



**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, 2019**



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  
BRAINARD C. SIMPSON, CPA  
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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, 2019 (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, 2019.

### ***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 #2019-001 through #2019-013. 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, material weaknesses may exist that have not been identified.



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 &amp; Simpson". The signature is written in a cursive, flowing style.

Los Angeles, California  
December 31, 2019

**Los Angeles County Metropolitan Transportation Authority  
Measure M Local Return Fund  
Summary of Compliance Findings  
Fiscal Year Ended June 30, 2019**

The audit of the 49 cities and the County identified in Schedule 1 have resulted in 13 findings. The table below shows a summary of the findings:

<b>Finding</b>	<b># of Findings</b>	<b>Responsible Cities/ Finding Reference</b>	<b>Questioned Costs</b>	<b>Resolved During the Audit</b>
Funds were expended prior to LACMTA's approval	4	Lancaster (#2019-005) Manhattan Beach (#2019-006) Torrance (#2019-011) West Covina (#2019-012)	\$ 149,335 140,000 43,051 23,030	\$ 149,335 140,000 43,051 23,030
Expenditure Plan (Form M-One) was not submitted on time	4	Avalon (#2019-001) Diamond Bar (#2019-002) San Gabriel (#2019-008) Temple City (#2019-010)	None	None
Expenditure Report (Form M-Two) was not submitted on time	5	El Segundo (#2019-003) La Habra Heights (#2019-004) Manhattan Beach (#2019-007) Signal Hill (#2019-009) Whittier (#2019-013)	None	None
<b>Total Findings and Questioned Costs</b>	<b>13</b>		<b>\$ 355,416</b>	<b>\$ 355,416</b>

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, 2019**

<b>Compliance Area Tested</b>	<b>Alhambra</b>	<b>Arcadia</b>	<b>Artesia</b>
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	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, 2019  
(Continued)**

<b>Compliance Area Tested</b>	<b>Avalon</b>	<b>Bellflower</b>	<b>Bradbury</b>
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 #2019-001	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.	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, 2019  
(Continued)**

<b>Compliance Area Tested</b>	<b>Burbank</b>	<b>Cerritos</b>	<b>Claremont</b>
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, 2019  
(Continued)**

<b>Compliance Area Tested</b>	<b>Covina</b>	<b>Diamond Bar</b>	<b>Downey</b>
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	See Finding #2019-002	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, 2019  
(Continued)**

<b>Compliance Area Tested</b>	<b>Duarte</b>	<b>El Segundo</b>	<b>Glendale</b>
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	See Finding #2019-003	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	Compliant
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, 2019  
(Continued)**

<b>Compliance Area Tested</b>	<b>Glendora</b>	<b>Hawaiian Gardens</b>	<b>Hermosa Beach</b>
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, 2019  
(Continued)**

<b>Compliance Area Tested</b>	<b>La Cañada Flintridge</b>	<b>La Habra Heights</b>	<b>La Mirada</b>
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	See Finding #2019-004	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, 2019  
(Continued)**

<b>Compliance Area Tested</b>	<b>La Verne</b>	<b>Lakewood</b>	<b>Lancaster</b>
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	See Finding #2019-005
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	Compliant

**Los Angeles County Metropolitan Transportation Authority  
Measure M Local Return Fund  
Summary of Audit Results  
Fiscal Year Ended June 30, 2019  
(Continued)**

<b>Compliance Area Tested</b>	<b>Lomita</b>	<b>Long Beach</b>	<b>Los Angeles City</b>
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	Compliant	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, 2019  
(Continued)**

<b>Compliance Area Tested</b>	<b>Los Angeles County</b>	<b>Manhattan Beach</b>	<b>Monrovia</b>
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 #2019-006	Compliant
Expenditure Plan (Form M - One) was submitted timely.	Compliant	Compliant	Compliant
Expenditure Report (Form M - Two) was submitted timely.	Compliant	See Finding #2019-007	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, 2019**  
**(Continued)**

<b>Compliance Area Tested</b>	<b>Norwalk</b>	<b>Palmdale</b>	<b>Palos Verdes Estates</b>
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.	Compliant	Not Applicable	Compliant
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, 2019**  
**(Continued)**

<b>Compliance Area Tested</b>	<b>Paramount</b>	<b>Pasadena</b>	<b>Rancho Palos Verdes</b>
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, 2019  
(Continued)**

