



**Metro**<sup>™</sup>

**INDEPENDENT AUDITOR'S REPORT  
ON COMPLIANCE AND ON INTERNAL CONTROL OVER COMPLIANCE  
WITH THE REQUIREMENTS APPLICABLE TO MEASURE R ORDINANCE  
AND MEASURE R LOCAL RETURN GUIDELINES**

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

**FOR THE FISCAL YEAR ENDED JUNE 30, 2025**



**Los Angeles County Metropolitan Transportation Authority  
Measure R Local Return Fund  
Consolidated Audit Report  
Fiscal Year Ended June 30, 2025**

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655 N. Central Avenue  
Suite 1550  
Glendale, CA 91203

[www.vasquez.cpa](http://www.vasquez.cpa)

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**INDEPENDENT AUDITOR'S REPORT  
ON COMPLIANCE AND ON INTERNAL CONTROL OVER COMPLIANCE  
WITH THE REQUIREMENTS APPLICABLE TO MEASURE R ORDINANCE  
AND MEASURE R LOCAL RETURN GUIDELINES**

**To the Board of Directors of the Los Angeles County  
Metropolitan Transportation Authority  
and Measure R Independent Taxpayers Oversight Committee**

**Report on Compliance**

***Opinion***

We have audited the compliance of the County of Los Angeles (County) and the thirty-nine (39) Cities identified in the List of Package A Jurisdictions, with the types of compliance requirements described in the Measure R Ordinance enacted through a Los Angeles County voter-approved law in November 2008; Measure R Local Return Guidelines, issued by the Los Angeles County Metropolitan Transportation Authority (Metro), approved by its Board of Directors on October 22, 2009 (collectively, the Guidelines); and the respective Assurances and Understandings Regarding Receipt and Use of Measure R Local Return Funds, executed by Metro, the County and the respective Cities for the year ended June 30, 2025 (collectively, the Requirements). Compliance area tested and related findings are identified in the accompanying Compliance Area Tested and Summary of Audit Results, Schedule 1 and Schedule 2.

In our opinion, the County and the Cities complied, in all material respects, with the Guidelines and Requirements referred to above that could have a direct and material effect on the Measure R Local Return program for the year ended June 30, 2025.

***Basis for Opinion***

We conducted our audits of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); and the Guidelines. Our responsibilities under those standards and the Guidelines are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.



We are required to be independent of the County and the Cities and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance with the Guidelines. Our audit does not provide a legal determination of the County's and the Cities' compliance with the compliance requirements referred to above.

### ***Responsibilities of Management for Compliance***

Management of the County and the Cities is responsible for their compliance with the Guidelines and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the County and each City's Measure R Local Return program.

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the County's and the Cities' compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Guidelines will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the County's and the Cities' compliance with the requirements of the Guidelines as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Guidelines, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the County's and the Cities' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the County's and the Cities' internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Guidelines, but not for the purpose of expressing an opinion on the effectiveness of the County's and the Cities' internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.



### **Other Matters**

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Guidelines and which are described in the accompanying Summary of Compliance Findings (Schedule 1) and Schedule of Findings and Questioned Costs (Schedule 2) as Findings #2025-001 through #2025-009. Our opinion is not modified with respect to these matters.

*Government Auditing Standards* require the auditor to perform limited procedures on the Cities' responses to the noncompliance findings identified in our compliance audits described in the accompanying Schedule of Findings and Questioned Costs (Schedule 2). The Cities' responses were not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

### **Report on Internal Control Over Compliance**

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies in internal control over compliance may exist that have not been identified. However, as discussed below, we did identify certain deficiency in internal control over compliance that we consider to be a material weakness and a significant deficiency.

*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 with the Guidelines 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, such that there is a reasonable possibility that material noncompliance with the Guidelines will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs (Schedule 2) as Findings #2025-002 and #2025-008 to be material weaknesses.

