.	Not Applicable	Not Applicable	Not Applicable

**Los Angeles County Metropolitan Transportation Authority
Measure M Local Return Fund
Summary of Audit Results
Fiscal Year Ended June 30, 2020
(Continued)**

Compliance Area Tested	Duarte	El Segundo	Glendale
Funds were expended for transportation purposes	Compliant	Not Applicable	Compliant
Fund were used to augment, not supplant, existing local revenues being used for transportation purposes unless there is a funding shortfall.	Compliant	Not Applicable	Compliant
Signed Assurances and Understandings was on file.	Compliant	Compliant	Compliant
Separate Measure M Local Return Account was established.	Compliant	Compliant	Compliant
Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure M Local Return Account.	Compliant	Compliant	Compliant
Funds were expended with LACMTA's approval.	Compliant	Not Applicable	Compliant
Expenditure Plan (Form M - One) was submitted timely.	Compliant	Compliant	Compliant
Expenditure Report (Form M - Two) was submitted timely.	Compliant	Compliant	Compliant
Timely use of funds	Compliant	Compliant	Compliant
Administrative expenditures are within the 20% cap.	Compliant	Not Applicable	Not Applicable
Fund exchanges were approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
A separate account was established for Capital reserve funds and Capital reserve was approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
Recreational transit form was submitted timely.	Not Applicable	Not Applicable	Not Applicable

Los Angeles County Metropolitan Transportation Authority
Measure M Local Return Fund
Summary of Audit Results
Fiscal Year Ended June 30, 2020
(Continued)

Compliance Area Tested	Glendora	Hawaiian Gardens	Hermosa Beach
Funds were expended for transportation purposes	See Finding #2020-005	Compliant	Compliant
Fund were used to augment, not supplant, existing local revenues being used for transportation purposes unless there is a funding shortfall.	Compliant	Compliant	Compliant
Signed Assurances and Understandings was on file.	Compliant	Compliant	Compliant
Separate Measure M Local Return Account was established.	Compliant	Compliant	Compliant
Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure M Local Return Account.	Compliant	Compliant	Compliant
Funds were expended with LACMTA's approval.	Compliant	Compliant	Compliant
Expenditure Plan (Form M - One) was submitted timely.	Compliant	Compliant	See Finding #2020-006
Expenditure Report (Form M - Two) was submitted timely.	Compliant	Compliant	Compliant
Timely use of funds	Compliant	Compliant	Compliant
Administrative expenditures are within the 20% cap.	Compliant	Not Applicable	Not Applicable
Fund exchanges were approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
A separate account was established for Capital reserve funds and Capital reserve was approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
Recreational transit form was submitted timely.	Not Applicable	Not Applicable	Not Applicable

Los Angeles County Metropolitan Transportation Authority
Measure M Local Return Fund
Summary of Audit Results
Fiscal Year Ended June 30, 2020
(Continued)

Compliance Area Tested	La Cañada Flintridge	La Habra Heights	La Mirada
Funds were expended for transportation purposes	Compliant	Compliant	Compliant
Fund were used to augment, not supplant, existing local revenues being used for transportation purposes unless there is a funding shortfall.	Compliant	Compliant	Compliant
Signed Assurances and Understandings was on file.	Compliant	Compliant	Compliant
Separate Measure M Local Return Account was established.	Compliant	Compliant	Compliant
Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure M Local Return Account.	Compliant	Compliant	Compliant
Funds were expended with LACMTA's approval.	Compliant	Compliant	Compliant
Expenditure Plan (Form M - One) was submitted timely.	Compliant	Compliant	Compliant
Expenditure Report (Form M - Two) was submitted timely.	Compliant	Compliant	Compliant
Timely use of funds	Compliant	Compliant	Compliant
Administrative expenditures are within the 20% cap.	Not Applicable	Not Applicable	Not Applicable
Fund exchanges were approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
A separate account was established for Capital reserve funds and Capital reserve was approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
Recreational transit form was submitted timely.	Not Applicable	Not Applicable	Not Applicable

**Los Angeles County Metropolitan Transportation Authority
Measure M Local Return Fund
Summary of Audit Results
Fiscal Year Ended June 30, 2020
(Continued)**