<b>Compliance Area Tested</b>	<b>Redondo Beach</b>	<b>Rolling Hills</b>	<b>Rolling Hills Estates</b>
Funds were expended for transportation purposes	Not Applicable	Not Applicable	Compliant
Fund were used to augment, not supplant, existing local revenues being used for transportation purposes unless there is a funding shortfall.	Not Applicable	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.	Not Applicable	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	Compliant
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, 2019  
(Continued)**

<b>Compliance Area Tested</b>	<b>San Dimas</b>	<b>San Gabriel</b>	<b>San Marino</b>
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	See Finding # 2019-008	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, 2019**  
**(Continued)**

<b>Compliance Area Tested</b>	<b>Santa Clarita</b>	<b>Sierra Madre</b>	<b>Signal Hill</b>
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	See Finding #2019-009
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, 2019  
(Continued)**

<b>Compliance Area Tested</b>	<b>South Pasadena</b>	<b>Temple City</b>	<b>Torrance</b>
Funds were expended for transportation purposes	Not Applicable	Compliant	Compliant
Fund were used to augment, not supplant, existing local revenues being used for transportation purposes unless there is a funding shortfall.	Not Applicable	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.	Not Applicable	Compliant	See Finding # 2019-011
Expenditure Plan (Form M - One) was submitted timely.	Not Applicable	See Finding # 2019-010	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, 2019  
(Continued)**

<b>Compliance Area Tested</b>	<b>West Covina</b>	<b>Whittier</b>
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.	See Finding # 2019-012	Compliant
Expenditure Plan (Form M - One) was submitted timely.	Compliant	Compliant
Expenditure Report (Form M - Two) was submitted timely.	Compliant	See Finding # 2019-013
Timely use of funds	Compliant	Compliant
Administrative expenditures are within the 20% cap.	Not Applicable	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, 2019**

<b>Finding #2019-001</b>	<b>City of Avalon</b>
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 Metro an Expenditure Plan (Form M-One), annually, by August 1 of each year.”
Condition	The City did not submit the Expenditure Plan (Form M-One) to LACMTA by August 1, 2018. However, the City submitted the Form M-One late to LACMTA on August 7, 2018.
Cause	The late submission was due to an oversight.
Effect	The City’s Form M-One was not submitted to LACMTA by August 1st, as required by Measure M Local Return Guidelines.
Recommendation	We recommend that the City establish internal control procedures to ensure that the Expenditure Plan (Form M-One) is properly prepared and submitted prior to the August 1st deadline, and that the City retain a confirmation of receipt by LACMTA to comply with the Guidelines.
Management’s Response	Management will submit the budget form by the due date going forward.
Finding Corrected During the Audit	The City submitted the Form M-One on August 7, 2018. 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, 2019  
(Continued)**

<b>Finding #2019-002</b>	<b>City of Diamond Bar</b>
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 Metro an Expenditure Plan (Form M-One), annually, by August 1 of each year.”
Condition	The City did not meet the August 1, 2018 deadline for submission of Form M-One. However, the City submitted the Form M-One on August 14, 2018.
Cause	Due to position vacancies in the Public Works Department, the Form M-One was not submitted to LACMTA by the due date.
Effect	The City’s Form M-One was not submitted timely as required by the 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 the 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 personnel is now aware of the reporting deadlines for the Measure M's Form M-One and will be submitting all future forms in a timely fashion to meet the required deadlines.
Finding Corrected During the Audit	The City subsequently submitted Form M-One on August 14, 2018. No follow-up is required.

**Los Angeles County Metropolitan Transportation Authority**  
**Measure M Local Return Fund**  
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**Fiscal Year Ended June 30, 2019**  
**(Continued)**

<b>Finding #2019-003</b>	<b>City of El Segundo</b>
Compliance Reference	According to Measure M Local Return Guidelines, Section XXV Administrative: Reporting Requirements – Expenditure Report (Form M-Two), “The submittal of an Expenditure Report (Form M-Two) is also required to maintain legal eligibility and meet Measure M Local Return 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, 2019 deadline for submission of Form M-Two. However, the City submitted the Form M-Two on October 28, 2019.
Cause	The City failed to submit Form M-Two before the deadline. This was an oversight by the City.
Effect	The City did not comply with Measure M Local Return Guidelines.
Recommendation	We recommend that the City strengthen internal control procedures to ensure that the Form M-Two is properly prepared and submitted before the due date of October 15 to meet Measure M Local Return Guidelines.
Management’s Response	The City’s fiscal year ends on September 30, 2019, and the reports were not finalized as of October 15, 2019. City staff submitted Form M-Two on October 28, 2019 when the reports were more accurate. In the future the City will make sure to submit the Form M-Two by the October 15th deadline to ensure compliance with the regulations.
Finding Corrected During the Audit	The City’s Form M-Two was submitted on October 28, 2019. No follow-up is required.

