

**Board Report**

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**File #:** 2020-0920, **File Type:** Informational Report**Agenda Number:** 2.

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**INDEPENDENT CITIZEN'S ADVISORY AND OVERSIGHT COMMITTEE  
FEBRUARY 23, 2021****SUBJECT: PROPOSITION A AND PROPOSITION C AUDITS OF FISCAL YEAR 2020****ACTION: RECEIVE AND FILE****RECOMMENDATION**

RECEIVE AND FILE the Independent Auditor's Report on:

- A. Schedules of Revenues and Expenditures for Proposition A and Proposition C Special Revenue Funds for the Fiscal Year ended June 30, 2020 completed by BCA Watson Rice, LLP (BCA);
- B. Compliance with Requirements Applicable to Proposition A and Proposition C Ordinances and Local Return Guidelines for the Fiscal Year ended June 30, 2020 completed by Vasquez & Company, LLP; and
- C. Compliance with Requirements Applicable to Proposition A and Proposition C Ordinances and Local Return Guidelines for the Fiscal Year ended June 30, 2020 completed by Simpson and Simpson, CPAs.

**ISSUE**

In November of 1998, Los Angeles County voters passed the MTA Reform and Accountability Act of 1998. This Act requires the completion of an independent audit to determine compliance by LACMTA with the provisions of Propositions A and C since the effective dates of each ordinance through June 30, 1998, and then annual audits thereafter. The oversight process requires that an annual audit be conducted six months after the end of the fiscal year to determine compliance with the provisions of the Ordinances related to the receipt and expenditure of sales tax revenues during the fiscal year. The audit must be provided to the Oversight Committee so that the Oversight Committee can determine whether the LACMTA and local subrecipients have complied with the Proposition A and Proposition C requirements.

**DISCUSSION**

The following summarizes the independent auditor's report on Schedules of Revenues and Expenditures for Proposition A and Proposition C Special Revenue Funds:

Management Audit Services contracted with BCA to perform the independent audit of the LACMTA, as required by the Ordinances and the MTA Reform and Accountability Act of 1998. BCA conducted the audit 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 BCA plan and perform the audit to obtain reasonable assurance about whether the Schedules of Proposition A and Proposition C Revenues and Expenditures (Schedules) are free of material misstatement.

The auditors found that the Schedules referred to above present fairly, in all material respects, the Proposition A and Proposition C Revenues and Expenditures of LACMTA for the fiscal year ended June 30, 2020, in accordance with accounting principles generally accepted in the United States of America. The auditors also found that LACMTA complied, in all material respects, with the requirements of the Ordinances and the MTA Reform and Accountability Act of 1998 for the fiscal year ended June 30, 2020.

The following summarizes the independent auditor's reports on Compliance with Requirements Applicable to Proposition A and Proposition C Ordinances and Proposition A and Proposition C Local Return Guidelines:

Management Audit Services contracted with two firms, Vasquez and Company (Vasquez) and Simpson and Simpson, CPAs (Simpson and Simpson), to conduct the audits of Proposition A and Proposition C sales tax revenues used by the 88 cities (Cities) as well as the County of Los Angeles (County). These reports cover the audits of 39 Cities completed by Vasquez as listed in Attachment A; and audits of 49 Cities and the County completed by Simpson and Simpson as listed in Attachment B. The firms conducted the audit of compliance 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 the independent auditors plan and perform the audit to obtain reasonable assurance about whether noncompliance with the requirements in the Ordinances and the Proposition A and Proposition C Local Return Guidelines which could have a direct and material effect on the Proposition A and Proposition C Local Return program occurred.

Vasquez concluded that the Cities complied in all material respects, with the requirements in the Ordinances and the Proposition A and Proposition C Local Return Guidelines that are applicable to the Proposition A and Proposition C Local Return program for the fiscal year ended June 30, 2020. Vasquez found 21 instances of noncompliance, which are summarized in Schedule 2 of Attachment C.

