



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE  
WITH 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, 2017**



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE  
WITH 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, 2017**

**Los Angeles County Metropolitan Transportation Authority  
Measure R Local Return Fund Consolidated Audit Report  
Fiscal Year Ended June 30, 2017**

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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO MEASURE R ORDINANCE AND  
MEASURE R LOCAL RETURN GUIDELINES**

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

**Report on Compliance**

We have audited the compliance of the thirty-eight (38) Cities identified in Schedule 1, 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 (LACMTA), 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 LACMTA and the respective Cities for the year ended June 30, 2017 (collectively, the Requirements). Compliance with the above noted Guidelines and Requirements by the Cities 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 management of the Cities.

***Auditors' Responsibility***

Our responsibility is to express opinions on the Cities' 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 R Local Return program occurred. An audit includes examining, on a test basis, evidence about each City'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 compliance with the Guidelines and Requirements.



## **Opinion**

In our opinion, as described in Schedule 2, 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, 2017.

## **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 R Audit Results (Schedule 1) and Schedule of Findings and Questioned Costs (Schedule 2) as Findings #2017-001 through #2017-017. 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 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 internal control over compliance with the Guidelines and Requirements that could have a direct and material effect on the Measure R 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 internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with the requirements, such that there is a reasonable possibility that material noncompliance will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with the requirements that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as Findings #2017-006 and #2017-007, that we consider to be significant deficiencies.



The City's responses to the internal control over compliance findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. The City's responses were not subjected to the auditing procedures applied in the audit of compliance, and accordingly, we express no opinion on the responses.

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.

*Vacquez & Company LLP*

Los Angeles, California  
December 27, 2017

**Los Angeles County Metropolitan Transportation Authority  
Measure R Local Return Fund  
Summary of Compliance Findings  
Fiscal Year Ended June 30, 2017**

The audits of the 38 cities identified in Schedule 1 have resulted in 17 findings. The table below summarizes those findings:

<b>Finding</b>	<b># of Findings</b>	<b>Responsible Cities/ Finding No. Reference</b>	<b>Questioned Costs</b>	<b>Resolved During the Audit</b>
No adequate evidence that funds were expended for transportation purposes.	2	Compton (#2017-005) Cudahy (#2017-008)	None \$ 8,945	- \$ -
Funds were expended without LACMTA's approval.	5	Bell (#2017-003) Gardena (#2017-011) Maywood (#2017-012) Monterey Park (#2017-013) South Gate (#2017-016)	36,280 4,221 11,162 6,792 16,341	36,280 4,221 11,162 6,792 16,341
Expenditure Plan (Form One) was not submitted on time.	9	Agoura Hills (#2017-001) Baldwin Park (#2017-002) Bell (#2017-004) Compton (#2017-006) Culver City (#2017-009) El Monte (#2017-010) Pomona (#2017-014) South El Monte (#2017-015) West Hollywood (#2017-017)	None None None None None None None None None	- - - - - - - - -
Expenditure Report (Form Two) was not submitted on time.	1	Compton (#2017-007)	None	-
<b>Total Findings and Questioned Costs</b>	<b>17</b>		<b>\$ 83,741</b>	<b>\$ 74,796</b>

Details of the findings are in Schedule 2.



**Los Angeles County Metropolitan Transportation Authority  
Measure R Local Return Fund  
Summary of Audit Results  
Fiscal Year Ended June 30, 2017**

<b>Compliance Area Tested</b>	<b>Agoura Hills</b>	<b>Azusa</b>	<b>Baldwin Park</b>
Funds were expended for transportation purposes.	Compliant	Compliant	Compliant
Funds 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 on file.	Compliant	Compliant	Compliant
Separate Measure R Local Return Account was established.	Compliant	Compliant	Compliant
Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure R Local Return Account.	Compliant	Compliant	Compliant
Funds were expended with LACMTA's approval.	Compliant	Compliant	Compliant
Expenditure Plan (Form One) was submitted on time.	See Finding #2017-001	Compliant	See Finding #2017-002
Expenditure Report (Form Two) was submitted on time.	Compliant	Compliant	Compliant
Timely use of funds.	Compliant	Compliant	Compliant
Administrative expenses are within the 20% cap.	Compliant	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	Compliant	Not Applicable
Recreational transit form was submitted on time.	Not Applicable	Not Applicable	Not Applicable

**Los Angeles County Metropolitan Transportation Authority  
Measure R Local Return Fund  
Summary of Audit Results  
Fiscal Year Ended June 30, 2017**

<b>Compliance Area Tested</b>	<b>Bell</b>	<b>Bell Gardens</b>	<b>Beverly Hills</b>
Funds were expended for transportation purposes.	Compliant	Compliant	Compliant
Funds 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 on file.	Compliant	Compliant	Compliant
Separate Measure R Local Return Account was established.	Compliant	Compliant	Compliant
Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure R Local Return Account.	Compliant	Compliant	Compliant
Funds were expended with LACMTA's approval.	See Finding #2017-003	Compliant	Compliant
Expenditure Plan (Form One) was submitted on time.	See Finding #2017-004	Compliant	Compliant
Expenditure Report (Form Two) was submitted on time.	Compliant	Compliant	Compliant
Timely use of funds.	Compliant	Compliant	Compliant
Administrative expenses are within the 20% cap.	Compliant	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 on time.	Not Applicable	Not Applicable	Not Applicable