Compliance Area Tested	La Verne	Lakewood	Lancaster
Funds were expended for transportation purposes	Compliant	Compliant	Compliant
Fund were used to augment, not supplant, existing local revenues being used for transportation purposes unless there is a funding shortfall.	Compliant	Compliant	Compliant
Signed Assurances and Understandings was on file.	Compliant	Compliant	Compliant
Separate Measure M Local Return Account was established.	Compliant	Compliant	Compliant
Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure M Local Return Account.	Compliant	Compliant	Compliant
Funds were expended with LACMTA's approval.	Compliant	Compliant	Compliant
Expenditure Plan (Form M - One) was submitted timely.	Compliant	Compliant	Compliant
Expenditure Report (Form M - Two) was submitted timely.	Compliant	Compliant	Compliant
Timely use of funds	Compliant	Compliant	Compliant
Administrative expenditures are within the 20% cap.	Compliant	Not Applicable	Not Applicable
Fund exchanges were approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
A separate account was established for Capital reserve funds and Capital reserve was approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
Recreational transit form was submitted timely.	Not Applicable	Not Applicable	Not Applicable

Los Angeles County Metropolitan Transportation Authority
Measure M Local Return Fund
Summary of Audit Results
Fiscal Year Ended June 30, 2020
(Continued)

Compliance Area Tested	Lomita	Long Beach	Los Angeles City
Funds were expended for transportation purposes	Compliant	Compliant	Compliant
Fund were used to augment, not supplant, existing local revenues being used for transportation purposes unless there is a funding shortfall.	Compliant	Compliant	Compliant
Signed Assurances and Understandings was on file.	Compliant	Compliant	Compliant
Separate Measure M Local Return Account was established.	Compliant	Compliant	Compliant
Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure M Local Return Account.	Compliant	Compliant	Compliant
Funds were expended with LACMTA's approval.	Compliant	Compliant	Compliant
Expenditure Plan (Form M - One) was submitted timely.	Compliant	Compliant	Compliant
Expenditure Report (Form M - Two) was submitted timely.	Compliant	Compliant	Compliant
Timely use of funds	Compliant	Compliant	Compliant
Administrative expenditures are within the 20% cap.	Not Applicable	Not Applicable	Compliant
Fund exchanges were approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
A separate account was established for Capital reserve funds and Capital reserve was approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
Recreational transit form was submitted timely.	Not Applicable	Not Applicable	Not Applicable

Los Angeles County Metropolitan Transportation Authority
Measure M Local Return Fund
Summary of Audit Results
Fiscal Year Ended June 30, 2020
(Continued)

Compliance Area Tested	Los Angeles County	Manhattan Beach	Monrovia
Funds were expended for transportation purposes	Compliant	Compliant	Compliant
Fund were used to augment, not supplant, existing local revenues being used for transportation purposes unless there is a funding shortfall.	Compliant	Compliant	Compliant
Signed Assurances and Understandings was on file.	Compliant	Compliant	Compliant
Separate Measure M Local Return Account was established.	Compliant	Compliant	Compliant
Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure M Local Return Account.	Compliant	Compliant	Compliant
Funds were expended with LACMTA's approval.	Compliant	Compliant	Compliant
Expenditure Plan (Form M - One) was submitted timely.	Compliant	Compliant	Compliant
Expenditure Report (Form M - Two) was submitted timely.	Compliant	Compliant	Compliant
Timely use of funds	Compliant	Compliant	Compliant
Administrative expenditures are within the 20% cap.	Compliant	Compliant	Not Applicable
Fund exchanges were approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
A separate account was established for Capital reserve funds and Capital reserve was approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
Recreational transit form was submitted timely.	Not Applicable	Not Applicable	Not Applicable

**Los Angeles County Metropolitan Transportation Authority
Measure M Local Return Fund
Summary of Audit Results
Fiscal Year Ended June 30, 2020
(Continued)**

