



**Metro**<sup>TM</sup>

**City of Santa Monica  
Annual Financial Report of its**

**Proposition A Local Return Fund  
Proposition C Local Return Fund  
Measure R Local Return Fund  
Measure M Local Return Fund  
Transportation Development Act Article 3 Fund**

**As of and for the Years Ended June 30, 2019 and 2018  
with Report of Independent Auditors**

	<u>PAGE</u>
<b>FINANCIAL SECTION</b>	
Report of Independent Auditors	1
Proposition A Local Return Fund:	
Basic Financial Statements:	
Balance Sheets	4
Statements of Revenues, Expenditures and Changes in Fund Balance	5
Supplementary Information:	
Schedule of Expenditures – Actual and LACMTA Approved Project Budget	6
Schedule of Capital Assets	7
Proposition C Local Return Fund:	
Basic Financial Statements:	
Balance Sheets	8
Statements of Revenues, Expenditures and Changes in Fund Balance	9
Supplementary Information:	
Schedule of Expenditures – Actual and LACMTA Approved Project Budget	10
Schedule of Capital Assets	11
Measure R Local Return Fund:	
Basic Financial Statements:	
Balance Sheets	12
Statements of Revenues, Expenditures and Changes in Fund Balance	13
Supplementary Information:	
Schedule of Expenditures – Actual and LACMTA Approved Project Budget	14
Schedule of Capital Assets	15
Measure M Local Return Fund:	
Basic Financial Statements:	
Balance Sheets	16
Statements of Revenues, Expenditures and Changes in Fund Balance	17
Supplementary Information:	
Schedule of Expenditures – Actual and LACMTA Approved Project Budget	18
Schedule of Capital Assets	19
Transportation Development Act Article 3 Fund:	
Basic Financial Statements:	
Balance Sheets	20
Statements of Revenues, Expenditures and Changes in Fund Balance	21
Supplementary Information:	
Schedule of Transportation Development Act Allocation for Specific Projects	22
Notes to Funds Financial Statements	23
Report of Independent Auditors on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	29

**COMPLIANCE SECTION**

Report of Independent Auditors on Compliance	31
Compliance Matrix	33

<b>SCHEDULE OF FINDINGS AND QUESTIONED COSTS</b>	<b>37</b>
--	-----------

<b>EXIT CONFERENCE</b>	<b>38</b>
------------------------	-----------

**FINANCIAL SECTION**

## Report of Independent Auditors

**To the Honorable Members of the City Council of the  
City of Santa Monica, California and the  
Los Angeles County Metropolitan Transportation Authority**

### Report on the Financial Statements

We have audited the accompanying financial statements of the Proposition A Local Return Fund, the Proposition C Local Return Fund, the Measure R Local Return Fund, the Measure M Local Return Fund and the Transportation Development Act Article 3 Fund (collectively, the Funds) of the City of Santa Monica, California (the City) which comprise the Funds' balance sheets as of June 30, 2019 and 2018, and the related statements of revenues, expenditures and changes in fund balances for the years then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' Responsibility***

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with 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 the financial statements are free from material misstatement.



An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Proposition A Local Return Fund, the Proposition C Local Return Fund, the Measure R Local Return Fund, the Measure M Local Return Fund and the Transportation Development Act Article 3 Fund of the City of Santa Monica, California, as of June 30, 2019 and 2018, and the respective changes in financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

As discussed in Note 2, the financial statements present only the Proposition A Local Return Fund, the Proposition C Local Return Fund, the Measure R Local Return Fund, the Measure M Local Return Fund and the Transportation Development Act Article 3 Fund of the City and do not purport to, and do not present fairly the financial position of the City as of June 30, 2019 and 2018, and the changes in its financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

### ***Supplementary Information***

Our audits were conducted for the purpose of forming opinions on each of the Funds' financial statements as a whole. The supplementary information identified in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information identified in the table of contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the Funds' basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the Funds' basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the Funds' basic financial statements or to the Funds' basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to each of the Funds' basic financial statements as a whole.



### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2019 on our consideration of the City's internal control over the Funds' financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over the Funds' financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over the Funds' financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over the Funds' financial reporting and compliance.

*Vasquez & Company LLP*

**Glendale, California  
December 3, 2019**

**City of Santa Monica  
Proposition A Local Return Fund  
Balance Sheets**

		June 30	
		2019	2018
<b>ASSETS</b>			
Cash and investments	\$	2,250,309	\$ 1,876,735
Interest receivable		8,197	7,486
Other receivables		-	428
<b>Total assets</b>	<b>\$</b>	<b><u>2,258,506</u></b>	<b><u>\$ 1,884,649</u></b>
<b>LIABILITIES, DEFERRED INFLOW OF RESOURCES AND FUND BALANCE</b>			
<b>Liabilities</b>			
Accounts payable	\$	152,304	\$ 32,514
<b>Total liabilities</b>		<b><u>152,304</u></b>	<b><u>32,514</u></b>
<b>Deferred inflow of resources</b>			
Deferred inflow of resources		-	2,815
<b>Total deferred inflow of resources</b>		<b><u>-</u></b>	<b><u>2,815</u></b>
<b>Fund balance</b>			
Restricted - Rail Reserve		462,047	556,498
Restricted		1,644,155	1,292,822
<b>Total fund balance</b>		<b><u>2,106,202</u></b>	<b><u>1,849,320</u></b>
<b>Total liabilities, deferred inflow of resources and fund balance</b>	<b>\$</b>	<b><u>2,258,506</u></b>	<b><u>\$ 1,884,649</u></b>