Simpson and Simpson concluded that the Cities and County complied, in all material respects, with the requirements in the Ordinances and the Proposition A and Proposition C Local Return Guidelines that are applicable to the Proposition A and Proposition C Local Return program for the fiscal year ended June 30, 2020. Simpson and Simpson found 29 instances of noncompliance, which are

summarized in Schedule 2 of Attachment D.

**NEXT STEPS**

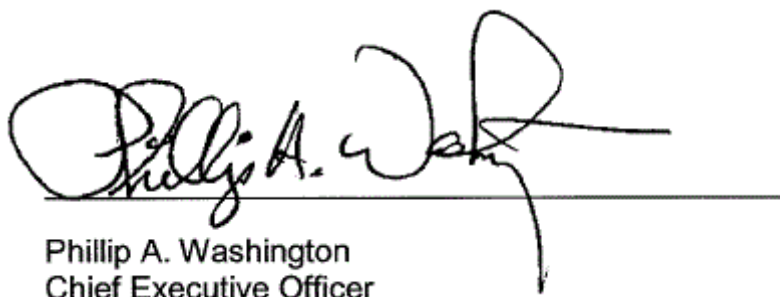
A public hearing will be scheduled.

**ATTACHMENT(S)**

- A. Independent Auditor's Report on Schedules of Revenues and Expenditures for Proposition A and Proposition C Special Revenue Funds for the Fiscal Year Ended June 30, 2020
- B. List of Entities Audited by Vasquez
- C. List of Entities Audited by Simpson and Simpson
- D. Report on Compliance with Requirements Applicable to Proposition A and Proposition C Ordinances and Proposition A and Proposition C Local Return Guidelines (Vasquez)
- E. Report on Compliance with Requirements Applicable to Proposition A and Proposition C Ordinances and Proposition A and Proposition C Local Return Guidelines (Simpson and Simpson)

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Phillip A. Washington  
Chief Executive Officer

**LOS ANGELES COUNTY  
METROPOLITAN  
TRANSPORTATION AUTHORITY**

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INDEPENDENT AUDITOR'S REPORT  
ON SCHEDULE OF REVENUES AND EXPENDITURES  
FOR  
PROPOSITION A AND PROPOSITION C  
SPECIAL REVENUE FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(WITH COMPARATIVE TOTALS FOR 2019)



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**Los Angeles County Metropolitan Transportation Authority**  
Proposition A and Proposition C  
Special Revenue Funds

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## Independent Auditor's Report

Independent Citizens' Advisory and Oversight Committee  
Los Angeles County Metropolitan Transportation Authority

### Report on the Schedules of Proposition A and Proposition C Revenues and Expenditures

We have audited the accompanying Schedules of Proposition A ("Ordinance No. 16") and Proposition C ("Ordinance No. 49") Revenues and Expenditures (the Schedules) of the Los Angeles County Metropolitan Transportation Authority (LACMTA) for the fiscal year ended June 30, 2020, and the related notes to the Schedules, which collectively comprise LACMTA's basic Schedules as listed in the table of contents.

#### *Management's Responsibility for the Schedules of Proposition A and Proposition C Revenues and Expenditures*

LACMTA's management is responsible for the preparation and fair presentation of these Schedules 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 the Schedules that are free from material misstatement, whether due to fraud or error.

#### *Auditor's Responsibility*

Our responsibility is to express an opinion on these Schedules based on our audit. We conducted our audit 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 audit to obtain reasonable assurance about whether the Schedules are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Schedules. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Schedules, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the Schedules 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 entity'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 Schedules.