Compliance Area Tested	Norwalk	Palmdale	Palos Verdes Estates
Funds were expended for transportation purposes	Compliant	Compliant	Compliant
Fund were used to augment, not supplant, existing local revenues being used for transportation purposes unless there is a funding shortfall.	Compliant	Compliant	Compliant
Signed Assurances and Understandings was on file.	Compliant	Compliant	Compliant
Separate Measure M Local Return Account was established.	Compliant	Compliant	Compliant
Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure M Local Return Account.	Compliant	Compliant	Compliant
Funds were expended with LACMTA's approval.	Compliant	Compliant	Compliant
Expenditure Plan (Form M - One) was submitted timely.	Compliant	Compliant	Compliant
Expenditure Report (Form M - Two) was submitted timely.	Compliant	Compliant	Compliant
Timely use of funds	Compliant	Compliant	Compliant
Administrative expenditures are within the 20% cap.	Not Applicable	Not Applicable	Not Applicable
Fund exchanges were approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
A separate account was established for Capital reserve funds and Capital reserve was approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
Recreational transit form was submitted timely.	Not Applicable	Not Applicable	Not Applicable

**Los Angeles County Metropolitan Transportation Authority
Measure M Local Return Fund
Summary of Audit Results
Fiscal Year Ended June 30, 2020
(Continued)**

Compliance Area Tested	Paramount	Pasadena	Rancho Palos Verdes
Funds were expended for transportation purposes	Compliant	Compliant	Compliant
Fund were used to augment, not supplant, existing local revenues being used for transportation purposes unless there is a funding shortfall.	Compliant	Compliant	Compliant
Signed Assurances and Understandings was on file.	Compliant	Compliant	Compliant
Separate Measure M Local Return Account was established.	Compliant	Compliant	Compliant
Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure M Local Return Account.	Compliant	Compliant	Compliant
Funds were expended with LACMTA's approval.	Compliant	See Finding #2020-007	Compliant
Expenditure Plan (Form M - One) was submitted timely.	Compliant	Compliant	Compliant
Expenditure Report (Form M - Two) was submitted timely.	Compliant	Compliant	Compliant
Timely use of funds	Compliant	Compliant	Compliant
Administrative expenditures are within the 20% cap.	Compliant	Not Applicable	Not Applicable
Fund exchanges were approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
A separate account was established for Capital reserve funds and Capital reserve was approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
Recreational transit form was submitted timely.	Not Applicable	Not Applicable	Not Applicable

**Los Angeles County Metropolitan Transportation Authority
Measure M Local Return Fund
Summary of Audit Results
Fiscal Year Ended June 30, 2020
(Continued)**

Compliance Area Tested	Redondo Beach	Rolling Hills	Rolling Hills Estates
Funds were expended for transportation purposes	Compliant	Not Applicable	Compliant
Fund were used to augment, not supplant, existing local revenues being used for transportation purposes unless there is a funding shortfall.	Compliant	Not Applicable	Compliant
Signed Assurances and Understandings was on file.	Compliant	Compliant	Compliant
Separate Measure M Local Return Account was established.	Compliant	Compliant	Compliant
Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure M Local Return Account.	Compliant	Compliant	Compliant
Funds were expended with LACMTA's approval.	Compliant	Not Applicable	Compliant
Expenditure Plan (Form M - One) was submitted timely.	Compliant	Compliant	Compliant
Expenditure Report (Form M - Two) was submitted timely.	Compliant	Compliant	Compliant
Timely use of funds	Compliant	Compliant	Compliant
Administrative expenditures are within the 20% cap.	Not Applicable	Not Applicable	Not Applicable
Fund exchanges were approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
A separate account was established for Capital reserve funds and Capital reserve was approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
Recreational transit form was submitted timely.	Not Applicable	Not Applicable	Not Applicable

Los Angeles County Metropolitan Transportation Authority
Measure M Local Return Fund
Summary of Audit Results
Fiscal Year Ended June 30, 2020
(Continued)

Compliance Area Tested	San Dimas	San Gabriel	San Marino
Funds were expended for transportation purposes	Compliant	Compliant	Not Applicable
Fund were used to augment, not supplant, existing local revenues being used for transportation purposes unless there is a funding shortfall.	Compliant	Compliant	Compliant
Signed Assurances and Understandings was on file.	Compliant	Compliant	Compliant
Separate Measure M Local Return Account was established.	Compliant	Compliant	Compliant
Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure M Local Return Account.	Compliant	Compliant	Compliant
Funds were expended with LACMTA's approval.	Compliant	Compliant	Not Applicable
Expenditure Plan (Form M - One) was submitted timely.	Compliant	Compliant	Compliant
Expenditure Report (Form M - Two) was submitted timely.	Compliant	Compliant	Compliant
Timely use of funds	Compliant	Compliant	Compliant
Administrative expenditures are within the 20% cap.	Not Applicable	Not Applicable	Not Applicable
Fund exchanges were approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
A separate account was established for Capital reserve funds and Capital reserve was approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
Recreational transit form was submitted timely.	Not Applicable	Not Applicable	Not Applicable