**Los Angeles County Metropolitan Transportation Authority  
Measure R Local Return Fund  
Summary of Audit Results  
Fiscal Year Ended June 30, 2017**

<b>Compliance Area Tested</b>	<b>Calabasas</b>	<b>Carson</b>	<b>Commerce</b>
Funds were expended for transportation purposes.	Compliant	Compliant	Compliant
Funds 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 on file.	Compliant	Compliant	Compliant
Separate Measure R Local Return Account was established.	Compliant	Compliant	Compliant
Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure R Local Return Account.	Compliant	Compliant	Compliant
Funds were expended with LACMTA's approval.	Compliant	Compliant	Compliant
Expenditure Plan (Form One) was submitted on time.	Compliant	Compliant	Compliant
Expenditure Report (Form Two) was submitted on time.	Compliant	Compliant	Compliant
Timely use of funds.	Compliant	Compliant	Compliant
Administrative expenses 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 on time.	Compliant	Not Applicable	Not Applicable

**Los Angeles County Metropolitan Transportation Authority  
Measure R Local Return Fund  
Summary of Audit Results  
Fiscal Year Ended June 30, 2017**

<b>Compliance Area Tested</b>	<b>Compton</b>	<b>Cudahy</b>	<b>Culver City</b>
Funds were expended for transportation purposes.	See Finding #2017-005	See Finding #2017-008	Compliant
Funds 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 on file.	Compliant	Compliant	Compliant
Separate Measure R Local Return Account was established.	Compliant	Compliant	Compliant
Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure R Local Return Account.	Compliant	Compliant	Compliant
Funds were expended with LACMTA's approval.	Compliant	Compliant	Compliant
Expenditure Plan (Form One) was submitted on time.	See Finding #2017-006	Compliant	See Finding #2017-009
Expenditure Report (Form Two) was submitted on time.	See Finding #2017-007	Compliant	Compliant
Timely use of funds.	Compliant	Compliant	Compliant
Administrative expenses are within the 20% cap.	Compliant	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 on time.	Not Applicable	Not Applicable	Not Applicable

**Los Angeles County Metropolitan Transportation Authority  
Measure R Local Return Fund  
Summary of Audit Results  
Fiscal Year Ended June 30, 2017**

<b>Compliance Area Tested</b>	<b>El Monte</b>	<b>Gardena</b>	<b>Hawthorne</b>
Funds were expended for transportation purposes.	Compliant	Compliant	Compliant
Funds 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 on file.	Compliant	Compliant	Compliant
Separate Measure R Local Return Account was established.	Compliant	Compliant	Compliant
Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure R Local Return Account.	Compliant	Compliant	Compliant
Funds were expended with LACMTA's approval.	Compliant	See Finding #2017-011	Compliant
Expenditure Plan (Form One) was submitted on time.	See Finding #2017-010	Compliant	Compliant
Expenditure Report (Form Two) was submitted on time.	Compliant	Compliant	Compliant
Timely use of funds.	Compliant	Compliant	Compliant
Administrative expenses are within the 20% cap.	Compliant	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.	Compliant	Not Applicable	Not Applicable
Recreational transit form was submitted on time.	Not Applicable	Not Applicable	Not Applicable

**Los Angeles County Metropolitan Transportation Authority  
Measure R Local Return Fund  
Summary of Audit Results  
Fiscal Year Ended June 30, 2017**

<b>Compliance Area Tested</b>	<b>Hidden Hills</b>	<b>Huntington Park</b>	<b>Industry</b>
Funds were expended for transportation purposes.	Compliant	Compliant	Compliant
Funds 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 on file.	Compliant	Compliant	Compliant
Separate Measure R Local Return Account was established.	Compliant	Compliant	Compliant
Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure R Local Return Account.	Compliant	Compliant	Compliant
Funds were expended with LACMTA's approval.	Compliant	Compliant	Compliant
Expenditure Plan (Form One) was submitted on time.	Compliant	Compliant	Compliant
Expenditure Report (Form Two) was submitted on time.	Compliant	Compliant	Compliant
Timely use of funds.	Compliant	Compliant	Compliant
Administrative expenses are within the 20% cap.	Compliant	Compliant	Not Applicable
Fund exchanges were approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
A separate account was established for Capital reserve funds and Capital reserve was approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
Recreational transit form was submitted on time.	Not Applicable	Not Applicable	Not Applicable

**Los Angeles County Metropolitan Transportation Authority  
Measure R Local Return Fund  
Summary of Audit Results  
Fiscal Year Ended June 30, 2017**

<b>Compliance Area Tested</b>	<b>Inglewood</b>	<b>Irwindale</b>	<b>La Puente</b>
Funds were expended for transportation purposes.	Compliant	Compliant	Compliant
Funds 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 on file.	Compliant	Compliant	Compliant
Separate Measure R Local Return Account was established.	Compliant	Compliant	Compliant
Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure R Local Return Account.	Compliant	Compliant	Compliant
Funds were expended with LACMTA's approval.	Compliant	Compliant	Compliant
Expenditure Plan (Form One) was submitted on time.	Compliant	Compliant	Compliant
Expenditure Report (Form Two) was submitted on time.	Compliant	Compliant	Compliant
Timely use of funds.	Compliant	Compliant	Compliant
Administrative expenses are within the 20% cap.	Compliant	Not Applicable	Compliant
Fund exchanges were approved by LACMTA.	Not Applicable	Not Applicable	Not applicable
A separate account was established for Capital reserve funds and Capital reserve was approved by LACMTA.	Not Applicable	Not Applicable	Not applicable
Recreational transit form was submitted on time.	Not Applicable	Not Applicable	Not applicable