*See notes to Funds financial statements.*



**City of Santa Monica**  
**Proposition A Local Return Fund**  
**Statements of Revenues, Expenditures and Changes in Fund Balance**

---

	Years ended June 30	
	2019	2018
<b>Revenues</b>		
Proposition A	\$ 1,883,821	\$ 1,746,692
Investment income	75,880	7,573
Project generated revenue	16,985	1,284
<b>Total revenues</b>	<b>1,976,686</b>	<b>1,755,549</b>
<b>Expenditures</b>		
Various projects	1,719,804	1,527,835
<b>Total expenditures</b>	<b>1,719,804</b>	<b>1,527,835</b>
Excess of revenues over expenditures	256,882	227,714
Fund balance at beginning of year	1,849,320	1,621,606
Fund balance at end of year	\$ 2,106,202	\$ 1,849,320

*See notes to Funds financial statements.*

**City of Santa Monica**  
**Proposition A Local Return Fund**  
**Supplementary Information**  
**Schedule of Expenditures – Actual and LACMTA Approved Project Budget**  
**Year Ended June 30, 2019**  
**(With Comparative Actuals for 2018)**

Project Code	Project Name	2019			2018 Actual
		LACMTA Budget	Actual	Variance Positive (Negative)	
110-08	Fixed Route Transit	\$ 459,148	\$ 470,955	\$ (11,807)	\$ 436,673
130-01	Paratransit Service	600,000	493,204	106,796	490,584
140-03	Youth Transportation	51,600	50,463	1,137	52,240
140-04	Disabled Transit	30,000	18,308	11,692	17,981
140-05	Senior Transportation	3,000	2,353	647	3,095
140-09	Arts Transportation	15,000	14,464	536	11,761
150-22	Bus Pads - Lincoln Blvd	50,000	-	50,000	-
170-01	Bus Stop Shelter Maintenance	60,000	59,740	260	60,000
250-02	Fare Subsidy Program	49,227	42,467	6,760	55,227
250-05	Youth Fare Subsidy	110,000	74,195	35,805	-
380-03	Rail Reserve: Exposition Commuter Bike Path Component	50,983	-	50,983	-
380-08	Rail Reserve: Exposition Station Area Planning	47,603	2,336	45,267	11,276
380-19	Rail Reserve: Colorado Ave Vehicle Barriers	281,000	110,504	170,496	9,000
410-06	Rideshare Program	96,000	96,434	(434)	96,000
410-08	Bicycle Valet Service - Prop A	40,000	34,940	5,060	41,287
480-02	Direct Administration - Prop A	50,000	50,000	-	50,000
500-04	WISE Senior and Disabled Services	198,711	199,441	(730)	192,711
<b>Total expenditures</b>		<b>\$ 2,192,272</b>	<b>\$ 1,719,804</b>	<b>\$ 472,468</b>	<b>\$ 1,527,835</b>

*See report of independent auditors.*

**City of Santa Monica  
Proposition A Local Return Fund  
Supplementary Information  
Schedule of Capital Assets  
Year Ended June 30, 2019**

<b>Date Acquired</b>	<b>Description</b>	<b>Balance July 1, 2018</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance June 30, 2019</b>
03/13/2008	2008 Eldorado Amerivan PT Paratransit Minivan	\$ 11,200	\$ -	\$ 11,200	\$ -
07/30/2008	Wall Mounted Brochure Holder	20,036	-	-	20,036
07/30/2008	Wall Mounted Brochure Holder	20,036	-	-	20,036
07/30/2008	3 Sided Freestanding Display	13,630	-	-	13,630
06/29/2013	Expo - Maintenance Yard Buffer	1,608,300	-	-	1,608,300
06/29/2014	Bus PADS - Prop A Light Rail	244,503	-	-	244,503
06/29/2014	Bus Shelters	1,193,559	-	-	1,193,559
06/29/2018	Downtown Expo-Colorado Barriers	9,000	110,504	-	119,504
<b>Total</b>		<b>\$ 3,120,264</b>	<b>\$ 110,504</b>	<b>\$ 11,200</b>	<b>\$ 3,219,568</b>

*See report of independent auditors.*

**City of Santa Monica  
Proposition C Local Return Fund  
Balance Sheets**

		June 30	
		2019	2018
<b>ASSETS</b>			
Cash and investments	\$	4,816,254	\$ 5,062,443
Interest receivable		19,308	15,261
Accounts receivable		5,946	7,964
<b>Total assets</b>	<b>\$</b>	<b>4,841,508</b>	<b>\$ 5,085,668</b>
<b>LIABILITIES, DEFERRED INFLOW OF RESOURCES AND FUND BALANCE</b>			
<b>Liabilities</b>			
Accounts payable	\$	331,922	\$ 65,418
Contract retainage		108,593	700
<b>Total liabilities</b>		<b>440,515</b>	<b>66,118</b>
<b>Deferred inflow of resources</b>			
Deferred inflow of resources		-	5,738
<b>Total deferred inflow of resources</b>		<b>-</b>	<b>5,738</b>
<b>Fund balance</b>			
Restricted - Capital Reserve		827,188	1,540,000
Restricted		3,573,805	3,473,812
<b>Total fund balance</b>		<b>4,400,993</b>	<b>5,013,812</b>
<b>Total liabilities, deferred inflow of resources and fund balance</b>	<b>\$</b>	<b>4,841,508</b>	<b>\$ 5,085,668</b>

*See notes to Funds financial statements.*

**City of Santa Monica**  
**Proposition C Local Return Fund**  
**Statements of Revenues, Expenditures and Changes in Fund Balance**