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

## ***Opinion***

In our opinion, the Schedules referred to above present fairly, in all material respects, the Proposition A and Proposition C Revenues and Expenditures of LACMTA for the fiscal year ended June 30, 2020, in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matter***

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 4 and 6 be presented to supplement the Schedules. Such information, although not a part of the basic Schedules, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic Schedules in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic Schedules, and other knowledge we obtained during our audit of the basic Schedules. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Information***

As discussed in Note 3 to the Schedules, the accompanying Schedules of the Proposition A and Proposition C Special Revenue Funds are intended to present the revenues and expenditures attributable to the Special Revenue Funds. They do not purport to, and do not, present fairly the financial position of the LACMTA, as of June 30, 2020, and the changes in its financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

### ***Prior-Year Comparative Information***

We have previously audited the Schedules of Proposition A and Proposition C Revenues and Expenditures of LACMTA, and we expressed an unmodified audit opinion in our report dated November 7, 2019. In our opinion, the summarized comparative information presented herein for the fiscal year ended June 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 16, 2020, on our consideration of LACMTA's internal control over 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering LACMTA's internal control over financial reporting and compliance.

*BCA Watson Rice, LLP*

Torrance, CA  
November 16, 2020

**Los Angeles County Metropolitan Transportation Authority**  
Proposition A Special Revenue Fund  
Schedule of Revenues and Expenditures  
For the Fiscal Year Ended June 30, 2020  
(With Comparative Totals for 2019)  
(Amounts expressed in thousands)

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	<b>2020</b>	<b>2019</b>
Revenues		
Sales tax	\$ 824,569	\$ 846,548
Investment income	811	388
Net appreciation in fair value of investments	599	403
Other	-	3,308
	825,979	850,647
Total revenues		
Expenditures		
Transportation subsidies	322,705	328,897
	322,705	328,897
Total expenditures		
Excess of revenues over expenditures	503,274	521,750
Other financing sources (uses)		
Transfers out	(501,752)	(510,584)
	(501,752)	(510,584)
Total other financing sources (uses)		
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	\$ 1,522	\$ 11,166

The Notes to the Schedule of Revenues and Expenditures are an integral part of this Schedule.



**Los Angeles County Metropolitan Transportation Authority**  
Proposition C Special Revenue Fund  
Schedule of Revenues and Expenditures  
For the Fiscal Year Ended June 30, 2020  
(With Comparative Totals for 2019)  
(Amounts expressed in thousands)

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	<b>2020</b>	<b>2019</b>
Revenues		
Sales tax	\$ 824,567	\$ 846,546
Intergovernmental	52,019	8,993
Investment income	3,229	2,449
Net appreciation in fair value of investments	1,936	1,405
	881,751	859,393
Total revenues		
Expenditures		
Administration and other	97,983	79,091
Transportation subsidies	475,872	493,992
	573,855	573,083
Total expenditures		
Excess of revenues over expenditures	307,896	286,310
Other financing sources (uses)		
Transfers in	40,451	118,897
Transfers out	(390,860)	(304,243)
	(350,409)	(185,346)
Total other financing sources (uses)		
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	\$ (42,513)	\$ 100,964

The Notes to the Schedule of Revenues and Expenditures are an integral part of this Schedule.

**Los Angeles County Metropolitan Transportation Authority**  
Proposition A and Proposition C Special Revenue Funds  
Notes to the Schedule of Revenues and Expenditures  
June 30, 2020

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The Notes to the Schedule of Revenues and Expenditures are summaries of significant accounting policies and other disclosures considered necessary for a clear understanding of the accompanying schedule of revenues and expenditures.

Unless otherwise stated, all dollar amounts are expressed in thousands.

**1. Organization**

**General**

The Los Angeles County Metropolitan Transportation Authority (LACMTA) is governed by a Board of Directors composed of the five members of the County Board of Supervisors, the Mayor of the City of Los Angeles, three members appointed by the Mayor, and four members who are either mayors or members of a city council and have been appointed by the Los Angeles County City Selection Committee to represent the other cities in the County, and a non-voting member appointed by the Governor of the State of California.

LACMTA is unique among the nation's transportation agencies. It serves as transportation planner and coordinator, designer, builder and operator for one of the country's largest and most populous counties. More than 10 million people, nearly one-third of California's residents - live, work, and play within its 1,433-square-mile service area. LACMTA employs approximately 10,000 people full-time and part-time in a broad range of technical specialties and services.