**Los Angeles County Metropolitan Transportation Authority  
Measure R Local Return Fund  
Summary of Audit Results  
Fiscal Year Ended June 30, 2017**

<b>Compliance Area Tested</b>	<b>Lawndale</b>	<b>Lynwood</b>	<b>Malibu</b>
Funds were expended for transportation purposes.	Compliant	Compliant	Compliant
Funds 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 on file.	Compliant	Compliant	Compliant
Separate Measure R Local Return Account was established.	Compliant	Compliant	Compliant
Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure R Local Return Account.	Compliant	Compliant	Compliant
Funds were expended with LACMTA's approval.	Compliant	Compliant	Compliant
Expenditure Plan (Form One) was submitted on time.	Compliant	Compliant	Compliant
Expenditure Report (Form Two) was submitted on time.	Compliant	Compliant	Compliant
Timely use of funds.	Compliant	Compliant	Compliant
Administrative expenses are within the 20% cap.	Compliant	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 on time.	Not Applicable	Not Applicable	Not Applicable



**Los Angeles County Metropolitan Transportation Authority  
Measure R Local Return Fund  
Summary of Audit Results  
Fiscal Year Ended June 30, 2017**

<b>Compliance Area Tested</b>	<b>Maywood</b>	<b>Montebello</b>	<b>Monterey Park</b>
Funds were expended for transportation purposes.	Compliant	Compliant	Compliant
Funds 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 on file.	Compliant	Compliant	Compliant
Separate Measure R Local Return Account was established.	Compliant	Compliant	Compliant
Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure R Local Return Account.	Compliant	Compliant	Compliant
Funds were expended with LACMTA's approval.	See Finding #2017-012	Compliant	See Finding #2017-013
Expenditure Plan (Form One) was submitted on time.	Compliant	Compliant	Compliant
Expenditure Report (Form Two) was submitted on time.	Compliant	Compliant	Compliant
Timely use of funds.	Compliant	Compliant	Compliant
Administrative expenses are within the 20% cap.	Compliant	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 on time.	Not Applicable	Not Applicable	Not Applicable

**Los Angeles County Metropolitan Transportation Authority  
Measure R Local Return Fund  
Summary of Audit Results  
Fiscal Year Ended June 30, 2017**

<b>Compliance Area Tested</b>	<b>Pico Rivera</b>	<b>Pomona</b>	<b>Rosemead</b>
Funds were expended for transportation purposes.	Compliant	Compliant	Compliant
Funds 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 on file.	Compliant	Compliant	Compliant
Separate Measure R Local Return Account was established.	Compliant	Compliant	Compliant
Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure R Local Return Account.	Compliant	Compliant	Compliant
Funds were expended with LACMTA's approval.	Compliant	Compliant	Compliant
Expenditure Plan (Form One) was submitted on time.	Compliant	See Finding #2017-014	Compliant
Expenditure Report (Form Two) was submitted on time.	Compliant	Compliant	Compliant
Timely use of funds.	Compliant	Compliant	Compliant
Administrative expenses are within the 20% cap.	Compliant	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 on time.	Not Applicable	Not Applicable	Not Applicable

**Los Angeles County Metropolitan Transportation Authority  
Measure R Local Return Fund  
Summary of Audit Results  
Fiscal Year Ended June 30, 2017**

<b>Compliance Area Tested</b>	<b>San Fernando</b>	<b>Santa Fe Springs</b>	<b>Santa Monica</b>
Funds were expended for transportation purposes.	Compliant	Compliant	Compliant
Funds 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 on file.	Compliant	Compliant	Compliant
Separate Measure R Local Return Account was established.	Compliant	Compliant	Compliant
Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure R Local Return Account.	Compliant	Compliant	Compliant
Funds were expended with LACMTA's approval.	Compliant	Compliant	Compliant
Expenditure Plan (Form One) was submitted on time.	Compliant	Compliant	Compliant
Expenditure Report (Form Two) was submitted on time.	Compliant	Compliant	Compliant
Timely use of funds.	Compliant	Compliant	Compliant
Administrative expenses are within the 20% cap.	Compliant	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 on time.	Not Applicable	Not Applicable	Not Applicable

**Los Angeles County Metropolitan Transportation Authority  
Measure R Local Return Fund  
Summary of Audit Results  
Fiscal Year Ended June 30, 2017**

<b>Compliance Area Tested</b>	<b>South El Monte</b>	<b>South Gate</b>	<b>Walnut</b>
Funds were expended for transportation purposes.	Compliant	Compliant	Compliant
Funds 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 on file.	Compliant	Compliant	Compliant
Separate Measure R Local Return Account was established.	Compliant	Compliant	Compliant
Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure R Local Return Account.	Compliant	Compliant	Compliant
Funds were expended with LACMTA's approval.	Compliant	See Finding #2017-016	Compliant
Expenditure Plan (Form One) was submitted on time.	See Finding #2017-015	Compliant	Compliant
Expenditure Report (Form Two) was submitted on time.	Compliant	Compliant	Compliant
Timely use of funds.	Compliant	Compliant	Compliant
Administrative expenses are within the 20% cap.	Compliant	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 on time.	Not Applicable	Not Applicable	Not Applicable

