



**INDEPENDENT AUDITOR'S 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, 2018



Simpson & Simpson, LLP
Certified Public Accountants

**Los Angeles County Metropolitan Transportation Authority
Measure R Local Return Fund
Consolidated Audit Report**

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INDEPENDENT AUDITOR'S 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 forty-nine (49) Cities and the County of Los Angeles identified in Schedule 1, with the types of compliance requirements described in the Measure R Ordinance enacted through a Los Angeles County (the 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 and the County for the year ended June 30, 2018 (collectively, the Requirements). Compliance with the above noted Guidelines and Requirements by the Cities and the County are identified in the accompanying Summary of Compliance Findings, Schedule 1 and Schedule 2.

Management's Responsibility

Compliance with the Guidelines and Requirements is the responsibility of the respective Cities' and the County's management.

Auditor's Responsibility

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

We believe that our audits provide a reasonable basis for our opinions on compliance. However, our audits do not provide a legal determination of each City's and the County's compliance with the Guidelines and Requirements.



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Opinion

In our opinion, the Cities and the County complied, in all material respects, with the Guidelines and Requirements referred to above that could have a direct and material effect on the Measure R Local Return program for the year ended June 30, 2018.

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 #2018-001 through #2018-012. Our opinion is not modified with respect to these matters.

Responses by the Cities to the noncompliance findings identified in our audits are described in the accompanying Schedule 2 - Schedule of Findings and Questioned Costs. The Cities' responses were not subjected to the auditing procedures applied in the audit of compliance, and accordingly, we express no opinion on the responses.

Report on Internal Control Over Compliance

The management of each City and the County is responsible for establishing and maintaining effective internal control over compliance with the Guidelines and Requirements referred to above. In planning and performing our audits of compliance, we considered each City's and the County's internal control over compliance with the Guidelines and Requirements that could have a direct and material effect on the Measure 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 and the County's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We identified a deficiency in internal control over compliance, described in the accompanying Schedule of Findings and Recommendations as Finding No. 2018-002 that we consider to be a material weakness.



A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with the Guidelines and 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. We consider the deficiency in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as Finding No. 2018-012 to be a significant deficiency.

The responses by the Cities to the internal control over compliance findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs (Schedule 2). The responses by the Cities 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.

A handwritten signature in cursive script that reads "Simpson & Simpson".

Los Angeles, California
December 31, 2018

**Los Angeles County Metropolitan Transportation Authority
Measure R Local Return Fund
Summary of Compliance Findings
Fiscal Year Ended June 30, 2018**

The audit of the 49 cities and the County identified in Schedule 1 have resulted in 12 findings. The table below shows a summary of the findings:

Finding	# of Findings	Responsible Cities/ Finding Reference	Questioned Costs	Resolved During the Audit
Funds were expended for transportation purposes	1	Downey (#2018-002)	\$ 21,431	\$ -
Funds were expended prior to LACMTA's approval	4	El Segundo (#2018-003) La Mirada (#2018-005) Monrovia (#2018-007) Redondo Beach (#2018-010)	15,700 663 220,990 34,375	15,700 663 220,990 34,375
Expenditure Report (Form One) was not submitted timely	4	La Verne (#2018-006) Palos Verdes Estate (#2018-008) San Dimas (#2018-011) San Marino (#2018-012)	None	None
Timely Use of Funds	3	Bradbury (#2018-001) Glendale (#2018-004) Rancho Palos Verdes (#2018-009)	13,361 235,994 805,649	9,371 235,994 805,649
Total Findings and Questioned Costs	12		\$ 1,348,163	\$ 1,322,742

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, 2018**

Compliance Area Tested	Alhambra	Arcadia	Artesia
Funds were expended for transportation purposes	Compliant	Compliant	Compliant
Fund were used to augment, not supplant, existing local revenues being used for transportation purposes unless there is a funding shortfall.	Compliant	Compliant	Compliant
Signed Assurances and Understandings 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 timely.	Compliant	Compliant	Compliant
Expenditure Report (Form Two) was submitted timely	Compliant	Compliant	Compliant
Timely use of funds.	Compliant	Compliant	Compliant
Administrative expenditures are within the 20% cap.	Not Applicable	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.	Compliant	Compliant	Compliant
Recreational transit form was submitted timely.	Not Applicable	Not Applicable	Compliant

**Los Angeles County Metropolitan Transportation Authority
Measure R Local Return Fund
Summary of Audit Results
Fiscal Year Ended June 30, 2018
(Continued)**

Compliance Area Tested	Avalon	Bellflower	Bradbury
Funds were expended for transportation purposes	Compliant	Compliant	Not Applicable
Fund were used to augment, not supplant, existing local revenues being used for transportation purposes unless there is a funding shortfall.	Compliant	Compliant	Not Applicable
Signed Assurances and Understandings 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	Not Applicable
Expenditure Plan (Form One) was submitted timely.	Compliant	Compliant	Compliant
Expenditure Report (Form Two) was submitted timely.	Compliant	Compliant	Compliant
Timely use of funds.	Compliant	Compliant	See Finding #2018-001
Administrative expenditures are within the 20% cap.	Not Applicable	Not Applicable	Not Applicable
Fund exchanges were approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
A separate account was established for Capital reserve funds and Capital reserve was approved by LACMTA.	Compliant	Not Applicable	Not Applicable
Recreational transit form was submitted timely.	Not Applicable	Not Applicable	Not Applicable