---

	<b>Years ended June 30</b>	
	<b>2019</b>	<b>2018</b>
<b>Revenues</b>		
Proposition C	\$ 1,562,576	\$ 1,451,527
Investment income	175,650	15,391
Rent income	37,857	44,050
<b>Total revenues</b>	<b>1,776,083</b>	<b>1,510,968</b>
<b>Expenditures</b>		
Various projects	2,388,902	266,713
<b>Total expenditures</b>	<b>2,388,902</b>	<b>266,713</b>
Excess (deficiency) of revenues over expenditures	(612,819)	1,244,255
Fund balance at beginning of year	5,013,812	3,769,557
Fund balance at end of year	\$ 4,400,993	\$ 5,013,812

*See notes to Funds financial statements.*

**City of Santa Monica**  
**Proposition C Local Return Fund**  
**Supplementary Information**  
**Schedule of Expenditures – Actual and LACMTA Approved Project Budget**  
**Year Ended June 30, 2019**  
**(With Comparative Actuals for 2018)**

Project Code	Project Name	2019			2018 Actual
		LACMTA Budget	Actual	Variance Positive (Negative)	
210-02	LiNC Bus Lane - Phase 1	\$ 6,750	\$ -	\$ 6,750	\$ 81,380
270-04	Bicycle Technology Demonstration Project - Design	-	-	-	38,370
370-01	Wayfinding - Call for Projects	318,556	2,047	316,509	3,729
370-02	Expo and Localized Travel Planning Assistance	93,864	-	93,864	-
380-10	Montana Avenue Signal Synchronization	1,540,000	754,167	785,833	-
400-09	Traffic Signal Update	74,019	63,470	10,549	59,100
400-11	Montana Avenue Signal Synchronization - Non Capital Reserve	29,700	29,700	-	-
410-04	No Net New Trips Rideshare Toolkit	43,667	-	43,667	-
410-10	17th St/SMC/Expo Pedestrian Improvements	373,664	158,484	215,180	-
430-15	Bike Network Linkages	1,341,544	1,318,137	23,407	-
430-16	Safe Routes to School - SAMOHI	-	-	-	6,907
430-20	Pier and Beach Bike Path Connector	34,400	-	34,400	-
430-21	26th Street/Bergamot Station Connectivity Improvements Project	702,806	52,792	650,014	52,769
430-22	17th St/SMC/Expo Bike Path Connection	600,000	-	600,000	-
440-21	Annual Street Repair and Resurfacing	150,000	-	150,000	-
440-26	Annual Paving and Sidewalk Repair Project	600,000	-	600,000	-
440-27	Annual Paving and Sidewalk Repair Program	1,123,300	-	1,123,300	-
470-01	Pavement Management System	35,927	3,180	32,747	17,546
480-01	Direct Administration Prop C	15,678	6,925	8,753	6,912
<b>Total expenditures</b>		<b>\$ 7,083,875</b>	<b>\$ 2,388,902</b>	<b>\$ 4,694,973</b>	<b>\$ 266,713</b>

*See report of independent auditors.*

**City of Santa Monica  
Proposition C Local Return Fund  
Supplementary Information  
Schedule of Capital Assets  
Year Ended June 30, 2019**

<b>Date Acquired</b>	<b>Description</b>	<b>Balance July 1, 2018</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance June 30, 2019</b>
02/15/2011	Transit Mall Kiosk	\$ 46,662	\$ -	\$ -	\$ 46,662
06/12/2011	Train Operations and Existing Traffic Circulation	78,021	-	-	78,021
06/24/2011	Train Operations - Colorado Esplanade	97,850	-	-	97,850
06/28/2011	Citywide Bikeway Network	100,000	-	-	100,000
08/02/2011	Bike Center	633,532	-	-	633,532
06/29/2013	20th and Cloverfield Improvement Project	999,318	-	-	999,318
06/29/2013	Street Resurfacing-Ocean Park Blvd	539,339	-	-	539,339
06/29/2014	ATMS Phase 4	233,250	-	-	233,250
06/29/2015	Colorado Esplanade	1,175,227	-	-	1,175,227
06/29/2016	Downtown Temp Use TOD site	1,180,000	-	-	1,180,000
06/29/2016	Expo Bike Path Blue Phones	149,700	-	-	149,700
06/29/2019	17th St/SMC/Expo Pedestrian Improvements	-	158,484	-	158,484
06/29/2019	Montana Avenue Signal Synchronization	-	783,867	-	783,867
<b>Total</b>		<b>\$ 5,232,899</b>	<b>\$ 942,351</b>	<b>\$ -</b>	<b>\$ 6,175,250</b>

*See report of independent auditors.*

**City of Santa Monica  
Measure R Local Return Fund  
Balance Sheets**

		<b>June 30</b>	
		<b>2019</b>	<b>2018</b>
<b>ASSETS</b>			
Cash and investments	\$	<b>1,887,321</b>	\$ 728,659
Interest receivable		<b>4,527</b>	3,173
<b>Total assets</b>	<b>\$</b>	<b><u>1,891,848</u></b>	<b><u>\$ 731,832</u></b>
<b>LIABILITIES, DEFERRED INFLOW OF RESOURCES AND FUND BALANCE</b>			
<b>Liabilities</b>			
Accounts payable	\$	-	\$ 14,896
Contract retainage		<b>700</b>	2,884
<b>Total liabilities</b>		<b><u>700</u></b>	<b><u>17,780</u></b>
<b>Deferred inflow of resources</b>			
Deferred inflow of resources		-	1,193
<b>Total deferred inflow of resources</b>		<b><u>-</u></b>	<b><u>1,193</u></b>
<b>Fund balance</b>			
Restricted		<b>1,891,148</b>	712,859
<b>Total fund balance</b>		<b><u>1,891,148</u></b>	<b><u>712,859</u></b>
<b>Total liabilities, deferred inflow of resources and fund balance</b>	<b>\$</b>	<b><u>1,891,848</u></b>	<b><u>\$ 731,832</u></b>