*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. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs (Schedule 2) as Findings #2025-004 and #2025-005 to be significant deficiencies.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

*Government Auditing Standards* requires the auditor to perform limited procedures on the Cities' responses to the internal control over compliance findings identified in our audits described in the accompanying Schedule of Findings and Questioned Costs (Schedule 2). The Cities' responses were not subjected to the other 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 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.

*Vasquez & Company LLP*

**Glendale, California  
December 31, 2025**

**Los Angeles County Metropolitan Transportation Authority  
Measure R Local Return Fund  
List of Package A Jurisdictions  
Fiscal Year Ended June 30, 2025**

1. COUNTY OF LOS ANGELES
2. CITY OF AGOURA HILLS
3. CITY OF AZUSA
4. CITY OF BALDWIN PARK
5. CITY OF BELL
6. CITY OF BELL GARDENS
7. CITY OF BEVERLY HILLS
8. CITY OF CALABASAS
9. CITY OF CARSON
10. CITY OF COMMERCE
11. CITY OF COMPTON
12. CITY OF CUDAHY
13. CITY OF CULVER CITY
14. CITY OF EL MONTE
15. CITY OF GARDENA
16. CITY OF HAWTHORNE
17. CITY OF HIDDEN HILLS
18. CITY OF HUNTINGTON PARK
19. CITY OF INDUSTRY
20. CITY OF INGLEWOOD
21. CITY OF IRWINDALE
22. CITY OF LA PUENTE
23. CITY OF LAWNSDALE
24. CITY OF LYNWOOD
25. CITY OF MALIBU
26. CITY OF MAYWOOD
27. CITY OF MONTEBELLO
28. CITY OF MONTEREY PARK
29. CITY OF PICO RIVERA
30. CITY OF POMONA
31. CITY OF ROSEMEAD
32. CITY OF SAN FERNANDO
33. CITY OF SANTA FE SPRINGS
34. CITY OF SANTA MONICA
35. CITY OF SOUTH EL MONTE
36. CITY OF SOUTH GATE
37. CITY OF VERNON
38. CITY OF WALNUT
39. CITY OF WEST HOLLYWOOD
40. CITY OF WESTLAKE VILLAGE

**Los Angeles County Metropolitan Transportation Authority**  
**Measure R Local Return Fund**  
**Compliance Area Tested**  
**Fiscal Year Ended June 30, 2025**

1. Funds were expended for transportation purposes.
2. Separate Measure R Local Return Account was established.
3. Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure R Local Return Account.
4. Funds were expended with Metro's approval.
5. Funds were not substituted for property tax and are in compliance with the Maintenance of Effort.
6. Timely use of funds.
7. Administrative expenses are within the 20% cap.
8. Expenditure Plan (Form One or electronic equivalent) was submitted on time.
9. Annual Expenditure Report (Form Two or electronic equivalent) was submitted on time.
10. Where funds expended were reimbursable by other grants or fund sources, the reimbursement was credited to the Local Return Account upon receipt of the reimbursement.
11. Where Measure R funds were given, loaned or exchanged by one jurisdiction to another, the receiving jurisdiction has credited its Local Return Account with the funds received.
12. A separate account was established for Capital reserve funds and Capital reserve was approved by Metro.
13. Funds were used to augment, not supplant existing local revenues being used for transportation purposes unless there is a fund shortfall.
14. Recreational transit form was submitted on time.
15. Fund exchanges were approved by Metro.
16. Accounting procedures, record keeping and documentation are adequate.