**Los Angeles County Metropolitan Transportation Authority
Measure R Local Return Fund
Summary of Audit Results
Fiscal Year Ended June 30, 2018
(Continued)**

Compliance Area Tested	Burbank	Cerritos	Claremont
Funds were expended for transportation purposes	Compliant	Compliant	Compliant
Fund were used to augment, not supplant, existing local revenues being used for transportation purposes unless there is a funding shortfall.	Compliant	Compliant	Compliant
Signed Assurances and Understandings 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 timely.	Compliant	Compliant	Compliant
Expenditure Report (Form Two) was submitted timely.	Compliant	Compliant	Compliant
Timely use of funds.	Compliant	Compliant	Compliant
Administrative expenditures are within the 20% cap.	Compliant	Not Applicable	Not Applicable
Fund exchanges were approved by LACMTA.	Compliant	Not Applicable	Not Applicable
A separate account was established for Capital reserve funds and Capital reserve was approved by LACMTA.	Compliant	Compliant	Compliant
Recreational transit form was submitted timely.	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, 2018
(Continued)**

Compliance Area Tested	Covina	Diamond Bar	Downey
Funds were expended for transportation purposes	Compliant	Compliant	See Finding #2018-002
Fund were used to augment, not supplant, existing local revenues being used for transportation purposes unless there is a funding shortfall.	Compliant	Compliant	Compliant
Signed Assurances and Understandings 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 timely.	Compliant	Compliant	Compliant
Expenditure Report (Form Two) was submitted timely.	Compliant	Compliant	Compliant
Timely use of funds.	Compliant	Compliant	Compliant
Administrative expenditures are within the 20% cap.	Not Applicable	Not Applicable	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 timely.	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, 2018
(Continued)**

Compliance Area Tested	Duarte	El Segundo	Glendale
Funds were expended for transportation purposes	Compliant	Compliant	Compliant
Fund were used to augment, not supplant, existing local revenues being used for transportation purposes unless there is a funding shortfall.	Compliant	Compliant	Compliant
Signed Assurances and Understandings 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 #2018-003	Compliant
Expenditure Plan (Form One) was submitted timely.	Compliant	Compliant	Compliant
Expenditure Report (Form Two) was submitted timely.	Compliant	Compliant	Compliant
Timely use of funds.	Compliant	Compliant	See Finding #2018-004
Administrative expenditures are within the 20% cap.	Compliant	Not Applicable	Not Applicable
Fund exchanges were approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
A separate account was established for Capital reserve funds and Capital reserve was approved by LACMTA.	Compliant	Compliant	Compliant
Recreational transit form was submitted timely.	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, 2018
(Continued)**

Compliance Area Tested	Glendora	Hawaiian Gardens	Hermosa Beach
Funds were expended for transportation purposes	Compliant	Compliant	Compliant
Fund were used to augment, not supplant, existing local revenues being used for transportation purposes unless there is a funding shortfall.	Compliant	Compliant	Compliant
Signed Assurances and Understandings 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 timely.	Compliant	Compliant	Compliant
Expenditure Report (Form Two) was submitted timely.	Compliant	Compliant	Compliant
Timely use of funds.	Compliant	Compliant	Compliant
Administrative expenditures are within the 20% cap.	Not Applicable	Not Applicable	Compliant
Fund exchanges were approved by LACMTA.	Not Applicable	Not Applicable	Compliant
A separate account was established for Capital reserve funds and Capital reserve was approved by LACMTA.	Not Applicable	Not Applicable	Compliant
Recreational transit form was submitted timely.	Not Applicable	Not Applicable	Compliant

**Los Angeles County Metropolitan Transportation Authority
Measure R Local Return Fund
Summary of Audit Results
Fiscal Year Ended June 30, 2018
(Continued)**

Compliance Area Tested	La Cañada Flintridge	La Habra Heights	La Mirada
Funds were expended for transportation purposes	Compliant	Not Applicable	Compliant
Fund were used to augment, not supplant, existing local revenues being used for transportation purposes unless there is a funding shortfall.	Compliant	Not Applicable	Compliant
Signed Assurances and Understandings 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	Not Applicable	See Finding #2018-005
Expenditure Plan (Form One) was submitted timely.	Compliant	Compliant	Compliant
Expenditure Report (Form Two) was submitted timely.	Compliant	Compliant	Compliant
Timely use of funds.	Compliant	Compliant	Compliant
Administrative expenditures are within the 20% cap.	Not Applicable	Compliant	Not Applicable
Fund exchanges were approved by LACMTA.	Not Applicable	Compliant	Not Applicable
A separate account was established for Capital reserve funds and Capital reserve was approved by LACMTA.	Compliant	Compliant	Not Applicable
Recreational transit form was submitted timely.	Not Applicable	Compliant	Not Applicable