**Los Angeles County Metropolitan Transportation Authority  
Measure R Local Return Fund  
Summary of Audit Results  
Fiscal Year Ended June 30, 2017**

<b>Compliance Area Tested</b>	<b>West Hollywood</b>	<b>Westlake Village</b>
Funds were expended for transportation purposes.	Compliant	Compliant
Funds 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 on file.	Compliant	Compliant
Separate Measure R Local Return Account was established.	Compliant	Compliant
Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure R Local Return Account.	Compliant	Compliant
Funds were expended with LACMTA's approval.	Compliant	Compliant
Expenditure Plan (Form One) was submitted on time.	See Finding #2017-017	Compliant
Expenditure Report (Form Two) was submitted on time.	Compliant	Compliant
Timely use of funds.	Compliant	Compliant
Administrative expenses are within the 20% cap.	Compliant	Not Applicable
Fund exchanges were approved by LACMTA.	Not Applicable	Not Applicable
A separate account was established for Capital reserve funds and Capital reserve was approved by LACMTA.	Not Applicable	Not Applicable
Recreational transit form was submitted on time.	Not Applicable	Not Applicable

**Los Angeles County Metropolitan Transportation Authority  
Measure R Local Return Fund  
Schedule of Findings and Questioned Costs  
Fiscal Year Ended June 30, 2017**

<b>Finding #2017-001</b>	<b>City of Agoura Hills</b>
<b>Compliance Reference</b>	Section B (II) (1) of the Measure R Local Return Program Guidelines states that, "To maintain eligibility and meet Measure R LR program compliance requirements, jurisdictions shall submit to LACMTA an Expenditure Plan (Form One) annually by August 1 <sup>st</sup> of each year".
<b>Condition</b>	The City submitted its Expenditure Plan (Form One) on August 25, 2016, 24 days after the due date set under the Guidelines.
<b>Cause</b>	This was an administrative oversight, as the form had been completed in July, but was inadvertently not sent to LACMTA.
<b>Effect</b>	The City missed its deadline of August 1 for the submission of Form One.
<b>Recommendation</b>	We recommend for the City to establish procedures to ensure that all reporting deadlines are met.
<b>Management's Response</b>	Current practices, a tickler reminder in MS Outlook continue to be used. Management will also request a second reminder from second management level staff to ensure timely submittals.

**Los Angeles County Metropolitan Transportation Authority  
Measure R Local Return Fund  
Schedule of Findings and Questioned Costs  
Fiscal Year Ended June 30, 2017  
(Continued)**

<b>Finding #2017-002</b>	<b>City of Baldwin Park</b>
<b>Compliance Reference</b>	Section B (II) (1) of the Measure R Local Return Program Guidelines states that, "To maintain eligibility and meet Measure R LR program compliance requirements, jurisdictions shall submit to LACMTA an Expenditure Plan (Form One) annually by August 1 <sup>st</sup> of each year".
<b>Condition</b>	The City submitted its Expenditure Plan (Form One) on August 18, 2016, 17 days beyond the due date set under the Guidelines.
<b>Cause</b>	The CIP budget was not approved by the Governing Board by August 1, 2016.
<b>Effect</b>	The City's Expenditure Plan (Form One) was not submitted timely. The City was not in compliance with the Local Return Guidelines.
<b>Recommendation</b>	We recommend for the City to establish procedures to ensure that all reporting deadlines are met.
<b>Management's Response</b>	The City will ensure that the deadlines will be followed.

**Los Angeles County Metropolitan Transportation Authority**  
**Measure R Local Return Fund**  
**Schedule of Findings and Questioned Costs**  
**Fiscal Year Ended June 30, 2017**  
**(Continued)**

<b>Finding #2017-003</b>	<b>City of Bell</b>
<b>Compliance Reference</b>	<p>Section B (II) of Measure R Local Return Program Guideline states that, "To maintain legal eligibility and meet Measure R LR program compliance requirements, Jurisdiction shall submit to LACMTA an Expenditure Plan (Form One), annually, by August 1<sup>st</sup> of each year.</p> <p>Expenditure Plan (Form One) provides a listing of projects funded with Measure R LR funds along with estimated expenditures for the year. For both operating and capital projects, Part I is to be filled out. For capital projects (projects over \$250,000), Part II is required. Pursuant to AB2321, LACMTA will provide LR funds to a capital project or program sponsor who submits the required expenditure plan.</p>
<b>Condition</b>	<p>The City claimed expenditures for the following MRLRF projects with no prior approval from LACMTA:</p> <ul style="list-style-type: none"> <li>a. Project code 1.05, Slurry Seal, totaling \$31,880</li> <li>b. Project code 8.10, Fund Administration, totaling \$4,400</li> </ul> <p>The City submitted a revised Expenditure Plan (Form One) to the LACMTA Program Manager and obtained a retroactive approval of the said project on December 20, 2017.</p>
<b>Cause</b>	The City concurs with the finding that an Expenditure Plan (Form One) should have been submitted by August 1 for the projects that will be funded with Measure R. The finding was caused by an oversight by City staff.
<b>Effect</b>	The City claimed expenditures totaling \$36,280 without prior approval from LACMTA. Lack of prior approval results in non-compliance which could impact future funding or result in questioned costs that require funding to be returned to LACMTA.
<b>Recommendation</b>	We recommend for the City to establish procedures and controls to ensure that approval is obtained from LACMTA prior to spending on Measure R-funded projects.
<b>Management's Response</b>	The City will correct procedures to ensure timely approval of project budgets.
<b>Finding Corrected During the Audit</b>	LACMTA Program Manager granted retroactive approval of the said project on December 20, 2017. No additional follow up is required.