**Los Angeles County Metropolitan Transportation Authority
Measure M Local Return Fund
Summary of Audit Results
Fiscal Year Ended June 30, 2020
(Continued)**

Compliance Area Tested	Santa Clarita	Sierra Madre	Signal Hill
Funds were expended for transportation purposes	Compliant	Compliant	Compliant
Fund were used to augment, not supplant, existing local revenues being used for transportation purposes unless there is a funding shortfall.	Compliant	Compliant	Compliant
Signed Assurances and Understandings was on file.	Compliant	Compliant	Compliant
Separate Measure M Local Return Account was established.	Compliant	Compliant	Compliant
Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure M Local Return Account.	Compliant	Compliant	Compliant
Funds were expended with LACMTA's approval.	Compliant	Compliant	Not Applicable
Expenditure Plan (Form M - One) was submitted timely.	Compliant	Compliant	Compliant
Expenditure Report (Form M - Two) was submitted timely.	Compliant	Compliant	Compliant
Timely use of funds	Compliant	Compliant	Compliant
Administrative expenditures are within the 20% cap.	Not Applicable	Not Applicable	Not Applicable
Fund exchanges were approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
A separate account was established for Capital reserve funds and Capital reserve was approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
Recreational transit form was submitted timely.	Not Applicable	Not Applicable	Not Applicable

**Los Angeles County Metropolitan Transportation Authority
Measure M Local Return Fund
Summary of Audit Results
Fiscal Year Ended June 30, 2020
(Continued)**

Compliance Area Tested	South Pasadena	Temple City	Torrance
Funds were expended for transportation purposes	Compliant	Compliant	Compliant
Fund were used to augment, not supplant, existing local revenues being used for transportation purposes unless there is a funding shortfall.	Compliant	Compliant	Compliant
Signed Assurances and Understandings was on file.	Compliant	Compliant	Compliant
Separate Measure M Local Return Account was established.	Compliant	Compliant	Compliant
Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure M Local Return Account.	Compliant	Compliant	Compliant
Funds were expended with LACMTA's approval.	See Finding #2020-008	Compliant	Compliant
Expenditure Plan (Form M - One) was submitted timely.	See Finding #2020-009	See Finding # 2020-010	Compliant
Expenditure Report (Form M - Two) was submitted timely.	Compliant	Compliant	Compliant
Timely use of funds	Compliant	Compliant	Compliant
Administrative expenditures are within the 20% cap.	Not Applicable	Not Applicable	Not Applicable
Fund exchanges were approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
A separate account was established for Capital reserve funds and Capital reserve was approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
Recreational transit form was submitted timely.	Not Applicable	Not Applicable	Not Applicable

**Los Angeles County Metropolitan Transportation Authority
Measure M Local Return Fund
Summary of Audit Results
Fiscal Year Ended June 30, 2020
(Continued)**

Compliance Area Tested	West Covina	Whittier
Funds were expended for transportation purposes	Compliant	Compliant
Fund were used to augment, not supplant, existing local revenues being used for transportation purposes unless there is a funding shortfall.	Compliant	Compliant
Signed Assurances and Understandings was on file.	Compliant	Compliant
Separate Measure M Local Return Account was established.	Compliant	Compliant
Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure M Local Return Account.	Compliant	Compliant
Funds were expended with LACMTA's approval.	Compliant	Compliant
Expenditure Plan (Form M - One) was submitted timely.	Compliant	Compliant
Expenditure Report (Form M - Two) was submitted timely.	Compliant	Compliant
Timely use of funds	Compliant	Compliant
Administrative expenditures are within the 20% cap.	Compliant	Not Applicable
Fund exchanges were approved by LACMTA.	Not Applicable	Not Applicable
A separate account was established for Capital reserve funds and Capital reserve was approved by LACMTA.	Not Applicable	Not Applicable
Recreational transit form was submitted timely.	Not Applicable	Not Applicable