**Proposition A**

The Proposition A Fund is a special revenue fund used to account for the proceeds of the voter-approved one-half percent sales tax that became effective on August 20, 1980. Revenues collected are required to be allocated in the following manner: 25% to local jurisdictions for local transit; 35% for transit-related construction projects, debt service payments and operation of rail rapid transit systems; and 40% for public transit purposes at the discretion of LACMTA.

**Proposition C**

The official name of this special revenue fund is the "Los Angeles Anti-Gridlock Transit Improvement Fund". This fund is used to account for the proceeds of the voter-approved one-half percent sales tax that became effective on August 8, 1990. Revenues collected are required to be allocated in the following manner: 5% to improve and expand rail and bus security; 10% for Commuter Rail and construction of Transit Centers, Park-and-Ride lots and Freeway Bus Stops; 20% to local jurisdictions for public transit and related services; 25% for essential County-wide transit related improvements to freeways and state highways; and 40% to improve and expand rail and bus transit County-wide.

**Los Angeles County Metropolitan Transportation Authority**  
Proposition A and Proposition C Special Revenue Funds  
Notes to the Schedule of Revenues and Expenditures  
June 30, 2020

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**2. Summary of Significant Accounting Policies**

The Schedules of Revenues and Expenditures for Proposition A and Proposition C Special Revenue Funds have been prepared in conformity with Generally Accepted Accounting Principles (GAAP) in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the recognized standard-setting body for establishing governmental accounting and financial reporting principles for governments. The most significant of LACMTA's accounting policies with regard to the special revenue fund type are described below:

**Fund Accounting**

LACMTA utilizes fund accounting to report its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts. Funds are classified into three categories: governmental, proprietary, and fiduciary. Governmental Funds are used to account for most of LACMTA's governmental activities. The measurement focus is a determination of changes in financial position, rather than a net income determination. LACMTA uses governmental fund type Special Revenue Funds to account for Proposition A and Proposition C sales tax revenues and expenditures. Special Revenue Funds are used to account for proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

**Basis of Accounting**

The modified accrual basis of accounting is used for the special revenue fund type. Under the modified accrual basis of accounting, revenues (primarily from sales tax) are recorded when susceptible to accrual, which means measurable (amount can be determined) and available (collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period).

**Budgetary Accounting**

The established legislation and adopted policies and procedures provide that the LACMTA's Board approves an annual budget. Annual budgets are adopted on a basis consistent with Generally Accepted Accounting Principles in the United States of America for all governmental funds.

Prior to the adoption of the budget, the Board conducts public hearings for discussion of the proposed annual budget and at the conclusion of the hearings, but no later than June 30, adopts the final budget. All appropriations lapse at fiscal year-end. The budget is prepared by fund, project, expense type, and department. The legal level of control is at the fund level and the Board must approve additional appropriations. By policy, the Board has provided procedures for management to make revisions within operational or project budgets only when there is no net dollar impact to the total appropriations at the fund level. Budget amendments are made when needed.

**Los Angeles County Metropolitan Transportation Authority**  
Proposition A and Proposition C Special Revenue Funds  
Notes to the Schedule of Revenues and Expenditures  
June 30, 2020

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**2. Summary of Significant Accounting Policies (Continued)**

**Budgetary Accounting (Continued)**

Annual budgets are adopted by LACMTA on the modified accrual basis of accounting for the special revenue fund types, on a basis consistent with GAAP as reflected in the Schedules.

**Investment Income and Net Appreciation (Decline) in Fair Value of Investments**

Investment income and the net appreciation (decline) in fair value of investments are shown on the Schedule of Revenues and Expenditures. LACMTA maintains a pooled cash and investments account that is available for use by all funds, except those restricted by state statutes. For the fiscal year ended June 30, 2020, Proposition A and Proposition C Special Revenue Funds had investment income of \$811 and \$3,229, respectively, and a net appreciation in fair value of investments of \$599 and \$1,936, respectively. The net appreciation in fair value of investments were mainly due to an increase in the fair market value of the investment portfolios mostly invested in bonds, which are sensitive to changes in interest rates.