**Los Angeles County Metropolitan Transportation Authority
Measure R Local Return Fund
Summary of Audit Results
Fiscal Year Ended June 30, 2018
(Continued)**

Compliance Area Tested	La Verne	Lakewood	Lancaster
Funds were expended for transportation purposes	Compliant	Compliant	Compliant
Fund were used to augment, not supplant, existing local revenues being used for transportation purposes unless there is a funding shortfall.	Compliant	Compliant	Compliant
Signed Assurances and Understandings 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 timely.	See Finding #2018-006	Compliant	Compliant
Expenditure Report (Form Two) was submitted timely.	Compliant	Compliant	Compliant
Timely use of funds.	Compliant	Compliant	Compliant
Administrative expenditures 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	Compliant
Recreational transit form was submitted timely.	Not Applicable	Not Applicable	Compliant

**Los Angeles County Metropolitan Transportation Authority
Measure R Local Return Fund
Summary of Audit Results
Fiscal Year Ended June 30, 2018
(Continued)**

Compliance Area Tested	Lomita	Long Beach	Los Angeles City
Funds were expended for transportation purposes	Compliant	Compliant	Compliant
Fund were used to augment, not supplant, existing local revenues being used for transportation purposes unless there is a funding shortfall.	Compliant	Compliant	Compliant
Signed Assurances and Understandings 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 timely.	Compliant	Compliant	Compliant
Expenditure Report (Form Two) was submitted timely.	Compliant	Compliant	Compliant
Timely use of funds.	Compliant	Compliant	Compliant
Administrative expenditures are within the 20% cap.	Compliant	Compliant	Compliant
Fund exchanges were approved by LACMTA.	Not Applicable	Not Applicable	Compliant
A separate account was established for Capital reserve funds and Capital reserve was approved by LACMTA.	Compliant	Compliant	Compliant
Recreational transit form was submitted timely.	Not Applicable	Not Applicable	Compliant

Los Angeles County Metropolitan Transportation Authority
Measure R Local Return Fund
Summary of Audit Results
Fiscal Year Ended June 30, 2018
(Continued)

Compliance Area Tested	Los Angeles County	Manhattan Beach	Monrovia
Funds were expended for transportation purposes	Compliant	Compliant	Compliant
Fund were used to augment, not supplant, existing local revenues being used for transportation purposes unless there is a funding shortfall.	Compliant	Compliant	Compliant
Signed Assurances and Understandings 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	See Finding #2018-007
Expenditure Plan (Form One) was submitted timely.	Compliant	Compliant	Compliant
Expenditure Report (Form Two) was submitted timely.	Compliant	Compliant	Compliant
Timely use of funds.	Compliant	Compliant	Compliant
Administrative expenditures are within the 20% cap.	Not Applicable	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 timely.	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, 2018
(Continued)**

Compliance Area Tested	Norwalk	Palmdale	Palos Verdes Estates
Funds were expended for transportation purposes	Compliant	Compliant	Compliant
Fund were used to augment, not supplant, existing local revenues being used for transportation purposes unless there is a funding shortfall.	Compliant	Compliant	Compliant
Signed Assurances and Understandings 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 timely.	Compliant	Compliant	See Finding #2018-008
Expenditure Report (Form Two) was submitted timely.	Compliant	Compliant	Compliant
Timely use of funds.	Compliant	Compliant	Compliant
Administrative expenditures are within the 20% cap.	Not Applicable	Not Applicable	Not Applicable
Fund exchanges were approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
A separate account was established for Capital reserve funds and Capital reserve was approved by LACMTA.	Compliant	Not Applicable	Compliant
Recreational transit form was submitted timely.	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, 2018
(Continued)**

Compliance Area Tested	Paramount	Pasadena	Rancho Palos Verdes
Funds were expended for transportation purposes	Compliant	Compliant	Compliant
Fund were used to augment, not supplant, existing local revenues being used for transportation purposes unless there is a funding shortfall.	Compliant	Compliant	Compliant
Signed Assurances and Understandings 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 timely.	Compliant	Compliant	Compliant
Expenditure Report (Form Two) was submitted timely.	Compliant	Compliant	Compliant
Timely use of funds.	Compliant	Compliant	See Finding #2018-009
Administrative expenditures are within the 20% cap.	Compliant	Not Applicable	Not Applicable
Fund exchanges were approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
A separate account was established for Capital reserve funds and Capital reserve was approved by LACMTA.	Compliant	Compliant	Not Applicable
Recreational transit form was submitted timely.	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, 2018
(Continued)**

Compliance Area Tested	Redondo Beach	Rolling Hills	Rolling Hills Estates
Funds were expended for transportation purposes	Compliant	Not Applicable	Compliant
Fund were used to augment, not supplant, existing local revenues being used for transportation purposes unless there is a funding shortfall.	Compliant	Not Applicable	Compliant
Signed Assurances and Understandings 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 #2018-010	Compliant	Compliant
Expenditure Plan (Form One) was submitted timely.	Compliant	Compliant	Compliant
Expenditure Report (Form Two) was submitted timely.	Compliant	Compliant	Compliant
Timely use of funds.	Compliant	Compliant	Compliant
Administrative expenditures are within the 20% cap.	Not Applicable	Not Applicable	Compliant
Fund exchanges were approved by LACMTA.	Not Applicable	Not Applicable	Compliant
A separate account was established for Capital reserve funds and Capital reserve was approved by LACMTA.	Not Applicable	Compliant	Compliant
Recreational transit form was submitted timely.	Not Applicable	Not Applicable	Compliant