**Los Angeles County Metropolitan Transportation Authority
Measure M Local Return Fund
Schedule of Findings and Questioned Costs
Fiscal Year Ended June 30, 2020**

Finding #2020-001	City of Alhambra
Compliance Reference	According to Measure M Local Return Guidelines, Section XXV Administrative: Reporting Requirements – Expenditure Plan (Form M-One), “To maintain legal eligibility and meet Measure M LR program compliance requirements, Jurisdictions shall submit to LACMTA an Expenditure Plan (Form M-One), annually, by August 1 of each year.”
Condition	The City did not meet the August 1, 2019 deadline for submission of Form M-One. However, the City submitted the Form M-One on June 30, 2020.
Cause	The submission of Form M-One was not completed in a timely manner due to the staff turnover. At the time of the submission deadline, the City was transitioning to a new Public Works Director after the retirement of the previous director.
Effect	The City's Form M-One was not submitted timely as required by the Measure M Local Return Guidelines.
Recommendation	We recommend that the City establish procedures to ensure that the Form M-One (Expenditure Plan) is properly prepared and submitted before the due date of August 1st so that the City's expenditures of Measure M Local Return Funds will be in accordance with LACMTA's approval and the guidelines. Furthermore, we recommend that the City retain a confirmation of receipt by LACMTA to indicate the form was submitted in a timely manner.
Management’s Response	The City has established and documented a clear workflow for the timely submission and tracking of the funds. The Management Analyst will be responsible for tracking and inputting the figures in the Local Return Database, with the appropriate back-up and financial data provided by the Accounting Manager.
Finding Corrected During the Audit	The City subsequently submitted the Form M-One on June 30, 2020. No follow-up is required.

Los Angeles County Metropolitan Transportation Authority
Measure M Local Return Fund
Schedule of Findings and Questioned Costs
Fiscal Year Ended June 30, 2020
(Continued)

Finding #2020-002	City of Artesia
Compliance Reference	According to Measure M Local Return Guidelines, Section XXV, Administrative, "The submittal of an Expenditure Report (Form M-Two) is also required to maintain legal eligibility and meet Measure M LR program compliance requirements. Jurisdictions shall submit a Form M-Two, to LACMTA annually, by October 15th (following the conclusion of the fiscal year)."
Condition	The City did not meet the October 15, 2020 deadline for submission of Expenditure Report (Form M-Two) to LACMTA. The City subsequently submitted the Form M-Two on December 23, 2020.
Cause	It was due to an oversight by the City's finance department.
Effect	The City's Form M-Two was not submitted timely as required by Measure M Local Return Guidelines.
Recommendation	We recommend that the City establish procedures to ensure that the Form M-Two is properly prepared and submitted before the due date of October 15th in accordance with Measure M Local Return Guidelines. Furthermore, we recommend that the City retain a confirmation of receipt by LACMTA to indicate the form was submitted in a timely manner.
Management's Response	The City's Finance department has lost several key employees during FY2020. The new management team was unaware of compliance requirements of Local Return Funds.
Finding Corrected During the Audit	The City subsequently submitted the Form M-Two on December 23, 2020. No follow-up is required.

Los Angeles County Metropolitan Transportation Authority
Measure M Local Return Fund
Schedule of Findings and Questioned Costs
Fiscal Year Ended June 30, 2020
(Continued)

Finding #2020-003	City of Covina
Compliance Reference	According to Measure M Local Return Guidelines, Section XXV Administrative, Form Submission Timeline, “New, amended, ongoing and carryover projects must file an Expenditure Plan Form M-One by August 1st. In addition, the Audit Requirements, Financial and Compliance Provisions of the section states, “The Measure M LR Audits shall include, but not limited to, verification of adherence to the following financial and compliance provisions of this guidelines: Verification that funds were expended with LACMTA’s approval. Jurisdiction will be required to reimburse its Local Return account.”
Condition	The City incurred expenditures prior to receiving approval from LACMTA for MMLRF’s Project Code 1.05 Total Road Improvement Program (TRIP) - Phase III Project in the amount of \$347,440. However, the project was subsequently approved on October 8, 2020 of a budget amount of \$510,000.
Cause	The TRIP project was approved by LACMTA in 2017. Phases I and II were completed and Phase III of the construction started in 2020. The MMLRF funds were used to fund a portion of the Phase III costs. The project was managed by a new City Engineer staff who was unfamiliar with the project funding of the expenditures. As a result, the City failed to receive LACMTA’s approval prior to the commencement of the project’s construction.
Effect	The City did not comply with the Guidelines and expenditures for the MMLRF project were incurred before LACMTA’s approval.
Recommendation	We recommend that the City establish procedures to ensure that it obtains approval from LACMTA prior to implementing any Measure M Local Return projects. Form M-One (Expenditure Plan) should be properly prepared and submitted before the due date of August 1st so that the City’s expenditures of Measure M Local Return Funds are in accordance with LACMTA’s approval and the Guidelines.
Management’s Response	The City’s department assigned to the submission of the form will implement internal checklist and will be reviewed by management in a timely fashion.
Finding Corrected During the Audit	LACMTA Program Manager granted retroactive approval of the said project on October 8, 2020. No follow-up is required.