*See notes to Funds financial statements.*



**City of Santa Monica**  
**Measure R Local Return Fund**  
**Statements of Revenues, Expenditures and Changes in Fund Balance**

---

		Years ended June 30	
		2019	2018
<b>Revenues</b>			
Measure R	\$	1,172,269	\$ 1,085,162
Investment income		38,141	2,290
<b>Total revenues</b>		<b>1,210,410</b>	<b>1,087,452</b>
<b>Expenditures</b>			
Various projects		32,121	1,301,960
<b>Total expenditures</b>		<b>32,121</b>	<b>1,301,960</b>
Excess (deficiency) of revenues over expenditures		1,178,289	(214,508)
Fund balance at beginning of year		712,859	927,367
Fund balance at end of year	\$	<b>1,891,148</b>	<b>\$ 712,859</b>

*See notes to Funds financial statements.*

**City of Santa Monica**  
**Measure R Local Return Fund**  
**Supplementary Information**  
**Schedule of Expenditures – Actual and LACMTA Approved Project Budget**  
**Year Ended June 30, 2019**  
**(With Comparative Actuals for 2018)**

---

Project Code	Project Name	2019			2018 Actual
		LACMTA Budget	Actual	Variance Positive (Negative)	
1.05	Street Repair and Maintenance	\$ 476,303	\$ 58	\$ 476,245	\$ 18,634
3.05	Bikeways/Pedestrian Construction	184,321	-	184,321	165,679
3.05	Pedestrian Action Plan Implementation	10,925	32,063	(21,138)	32,485
3.20	Pedestrian Improvements at Four Schools	569,742	-	569,742	-
4.20	Operating Subsidy to Existing Bus Operator	-	-	-	1,085,162
<b>Total expenditures</b>		<b>\$ 1,241,291</b>	<b>\$ 32,121</b>	<b>\$ 1,209,170</b>	<b>\$ 1,301,960</b>

*See report of independent auditors.*

**City of Santa Monica**  
**Measure R Local Return Fund**  
**Supplementary Information**  
**Schedule of Capital Assets**  
**Year Ended June 30, 2019**

---

<u>Date Acquired</u>	<u>Description</u>	<u>Balance July 1, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2019</u>
None		\$ -	\$ -	\$ -	\$ -
	<b>Total</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

*See report of independent auditors.*

**City of Santa Monica  
Measure M Local Return Fund  
Balance Sheets**

		June 30	
		2019	2018
<b>ASSETS</b>			
Cash and investments	\$	2,335,409	\$ 982,480
Interest receivable		5,100	1,125
<b>Total assets</b>	<b>\$</b>	<b>2,340,509</b>	<b>\$ 983,605</b>
<b>LIABILITIES, DEFERRED INFLOW OF RESOURCES AND FUND BALANCE</b>			
<b>Liabilities</b>			
Accounts payable	\$	-	\$ -
<b>Total liabilities</b>		-	-
<b>Deferred inflow of resources</b>			
Deferred inflow of resources		-	423
<b>Total deferred inflow of resources</b>		-	423
<b>Fund balance</b>			
Restricted		2,340,509	983,182
<b>Total fund balance</b>		<b>2,340,509</b>	<b>983,182</b>
<b>Total liabilities, deferred inflow of resources and fund balance</b>	<b>\$</b>	<b>2,340,509</b>	<b>\$ 983,605</b>

*See notes to Funds financial statements.*

**City of Santa Monica**  
**Measure M Local Return Fund**

**Statements of Revenues, Expenditures and Changes in Fund Balance**

---

	Years ended June 30	
	2019	2018
<b>Revenues</b>		
Measure M	\$ 1,319,909	\$ 983,405
Investment income (loss)	37,418	(223)
<b>Total revenues</b>	<b>1,357,327</b>	983,182
<b>Expenditures</b>		
Various projects	-	-
<b>Total expenditures</b>	<b>-</b>	-
Excess of revenues over expenditures	1,357,327	983,182
Fund balance at beginning of year	983,182	-
Fund balance at end of year	\$ 2,340,509	\$ 983,182

*See notes to Funds financial statements.*

**City of Santa Monica**  
**Measure M Local Return Fund**  
**Supplementary Information**  
**Schedule of Expenditures – Actual and LACMTA Approved Project Budget**  
**Year ended June 30, 2019**  
**(With Comparative Actuals for 2018)**

---

Project Code	Project Name	2019			2018 Actual
		LACMTA Budget	Actual	Variance Positive (Negative)	
1.15	Pier and Beach Bike Path Connection	\$ 105,000	\$ -	\$ 105,000	\$ -
3.20	Pedestrian Improvements at 4 Schools	90,790	-	90,790	-
3.90	Active Again Pilot Program - Safe Routes for Seniors	100,000	-	100,000	-
	<b>Total expenditures</b>	<b>\$ 295,790</b>	<b>\$ -</b>	<b>\$ 295,790</b>	<b>\$ -</b>

*See report of independent auditors.*

**City of Santa Monica**  
**Measure M Local Return Fund**  
**Supplementary Information**  
**Schedule of Capital Assets**  
**Year ended June 30, 2019**

---

<u>Date Acquired</u>	<u>Description</u>	<u>Balance July 1, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2019</u>
None		\$ -	\$ -	\$ -	\$ -
	<b>Total</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

City of Santa Monica  
Transportation Development Act Article 3 Fund  
Pursuant to Public Utilities Code Section 99234  
Balance Sheets