**Los Angeles County Metropolitan Transportation Authority**  
**Measure M Local Return Fund**  
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**Fiscal Year Ended June 30, 2019**  
**(Continued)**

<b>Finding #2019-004</b>	<b>City of La Habra Heights</b>
Compliance Requirement	According to Measure M Local Return Guidelines, Section XXV Administrative: Reporting Requirements – Expenditure Report (Form M-Two), “The submittal of an Expenditure Report (Form M-Two) is also required to maintain legal eligibility and meet Measure M Local Return 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, 2019 deadline for submission of the Form M -Two. However, the City submitted the Form M-Two on October 17, 2019.
Cause	It was due to the staff’s oversight.
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-Two is submitted before the due date of October 15th in accordance with the Measure M Local Return Guidelines. Furthermore, we recommend that the City retain a confirmation of receipt by LACMTA to indicate the Form M-Two was submitted in a timely manner.
Management’s Response	The City will establish procedures to ensure the timely filing of all required listings. In addition, the City will retain a confirmation of receipt by LACMTA to indicate the Form M-Two was submitted in a timely manner.
Findings Corrected During the Audit	The City subsequently submitted the Form M-Two on October 17, 2019. 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, 2019  
(Continued)**

<b>Finding #2019-005</b>	<b>City of Lancaster</b>
Compliance Requirement	According to Measure M Local Return Guidelines, Section B.VII.A, Financial and Compliance Provisions, “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 Metro’s approval.”
Condition	During FY 2018-19, the City used Measure M Local Return funds totaling \$149,335 for the following three projects: (1) 1.20 15th St West/Lancaster Blvd Roundabout in the amount of \$55,375; (2) 2.03 LED Light Signals in the amount of \$34,498; and (3) 2.09 REPL-Equipment & Machinery in the amount of \$59,462 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 Expenditure Plan (Form M-One) with a listing of projects to LACMTA due to an oversight.
Effect	The City was not in compliance with Measure M Local Return Guidelines in obtaining an approval from LACMTA prior to expenditure of funds.
Recommendation	We recommend that the City strengthen internal control procedures to ensure all expenditures are approved by LACMTA prior to expending the funds by submitting a complete and accurate Form M-One to LACMTA.
Management’s Response	Staff did not submit corrected form on time with the updated information due to staff turnover.
Findings Corrected During the Audit	The City’s revised Form M-One was submitted and retroactively approved by LACMTA on October 29, 2019. 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, 2019  
(Continued)**

<b>Finding #2019-006</b>	<b>City of Manhattan Beach</b>
Compliance Requirement	According to Measure M Local Return Guidelines, Section B.VII.A, Financial and Compliance Provisions, “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 Metro’s approval.”
Condition	The City used Measure M Local Return funds for Ped Safety Improvement Highland/34th project in the amount of \$140,000 prior to LACMTA’s approval.
Cause	The City did not submit the complete Expenditure Plan (Form M-One) to LACMTA due to an oversight.
Effect	The City did not comply with the Measure M Local Return Funds Guidelines.
Recommendation	We recommend that the City strengthen internal control procedures by obtaining prior approval from LACMTA for all projects that are funded by Measure M Local Return Funds before incurring expenditures. We also recommend that the City obtain LACMTA’s retroactive approval for any new projects that are not reported on the original Form M-One.
Management’s Response	The City did not submit an amended Form M-One with updated information on time, since the guideline was not clear regarding submissions after the August 1 deadline.
Findings Corrected During the Audit	The City’s revised Form M-One was submitted and retroactively approved by LACMTA on November 7, 2019. No follow-up is required.

