



**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, 2024

**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, 2024

**Los Angeles County Metropolitan Transportation Authority
Measure R Local Return Fund
Consolidated Audit Report
Fiscal Year Ended June 30, 2024**

TABLE OF CONTENTS

	<u>PAGE</u>
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	1
List of Package A Jurisdictions	5
Compliance Area Tested	6
Summary of Audit Results	
Schedule 1 – Summary of Compliance Findings	7
Schedule 2 – Schedule of Findings and Questioned Costs	8



**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, 2024 (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, 2024.

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 are 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 #2024-001 through #2024-006. 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 #2024-002 and #2024-004 to be a material weakness.

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 deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs (Schedule 2) as Finding #2024-006 to be a significant deficiency.

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, 2024**

**Los Angeles County Metropolitan Transportation Authority
Measure R Local Return Fund
List of Package A Jurisdictions
Fiscal Year Ended June 30, 2024**

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, 2024

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, 2024**

The audits of the County of Los Angeles and 39 cities have resulted in six (6) findings. The table below summarizes these findings:

Compliance Areas	# of Findings	Responsible Cities/ Finding No. Reference	Questioned Costs	Resolved During the Audit
Funds were expended with Metro's approval.	4	Carson (See Finding #2024-001)	\$ 757,313	\$ 757,313
		Culver City (See Finding #2024-003)	73,479	73,479
		Maywood (See Finding #2024-005)	61,524	61,524
		South Gate (See Finding #2024-006)	1,769,793	1,769,793
Accounting procedures, record keeping and documentation are adequate.	2	Compton (See Finding #2024-002)	None	None
		Huntington Park (See Finding #2024-004)	None	None
Total Findings and Questioned Costs	6		\$ 2,662,109	\$ 2,662,109

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, 2024**

Finding #2024-001	City of Carson
Compliance Reference	<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>
Condition	<p>The City claimed expenditures prior to approval from Metro under Project code 730, PW1617 - Leonardo Drive, totaling \$757,313.</p> <p>Although we found the expenditures to be eligible for Local Return funding, this project had no prior approval from Metro.</p>
Cause	The budget was reset and reprogrammed to carryover for FY 23-24 at year end since no expenditures were incurred in FY2022-23. The City was not able to submit a budget request for Metro's approval until after June 30, 2024.
Effect	The City claimed expenditure totaling \$757,313 of Measure R funds prior to approval by Metro. The City did not comply with the Guidelines.
Recommendation	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.
Management's Response	The City submitted a budget request to Metro Program Manager and obtained retroactive approval of the budget for said project on September 17, 2024.
Finding Corrected During the Audit	Metro Program Manager granted retroactive approval of the budget for said project on September 17, 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, 2024
 (Continued)**

Finding #2024-002	City of Compton
Compliance Reference	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".
Condition	<p>As of the date of the audit, on December 24, 2024, the City's year-end closing process was still ongoing. We noted the following critical observations:</p> <ul style="list-style-type: none"> • Reconciliations of major balance sheet accounts including bank accounts were not yet completed. • Cut-off procedures relating to year-end accruals were inadequate to ensure the recording of transactions in the proper period. This resulted in the City's adjustments which affected the prior period's account balances. • Beginning fund balances were not reconciled with the prior year's audited reports. <p>The audits of the City's financial statements for the fiscal years 2023 and 2024 had not yet been completed because of the clean-up and closing process currently being done.</p> <p>Further, we noted that the separate local return fund bank accounts were combined into the City's pooled cash and investments accounts during FY2024. This violated Metro's mandate to maintain separate bank accounts for local return funds.</p>
Cause	During the fiscal years 2017 through 2021, the City lost several key employees in the Finance and Accounting department. As such, there were delays in the closing of the City's books for the fiscal year 2024 and prior years. As of December 24, 2024, the accounting personnel and support staff were working towards closing the books and providing the closing entries, trial balances, schedules, reconciliations, account analysis, and other financial reports needed by management and the auditors.
Effect	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, 2024
 (Continued)**

Finding #2024-002 (Continued)	City of Compton
Recommendation	<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 the procedures to specific City personnel. The closing procedures should be documented in a checklist that indicates who will perform each procedure and when completion of each procedure is due and is accomplished. The timing of specific procedures could be coordinated with the timing of management's or the auditor's need for the information. These reconciliations will provide assurance that financial statements are complete and accurate.</p> <p>We further recommend that the City reinstate the maintenance of individual bank accounts for its local return funds to comply with Metro's mandate. This will also help in monitoring and tracking the activities and balances of local return funds.</p>
Management's Response	<p>The City is in the process of catching up on all accounting processes that have not been completed due to staff turnover and various other reasons. The new management team in the Finance and Accounting Department is putting procedures in place to ensure monthly and annual year-end closing processes are well documented and occur on time.</p> <p>The City acknowledges the finding and will recommend to the City Council to reinstate the maintenance of individual bank accounts for its local return funds to comply with Metro's mandate.</p>

Los Angeles County Metropolitan Transportation Authority
Measure R Local Return Fund
Schedule of Findings and Questioned Costs
Fiscal Year Ended June 30, 2024
(Continued)