**Los Angeles County Metropolitan Transportation Authority
Measure R Local Return Fund
Summary of Audit Results
Fiscal Year Ended June 30, 2018
(Continued)**

Compliance Area Tested	San Dimas	San Gabriel	San Marino
Funds were expended for transportation purposes	Compliant	Compliant	Compliant
Fund were used to augment, not supplant, existing local revenues being used for transportation purposes unless there is a funding shortfall.	Compliant	Compliant	Compliant
Signed Assurances and Understandings 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 timely.	See Finding #2018-011	Compliant	See Finding #2018-012
Expenditure Report (Form Two) was submitted timely.	Compliant	Compliant	Compliant
Timely use of funds.	Compliant	Compliant	Compliant
Administrative expenditures are within the 20% cap.	Compliant	Not Applicable	Not Applicable
Fund exchanges were approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
A separate account was established for Capital reserve funds and Capital reserve was approved by LACMTA.	Compliant	Not Applicable	Not Applicable
Recreational transit form was submitted timely.	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, 2018
(Continued)**

Compliance Area Tested	Santa Clarita	Sierra Madre	Signal Hill
Funds were expended for transportation purposes	Compliant	Compliant	Compliant
Fund were used to augment, not supplant, existing local revenues being used for transportation purposes unless there is a funding shortfall.	Compliant	Compliant	Compliant
Signed Assurances and Understandings 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 timely.	Compliant	Compliant	Compliant
Expenditure Report (Form Two) was submitted timely.	Compliant	Compliant	Compliant
Timely use of funds.	Compliant	Compliant	Compliant
Administrative expenditures are within the 20% cap.	Not Applicable	Not Applicable	Not Applicable
Fund exchanges were approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
A separate account was established for Capital reserve funds and Capital reserve was approved by LACMTA.	Compliant	Not Applicable	Not Applicable
Recreational transit form was submitted timely.	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, 2018
(Continued)

Compliance Area Tested	South Pasadena	Temple City	Torrance
Funds were expended for transportation purposes	Compliant	Compliant	Compliant
Fund were used to augment, not supplant, existing local revenues being used for transportation purposes unless there is a funding shortfall.	Compliant	Compliant	Compliant
Signed Assurances and Understandings 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 timely.	Compliant	Compliant	Compliant
Expenditure Report (Form Two) was submitted timely.	Compliant	Compliant	Compliant
Timely use of funds.	Compliant	Compliant	Compliant
Administrative expenditures are within the 20% cap.	Not Applicable	Not Applicable	Not Applicable
Fund exchanges were approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
A separate account was established for Capital reserve funds and Capital reserve was approved by LACMTA.	Not Applicable	Compliant	Compliant
Recreational transit form was submitted timely.	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, 2018
(Continued)**

Compliance Area Tested	West Covina	Whittier
Funds were expended for transportation purposes	Compliant	Compliant
Fund were used to augment, not supplant, existing local revenues being used for transportation purposes unless there is a funding shortfall.	Compliant	Compliant
Signed Assurances and Understandings 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 timely.	Compliant	Compliant
Expenditure Report (Form Two) was submitted timely.	Compliant	Compliant
Timely use of funds.	Compliant	Compliant
Administrative expenditures are within the 20% cap.	Compliant	Compliant
Fund exchanges were approved by LACMTA.	Compliant	Not Applicable
A separate account was established for Capital reserve funds and Capital reserve was approved by LACMTA.	Not Applicable	Not Applicable
Recreational transit form was submitted timely.	Not Applicable	Not Applicable

**Los Angeles County Metropolitan Transportation Authority
Measure R Local Return Fund
Schedule of Findings and Questioned Costs
Fiscal Year Ended June 30, 2018**

Finding #2018-001	City of Bradbury
Compliance Reference	According to Measure R Local Return Guidelines Section B III. Timely Use of Funds, "Funds must be expended within five years of the first day of the fiscal year in which funds were originally allocated or received."
Condition	<p>The City's fiscal year 2013 ending fund balance in the amount of \$13,361 was not fully expended within 5 years as of June 30, 2018 nor reserved for capital projects as required by Measure R Local Return Guidelines.</p> <p>On November 8, 2018, the City received LACMTA's subsequent approval of an extension to use \$9,371 by June 30, 2019. The remaining balance of \$3,990 lapsed.</p>
Cause	The City is very small and has few roads that are eligible for funding. The major share of street work is the citywide slurry seal project that is only necessary every five years.
Effect	Untimely review of the funding status from the prior year allocation could result in loss of funding.
Recommendation	Based on the Measure R Local Return Guidelines, we recommend the City return the remaining lapsed fund balance of \$3,990 to LACMTA. In order to avoid future lapsed funds, we also recommend the City establish. establish a policy and process where the City Manager and Finance Director discuss the availability of the Local Return funds in conjunction with any eligible MRLRF projects and submit Form One (Expenditure Plan) to LACMTA, if needed.
Management's Response	The City Manager and Finance Director constantly discuss the need to plan and implement street projects to spend funds in a timely manner. This process will continue.
Finding Corrected During the Audit	On November 8, 2018, LACMTA subsequently approved an extension on the usage of lapsed funds balance of \$9,371 until June 30, 2019.