Los Angeles County Metropolitan Transportation Authority
Measure M Local Return Fund
Schedule of Findings and Questioned Costs
Fiscal Year Ended June 30, 2020
(Continued)

Finding #2020-004	City of Downey
Compliance Reference	According to Measure M Local Return Guidelines, Section XXV Administrative, Form Submission Timeline, “New, amended, ongoing and carryover projects must file an Expenditure Plan Form M-One by August 1st. In addition, the Audit Requirements, Financial and Compliance Provisions of the section states, “The Measure M LR Audits shall include, but not limited to, verification of adherence to the following financial and compliance provisions of this guidelines: Verification that funds were expended with LACMTA’s approval.”
Condition	The City incurred expenditures prior to receiving approval from LACMTA for the MMLRF’s Project Code 5.10, Graffiti Truck, in the amount of \$45,205. However, the project was subsequently approved on October 13, 2020.
Cause	In fiscal year 2018-19, the Graffiti Truck project was approved by LACMTA and the truck was delivered to the City. However, add-on cabinets were installed in early July 2019 and the request for the budget approval from LACMTA for this project was overlooked in fiscal year 2019-20.
Effect	The City did not comply with the Guidelines as expenditures for the MMLRF project were incurred prior to LACMTA’s approval.
Recommendation	We recommend that the City strengthen its controls to ensure that approvals are obtained from LACMTA prior to implementing any Measure M Local Return projects. Form M-One (Expenditure Plan) is properly prepared and submitted before the due date of August 1st in accordance with Guidelines. The City should also include all approved ongoing and carryover Local Return projects in Form M-One.
Management’s Response	The City’s management agrees with the finding. In the future, the City will review all MMLRF projects prior to the fiscal year end and ensure that each project has the appropriate LACMTA-approved budget.
Finding Corrected During the Audit	LACMTA Program Manager granted retroactive budget approval of the said project on October 13, 2020. No follow-up is required.

Los Angeles County Metropolitan Transportation Authority
Measure M Local Return Fund
Schedule of Findings and Questioned Costs
Fiscal Year Ended June 30, 2020
(Continued)

Finding #2020-005	City of Glendora
Compliance Requirement	The Measure M Local Return Guidelines, Section XXV: Program Objective, states, “The Measure M Ordinance specifies that LR funds are to be used for transportation purposes. No net revenues distributed to cities and County of Los Angeles (Jurisdictions) may be used for purposes other than transportation purposes.” and Audit Requirements, “It is each Jurisdiction’s responsibility to maintain proper accounting records and documentation...”
Condition	<p>During our payroll testing, the City provided both the timesheets and the Special Funding Time Certification (Certification), a supplemental form for the timesheet that is signed by both the employee and the employee’s supervisor. The Certification is prepared annually and provides the hours worked by the employee on MMLRF projects for all payroll periods during the fiscal year 2019-20.</p> <p>The pay periods tested were as follows:</p> <ul style="list-style-type: none"> a) March 22, 2020 b) April 19, 2020 c) May 17, 2020 d) June 14, 2020 <p>We noted that the Certifications sampled were signed and dated by the employees and supervisors after the year-end, October, November, and December 2020, which were four to seven months after the fact.</p>
Cause	The City was not aware that the Certification needs to be prepared and reviewed near the end of the period covered. As a result, the Certifications were untimely signed by both employees and supervisors.
Effect	Without employees and supervisors signing the timecards/certifications, the City may be unable to substantiate the actual hours worked by the employees that were charged to the programs. Inadequate support for salaries could result in disallowed costs.
Recommendation	We recommend the City strengthen controls over payroll so that all employees and supervisors prepare, review, sign, and date the Certifications at minimum, on a monthly basis, to ensure the accuracy of hours worked on the local return funds’ projects.
Management’s Response	The City will re-evaluate the preparation process of the Certifications to ensure that the forms are signed and dated by the employees and supervisors within a reasonable period of time.