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<b>Finding #2017-004</b>	<b>City of Bell</b>
<b>Compliance Reference</b>	Section B (II) (1) of the Measure R Local Return Program Guidelines states that, "To maintain eligibility and meet Measure R LR program compliance requirements, jurisdictions shall submit to LACMTA an Expenditure Plan (Form One) annually by August 1 <sup>st</sup> of each year".
<b>Condition</b>	The City submitted its Expenditure Plan (Form One) on September 2, 2016, 17 days beyond the due date set under the Guidelines.
<b>Cause</b>	The key employees responsible for the LACMTA funds terminated their employment with the City of Bell. These key employees are the Accounting Manager (July 2017), the lead construction engineer (June 2017) and the Commercial Services Department Administrative Specialist before the audit was completed.
<b>Effect</b>	The City's Expenditure Plan (Form One) was not submitted timely. The City was not in compliance with the Local Return Guidelines.
<b>Recommendation</b>	We recommend for the City to establish procedures to ensure that all reporting deadlines are met.
<b>Management's Response</b>	The City will develop a matrix of due dates for all LACMTA forms and reports. The matrix will assign responsible personnel to all tasks. In the future, when the responsible individual terminates employment or changes position within the City the matrix will be updated and the duties reassigned.

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<b>Finding #2017-005</b>	<b>City of Compton</b>
<b>Compliance Reference</b>	<p>The Measure R LR Guidelines were developed to provide a more flexible program where it would be easier for the cities to use the funds, but ensure that the requirements of the ordinance are met. The eligible project uses are condensed to nine categories: 1)Streets and Roads, 2) Traffic Control Measures, 3) Bikeways and Pedestrian Improvements, 4) Public Transit Services, 5) Public Transit Capital, 6) Transportation Marketjng,7) Planning, Engineering and/or Study, CMP, 8) Transportation Administration, and 9) Local Funding Contributions.</p> <p>Further, jurisdictions are required to specify administration charges to Direct Administration in order to verify compliance of the 20% cap on administration costs.</p>
<b>Condition</b>	<p>Salaries of administrative personnel were reported under Project code 1.05, Street and Road repair and maintenance totaling to \$49,992 instead of Project code 8.10 for administration costs.</p> <p>If the City had charged administration salaries to the appropriate project code, the City would have been in compliance with the 20% admin cap.</p>
<b>Cause</b>	<p>There was a breakdown in internal controls over compliance to ensure that all administration costs related to the implementation of Measure R projects are reported in the proper project code categories as stated in the Measure R LR Guidelines.</p>
<b>Effect</b>	<p>The City was not in compliance with the reporting requirements of the Local Return Guidelines.</p>
<b>Recommendation</b>	<p>We recommend for the City to revise the Project code used for the administration costs to align with the Local Return Guidelines.</p>
<b>Management's Response</b>	<p>The City will revise and reclassify the administrative expenditures from project code 1.05 to project code 8.10 in compliance with the requirement. The Project Manager is reviewing time sheets to ensure coding to appropriate project.</p>

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<b>Finding #2017-006</b>	<b>City of Compton</b>
<b>Compliance Reference</b>	Section B (II) (1) of the Measure R Local Return Program Guidelines states that, "To maintain eligibility and meet Measure R LR program compliance requirements, jurisdictions shall submit to LACMTA an Expenditure Plan (Form One) annually by August 1 <sup>st</sup> of each year".
<b>Condition</b>	The City submitted its Expenditure Plan (Form One) on August 9, 2016, 8 days beyond the due date set under the Guidelines.  This is a repeat finding from prior year audit.
<b>Cause</b>	The City lacks adequate procedures and controls to ensure that the Expenditure Plan (Form One) is submitted on time.
<b>Effect</b>	The City's Expenditure Plan (Form One) was not submitted timely. The City was not in compliance with the Local Return Guidelines.
<b>Recommendation</b>	We recommend for the City to establish procedures and controls to ensure that Expenditure Plan (Form One) is submitted by August 1 as required by the Guidelines.
<b>Management's Response</b>	The City will ensure that all LACMTA fund expenditures are reflected in the General Ledger before the end of July each year to ensure that Form One is accurately prepared and submitted when due.
<b>Finding Corrected During the Audit</b>	The City subsequently submitted the form. No follow up is required.

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<b>Finding #2017-007</b>	<b>City of Compton</b>
<b>Compliance Reference</b>	Section B(II)(2) of the Measure R Local Return Program Guidelines states that "...Jurisdictions shall submit to LACMTA an Expenditure Report (Form Two), annually, by October 15 <sup>th</sup> (following the conclusion of the fiscal year)...."
<b>Condition</b>	The City submitted its Form Two on October 19, 2017, 4 days beyond the due date set under the Guidelines.  This is a repeat finding from prior year audit.
<b>Cause</b>	The City lacks adequate procedures and controls to ensure that the Expenditure Report (Form Two) is submitted on time.
<b>Effect</b>	Expenditure Report (Form Two) was not submitted timely as required by the Guidelines.
<b>Recommendation</b>	We recommend for the City to establish procedures and controls to ensure that Expenditure Report (Form Two) is submitted by October 15 as required by the Guidelines.
<b>Management's Response</b>	Henceforth, the City will ensure timely completion of all transactions regarding all LACMTA funds including Measure R to enhance preparation and submission of Form Two before the due date.
<b>Finding Corrected During the Audit</b>	The City subsequently submitted the form. No follow up is required.