## **SUMMARY OF AUDIT RESULTS**

**Los Angeles County Metropolitan Transportation Authority  
Measure R Local Return Fund  
Summary of Compliance Findings  
Fiscal Year Ended June 30, 2025**

The audits of the County of Los Angeles and 39 cities have resulted in nine (9) findings. The table below summarizes these findings:

<b>Compliance Areas</b>	<b># of Findings</b>	<b>Responsible Cities/ Finding No. Reference</b>	<b>Questioned Costs</b>	<b>Resolved During the Audit</b>
Funds were expended with Metro's approval.	4	Cudahy (Finding #2025-003)	\$ 29,045	\$ 29,045
		Culver City (Finding #2025-005)	377,855	377,855
		Huntington Park (Finding #2025-006)	300,000	300,000
		San Fernando (Finding #2025-009)	97,632	97,632
Administrative expenses were within the 20% cap.	1	Cudahy (Finding #2025-004)	13,840	13,840
The Expenditure Plan (Form One or electronic equivalent) was submitted on time.	2	Calabasas (Finding #2025-001)	None	None
		Huntington Park (Finding #2025-007)	None	None
Accounting procedures, recordkeeping and documentation are adequate.	2	Compton (Finding #2025-002)	None	None
		Huntington Park (Finding #2025-008)	None	None
<b>Total Findings and Questioned Costs</b>	<b>9</b>		<b>\$ 818,372</b>	<b>\$ 818,372</b>

Details of the above findings are presented in Schedule 2.

**Los Angeles County Metropolitan Transportation Authority  
Measure R Local Return Fund  
Schedule of Findings and Questioned Costs  
Fiscal Year Ended June 30, 2025**

<b>Finding #2025-001</b>	<b>City of Calabasas</b>
<b>Compliance Reference</b>	Section II(B) Expenditure Plan (Form One) of the Measure R Local Return Guidelines states, "To maintain legal eligibility and meet Measure R LR program compliance requirements, Jurisdictions shall submit to LACMTA an Expenditure Plan (Form One), annually, by August 1st of each year".
<b>Condition</b>	The City missed the August 1, 2024 filing deadline for Form One, submitting the 8/1 Table late. The City submitted Form One on August 5, 2024.
<b>Cause</b>	Due to staffing changes in the Public Works Department, there was a transition period that affected the changeover of required reporting communications with Metro.
<b>Effect</b>	The City submitted the Form One 8/1 Table after the August 1, 2024 deadline, resulting in the City's noncompliance with the Guidelines.
<b>Recommendation</b>	We recommend the City submit Form One via LRMS prior to the August 1 <sup>st</sup> deadline to ensure compliance with this requirement at all times.
<b>Management's Response</b>	The City will ensure the 8/1 Table is submitted in a timely manner by August 1 <sup>st</sup> for each fiscal year.
<b>Finding Corrected During the Audit</b>	The City submitted the 8/1 Table on August 5, 2024. No additional follow-up is required.

**Los Angeles County Metropolitan Transportation Authority  
Measure R Local Return Fund  
Schedule of Findings and Questioned Costs  
Fiscal Year Ended June 30, 2025  
(Continued)**

<b>Finding #2025-002 (Material Weakness)</b>	<b>City of Compton</b>
<b>Compliance Reference</b>	Measure R Local Return Guidelines Section VII 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".
<b>Condition</b>	<p>As of the date of the audit on December 30, 2025, the City's year-end closing process was still ongoing. We noted the following critical observations:</p> <ul style="list-style-type: none"> <li>• Cut-off procedures related to year-end accruals were inadequate to ensure that transactions were recorded in the proper period. This resulted in the City's adjustments that affected prior period's account balances.</li> <li>• Beginning fund balances were not reconciled with prior year's audited reports.</li> <li>• The audits of the City's financial statements for the fiscal years 2024 and 2025 have not yet been completed due to the ongoing clean-up and closing process.</li> </ul> <p>This is a repeat finding from the fiscal year 2024.</p>
<b>Cause</b>	During the fiscal years 2017 through 2025, the City lost several key employees in the Finance and Accounting department. As a result, there were delays in the closing of the City's books for the fiscal year 2024 and prior years. Currently, accounting personnel and support staff are working toward closing the books and preparing the closing entries, trial balances, schedules, reconciliations, account analyses, and other financial reports needed by management and the auditors.
<b>Effect</b>	The City was not in compliance with the audit requirements of the Local Return Guidelines.