**Los Angeles County Metropolitan Transportation Authority
Measure R Local Return Fund
Schedule of Findings and Questioned Costs
Fiscal Year Ended June 30, 2018
(Continued)**

Finding #2018-002	City of Downey
Compliance Reference	<p>According to Measure R Local Return Guidelines, Section A.I, “The Measure R Ordinance specifies that Local Return funds are to be used for transportation purposes. No net revenue distributed to Jurisdictions may be used for purposes other than transportation purposes.” and Section B.VII, “It is the Jurisdictions’ responsibility to maintain proper accounting records and documentation to facilitate the performance of audit prescribed in these guidelines.” In addition, LACMTA Local Return Program Manager issued a memo dated on April 29, 2014 to jurisdictions to provide recommendations to ensure that jurisdictions have adequate evidence to support its compliance with the Local Return Guidelines, those recommendations are “that an electronic system is acceptable as long as how much time is identified on the project (i.e. not just a clock-in-clock-out system) and this non-timesheet system, excel file or other, is authenticated by the employee and approved by one’s supervisor.” Also, “(4) Where employees work on multiple activities or cost objectives, a distribution or their salaries or wages will be supported by personnel activity reports or equivalent documentation which meets the standards in subsection (5) unless a statistical sampling system (see subsection (6)) or other substitute system has been approved by the cognizant Federal agency. Such documentary support will be required where employees work on:</p> <p>(b) A Federal award and non-Federal award.</p> <p>(5) Personnel activity reports or equivalent documentation must meet the following standards:</p> <p>(a) They must reflect an after the fact distribution of the actual activity of each employee,</p> <p>(e) Budget estimates or other distribution percentages determined before the services are performed do not qualify as support for charges to Federal awards but may be used for interim accounting purposes, provided that: (i) the governmental unit’s system for establishing the estimates produces reasonable approximations of the activity actually performed; (ii) at least quarterly, comparisons of actual costs to budgeted distributions based on monthly activity reports are made. Costs charged to Federal awards to reflect adjustments made as a result of the activity actually performed may be recorded annually if the quarterly comparisons show the differences between budgeted and actual costs are less than ten percent; and (iii) the budget estimates or other distribution percentages are revised as least quarterly, if necessary, to reflect changed circumstances.”</p>

**Los Angeles County Metropolitan Transportation Authority
Measure R Local Return Fund
Schedule of Findings and Questioned Costs
Fiscal Year Ended June 30, 2018
(Continued)**

Finding #2018-002 (Continued)	City of Downey
Condition	<p>To support the propriety of expenditures being charged to Measure R Local Return Fund, payroll expenditures should be supported by properly executed payrolls, time records, activity reports, vouchers, or other official documentation evidencing in proper detail the nature of the charges. However, the salaries and benefits charged to Public Works Executive Management Salary Project Code 8.10 in the amount of \$21,431 was based on an estimate of a percentage of time spent on MRLRF activity rather than the employee’s actual working hours spent on the project. Although the City provided a time study listing the employees charged to MRLRF, the payroll costs and benefits were based on estimated percentages of the time spent on the projects. Moreover, the hours were not adjusted to reflect the “true” hours worked on the projects at the end of the fiscal year 2017-18.</p> <p>This is a repeat finding from the prior two fiscal years.</p>
Cause	<p>The City allocates administrative charges based on time study from 2011-12. The same percentage allocation has been used in prior fiscal years in which the City believed is still relevant today as when the study was completed.</p>
Effect	<p>The payroll costs claimed under the Measure R Local Return Fund project may include expenditures which may not be an allowable Measure R project expenditures. This resulted in questioned costs of \$21,431.</p>
Recommendation	<p>In accordance with the Guidelines, we recommend that the City reimburse its Measure R Local Return Fund account for \$21,431. In addition, we recommend that the City revise its current labor costs reporting procedures to ensure that labor costs charged to Local Return Funds are adequately supported by time sheets or similar documentation which includes employees’ actual working hours.</p>
Management’s Response	<p>The salary allocations to all City funds were estimates based on activity by position. Although the analysis has been carried forward, the City believed that allocations are still relevant today as when the study was completed. The City recently completed a cost allocation study which has been shared with the LACMTA and is still under review by the City management.</p>

**Los Angeles County Metropolitan Transportation Authority
Measure R Local Return Fund
Schedule of Findings and Questioned Costs
Fiscal Year Ended June 30, 2018
(Continued)**