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<b>Finding #2017-008</b>	<b>City of Cudahy</b>
<b>Compliance Reference</b>	Measure R Local Return Program Guidelines, Section B (VII. Audit Section) states that, "Jurisdictions are required to expend their Measure R Local Return funds for transportation purposes, as defined by the Guidelines" and "It is the Jurisdictions' responsibility to maintain proper accounting records and documentation."
<b>Condition</b>	<p>The City charged transit marketing project expenditures to Project code 6.90, Other Transportation Marketing, totaling \$26,834.</p> <p>These expenditures relate to the production of the City's quarterly magazine. Although a budget for this project was approved by LACMTA, there was a question with respect to reasonableness of cost allocated to the funds.</p> <p>As per City report, funding source allocation from LACMTA is 60% of total costs incurred for the quarterly magazine production. However, based on the initial review of documents provided which includes copies of magazines, it was determined that the allocation of 60% made to the Local Return Funds is higher than what is initially determined to be reasonable.</p> <p>Based on the supporting documents provided by the City, Vasquez agreed that 40% was the more reasonable allocation rate and was determined by the City based on the number of featured and news articles related to transportation.</p>
<b>Cause</b>	The budget submitted to LACMTA was based on expectation that the magazine would be a viable source of educating the residents of City on how the Local Return Funds of Cudahy can be and are being used to benefit the lives of the residents of Cudahy. The City had anticipated 60% of the magazine to educate the public on the availability of transit services in the City and what is being done to improve transportation within the City.
<b>Effect</b>	Measure R Local Return Funds of \$26,834 were expended towards project expenditures. Based on revised allocation rate to which Vasquez agreed, only \$17,889 should be charged to Measure R Local Return Funds, resulting in overcharging of expenditures of \$8,945 to Measure R Local Return Funds.

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<b>Finding #2017-008 (Continued)</b>	<b>City of Cudahy</b>
<b>Recommendation</b>	We recommend for the City to establish a methodology for allocating this type of costs. The City should also consider returning the total amount of \$8,945 to the Measure R Local Return Funds.
<b>Management's Response</b>	The City anticipated that 60% of the magazine would educate the public on the availability of transit services in the City and what is being done to improve transportation within the City. Based upon a review of the actual publication the City found that 40% of the magazine related to transportation. The City utilized a method of allocating costs based upon the number of feature articles, news articles, and the number of advertisement (whether full page, half page, quarter page) of transportation supported events or services. Direction had not been given as to the acceptable methodology that could be utilized by the City when determining allocation of costs to Local Return Funds. During the next fiscal year, the City will discuss and reach an agreement with LACMTA for an acceptable methodology that the City may use to allocate expenses to Local Return Funds.

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<b>Finding #2017-009</b>	<b>City of Culver City</b>
<b>Compliance Reference</b>	Section B (II) (1) of the Measure R Local Return Program Guidelines states that, "To maintain eligibility and meet Measure R LR program compliance requirements, jurisdictions shall submit to LACMTA an Expenditure Plan (Form One) annually by August 1st of each year".
<b>Condition</b>	The City submitted its Expenditure Plan (Form One) on August 8, 2016, 7 days beyond the due date set under the Guidelines.
<b>Cause</b>	The condition was due to oversight by City Staff.
<b>Effect</b>	The City's Expenditure Plan (Form One) was not submitted timely. The City was not in compliance with the Local Return Guidelines.
<b>Recommendation</b>	We recommend for the City to establish procedures to ensure that all reporting deadlines are met.
<b>Management Response</b>	The City will establish clear program schedules and implement procedures to ensure that all reporting deadlines are met.

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<b>Finding #2017-010</b>	<b>City of El Monte</b>
<b>Compliance Reference</b>	Section B (II) (1) of the Measure R Local Return Program Guidelines states that, "To maintain eligibility and meet Measure R LR program compliance requirements, jurisdictions shall submit to LACMTA an Expenditure Plan (Form One) annually by August 1st of each year".
<b>Condition</b>	The City submitted its Expenditure Plan (Form One) on August 11, 2016, 10 days beyond the due date set under the Guidelines.
<b>Cause</b>	A resignation within the Engineering Department caused staff to overlook the Measure R Expenditure Plan submission deadline.
<b>Effect</b>	The City's Expenditure Plan (Form One) was not submitted timely. The City was not in compliance with the Local Return Guidelines.
<b>Recommendation</b>	We recommend for the City to establish procedures to ensure that all reporting deadlines are met.
<b>Management Response</b>	The submission of the Measure R Expenditure Plan has been reassigned to a senior level manager in the Transportation Division. The Finance Department is also monitoring this due date on its compliance calendar.