**Los Angeles County Metropolitan Transportation Authority**  
**Measure M Local Return Fund**  
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**Fiscal Year Ended June 30, 2019**  
**(Continued)**

<b>Finding #2019-007</b>	<b>City of Manhattan Beach</b>
Compliance Requirement	According to Measure M Local Return Guidelines, Section XXV Administrative: Reporting Requirements – Expenditure Report (Form M-Two), “The submittal of an Expenditure Report (Form M-Two) is also required to maintain legal eligibility and meet Measure M Local Return 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, 2019 deadline for submission of Form M-Two. However, the City submitted the Form M-Two on October 18, 2019.
Cause	This was an oversight by the City due to onsite ERP implementation training.
Effect	The City did not comply with the Measure M Local Return Guidelines.
Recommendation	We recommend that the City strengthen internal control procedures to ensure that the Form M-Two is properly prepared and submitted before the due date of October 15 to meet the Measure M Local Return Guidelines.
Management’s Response	The City was delayed in submitting the Form M-Two on or before the deadline due to onsite ERP implementation training. The City will endeavor to submit it on or before the deadline in the future.
Findings Corrected During the Audit	The City’s Form M-Two was submitted on October 18, 2019. 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, 2019**  
**(Continued)**

<b>Finding #2019-008</b>	<b>City of San Gabriel</b>
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 Metro an Expenditure Plan (Form M-One), annually, by August 1 of each year.”
Condition	The City did not meet the August 1, 2018 deadline for submission of Form M-One. However, the City submitted the Form M-One on August 21, 2018.
Cause	The person responsible for the submission of the reports has since retired from the City. As a result, the City was not able to determine the reason for the late filing.
Effect	The City’s Form M-One was not submitted timely.
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 the Measure M Local Return Funds will be in accordance with LACMTA's approval and the Guidelines. Furthermore, we recommend the City to retain a confirmation of receipt by LACMTA to indicate the form was submitted in a timely manner.
Management’s Response	To ensure that all future filings will be submitted timely, the reporting responsibility has been reassigned and calendared.
Findings Corrected During the Audit	The City subsequently submitted the Farm M-One on August 21, 2018. No follow- up is required.

**Los Angeles County Metropolitan Transportation Authority**  
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**Fiscal Year Ended June 30, 2019**  
**(Continued)**

<b>Finding #2019-009</b>	<b>City of Signal Hill</b>
Compliance Requirement	According to Measure M Local Return Guidelines, Section XXV Administrative: Reporting Requirements – Expenditure Report (Form M-Two), “The submittal of an Expenditure Report (Form M-Two) is also required to maintain legal eligibility and meet Measure M Local Return 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, 2019 deadline for submission of the Expenditure Report (Form M-Two). However, the City submitted the Form M-Two on October 23, 2019.
Cause	It was due to an oversight.
Effect	The City’s Form M-Two was not submitted timely.
Recommendation	We recommend the City strengthen internal control 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 the City retain a confirmation of receipt from LACMTA to indicate the form was submitted in a timely manner.
Management’s Response	This was due to staff turnover in the Public Works Department. As soon as the Finance Department became aware, Form M-Two was submitted to LACMTA.
Findings Corrected During the Audit	The City’s Form M-Two was submitted and retroactively approved by LACMTA on October 23, 2019. No follow-up is required.



**Los Angeles County Metropolitan Transportation Authority**  
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**Fiscal Year Ended June 30, 2019**  
**(Continued)**

<b>Finding #2019-010</b>	<b>City of Temple City</b>
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 Metro an Expenditure Plan (Form M-One), annually, by August 1 of each year.”
Condition	The City did not meet the August 1, 2018 deadline for submission of Form M-One. However, the City submitted the Form M-One on August 7, 2018.
Cause	The preparation and submission of the form was assigned to a new employee who was not aware of the deadline.
Effect	The City’s Form M-One 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-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 that the City retain a confirmation of receipt by MTA to indicate the form was submitted in a timely manner.
Management’s Response	In FY 2019-20, the newly assigned employee has been made aware of the reporting deadline and has attended the necessary LACMTA training workshops.
Findings Corrected During the Audit	In FY 2019-20, the newly assigned employee has been made aware of the reporting deadline and has attended the necessary LACMTA training workshops.