Finding #2018-003	City of El Segundo
Compliance Reference	According to Measure R Local Return Guidelines, Section B.VII.A, Financial and Compliance Provisions, "The Measure R LR Audits shall include, but not limited to, verification of adherence to the following financial and compliance provisions of this guidelines: Verification that funds were expended with LACMTA's approval."
Condition	During the fiscal year 2017-18, the City used Measure R Local Return funds for Park Place Roadway Extension Project in the amount of \$15,700. However, Park Place Roadway Extension Project was not approved by LACMTA for fiscal year 2017-18.
Cause	When the City prepared and submitted the budget to LACMTA, the capital projects were described in a general way such as "Streets & Roads – Grind and overlay commercial roads and slurry". The specific location or street name was not listed, but when the funds are spent the City will open a project and name it specifically after the location or the street name where the work is being done (i.e. Park Place).
Effect	The City was not in compliance with Measure R Guidelines because the City did not obtain approval from LACMTA to expend on Park Place Project.
Recommendation	We recommend that the City implement internal control procedures to obtain approval from LACMTA on all projects that will be funded by Measure R Local Return funds.
Management's Response	In the future management will make sure the specific projects are listed in the budget documents submitted to LACMTA.
Finding Corrected During the Audit	On December 18, 2018, the City received retroactive approval from LACMTA program manager to expend Measure R funds on Park Place Roadway Extension Project for fiscal year 2017-18. As such, no follow-up is necessary on this matter.

**Los Angeles County Metropolitan Transportation Authority
Measure R Local Return Fund
Schedule of Findings and Questioned Costs
Fiscal Year Ended June 30, 2018
(Continued)**

Finding #2018-004	City of Glendale
Compliance Reference	According to Measure R Local Return Guidelines Section B III. Timely Use of Funds, "Funds must be expended within five years of the first day of the fiscal year in which funds were originally allocated or received."
Condition	A portion of the City's fiscal year 2012-13 ending fund balance in the amount of \$235,994 was not fully expended within 5 years as of June 30, 2018 and it was not reserved for capital projects as required by the Measure R Local Return Guidelines. However, on October 16, 2018, LACMTA granted the City an extension on the usage of lapsed funds until June 30, 2019.
Cause	The subject funds are encumbered in a multimillion-dollar construction contract for the Beeline Maintenance Facility. The construction start date was delayed and staff underestimated the contractor's actual expenditure draw before the end of the fiscal year.
Effect	Untimely review of the funding status from the prior year allocation could result in losing the funding.
Recommendation	In order to avoid future lapsed funds, we recommend that the City establish a procedure where the Finance staff review the estimated annual fund balance so that a capital reserve account can be established when warranted.
Management's Response	Staff agrees to implement a procedure to monitor the fund balance so that a capital reserve account can be established in a timely manner.
Finding Corrected During the Audit	On October 16, 2018, LACMTA granted the City an extension on the usage of lapsed funds until June 30, 2019.

Los Angeles County Metropolitan Transportation Authority
Measure R Local Return Fund
Schedule of Findings and Questioned Costs
Fiscal Year Ended June 30, 2018
(Continued)

Finding #2018-005	City of La Mirada
Compliance Requirement	According to Measure R Local Return Guidelines, Section B.VII.A, Financial and Compliance Provisions, "The Measure R LR Audits shall include, but not limited to, verification of adherence to the following financial and compliance provisions of this guidelines: Verification that funds were expended with LACMTA's approval."
Condition	The expenditures for MRLRF's Project Code 1.90, Traffic Signal - Valley View/Adoree project in the amount of \$663 for Measure R were incurred prior to approval from LACMTA. However, the City subsequently received LACMTA's approval on the MRLRF project on October 4, 2018.
Cause	The City of La Mirada did have a Form One approval for the fiscal year 2016-17 projects and were anticipated to be fully completed in fiscal year 2016-17. However, the project expenditures continued into fiscal year 2017-18.
Effect	The City did not comply with the Guidelines when expenditures for MRLRF projects are incurred prior to LACMTA's approval.
Recommendation	We recommend that the City establish procedures to ensure that it obtains approval from LACMTA prior to implementing any Measure R Local Return projects, and Form One (Annual Project Update Form) should be properly prepared and submitted before the due date of August 1st so that the City's expenditures of Measure R Local Return Funds are in accordance with LACMTA's approval and the Guidelines. In accordance with the Guidelines, the City should include all approved on-going and carryover Local Return projects on Form One.
Management's Response	The City agrees with the finding. The projects funded with local return funds will be monitored on a quarterly/monthly basis to ensure that Form B and/or Form One are timely submitted to LACMTA.
Findings Corrected During the Audit	LACMTA Program Manager granted retroactive approval of the said expenditures on October 4, 2018. No follow-up is required.