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<b>Finding #2017-011</b>	<b>City of Gardena</b>
<b>Compliance Reference</b>	<p>Section B (II) of Measure R Local Return Program Guideline states that, "To maintain legal eligibility and meet Measure R LR program compliance requirements, Jurisdiction shall submit to LACMTA an Expenditure Plan (Form One), annually, by August 1st of each year.</p> <p>Expenditure Plan (Form One) provides a listing of projects funded with Measure R LR funds along with estimated expenditures for the year. For both operating and capital projects, Part I is to be filled out. For capital projects (projects over \$250,000), Part II is required. Pursuant to AB2321, LACMTA will provide LR funds to a capital project or program sponsor who submits the required expenditure plan.</p>
<b>Condition</b>	<p>The City claimed expenditures under the MRLRF Project code 7.90, General Planning and Engineering, totaling \$4,221, with no prior approval from LACMTA.</p> <p>Although we found the expenditures for these projects to be eligible for Measure R Local Return funding, these projects had no prior approval from LACMTA.</p> <p>The City submitted a revised Expenditure Plan (Form One) to the LACMTA Program Manager and obtained a retroactive approval of the said project on December 18, 2017.</p>
<b>Cause</b>	The finding was caused by an oversight by City staff.
<b>Effect</b>	Measure R Local Return funds were expended towards project expenditures without prior approval by the LACMTA.
<b>Recommendation</b>	We recommend for the City to establish procedures and controls to ensure that approval is obtained from LACMTA prior to spending on any Local Return-funded projects.
<b>Management's Response</b>	The City will ensure in the future that a revised Form One will be submitted for prior approval.
<b>Finding Corrected During the Audit</b>	LACMTA Program Manager granted a retroactive approval of the project budget on December 18, 2017. No follow up is required.

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<b>Finding #2017-012</b>	<b>City of Maywood</b>
<b>Compliance Reference</b>	<p>Section B (II) of Measure R Local Return Program Guideline states that, "To maintain legal eligibility and meet Measure R LR program compliance requirements, Jurisdiction shall submit to LACMTA an Expenditure Plan (Form One), annually, by August 1<sup>st</sup> of each year.</p> <p>Expenditure Plan (Form One) provides a listing of projects funded with Measure R LR funds along with estimated expenditures for the year. For both operating and capital projects, Part I is to be filled out. For capital projects (projects over \$250,000), Part II is required. Pursuant to AB2321, LACMTA will provide LR funds to a capital project or program sponsor who submits the required expenditure plan.</p>
<b>Condition</b>	<p>The City claimed expenditures for MRLRF project code 8.10, Administration Costs, for \$11,162 with no prior approval from LACMTA.</p> <p>The City submitted a revised Expenditure Plan (Form One) to the LACMTA Program Manager and obtained a retroactive approval of the said project on December 13, 2017.</p>
<b>Cause</b>	The City concurs with the finding that an Expenditure Plan (Form One) should have been submitted by August 1 for the projects that will be funded by Measure R. The finding was a result by an oversight by City staff.
<b>Effect</b>	The City claimed expenditures totaling \$11,162 without prior approval from LACMTA. Lack of prior approval results in non-compliance which could impact future funding or result in questioned costs that require funding to be returned to LACMTA.
<b>Recommendation</b>	We recommend for the City to establish procedures and controls to ensure that approval is obtained from LACMTA prior to spending on Measure R-funded projects.
<b>Management's Response</b>	We concur with this recommendation.
<b>Finding Corrected During the Audit</b>	LACMTA Program Manager granted a retroactive approval of the said projects on December 13, 2017.

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<b>Finding #2017-013</b>	<b>City of Monterey Park</b>
<b>Compliance Reference</b>	<p>Section B (II) of Measure R Local Return Program Guideline states that, "To maintain legal eligibility and meet Measure R LR program compliance requirements, Jurisdiction shall submit to LACMTA an Expenditure Plan (Form One), annually, by August 1st of each year.</p> <p>Expenditure Plan (Form One) provides a listing of projects funded with Measure R LR funds along with estimated expenditures for the year. For both operating and capital projects, Part I is to be filled out. For capital projects (projects over \$250,000), Part II is required. Pursuant to AB2321, LACMTA will provide LR funds to a capital project or program sponsor who submits the required expenditure plan.</p>
<b>Condition</b>	<p>The City claimed expenditures for MRLRF project code 02-001, N Atlantic Signal Upgrades, for \$6,792 with no prior approval from LACMTA.</p> <p>Although this project was previously approved in FY 2015/16, the City is still required to carry over the budget in Expenditure Plan (Form One) and have it approved for FY 2016/17.</p>
<b>Cause</b>	The previously approved project, N Atlantic Signal Upgrades for \$6,792, accidentally did not carry over from 2015-16 to 2016-17.
<b>Effect</b>	Measure R funds of \$6,792 were expended towards project expenditures without prior approval by the LACMTA.
<b>Recommendation</b>	We recommend for the City to establish procedures and controls to ensure that approval is obtained from LACMTA prior to spending on any Local Return-funded projects.
<b>Management's Response</b>	The revised form for Measure R has been provided to the LACMTA and an approval was received for this updated change. In the meantime, the Public Works Department will implement a control to ensure proper project carryover be done.
<b>Finding Corrected During the Audit</b>	LACMTA Program Manager granted retroactive approval of the said project on November 17, 2017. No additional follow up is required.