Finding #2024-003	City of Culver City
Compliance Reference	<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 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>
Condition	<p>The City claimed expenditure under Project code 705, Culver City Street Improvements, totaling \$73,479, prior to approval from Metro.</p> <p>Although we found the expenditure to be eligible for Local Return funding, this project had no prior approval from Metro.</p>
Cause	The project was inadvertently not included in the submitted budget request. This project was included in the budget request for FY 2022-2023. Due to the resignation of a key staff member, the project was not added to the FY 2023-2024 budget request.
Effect	The City claimed expenditure totaling \$73,479 of Measure R LR funds prior to approval by Metro. The City did not comply with the Guidelines.
Recommendation	We recommend the City establish procedures and internal controls to ensure that approval is obtained from Metro prior to spending on Measure R-funded projects.
Management's Response	The City submitted a budget request via LRMS on December 11, 2024. Moving forward, the City will ensure that budget requests are made timely to Metro and match the City's approved construction in progress (CIP) budget.
Finding Corrected During the Audit	Retroactive approval of the said project was obtained via LRMS on December 18, 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, 2024
 (Continued)**

Finding #2024-004	City of Huntington Park
Compliance Reference	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".
Condition	<p>As of the date of audit fieldwork, on December 24, 2024, the City's year-end closing process was still ongoing for fiscal year 2024. The following critical observations were identified:</p> <ul style="list-style-type: none"> • Cut-off procedures relating to year-end accruals were inadequate to ensure the recording of transactions in the proper period. This resulted in the City's adjustments which affected the prior period's account balances. • The beginning fund balances were not reconciled with the prior year's audited reports. • A system issue was discovered, causing balances to not roll over correctly. <p>Accordingly, the audit of the City's financial statements for the fiscal year 2024 was started late because of the ongoing clean-up and closing process.</p> <p>This is a repeat finding from prior year.</p>
Cause	During the fiscal years 2021 through 2024, 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 2024 and prior years. As of December 24, 2024, the accounting personnel and support staff were working towards closing the books and providing the closing entries, trial balances, schedules, reconciliations, account analyses, and other financial reports needed by management and the auditors.
Effect	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, 2024
 (Continued)**

Finding #2024-004 (Continued)	City of Huntington Park
Recommendation	<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 the procedures to specific City personnel. The closing procedures should be documented in a checklist that indicates who will perform each procedure and when completion of each procedure is due and is accomplished. The timing of specific procedures should be coordinated with the timing of management's or the auditor's need for the information. These reconciliations will provide assurance that financial statements are updated and provided timely to the users.</p>
Management's Response	<p>The City is in the process of catching up on all accounting processes that have not been completed due to staff turnover and various other reasons. The new management team in the Finance and Accounting Department is putting procedures in place to ensure monthly and annual year-end closing processes are well documented and occur 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, 2024
(Continued)**

Finding #2024-005	City of Maywood
Compliance Reference	<p>Section B (II)(1) Expenditure Plan (8/1 Table) of the 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 (8/1 Table), annually, by August 1st of each year.”</p> <p>“Expenditure Plan (8/1 Table) 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>
Condition	<p>The City claimed expenditures under the following projects prior to approval from Metro.</p> <p>a. Project code 302, HSIP Cycle 11 Traffic Signal Improvements, totaling \$51,524; and</p> <p>b. Project code 780, Gateway COG I-710 Corridor planning FY 23-24, totaling \$10,000.</p> <p>Although we found the expenditures to be eligible for Local Return funding, these projects had no prior approval from Metro.</p>
Cause	The City did not anticipate incurring eligible expenditures for these projects. The City was not able to submit a budget request for Metro’s approval until after June 30, 2024.
Effect	The City claimed expenditures totaling \$61,524 of Measure R LR funds prior to approval by Metro. The City did not comply with the Guidelines.
Recommendation	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.
Management’s Response	The City submitted a budget request via LRMS and obtained retroactive approval of the budgets for said projects on September 25, 2024.
Finding Corrected During the Audit	Retroactive approval of the said projects was obtained via LRMS on September 25, 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, 2024
 (Continued)**

Finding #2024-006	City of South Gate
Compliance Reference	<p>Section B (II) 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), 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>
Condition	<p>The City claimed expenditures for the following MRLRF projects with no prior approval from Metro:</p> <ul style="list-style-type: none"> a. Project code 715, Citywide Residential Resurfacing Phase II, totaling \$83,643; b. Project code 720, Firestone Blvd Median Island Alameda/LA, totaling \$1,369,552; and c. Project code 730, Alameda St. Complete Street, totaling \$316,598. <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 prior year.</p>
Cause	<p>The projects were inadvertently not included in the submitted Expenditure Plan (Form One).</p>
Effect	<p>The City claimed expenditures totaling \$1,769,793 with no prior approval from Metro. Lack of prior approval results in noncompliance.</p>
Recommendation	<p>We recommend 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, 2024
 (Continued)**

Finding #2024-006 (Continued)	City of South Gate
Management's Response	The City submitted budget requests via LRMS and obtained retroactive approval of the budgets for said projects on October 15, 2024.
Finding Corrected During the Audit	Retroactive approval of the said projects was obtained via LRMS on October 15, 2024. No additional follow-up is required.



www.vasquez.cpa

655 N Central Avenue, Suite 1550 • Glendale, California 91203-1437 • +1.213.873.1700