		June 30	
		2019	2018
<b>ASSETS</b>			
Due from LACMTA	\$	78,160	\$ 73,552
<b>Total assets</b>		<b>\$ 78,160</b>	<b>\$ 73,552</b>
<b>LIABILITIES, DEFERRED INFLOW OF RESOURCES AND FUND BALANCE (DEFICIT)</b>			
<b>Liabilities</b>			
Cash overdraft	\$	72,864	\$ 28,027
Accounts payable		5,296	45,525
<b>Total liabilities</b>		<b>78,160</b>	73,552
<b>Deferred inflow of resources</b>			
Deferred inflow of resources		4,996	-
<b>Total deferred inflow of resources</b>		<b>4,996</b>	-
<b>Fund balance (deficit)</b>			
Restricted		(4,996)	-
<b>Total fund balance (deficit)</b>		<b>(4,996)</b>	-
<b>Total liabilities, deferred inflow of resources and fund balance (deficit)</b>		<b>\$ 78,160</b>	<b>\$ 73,552</b>

See notes to Funds financial statements.



City of Santa Monica  
 Transportation Development Act Article 3 Fund  
 Pursuant to Public Utilities Code Section 99234  
**Statements of Revenues, Expenditures and Changes in Fund Balance**

---

	Years ended June 30	
	2019	2018
<b>Revenues</b>		
Intergovernmental Allocations:		
Article 3	\$ 73,164	\$ 73,552
<b>Total revenues</b>	<b>73,164</b>	<b>73,552</b>
<b>Expenditures</b>		
Expo/Bergamot Pedestrian and Bike Enhancements	78,160	73,552
<b>Total expenditures</b>	<b>78,160</b>	<b>73,552</b>
Deficiency of revenues over expenditures	(4,996)	-
Fund balance at beginning of year	-	-
Fund balance (deficit) at end of year	\$ (4,996)	\$ -

*See notes to Funds financial statements.*

**City of Santa Monica**  
**Transportation Development Act Article 3 Fund**  
**Pursuant to Public Utilities Code Section 99234**  
**Supplementary Information**  
**Schedule of Transportation Development Act Allocation for Specific Projects**  
**Year ended June 30, 2019**

---

<b>Project Description</b>	<u>Program Year</u>	Totals to Date		Unexpended	<u>Project Status</u>
		<u>Allocations</u>	<u>Expenditures</u>	<u>Allocations</u>	
<b>Local Allocations:</b>					
Expo/Bergamot Pedestrian and Bike Enhancements	2019	\$ 73,164	\$ 78,160	\$ (4,996)	Ongoing
<b>Totals</b>		\$ 73,164	\$ 78,160	(4,996)	
Fund balance at beginning of year				-	
Fund balance (deficit) at end of year				\$ (4,996)	

*See report of independent auditors.*

**NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Fund Accounting**

The operations of the Proposition A Local Return Fund (PALRF), the Proposition C Local Return Fund (PCLRF), the Measure R Local Return Fund (MRLRF), the Measure M Local Return Fund (MMLRF) and the Transportation Development Act Article 3 Fund (TDAA3F) (collectively, the Funds) are accounted for in separate sets of self-balancing accounts that comprise their assets, liabilities, fund balance, revenues and expenditures.

PALRF and PCLRF represent 25% and 20%, respectively, of the ½ cent Proposition A and ½ cent Proposition C sales taxes which are distributed to the jurisdictions within Los Angeles County based on population and must be used exclusively for transportation related programs and projects.

MRLRF is derived from 15% of the county-wide ½ cent Measure R sales tax which is distributed to the jurisdictions within Los Angeles County based on a per capita basis and must be used exclusively for transportation purposes.

MMLRF is derived from 17% of the county-wide ½ cent Measure M sales tax which is distributed to the jurisdictions within Los Angeles County based on a per capita basis and must be used exclusively for transportation purposes.

TDAA3F is a Special Revenue Fund that accounts for the City's share of the Transportation Development Act Article 3 allocations which are legally restricted for specific purposes.

**Basis of Accounting and Measurement Focus**

The PALRF, PCLRF, MRLRF, MMLRF and TDAA3F are reported as Special Revenue Funds of the City and are accounted for using the modified accrual basis of accounting. Revenues are recognized when they become "susceptible to accrual", that is, measurable and available to finance expenditures of the current period. Expenditures are recorded when the liability is incurred.

Special Revenue Funds are reported on a spending or "financial flow" measurement focus. This means that generally, only current assets, current liabilities and deferred inflows and outflows of resources are included on their balance sheets. Statements of revenues, expenditures and changes in fund balances for Special Revenue Funds generally present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

**Budgets and Budgetary Accounting**

The budgeted amounts presented in this report for comparison to the actual amounts are based on budgets approved by LACMTA and are presented in accordance with accounting principles generally accepted in the United States of America.

**NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Fair Value Measurement**

In accordance with GASB Statement No. 72, *Fair Value Measurement and Application*, the City categorizes its fair value measurement within the fair value hierarchy that is based on the valuation inputs used to measure the fair value of the investment. Level 1 inputs are quoted prices in active markets for identical investments; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Accordingly, the City reports its investments at fair value and recognizes unrealized gain (loss) on investments.

Refer to the City's Comprehensive Annual Financial Report for detailed disclosures regarding the City's investments policy and fair value measurement disclosures.

**Fund Balance Reporting**

Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, establishes the fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

The PALRF, PCLRF, MRLRF, MMLRF and TDAA3F report the following fund balance classification as of June 30, 2019 and 2018:

- Restricted - Amounts that are constrained for specific purposes, which are externally imposed by providers, such as creditors, or amounts constrained due to constitutional provisions or enabling legislation. The use of the Funds' remaining fund balances is restricted for projects approved by LACMTA.