**Los Angeles County Metropolitan Transportation Authority**  
**Measure R Local Return Fund**  
**Schedule of Findings and Questioned Costs**  
**Fiscal Year Ended June 30, 2025**  
**(Continued)**

<b>Finding #2025-002 (Material Weakness) (Continued)</b>	<b>City of Compton</b>
<b>Recommendation</b>	<p>We recommend the City implement a monthly and year-end closing process in a timely manner. We also recommend that the City establish and document proper closing and reconciliation procedures and assign responsibility for completing these procedures to specific City personnel. The closing procedures should be documented in a checklist that indicates who is responsible for each task, the expected and actual completion dates. The timing of specific procedures could be coordinated with management's or the auditor's need for the related information. These reconciliations will help ensure that the financial statements are updated and provided to the users in a timely manner.</p>
<b>Management's Response</b>	<p>The City is in the process of catching up on accounting processes that were not completed due to staff turnover and other factors. The new management team in the Finance and Accounting Department is implementing procedures to ensure that monthly and annual year-end closing processes are well documented and completed on time.</p>

**Los Angeles County Metropolitan Transportation Authority**  
**Measure R Local Return Fund**  
**Schedule of Findings and Questioned Costs**  
**Fiscal Year Ended June 30, 2025**  
**(Continued)**

<b>Finding #2025-003</b>	<b>City of Cudahy</b>
<b>Compliance Reference</b>	<p>Section B (II)(1) Expenditure Plan (Form One) of Measure R Local Return Program Guidelines state that, "To maintain legal eligibility and meet Measure R LR program compliance requirements, Jurisdiction shall submit to Metro an Expenditure Plan (Form One) or its electronic equivalent, 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, Metro will provide LR funds to a capital project or program sponsor who submits the required expenditure plan.</p>
<b>Condition</b>	<p>The City claimed expenditures prior to receiving approval from Metro under Project Code 302, Active Transportation Program, totaling \$29,045.</p> <p>Although the expenditures were determined to be eligible for Local Return funding, this project did not have prior approval from Metro.</p>
<b>Cause</b>	The project was inadvertently omitted from the City's budget request for FY2024/25.
<b>Effect</b>	By claiming \$29,045 of Measure R funds prior to Metro's approval, the City did not comply with the Guidelines.
<b>Recommendation</b>	We recommend the City establish procedures and internal controls to ensure that Metro's approval is obtained before incurring expenditures on Local Return-funded projects.
<b>Management's Response</b>	The City submitted a budget request to Metro Program Manager and obtained retroactive approval of the budget for the project on December 23, 2025.
<b>Finding Corrected During the Audit</b>	Metro Program Manager granted retroactive approval of the budget for the project on December 23, 2025. No additional follow up is required.

**Los Angeles County Metropolitan Transportation Authority**  
**Measure R Local Return Fund**  
**Schedule of Findings and Questioned Costs**  
**Fiscal Year Ended June 30, 2025**  
**(Continued)**

<b>Finding #2025-004 (Significant Deficiency)</b>	<b>City of Cudahy</b>
<b>Compliance Reference</b>	Section A II 8 Transportation and Administration of the Measure R Local Return Guidelines states that, "Transportation Administration expenditures for those administrative costs associated with and incurred for the aforementioned eligible projects/programs. Direct administration includes those fully burdened costs that are directly associated with administering LR program or projects, and includes salaries and benefits, office supplies and equipment, and other overhead costs. All costs must be associated with developing, maintaining, monitoring, coordinating, reporting and budgeting specific LR project(s). Expenditures must be reasonable and appropriate to the activities undertaken by the locality. The administrative expenditures for any year shall not exceed twenty percent (20%) of the total LR annual expenditures."
<b>Condition</b>	The City claimed MRLRF administrative expenses in excess of the 20% cap, totaling \$3,023.  This is a repeat finding from prior year's audit relating to the MRLRF's prior period adjustment which increased the FY2023/24 expenditures for Project Code 630, Fund Administration to \$13,274, resulting in an excess of \$10,817.
<b>Cause</b>	The City has reassessed and reallocated its expenses for FY2023/24 and has performed similar reallocations for FY2024/25.
<b>Effect</b>	The City is required to return to the Local Return Account the amount exceeding the 20% cap.
<b>Recommendation</b>	We recommend the City establish procedures and internal controls to ensure that administrative expenditures charged to the LR funds do not exceed the allowable limit.
<b>Management's Response</b>	The City will return to the Local Return Account the amount over the 20% cap, totaling \$13,840.
<b>Finding Corrected During the Audit</b>	The City has recorded a due from General Fund in FY2024/25. No additional follow up is required.