Los Angeles County Metropolitan Transportation Authority
Measure M Local Return Fund
Schedule of Findings and Questioned Costs
Fiscal Year Ended June 30, 2020
(Continued)

Finding #2020-006	City of Hermosa Beach
Compliance Requirement	According to Measure M Local Return Guidelines, Section XXV Administrative: Reporting Requirements - Expenditure Plan (Form M-One), "To maintain legal eligibility and meet Measure M LR program compliance requirements, Jurisdictions shall submit to LACMTA an Expenditure Plan (Form M-One), annually, by August 1 of each year."
Condition	The City did not meet the August 1, 2019 deadline for submission of the Form M-One. However, the City submitted the Form M-One on June 25, 2020.
Cause	It was due to employee turnover. The staff who was responsible for submission of budget forms was unexpectedly out on leave and as a result, the submission of the budget form was overlooked.
Effect	The City did not comply with the Measure M Local Return Guidelines.
Recommendation	We recommend that the City establish procedures to ensure that the Form M-One (Expenditure Plan) is properly prepared and submitted before the due date of August 1st so that the City's expenditures of Measure M Local Return Funds will be in accordance with LACMTA's approval and the guidelines. Furthermore, we recommend the City retain a confirmation of receipt by LACMTA to indicate the form was submitted in a timely manner.
Management's Response	The employee who was responsible for submission of the budget forms was suddenly out on leave for an extended period of time and the rest of the staff was unaware of that the budget forms had not been submitted. Going forward, the City will ensure approvals of expenditures are received from LACMTA prior to expending funds as well as the timely filing of all required forms.
Findings Corrected During the Audit	The City subsequently submitted the Form M-One on June 25, 2020. No follow-up is required.

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Fiscal Year Ended June 30, 2020
(Continued)

Finding #2020-007	City of Pasadena
Compliance Requirement	According to Measure M Local Return Guidelines, Section XXV Administrative, Form Submission Timeline, “New, amended, ongoing and carryover projects must file an Expenditure Plan Form M-One by August 1st. In addition, the Audit Requirements, Financial and Compliance Provisions of the section states, “The Measure M LR Audits shall include, but not limited to, verification of adherence to the following financial and compliance provisions of these guidelines: Verification that funds were expended with LACMTA’s approval.”
Condition	During FY 2019-20, the City used Measure M Local Return funds for the Project 2.01- Rose Bowl Access Systems in the amount of \$45,000 prior to LACMTA’s approval as the project was not reported on the Expenditure Plan (Form M-One).
Cause	The City did not submit an accurate and complete Form M-One with a listing of projects to LACMTA due to an oversight.
Effect	The City was not in compliance with the Measure M Local Return Guidelines.
Recommendation	We recommend that the City strengthen its internal control procedures by obtaining prior approval from LACMTA for all projects that are funded by Measure M Local Return Funds before incurring expenditures.
Management’s Response	The City did not submit the Form M-One to LACMTA on time with the updated information due to the staff turnover. The Department of Transportation will submit the Form M-One timely in the future.
Findings Corrected During the Audit	The City’s Form M-One was submitted and retroactively approved by LACMTA on October 15, 2020. No follow-up is required.