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<b>Finding #2017-014</b>	<b>City of Pomona</b>
<b>Compliance Reference</b>	Section B (II) (1) of the Measure R Local Return Program Guidelines states that, "To maintain eligibility and meet Measure R LR program compliance requirements, jurisdictions shall submit to LACMTA an Expenditure Plan (Form One) annually by August 1 <sup>st</sup> of each year".
<b>Condition</b>	The City submitted its Expenditure Plan (Form One) on August 2, 2016, 1 day beyond the due date set under the Guidelines.
<b>Cause</b>	The City has an on-going correspondence with LACMTA in regards to the submittal of the Form One and Form B on August 1, 2016. However, Form One was submittal of the Form One was delayed until the next day.
<b>Effect</b>	The City's Expenditure Plan (Form One) was not submitted timely. The City was not in compliance with the Local Return Guidelines.
<b>Recommendation</b>	We recommend that the City consider establishment of procedures and controls to ensure that all reporting deadlines are met.
<b>Management's Response</b>	Correspondence with LACMTA was on-going with the submittal of the Form One and Form B. The City had been in contact discussing submittals with LACMTA on August 1, 2016.

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<b>Finding #2017-015</b>	<b>City of South El Monte</b>
<b>Compliance Reference</b>	Section B (II) (1) of the Measure R Local Return Program Guidelines states that, "To maintain eligibility and meet Measure R LR program compliance requirements, jurisdictions shall submit to LACMTA an Expenditure Plan (Form One) annually by August 1 <sup>st</sup> of each year".
<b>Condition</b>	The City submitted its Expenditure Plan (Form One) on August 25, 2016, 24 days beyond the due date set under the Guidelines.
<b>Cause</b>	Assigned staff who normally takes care of Proposition A, Proposition C and Measure R Local Return Funds' reporting was out on medical leave during the period the forms were due.
<b>Effect</b>	The City's Expenditure Plan (Form One) was not submitted timely. The City was not in compliance with the Local Return Guidelines.
<b>Recommendation</b>	We recommend for the City to establish procedures to ensure that all reporting deadlines are met.
<b>Management's Response</b>	Finance Department has updated our calendar of deadlines so these tasks will get completed on a timely basis. The forms for FY 2017/18 have already been submitted prior to the deadline.

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<b>Finding #2017-016</b>	<b>City of South Gate</b>
<b>Compliance Reference</b>	<p>Section B (II) of Measure R Local Return Program Guideline states that, "To maintain legal eligibility and meet Measure R LR program compliance requirements, Jurisdiction shall submit to LACMTA an Expenditure Plan (Form One), annually, by August 1st of each year.</p> <p>Expenditure Plan (Form One) provides a listing of projects funded with Measure R LR funds along with estimated expenditures for the year. For both operating and capital projects, Part I is to be filled out. For capital projects (projects over \$250,000), Part II is required. Pursuant to AB2321, LACMTA will provide LR funds to a capital project or program sponsor who submits the required expenditure plan.</p>
<b>Condition</b>	<p>The City claimed expenditures for MRLRF project code 3-005, SR2S Cycle 8 – Bike Lanes along Southern Avenue, for \$16,341 with no prior approval from LACMTA.</p> <p>Although this project was previously approved in FY 2015/16, the City is still required to carry over the budget in Expenditure Plan (Form One) and have it approved for FY 2016/17.</p> <p>The City submitted a revised Expenditure Plan (Form One) to the LACMTA Program Manager and obtained a retroactive approval of the said project on December 19, 2017.</p>
<b>Cause</b>	As part of the review process, the project budget was previously approved in FY 2015/2016. However, staff mistakenly forgot to carry over the remaining budget amount to be included in FY 2016-2017 for LACMTA's approval.
<b>Effect</b>	The City claimed expenditures totaling \$16,341 without prior approval from LACMTA. Lack of prior approval results in noncompliance which could impact future funding or result in questioned costs that require funding to be returned to LACMTA.
<b>Recommendation</b>	We recommend for the City to establish procedures and controls to ensure that approval is obtained from LACMTA prior to spending on Measure R-funded projects.

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<b>Finding #2017-016 (Continued)</b>	<b>City of South Gate</b>
<b>Management's Response</b>	The City agreed with the finding. Both Public Works and the Finance department will continue to streamline the review process to assure all projects for the current fiscal year have been submitted and received approval from LACMTA.
<b>Finding Corrected During the Audit</b>	LACMTA Program Manager granted retroactive approval of the said project on December 19, 2017. No additional follow up is required.

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<b>Finding #2017-017</b>	<b>City of West Hollywood</b>
<b>Compliance Reference</b>	Section B (II) (1) of the Measure R Local Return Program Guidelines states that, "To maintain eligibility and meet Measure R LR program compliance requirements, jurisdictions shall submit to LACMTA an Expenditure Plan (Form One) annually by August 1 <sup>st</sup> of each year".
<b>Condition</b>	The City submitted its Expenditure Plan (Form One) on August 8, 2016, 7 days beyond the due date set under the Guidelines.
<b>Cause</b>	The oversight was caused by City staff's confusion in regards to the actual due date to submit the Expenditure Plan (Form One) to LACMTA. Staff assumed it was due on the 15 <sup>th</sup> of August. Similar to Form II which is due on October 15 <sup>th</sup> .
<b>Effect</b>	The City's Expenditure Plan (Form One) was not submitted timely. The City was not in compliance with the Local Return Guidelines.
<b>Recommendation</b>	We recommend for the City to establish procedures and controls to ensure that Expenditure Plan (Form One) is submitted by August 1 as required by the Guidelines.
<b>Management's Response</b>	We have established reminder/calendar procedures to ensure that Form One is submitted no later than August 1 <sup>st</sup> each year as required by LACMTA guidelines.
<b>Finding Corrected During the Audit</b>	The City submitted the Form One on August 8, 2016. No follow up is required.







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