**Los Angeles County Metropolitan Transportation Authority  
Measure R Local Return Fund  
Schedule of Findings and Questioned Costs  
Fiscal Year Ended June 30, 2025  
(Continued)**

<b>Finding #2025-005 (Significant Deficiency)</b>	<b>City of Culver City</b>
<b>Compliance Reference</b>	<p>Section B (II) Expenditure Plan (Form One) of Measure R Local Return Program Guidelines states that, "To maintain legal eligibility and meet Measure R LR program compliance requirements, Jurisdiction shall submit to Metro an Expenditure Plan (Form One), annually, by August 1<sup>st</sup> 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, Metro will provide LR funds to a capital project or program sponsor who submits the required expenditure plan."</p>
<b>Condition</b>	<p>The City claimed expenditures under the following projects prior to approval from Metro:</p> <ul style="list-style-type: none"> <li>a. Project code 705, Culver City Street Improvements, totaling \$962; and</li> <li>b. Project code 806 MOVE Culver City Mobility Lane, totaling \$376,893.</li> </ul> <p>Although we found the expenditures to be eligible for Local Return funding, these projects had no prior approval from Metro.</p> <p>This is a repeat finding from the fiscal year 2024.</p>
<b>Cause</b>	<p>The projects were inadvertently excluded from the submitted budget request. Due to the resignation of a key staff member, the project was not added to the FY 2024-2025 budget request.</p>
<b>Effect</b>	<p>The City claimed expenditures totaling \$377,855 of Measure R LR funds prior to approval by Metro. The City did not comply with the Guidelines.</p>
<b>Recommendation</b>	<p>We recommend that the City establish procedures and internal controls to ensure that approval is obtained from Metro prior to spending on Measure R-funded projects.</p>

**Los Angeles County Metropolitan Transportation Authority  
Measure R Local Return Fund  
Schedule of Findings and Questioned Costs  
Fiscal Year Ended June 30, 2025  
(Continued)**

<b>Finding #2025-005 (Significant Deficiency) (Continued)</b>	<b>City of Culver City</b>
<b>Management's Response</b>	The City submitted a budget request via LRMS on December 11, 2025. Moving forward, the City will ensure that budget requests are made timely to Metro and match the City's approved CIP budget.
<b>Finding Corrected During the Audit</b>	Retroactive approval of the said projects was obtained via LRMS on December 16, 2025. No additional follow-up is required.

**Los Angeles County Metropolitan Transportation Authority**  
**Measure R Local Return Fund**  
**Schedule of Findings and Questioned Costs**  
**Fiscal Year Ended June 30, 2025**  
**(Continued)**