**Los Angeles County Metropolitan Transportation Authority
Measure R Local Return Fund
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(Continued)**

Finding #2018-006	City of La Verne
Compliance Requirement	According to Measure R Local Return Guidelines Section B (II), "To maintain legal eligibility and meet Measure R LR program compliance requirements, Jurisdictions shall submit to LACMTA an Expenditure Plan (Form One), annually, by August 1st of each year."
Condition	The City did not meet the August 1, 2017 deadline for submission of Form One. However, the City submitted the Form One on October 16, 2017.
Cause	An incorrect email address was inadvertently used during the submission of Form One to LACMTA.
Effect	The City did not comply with the Guidelines when Form One is not submitted on due date.
Recommendation	We recommend that the City establish procedures to ensure that the Form One (Expenditure Plan) is properly prepared and submitted before the due date of August 1st so that the City's expenditures of the Measure R Local Return Funds will be in accordance with LACMTA's approval and the guidelines. Furthermore, we recommend that the City retain a confirmation of receipt by LACMTA to indicate the form was submitted in a timely manner.
Management's Response	The City prepared and submitted the Form One on July 31, 2017; however, the email address used was incorrect resulting in the form not being received by LACMTA. City personnel followed up with LACMTA on September 21, 2017 prior to accepting bids for the project since no approval was received. The City has procedures in place to ensure timely filing; the delayed submission was caused by an inadvertent email error. The City also retains copies of all Form One approvals which contain the necessary information to determine that a submission took place. The City further keeps track of whether or not approval has been obtained prior to expending requested funds. To ensure compliance with reporting requirements, the City will promptly make a follow up with LACMTA if no acknowledgement is received after Form One submissions.
Findings Corrected During the Audit	The City subsequently submitted the Form One on October 16, 2017. No follow-up is required.

**Los Angeles County Metropolitan Transportation Authority
 Measure R Local Return Fund
 Schedule of Findings and Questioned Costs
 Fiscal Year Ended June 30, 2018
 (Continued)**

Finding #2018-007	City of Monrovia
Compliance Reference	According to Measure R Local Return Guidelines, Section B.VII.A, Financial and Compliance Provisions, “The Measure R LR Audits shall include, but not limited to, verification of adherence to the following financial and compliance provisions of this guidelines: Verification that funds were expended with LACMTA’s approval.”
Condition	The expenditures for MRLRF’s GoMonrovia Program Project Code 2.19 in the amount of \$220,990 were incurred prior to LACMTA’s approval. However, the City subsequently received LACMTA’s approval on the MRLRF project on August 28, 2018.
Cause	The budget for the GoMonrovia Mobility Program was originally approved as an MMLRF project. The City reevaluated/reallocated funding to MRLRF for this project due to the shortfall in MMLRF revenue. Due to the revenue shortfall which was not identified until the close of the fiscal year, the City submitted a budget approval to LACMTA for MRLRF expenditures after the close of the fiscal year.
Effect	The City did not comply with the Guidelines when expenditures for MRLRF projects are incurred prior to LACMTA’s approval.
Recommendation	We recommend that the City establish procedures to ensure that it obtains approval from LACMTA prior to implementing any Measure R Local Return projects, and Form One (Expenditure Plan) should be properly prepared and submitted before the due date of August 1st so that the City’s expenditures of Measure R Local Return Funds are in accordance with LACMTA’s approval and the Guidelines. In accordance with the Guidelines, the City should include all approved on-going and carryover Local Return projects in Form One.
Management’s Response	We agree with the finding. Going forward, the City will closely monitor the LACMTA program/project expenditures and revenues and submit project amendments/requests in a timely manner. We will continue to track all Local Return Funds to help identify projects that may require additional funding in the future, which will allow the City to amend the budget forms prior to incurring the additional expenditures.
Finding Corrected During the Audit	LACMTA Program Manager granted retroactive approval of the said expenditures on August 28, 2018. No follow-up is required.

**Los Angeles County Metropolitan Transportation Authority
Measure R Local Return Fund
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(Continued)**

Finding #2018-008	City of Palos Verdes Estates
Compliance Reference	According to Measure R Local Return Guidelines Section B (II), "To maintain legal eligibility and meet Measure R LR program compliance requirements, Jurisdictions shall submit to LACMTA an Expenditure Plan (Form One), annually, by August 1st of each year."
Condition	The City did not submit the Expenditure Plan (Form One) to LACMTA by August 1, 2017.
Cause	The City's Finance Department has experienced staff turnover; therefore, the Expenditure Plan (Form One) was not submitted timely.
Effect	The City's Expenditure Plan (Form One) was not submitted to LACMTA by August 1st as required by Measure R Local Return Guidelines.
Recommendation	We recommend that the City establish internal control procedures to ensure that the Expenditure Plan (Form One) is properly prepared and submitted prior to the August 1st deadline, and that the City retain a confirmation of receipt by LACMTA to comply with the Measure R Local Return Guidelines.
Management's Response	<p>The City's Finance Department has experienced staff turnover; therefore, the fiscal year 2017-18 Form One was not submitted timely. Currently, the Finance Department is fully staffed and for fiscal year 2018-19 Form One was submitted timely on 7/31/18.</p> <p>With new management, we will ensure that the Form One is submitted timely going forward.</p>
Finding Corrected During the Audit	The City submitted the Form One on June 29, 2018. No follow up is required.