Information regarding the fund balance reporting policy adopted by the City is described in the City's Comprehensive Annual Financial Report.

**Deferred Outflows and Inflows of Resources**

Pursuant to GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, the City recognizes deferred outflows and deferred inflows of resources. A deferred outflow of resources is defined as a consumption of net position by the government that is applicable to a future reporting period. A deferred inflow of resources is defined as an acquisition of net position by the government that is applicable to a future reporting period.

Deferred inflows of resources reported by the City represent unavailable resources that are not available for spending as of June 30, 2019 and 2018.

**NOTE 2      ANNUAL FINANCIAL STATEMENTS**

The financial statements reflect only the financial position and results of operations of the PALRF, PCLRF, MRLRF, MMLRF and TDAA3F, and do not purport to, and do not present fairly the City's financial position as of June 30, 2019 and 2018, and the changes in its financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**NOTE 3      PROPOSITION A AND PROPOSITION C LOCAL RETURN COMPLIANCE REQUIREMENTS**

The Proposition A Ordinance requires that Local Return (LR) funds be used exclusively to benefit public transit. Expenditures related to fixed route and paratransit services, Transportation Demand Management, Transportation Systems Management and fare subsidy programs that exclusively benefit transit are all eligible uses of Proposition A LR funds. Proposition A LR funds may also be traded with other Jurisdictions in exchange for general or other funds.

The Proposition C Ordinance directs that LR funds also be used to benefit public transit, as described above, but provides an expanded list of eligible project expenditures including Congestion Management Programs, bikeways and bike lanes, street improvements supporting public transit service, and Pavement Management System projects. Proposition C LR funds cannot be traded.

Proposition A and Proposition C LR funds must be expended within three years of the last day of the fiscal year in which funds were originally allocated.

In accordance with *Proposition A and Proposition C Local Return Program Guidelines*, funds received pursuant to these guidelines may only be used for Proposition A and Proposition C Local Return approved programs. See accompanying Compliance Matrix.

**NOTE 4      MEASURE R LOCAL RETURN COMPLIANCE REQUIREMENTS**

The Measure R Ordinance specifies that LR funds be used exclusively for transportation purposes.

Measure R LR funds must be expended within five years of the first day of the fiscal year in which funds were originally allocated or received.

In accordance with *Measure R Local Return Program Guidelines*, funds received pursuant to these guidelines may only be used for Measure R Local Return approved programs. See accompanying Compliance Matrix.

**NOTE 5      MEASURE M LOCAL RETURN COMPLIANCE REQUIREMENTS**

Measure M was approved by the voters of Los Angeles County on November 8, 2016 to improve transportation and ease traffic congestion consistent with the Los Angeles County Traffic Improvement Plan Ordinance approved by the Metro Board of Directors on June 23, 2016. The Measure M Ordinance specifies that LR funds be used exclusively for transportation purposes.

Measure M LR funds must be expended within five years of the first day of the fiscal year in which funds were originally allocated or received.

In accordance with *Measure M Local Return Program Guidelines*, funds received pursuant to these guidelines may only be used for Measure M Local Return approved programs. See accompanying Compliance Matrix.

**NOTE 6      TRANSPORTATION DEVELOPMENT ACT COMPLIANCE REQUIREMENTS**

In accordance with *Public Utilities Code Section 99234*, funds received pursuant to this Code's section may only be used for activities relating to pedestrians and bicycle facilities. See accompanying Compliance Matrix.

**NOTE 7      CASH AND INVESTMENTS**

The PALRF, PCLRF, MRLRF, MMLRF and TDAA3F cash balances were pooled with various other City funds for deposit and investment purposes. The share of each fund in the pooled cash account was separately maintained and interest income was apportioned to the participating funds based on the relationship of their average quarterly balances to the total of the pooled cash and investments.

Please refer to the City's Comprehensive Annual Financial Report (CAFR) for a full description of risks relating to cash and investments.

**NOTE 8      PROJECT GENERATED REVENUES**

Project generated revenues under PALRF for the years ended June 30, 2019 and 2018 amounting to \$16,985 and \$1,284, respectively, pertains to revenues generated from paratransit services.

Project generated revenue under PCLRF for the years ended June 30, 2019 and 2018 amounting to \$37,857 and \$44,050, respectively, pertains to concessionaire's rent for the City's bike transit centers.

**NOTE 9      RAIL RESERVE – PALRF**

On March 13, 1985, the City and LACMTA entered into a Memorandum of Understanding to establish rail reserve fund (Fund) and allocated \$504,916 of PALRF fiscal year 1984/85 distribution for rail development. In subsequent years, the City may annually allocate additional PALRF monies to the rail reserve fund in accordance with the Proposition A Local Return Rail Reserve Guidelines.

Per agreement, all interest accrued and placed in the Fund shall be used exclusively for the projects identified under the Rail Reserve Fund.

The Fund shall continue until such time as agreed upon by both parties and under the conditions set forth in the Proposition A Local Return Rail Reserve Guidelines.

For the years ended June 30, 2019 and 2018, the Rail Reserve Fund transactions were as follows:

		<u>2019</u>		<u>2018</u>
Beginning balance at July 1	\$	556,498	\$	573,839
Add: interest income		18,389		2,935
Less: Expenditures during the year		(112,840)		(20,276)
Ending balance at June 30	\$	<u>462,047</u>	\$	<u>556,498</u>

**NOTE 10      CAPITAL RESERVE – PCLRF**

On June 28, 2019, the LACMTA and the City entered into an agreement to establish a capital reserve account (Account) for the Montana Avenue Signal Synchronization Project in the initial amount of \$1,540,000. In accordance with the contract between the City and LACMTA, the funding of the Account will continue through Proposition C allocations until June 30, 2023.