<b>Finding #2025-006</b>	<b>City of Huntington Park</b>
<b>Compliance Reference</b>	<p>Section B (II)(1) Expenditure Plan (Form One) of Measure R Local Return Program Guidelines state that, "To maintain legal eligibility and meet Measure R LR program compliance requirements, Jurisdiction shall submit to Metro an Expenditure Plan (Form One) or its electronic equivalent, annually, by August 1<sup>st</sup> 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, Metro will provide LR funds to a capital project or program sponsor who submits the required expenditure plan."</p>
<b>Condition</b>	<p>The City claimed expenditures prior to obtaining approval from Metro under Project Code 780, Engineering Administration, totaling \$300,000.</p> <p>Although the expenditures were determined to be eligible for Local Return funding, this project did not have prior approval from Metro.</p>
<b>Cause</b>	<p>This condition was caused by turnover of the City staff responsible for completing the Expenditure Plan. A City staff member who is currently assigned to monitor the Measure R Local Return Expenditure Plan was unaware of all the expenses that have been budgeted for Measure R Local Return Expenditure Plan in previous fiscal years.</p>
<b>Effect</b>	<p>The City claimed expenditures totaling \$300,000 in Measure R funds prior to approval by Metro. The City did not comply with the Guidelines.</p>
<b>Recommendation</b>	<p>We recommend the City establish procedures and internal controls to ensure that approval is obtained from Metro before incurring expenditures on Local Return-funded projects.</p>
<b>Management's Response</b>	<p>The City submitted a Budget Request via LRMS and obtained retroactive approval for the project on December 11, 2025.</p>
<b>Finding Corrected During the Audit</b>	<p>Retroactive approval for the project was obtained through LRMS on December 11, 2025. No additional follow-up is required.</p>

**Los Angeles County Metropolitan Transportation Authority**  
**Measure R Local Return Fund**  
**Schedule of Findings and Questioned Costs**  
**Fiscal Year Ended June 30, 2025**  
**(Continued)**

<b>Finding #2025-007</b>	<b>City of Huntington Park</b>
<b>Compliance Reference</b>	Section II(B) Expenditure Plan (Form One) of the Measure R Local Return Guidelines states, "To maintain legal eligibility and meet Measure R LR program compliance requirements, Jurisdictions shall submit to LACMTA an Expenditure Plan (Form One), annually, by August 1 <sup>st</sup> of each year".
<b>Condition</b>	The City missed the August 1, 2024 deadline of Form One, submitting the 8/1 Table late. Form One was submitted on October 15, 2024.
<b>Cause</b>	This condition was caused by turnover of the City staff responsible for completing Form One, 8/1 Table. A City staff member who is currently assigned to submit Form One, 8/1 Table was unaware of the requirements to submit Form One, 8/1 Table by August 1 of each year.
<b>Effect</b>	The City submitted the Form One 8/1 Table after the August 1, 2024 deadline, resulting in the City's noncompliance with the Guidelines.
<b>Recommendation</b>	We recommend the City submit Form One via LRMS prior to the August 1 deadline to ensure compliance with this requirement at all times.
<b>Management's Response</b>	The City will ensure 8/1 Table is submitted in a timely manner by August 1st of each fiscal year.
<b>Finding Corrected During the Audit</b>	The City submitted the 8/1 Table on October 15, 2024. No additional follow-up is required.

**Los Angeles County Metropolitan Transportation Authority  
 Measure R Local Return Fund  
 Schedule of Findings and Questioned Costs  
 Fiscal Year Ended June 30, 2025  
 (Continued)**

<b>Finding #2025-008 (Material Weakness)</b>	<b>City of Huntington Park</b>
<b>Compliance Reference</b>	Measure R Local Return Guidelines Section VII 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".
<b>Condition</b>	<p>As of the date of audit fieldwork on December 29, 2025, the City's year-end closing process was still ongoing for the fiscal year 2025. The following critical observations have been identified:</p> <ul style="list-style-type: none"> <li>• Cut-off procedures relating to year-end accruals were inadequate to ensure that transactions were recorded in the proper period. This resulted in the City's adjustments that affected the prior period's account balances.</li> <li>• Certain accounts and beginning fund balances were not reconciled to the City's published 2024 audited reports.</li> </ul> <p>Accordingly, the audit of the City's financial statements for the fiscal year 2025 remains in progress due to the ongoing clean-up and closing process.</p> <p>This is a repeat finding from the fiscal years 2023 and 2024.</p>
<b>Cause</b>	During the fiscal years 2021 through 2025, the City lost several key employees, particularly in the Finance and Accounting Department. This resulted in delays in closing the City's books for the fiscal year 2025 and prior years. Currently, the accounting personnel and support staff are working toward closing the books and preparing the closing entries, trial balances, schedules, reconciliations, account analyses, and other financial reports needed by management and the auditors.
<b>Effect</b>	The City was not in compliance with the audit requirements of the Local Return Guidelines.