**Los Angeles County Metropolitan Transportation Authority  
 Measure M Local Return Fund  
 Schedule of Findings and Questioned Costs  
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 (Continued)**

<b>Finding #2019-011</b>	<b>City of Torrance</b>
Compliance Requirement	According to Measure M Local Return Guidelines, Section B.VII.A, Financial and Compliance Provisions, “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 Metro’s approval.”
Condition	<p>During FY 2018-19, the City used Measure M Local Return funds for an eligible Project Code 1.10, T 177, Plaza del Amo at Western Ave. (Project) in the amount of \$43,051; however, the funds for the Project were expended without Metro’s prior approval as an Expenditure Plan (Form M-One) was not submitted to LACMTA.</p> <p>On December 13, 2019, the City submitted the Form M-One to obtain LACMTA’s retroactive approval and received subsequent approval on December 13, 2019.</p>
Cause	The City represented that a Form M-One was not submitted because the Project was not budgeted by the City prior to August 1, 2018. Subsequently, the City budgeted for the Project and incurred expenditures which were reported on the Form M-Two. Although the City budgeted funds for the Project and reported these expenditures on the Form M-Two, the City did not obtain LACMTA’s prior approval before incurring expenditures (Form M-One).
Effect	The City did not comply with the Measure M Local Return Guidelines.
Recommendation	<p>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.</p> <p>We also recommend that the City work closely with the City Council to obtain timely approval for all Measure M LR projects prior to the expenditures of funds, and the Form M-One is properly prepared and submitted to LACMTA before the due date of August 1.</p>

**Los Angeles County Metropolitan Transportation Authority  
Measure M Local Return Fund  
Schedule of Findings and Questioned Costs  
Fiscal Year Ended June 30, 2019  
(Continued)**

<p><b>Finding #2019-011 (Continued)</b></p>	<p><b>City of Torrance</b></p>
<p>Management’s Response</p>	<p>The Plaza del Amo at Western Ave, T-177 (“T-177 Project”) is an eligible Measure M project conforming to the requirements in MM-Guidelines Section XXV Local Return, Subsection Eligible Uses beginning on page 75. On September 18, 2018, the Torrance City Council approved \$100,000 of FY2018-19 Measure M-LR funds for the T-177 Project. This approval occurred AFTER the August 1 annual deadline for submitting the Form M-One. Therefore, the City was correct and accurate not to include (budget) the T-177 Project on the Form M-One submitted by August 1, 2018, as the budget for use of these Measure M-LR funds was not yet approved by the City.</p> <p>MM-Guidelines Section XXV Local Return, Subsection Administrative-Reporting Requirements on pages 85 through 87 indicate repeatedly that the submittal of the Form M-One is only required ANNUALLY and by August 1. There is no requirement in the MM Guidelines for a Jurisdiction to submit a “revised” Form M- One, nor a Form M-One, more frequently than annually. The MM-LR Guidelines are, in fact, explicitly clear in this same Subsection on page 86 that a Form M-One for “New, amended, ongoing and carryover projects; Capital projects require additional information” is due ANNUALLY and on August 1.</p> <p>Additionally, MM-Guidelines Section XXV Local Return, Subsection Administrative-Reporting Requirements on pages 85 through 87 do not prohibit a Jurisdiction from obtaining approval from Metro AFTER incurring eligible expenditures. Furthermore, MM-Guidelines Section XXV Local Return, Subsection Administrative-Audit Requirements; Financial and Compliance Provisions on pages 91 and 92 do not prohibit Metro from approving eligible expenditures AFTER they are incurred. The Auditor’s role is to verify if funds were expended with Metro’s approval. The City reported the T-177 Project’s eligible expenditures on the FY2018-19 Expenditure Report submitted to Metro on October 15, 2019, as required by the MM Guidelines. On October 17, 2019, Metro acknowledged by email the City’s submittal of the FY2018-19 Expenditure Report and did not indicate any concerns or non-approval.</p> <p>In our opinion, the City fully complied with the requirements in the MM Guidelines to maintain legal eligibility of the use of Measure M-LR funds, including accurate and timely reporting. The City spent the funds on an eligible T-177 Project. Metro approved of the eligible expenditures. Therefore, the City objects to this finding.</p>
<p>Findings Corrected During the Audit</p>	<p>On December 13, 2019, the City received retroactive approval from LACMTA Program Manager to expend Measure M funds for project entitled 1.10, T 177, Plaza del Amo at Western Ave. No follow-up is required.</p>

**Los Angeles County Metropolitan Transportation Authority  
 Measure M Local Return Fund  
 Schedule of Findings and Questioned Costs  
 Fiscal Year Ended June 30, 2019  
 (Continued)**