Per agreement all interest is accrued and placed in the capital reserve account for use exclusively for the Montana Avenue Signal Synchronization Project.

For the years ended June 30, 2019 and 2018, the capital reserve fund activity for PCLRF were as follows:

		<u>2019</u>		<u>2018</u>
Beginning balance at July 1	\$	1,540,000	\$	-
Add: Set-up capital reserve account		-		1,540,000
Add: Interest income		41,355		-
Less: Expenditures during the year		(754,167)		-
Ending balance at June 30	\$	<u>827,188</u>	\$	<u>1,540,000</u>

**NOTE 11      TRANSPORTATION DEVELOPMENT ACT ARTICLE 3 FUND REVENUE ALLOCATION**

The revenue allocations for the years ended June 30, 2019 and 2018 consisted of the following:

		<b>2019</b>		2018
FY 2013/14 allocation	\$	-	\$	73,552
FY 2014/15 allocation		<b>60,081</b>		-
FY 2015/16 allocation		<b>13,083</b>		-
	<b>\$</b>	<b>73,164</b>	<b>\$</b>	73,552

**NOTE 12      TRANSPORTATION DEVELOPMENT ACT ARTICLE 3 FUNDS RESERVED**

In accordance with TDA Article 3 (SB821) Guidelines, funds which will not be spent during the fiscal year have been placed on reserve in the Local Transportation Fund (LTF) account with the County Auditor-Controller to be drawn down whenever the funds become eligible for a specific project and an approved drawdown request is received by LACMTA. As of June 30, 2019 and 2018, the City has funds on reserve as follows:

		<b>2019</b>		2018
FY 2014/15 reserve	\$	-	\$	60,081
FY 2015/16 reserve		<b>45,655</b>		58,738
FY 2016/17 reserve		<b>61,806</b>		61,806
FY 2017/18 reserve		<b>60,981</b>		60,981
FY 2018/19 allocation		<b>63,607</b>		-
	<b>\$</b>	<b>232,049</b>	<b>\$</b>	241,606

For FY 2018/19, any TDA Article 3 funds left on reserve for FY 2014/15 or prior, are subject to lapse if not claimed by the City by June 30, 2019. There were no funds that lapsed in FY 2018/19.

**NOTE 13      SUBSEQUENT EVENTS**

The City has evaluated subsequent events through December 3, 2019, the date the financial statements were available to be issued, and concluded no events have occurred that require disclosure or adjustments to the financial statements.



**Report of Independent Auditors on Internal Control over Financial Reporting and  
on Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance With *Government Auditing Standards***

**To the Honorable Members of the City Council of the  
City of Santa Monica, California and the  
Los Angeles County Metropolitan Transportation Authority**

We have audited, 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, the financial statements of the Proposition A Local Return Fund, the Proposition C Local Return Fund, the Measure R Local Return Fund, the Measure M Local Return Fund and the Transportation Development Act Article 3 Fund (collectively, the Funds) of the City of Santa Monica, California (the City) as of and for the year ended June 30, 2019, and the related notes to the financial statements, and have issued our report thereon dated December 3, 2019.

**Internal Control over Financial Reporting**

In planning and performing our audit of the Funds' financial statements, we considered the City's internal control over the Funds' financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the Funds' financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's Proposition A Local Return Fund, Proposition C Local Return Fund, Measure R Local Return Fund, Measure M Local Return Fund and Transportation Development Act Article 3 Fund financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Vaughan &amp; Company LLP".

**Glendale, California  
December 3, 2019**

## **COMPLIANCE SECTION**

## Report of Independent Auditors on Compliance

**To the Honorable Members of the City Council of the  
City of Santa Monica, California and the  
Los Angeles County Metropolitan Transportation Authority**

### Report on Compliance

We have audited the compliance of the City of Santa Monica, California (the City) with the Proposition A and Proposition C Local Return Guidelines, Measure R Local Return Guidelines, Measure M Local Return Fund Guidelines, Transportation Development Act Article 3, and the Los Angeles County Metropolitan Transportation Authority's Funding and Allocation Guidelines for Transportation Development Act Article 3 Bicycle and Pedestrian Funds (collectively, the Guidelines) for the year ended June 30, 2019.

### *Management's Responsibility*

Management is responsible for the City's compliance with the Guidelines.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on the City's compliance with the Guidelines based on our audit. We conducted our audit of compliance in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the Guidelines. Those standards and the Guidelines require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on the Proposition A Local Return Program, Proposition C Local Return Program, Measure R Local Return Program, Measure M Local Return Program and Transportation Development Act Article 3 Program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance with the Guidelines. However, our audit does not provide a legal determination of the City's compliance with the Guidelines.

### *Opinion*

In our opinion, the City of Santa Monica, California complied, in all material respects, with the compliance requirements of the Guidelines for the year ended June 30, 2019.



## Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance, 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 the 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. 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 purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Guidelines. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "Vagney &amp; Company LLP".