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

Finding #2018-009	City of Rancho Palos Verdes
Compliance Reference	According to Measure R Local Return Guidelines Section B III. Timely Use of Funds, "Funds must be expended within five years of the first day of the fiscal year in which funds were originally allocated or received."
Condition	A portion of the City's fiscal year June 30, 2013 ending fund balance in the amount of \$805,649 was not fully expended within 5 years as of June 30, 2018 and was not reserved for capital projects as required by the Measure R Local Return Guidelines. However, the City received subsequent approval from LACMTA on November 8, 2018 to expend the lapsed funds by June 30, 2019.
Cause	Projects funded by Measure R Local Return funds were delayed in the start of the implementation of the project and the timely expenditure of funds.
Effect	Untimely review of the funding status from the prior year allocation could result in losing the funding.
Recommendation	We recommend that the City establish a policy in place where the City Manager, City Engineer and Finance Department discuss the availability of Measure R Local Return funds in conjunction with eligible MRLRF projects and submit its Form B (Annual Project Update Form) on time. An alternative measure would include requesting a Capital Reserve Agreement with LACMTA.
Management's Response	The City has implemented the auditor's recommendation.
Finding Corrected During the Audit	On November 8, 2018, LACMTA subsequently approved an extension on the usage of lapsed funds until June 30, 2019. No follow-up is required.

**Los Angeles County Metropolitan Transportation Authority
Measure R Local Return Fund
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(Continued)**

Finding #2018-010	City of Redondo Beach
Compliance Reference	According to Measure R Local Return Guidelines, Section B.VII.A, Financial and Compliance Provisions, “The Measure R LR Audits shall include, but not limited to, verification of adherence to the following financial and compliance provisions of this guidelines: Verification that funds were expended with LACMTA’s approval.”
Condition	The City incurred expenditures for Riviera Village Improvements – Bike/Ped, Construction & Amenities Project in the amount of \$34,375 prior to LACMTA’s approval.
Cause	It was due to an internal communication issue.
Effect	The City did not comply with the Guidelines.
Recommendation	We recommend that the City establish procedures to ensure all new projects are approved by LACMTA prior to expending the funds by submitting Expenditure Plan (Form One).
Management’s Response	The Transit and Engineering staff will improve communication regarding Local Return funded projects to ensure that the appropriate forms are submitted.
Finding Corrected During the Audit	On October 15, 2018, the City received approval from LACMTA to expend Measure R funds in the amount of \$100,000 for Riviera Village Improvements – Bike/Ped, Construction & Amenities Project. No follow-up is required.

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

Finding #2018-011	City of San Dimas
Compliance Reference	According to Measure R Local Return Guidelines Section B (II), "To maintain legal eligibility and meet Measure R LR program compliance requirements, Jurisdictions shall submit to LACMTA an Expenditure Plan (Form One), annually, by August 1st of each year."
Condition	The City did not meet the August 1, 2017 deadline for submission of the Expenditure Plan (Form One). However, the City submitted the Form One on August 4, 2017.
Cause	Staff member who completes report failed to submit the completed report before the due date. It was an oversight and the issue has been addressed.
Effect	The City's Expenditure Plan (Form One) was not submitted to LACMTA by August 1st as required by Measure R Local Return Guideline
Recommendation	We recommend that the City establish procedures to ensure that the Form One is properly prepared and submitted before the due date of August 1st so that the City's expenditures of the Measure R Local Return Funds will be in accordance with LACMTA's approval and the Guidelines. Furthermore, we recommend the City to retain a confirmation of receipt by LACMTA to indicate the form was submitted in a timely manner.
Management's Response	The late submission was an unfortunate oversight by staff. Management is requiring that concerned personnel are carbon copied in correspondences with LACMTA to assure timely submission and shared task lists will be implemented to track progress.
Finding Corrected During the Audit	The City subsequently submitted the Form One on August 4, 2017. No follow up is required.

**Los Angeles County Metropolitan Transportation Authority
Measure R Local Return Fund
Schedule of Findings and Questioned Costs
Fiscal Year Ended June 30, 2018
(Continued)**

Finding #2018-012	City of San Marino
Compliance Reference	According to Measure R Local Return Guidelines Section B (II), "To maintain legal eligibility and meet Measure R LR program compliance requirements, Jurisdictions shall submit to LACMTA an Expenditure Plan (Form One), annually, by August 1st of each year."
Condition	The City did not meet the August 1, 2017 deadline for submission of Form One. However, the City submitted the Form One on August 15, 2017. This is a repeat finding from the prior year.
Cause	Due to City staff turnover and oversight, the form was not submitted by the deadline set by LACMTA.
Effect	The City's Form One was not submitted timely.
Recommendation	We recommend that the City establish procedures to ensure that the Form One (Expenditure Plan) is properly prepared and submitted before the due date of August 1st so that the City's expenditures of the Measure R Local Return Funds will be in accordance with LACMTA's approval and the Guidelines. Furthermore, we recommend that the City retain a confirmation of receipt by LACMTA to indicate the form was submitted in a timely manner.
Management's Response	The City has established new controls in place to ensure budgets are submitted once the City-wide budget is approved. The City has also added multiple contacts to the LACMTA email list to ensure the City is aware of the deadlines as they approach.
Finding Corrected During the Audit	The City subsequently submitted the Form One on August 15, 2017. No follow-up is required.