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Measure M Local Return Fund
Schedule of Findings and Questioned Costs
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(Continued)

Finding #2020-008	City of South Pasadena
Compliance Requirement	According to Measure M Local Return Guidelines, Section XXV Administrative, Form Submission Timeline, “New, amended, ongoing and carryover projects must file an Expenditure Plan Form M-One by August 1st. In addition, the Audit Requirements, Financial and Compliance Provisions of the section states, “The Measure M LR Audits shall include, but not limited to, verification of adherence to the following financial and compliance provisions of this guidelines: Verification that funds were expended with LACMTA’s approval.”
Condition	The City incurred expenditures prior to receiving approval from LACMTA for MMLRF’s Project Code 1.05 Diamond Avenue in the amount of \$86,000. However, the City subsequently received an approved budget amount of \$86,000 from LACMTA for the MMLRF project on October 13, 2020.
Cause	Due to miscommunication, the City’s Public Works Department incurred expenditures on the project assuming that the approval for the project was submitted and approved by LACMTA. However, the staff who was responsible for submitting and receiving the project’s budget approval from LACMTA was out of the office for an extended period of time. As a result, the approval for the project was not received by the City in a timely manner.
Effect	The City did not comply with the Guidelines and expenditures for the MMLRF project were incurred before LACMTA’s approval.
Recommendation	We recommend that the City establish procedures to ensure that it obtains approval from LACMTA prior to implementing any Measure M Local Return projects. Form M-One (Expenditure Plan) should be properly prepared and submitted before the due date of August 1st so that the City’s expenditures of Measure M Local Return Funds are in accordance with LACMTA’s approval and the Guidelines.
Management’s Response	The City will provide proper training and ensure better communication with various departments to prevent expenditures from occurring for any projects prior to receiving approval from LACMTA.
Findings Corrected During the Audit	LACMTA Program Manager granted retroactive approval of the said project on October 13, 2020. No follow-up is required.

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Measure M Local Return Fund
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Fiscal Year Ended June 30, 2020
(Continued)

Finding #2020-009	City of South Pasadena
Compliance Requirement	According to Measure M Local Return Guidelines, Section XXV Administrative: Reporting Requirements - Expenditure Plan (Form M-One), "To maintain legal eligibility and meet Measure M LR program compliance requirements, Jurisdictions shall submit to LACMTA an Expenditure Plan (Form M-One), annually, by August 1 of each year."
Condition	The City did not meet the August 1, 2019 deadline for submission of Form M-One. However, the City submitted the Form M-One on October 13, 2020.
Cause	The staff responsible for the submission of the form was out of the office for an extended period of time. As a result, the submission of the form was overlooked.
Effect	The City's Form M-One was not submitted timely as required by the Measure M Local Return Guidelines.
Recommendation	We recommend that the City establish procedures to ensure the Form M-One (Expenditure Plan) is properly prepared and submitted before the due date of August 1st so that the City's expenditures of Measure M Local Return Funds will be in accordance with LACMTA's approval and the guidelines. Furthermore, we recommend that the City retain a confirmation of receipt by LACMTA to indicate the form was submitted in a timely manner.
Management's Response	The City will provide proper training to handle the submission of form to several staff in case the staff who is primarily responsible for the submission of the form is unavailable.
Findings Corrected During the Audit	The City subsequently submitted the Form M-One on October 13, 2020. No follow-up is required.

**Los Angeles County Metropolitan Transportation Authority
Measure M Local Return Fund
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(Continued)**

Finding #2020-010	City of Temple City
Compliance Requirement	According to Measure M Local Return Guidelines, Reporting Requirements Section XXV, Expenditure Plan (Form M-One), “To maintain legal eligibility and meet Measure M LR Program compliance requirements, Jurisdictions shall submit to LACMTA an Expenditure Plan (Form M-One), annually, by August 1 of each year.”
Condition	The City did not meet the August 1, 2019 deadline for submission of Form M-One. However, the City submitted the Form M-One on August 16, 2019. This is a repeat finding from the prior fiscal year.
Cause	The former Director of Parks and Recreation who was responsible for the submission of the reports has since retired from the City. As a result, the submission of the form was overlooked.
Effect	Because the City’s Form M-One was not submitted timely, the City did not comply with the Measure M Local Return Guidelines.
Recommendation	We recommend that the City establish procedures to ensure that the Form M-One is properly prepared and submitted before the due date of August 1st so that the City’s expenditures of the Measure M Local Return Funds will be in accordance with LACMTA’s approval and the Guidelines. Furthermore, we recommend the City retain a confirmation of receipt by LACMTA to indicate the form was submitted in a timely manner.
Management’s Response	The new Director of Parks and Recreation has now taken charge to ensure the necessary forms are submitted by the reporting deadlines.
Findings Corrected During the Audit	The City subsequently submitted the Form M-One on August 16, 2019. No follow-up is required.