**Los Angeles County Metropolitan Transportation Authority  
 Measure R Local Return Fund  
 Schedule of Findings and Questioned Costs  
 Fiscal Year Ended June 30, 2025  
 (Continued)**

<b>Finding #2025-008 (Material Weakness) (Continued)</b>	<b>City of Huntington Park</b>
<b>Recommendation</b>	<p>The City should implement a monthly and year-end closing process in a timely manner. We also recommend that the City establish and document proper closing and reconciliation procedures and assign responsibility for completing these procedures to specific City personnel. The closing procedures should be documented in a checklist that indicates who is responsible for each task and the expected and actual completion dates. The timing of specific procedures should be coordinated with management's or the auditor's need for the related information. These reconciliations will help ensure that the financial statements are updated and provided to users on a timely basis.</p> <p>We further recommend that the City maintain a separate account for its local return. This will also help in monitoring and tracking the activities and balances of local return funds.</p>
<b>Management's Response</b>	<p>The City is in the process of catching up on accounting processes that were not completed due to staff turnover and other factors. The new management team in the Finance and Accounting Department is implementing procedures to ensure that monthly and annual year-end closing processes are well documented and completed on time.</p>

**Los Angeles County Metropolitan Transportation Authority  
 Measure R Local Return Fund  
 Schedule of Findings and Questioned Costs  
 Fiscal Year Ended June 30, 2025  
 (Continued)**

<b>Finding #2025-009</b>	<b>City of San Fernando</b>
<b>Compliance Reference</b>	<p>Section B (II)(1) Expenditure Plan (Form One) of Measure R Local Return Program Guidelines state that, "To maintain legal eligibility and meet Measure R LR program compliance requirements, Jurisdiction shall submit to Metro an Expenditure Plan (Form One) or its electronic equivalent, 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, Metro will provide LR funds to a capital project or program sponsor who submits the required expenditure plan."</p>
<b>Condition</b>	<p>The City claimed expenditures prior to approval from Metro under Project code 170, Parking Lots Maintenance Project, totaling \$97,632.</p> <p>Although we found the expenditures to be eligible for Local Return funding, this project had no prior approval from Metro.</p>
<b>Cause</b>	<p>The delay in submitting the project budget update to the granting agency was attributable to temporary staffing constraints that impacted the timely completion of required reporting activities.</p>
<b>Effect</b>	<p>The City claimed expenditure totaling \$97,632 of Measure R funds prior to approval by Metro. The City did not comply with the Guidelines.</p>
<b>Recommendation</b>	<p>We recommend the City establish procedures and internal controls to ensure that approval is obtained from Metro prior to spending on Local Return-funded projects.</p>

**Los Angeles County Metropolitan Transportation Authority**  
**Measure R Local Return Fund**  
**Schedule of Findings and Questioned Costs**  
**Fiscal Year Ended June 30, 2025**  
**(Continued)**

<b>Finding #2025-009 (Continued)</b>	<b>City of San Fernando</b>
<b>Management's Response</b>	<p>Management acknowledges this deficiency and has corrective action to prevent recurrence. Specifically, responsibilities for grant reporting will be restructured to ensure adequate staffing coverage, and cross-training initiatives are implemented to mitigate the risk of delays arising from personnel changes or absences. These measures will strengthen internal capacity and ensure the timely fulfillment of all reporting obligations in the future.</p> <p>The City submitted a Budget Request to Metro Program Manager and obtained retroactive approval of the budget for said project on September 30, 2025.</p>
<b>Finding Corrected During the Audit</b>	<p>Metro Program Manager granted retroactive approval of the budget for said project on September 30, 2025. No additional follow up is required.</p>



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