<p><b>Finding #2019-011 (Continued)</b></p>	<p><b>City of Torrance</b></p>
<p>Auditor’s Rejoinder</p>	<p>City’s management responded to Finding No. 2019-011 by stating that the Measure M Local Return Guidelines do not require the submission of a “revised” Form-One.</p> <p>However, Measure M Local Return Guidelines, Section XXV, Reporting Requirements, states “Form M-One provides a listing of projects funded with Measure M LR funds along with estimated expenditures for the year.” The City was not in compliance with the requirement to submit a Form M-One which provides a listing of projects funded with Measure M LR funds with estimated expenditures for the fiscal year 2019, which is also the means by which the City obtains Metro’s approval of Measure M LR funded projects. Additionally, it is the jurisdiction’s responsibility to obtain its City Council’s approval of a project’s budget promptly and to properly prepare its Form M-One with a complete list of projects funded with Measure M LR funds to Metro. The City’s management also stated in their response that the Measure M Local Return Guidelines require jurisdictions to submit a Form M-One annually. However, the Guidelines do not prohibit a City from submitting an amended Form M-One or a separate request to Metro to obtain project approval prior to expending the funds during the fiscal year. The intent of the Guidelines, XXV Local Return, Form M-One DETERMINATION is for jurisdictions to obtain Metro’s approval of new, amended, ongoing, and carryover projects annually and prior to expending the funds.</p> <p>Additionally, the City’s management also stated in their response that the Measure M Local Return Guidelines “do not prohibit Metro from approving eligible expenditures AFTER they are incurred.” We disagree with the City’s statement on the basis that Section XXV, Financial and Compliance Provisions, of the Measure M Local Return Guidelines clearly state that expenditures require “Verification that funds were expended <u>with</u> Metro’s approval” (Auditors have added the underscore for emphasis). In our opinion, the preposition “with” can only be interpreted as occurring “temporally before” or “concomitantly with” Metro’s approval, and that funds should not be expended <u>without</u> said approval. Because the City expended funds without Metro’s approval, we stand by our compliance finding and recommendation.</p>

**Los Angeles County Metropolitan Transportation Authority**  
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**(Continued)**

<b>Finding #2019-012</b>	<b>City of West Covina</b>
Compliance Requirement	According to Measure M Local Return Guidelines, Section B.VII.A, Financial and Compliance Provisions, "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 Metro's approval."
Condition	The City incurred expenditures prior to receiving approval from LACMTA for MMLRF's Project Code 1.05 18033 - Purchase of Aerial Boom 1 Ton Truck in the amount of \$23,030. However, the project was subsequently approved on November 6, 2019.
Cause	The MMLRF Project Code 1.05, 18033 – Purchase of Aerial Boom 1 Ton Truck, was originally approved by LACMTA in fiscal year 2017-18, the City mistakenly did not carry over the unexpended balance of the previously approved project into fiscal year 2018-19.
Effect	The City did not comply with the Guidelines when expenditures for MMLRF project are 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	MMLRF Project Code 1.05 - Purchase of Aerial 1 Ton Boom Truck, was originally approved by LACMTA in the previous year. However, the City did not, within the program year, request the subsequent approval needed to carry the unexpended balance forward due to administrative error. The City received retroactive LACMTA approval on November 6, 2019. In the future, the City will incorporate a second level of review of submittals and request a project listing from LACMTA at mid-year to identify and correct any discrepancies of the projects approved.
Findings Corrected During the Audit	LACMTA Program Manager granted retroactive approval of the said expenditures on November 6, 2019. No follow-up is required.

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**(Continued)**

<b>Finding #2019-013</b>	<b>City of Whittier</b>
Compliance Requirement	According to Measure M Local Return Guidelines, Section XXV Administrative: Reporting Requirements – Expenditure Report (Form M-Two), “The submittal of an Expenditure Report (Form M-Two) is also required to maintain legal eligibility and meet Measure M Local Return 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, 2019 deadline for submission of Expenditure Report Form M-Two to LACMTA. The City subsequently submitted the Form M- Two on October 30, 2019.
Cause	The late submission of Form M-Two was caused by the transition of City staff. The employee responsible for the submission of the form has since left the City due to retirement.
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 (Expenditure Report) is properly prepared and submitted before the due date of October 15th so that the City's expenditures of the MMLRF 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	In the future, the City management will ensure timely submission of Form M-Two.
Findings Corrected During the Audit	The City subsequently submitted the Form M-Two on October 30, 2019. No follow-up is required.