**Glendale, California  
December 3, 2019**

**City of Santa Monica  
Compliance Matrix  
Year Ended June 30, 2019**

Compliance Requirements	In Compliance			Questioned Costs	If no, provide details and management response.
	Yes	No	N/A		
<b>A. Proposition A and Proposition C Local Return Funds</b>					
1. Uses the State Controller's Uniform System of Accounts and Records.	X				
2. Timely use of funds.	X				
3. Funds expended were approved and have not been substituted for property tax.	X				
4. Expenditures that exceeded 25% of approved project budget have approved amended Project Description Form (Form A)	X				
5. Administrative expenses are within the 20% cap of the total annual Local Return Expenditures.	X				
6. All on-going and carryover projects were reported in Form B.	X				
7. Annual Project Summary Report (Form B) was submitted timely.	X				
8. Annual Expenditure Report (Form C) was submitted timely.	X				
9. Cash or cash equivalents are maintained.	X				
10. Accounting procedures, record keeping and documentation are adequate.	X				
11. Pavement Management System (PMS) in place and being used for Street Maintenance or Improvement Projects Expenditures.	X				
12. Local Return Account is credited for reimbursable expenditures.			X		
13. Self-Certification was completed and submitted for Intelligent Transportation Systems projects or elements.			X		
14. Assurances and Understandings form was on file.	X				
15. Recreational Transit Form was submitted timely.	X				

*See report of independent auditors on compliance.*

**City of Santa Monica  
Compliance Matrix  
Year Ended June 30, 2019**

Compliance Requirements	In Compliance			Questioned Costs	If no, provide details and management response.
	Yes	No	N/A		
<b>B. Measure R Local Return Fund</b>					
1. Funds were expended for transportation purposes.	X				
2. Funds were used to augment, not supplant, existing local revenues being used for transportation purposes unless there is a funding shortfall.	X				
3. Signed Assurances and Understandings on file.	X				
4. Separate Measure R Local Return Account was established.	X				
5. Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure R Local Return Account.	X				
6. Funds were expended with LACMTA's approval.	X				
7. Expenditure Plan (Form One) was submitted timely.	X				
8. Expenditure Report (Form Two) was submitted timely.	X				
9. Timely use of funds.	X				
10. Administrative expenses are within the 20% cap.	X				
11. Fund exchanges were approved by LACMTA.			X		
12. A separate account was established for Capital reserve funds and Capital reserve was approved by LACMTA.			X		
13. Recreational transit form was submitted timely.			X		

*See report of independent auditors on compliance.*

**City of Santa Monica  
Compliance Matrix  
Year Ended June 30, 2019**

Compliance Requirements	In Compliance			Questioned Costs	If no, provide details and management response.
	Yes	No	N/A		
<b>C. Measure M Local Return Fund</b>					
1. Funds were expended for transportation purposes.			X		There were no expenditures in FY 2018/19.
2. Funds were used to augment, not supplant, existing local revenues being used for transportation purposes unless there is a fund shortfall.			X		There were no expenditures in FY 2018/19.
3. Signed Assurances and Understandings on file.	X				
4. Separate Measure M Local Return Account was established.	X				
5. Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure M Local Return Account.	X				
6. Funds were expended with LACMTA's approval.			X		There were no expenditures in FY 2018/19.
7. Expenditure Plan (Form M-One) was submitted timely.			X		There were no expenditures in FY 2018/19.
8. Expenditure Report (Form M-Two) was submitted timely.	X				
9. Timely use of funds.	X				
10. Administrative expenses are within the 20% cap.			X		There were no expenditures in FY 2018/19.
11. Fund exchanges were approved by LACMTA.			X		
12. A separate account was established for Capital reserve funds and Capital reserve was approved by LACMTA.			X		
13. Recreational transit form was submitted timely.			X		

*See report of independent auditors on compliance.*



**City of Santa Monica  
Compliance Matrix  
Year Ended June 30, 2019**

---

Compliance Requirements	In Compliance			Questioned Costs	If no, provide details and management response.
	Yes	No	N/A		
<b>D. Transportation Development Act Article 3 Fund</b>					
1. Timely use of funds.	X				
2. Expenditures were incurred for activities relating to pedestrian and bicycle facilities and amenities.	X				

*See report of independent auditors on compliance.*

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**City of Santa Monica  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2019**

---

There were no findings noted.

**EXIT CONFERENCE**

An exit conference was held on December 3, 2019 with the City of Santa Monica representatives. Those in attendance were:

Vasquez and Company LLP representative:  
Marialyn Salvador – Audit Senior Manager

City of Santa Monica representatives:  
Stephanie Manglaras – Accounting Manager  
Imelda De Leon – Senior Grants Analyst  
Jason Duvall – Accountant II

Matters discussed:

Results of the audit disclosed no significant compliance or financial statement issues.

A copy of this report was forwarded to the following City of Santa Monica representatives for comments prior to the issuance of the final report:

Stephanie Manglaras – Accounting Manager  
Imelda De Leon – Senior Grants Analyst  
Jason Duvall – Accountant II



[www.vasquezcpa.com](http://www.vasquezcpa.com)

Vasquez & Company LLP has 50 years of experience in performing audit, accounting & consulting services for all types of nonprofit organizations, for-profit companies, governmental entities and publicly traded companies. Vasquez is a member of the RSM US Alliance. RSM US Alliance provides its members with access to resources of RSM US LLP. RSM US Alliance member firms are separate and independent businesses and legal entities that are responsible for their own acts and omissions, and each are separate and independent from RSM US LLP. RSM US LLP is the U.S. member firm of RSM International, a global network of independent audit, tax, and consulting firms. Members of RSM US Alliance have access to RSM International resources through RSM US LLP but are not member firms of RSM International. Visit [rsmus.com/about-us](http://rsmus.com/about-us) for more information regarding RSM US LLP and RSM International. The RSM™ logo is used under license by RSM US LLP. RSM US Alliance products and services are proprietary to RSM US LLP.

655 N Central Avenue, Suite 1550 • Glendale, California 91203-1437 • Ph. (213) 873-1700 • Fax (213) 873-1777