**Use of Estimates**

The preparation of the Schedules in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

**Comparative Financial Data**

The amounts shown for 2019 in the accompanying Schedules are included only to provide a basis for comparison with 2020 and are not intended to present all information necessary for a fair presentation in accordance with Generally Accepted Accounting Principles.

**3. Schedules of Revenues and Expenditures for Proposition A and Proposition C Special Revenue Funds**

The Schedules are intended to reflect the revenues and expenditures of Proposition A and Proposition C funds only. Accordingly, the Schedules do not purport to, and do not, present fairly the financial position of the LACMTA and changes in financial position thereof for the years then ended in conformity with Generally Accepted Accounting Principles in the United States of America.

**4. Intergovernmental Transactions**

Any transaction conducted with a governmental agency outside the complete jurisdiction of LACMTA will be recorded in an account designated as Intergovernmental.

**Los Angeles County Metropolitan Transportation Authority**  
Proposition A and Proposition C Special Revenue Funds  
Notes to the Schedule of Revenues and Expenditures  
June 30, 2020

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**5. Other Income**

Other income in fiscal year 2019 represents a settlement from Deutsche Bank related to LACMTA's interest rate swaps from fiscal years 2010 through 2015. For the fiscal year ended June 30, 2020, Proposition A Special Revenue Fund had no other income.

**6. Operating Transfers**

Amounts reflected as operating transfers represent permanent, legally authorized transfers from a fund receiving revenue to the fund through which the resources are to be expended. All operating transfers in/out of the Proposition A and Proposition C Special Revenue Funds have been made in accordance with all expenditure requirements of both Proposition A and Proposition C Ordinances.

**7. Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses**

The Proposition A Fund at June 30, 2020 had an excess of revenues and other financing sources over expenditures and other financing uses of \$1,522, mainly due to investment income and actual transportation subsidies being lower than projected. The \$1,522 positive change in fund balance during the current year resulted in an increase in the Proposition A Fund balance from \$138,291 to \$139,813 as of June 30, 2020.

The Proposition C Fund at June 30, 2020 showed a deficiency of revenues over expenditures and other financing sources/uses of \$42,513 mainly due to higher than budgeted transfers out for capital projects mostly related to the Muni Farebox upgrades, the Patsaouras Plaza Station Improvement and Willowbrook/Rosa Parks Station Improvement projects. The \$42,513 decrease in fund balance during the current year resulted in a decrease in the Proposition C Fund balance from \$279,909 to \$237,396 as of June 30, 2020.

**8. Audited Financial Statements**

The audited financial statements for Proposition A and Proposition C Special Revenue Funds for the fiscal year ended June 30, 2020 are included in LACMTA's Audited Comprehensive Annual Financial Report (CAFR).

**9. Contingent Liabilities**

LACMTA is aware of potential claims that may be filed against them. The outcome of these matters is not presently determinable, but the resolution of these matters is not expected to have a significant impact on the financial condition of LACMTA.

**Los Angeles County Metropolitan Transportation Authority**  
Proposition A and Proposition C Special Revenue Funds  
Notes to the Schedule of Revenues and Expenditures  
June 30, 2020

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**10. COVID-19 Impact and Considerations**

The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings of businesses. While the disruption is currently expected to be temporary, there is considerable uncertainty around its duration. LACMTA expects this matter to negatively impact its operating environment; however, the related financial impact and duration cannot be reasonably estimated at this time.

**11. Subsequent Events**

In preparing the Schedules of Proposition A and Proposition C Revenues and Expenditures, LACMTA has evaluated events and transactions for potential recognition or disclosure through November 16, 2020, the date the schedules were issued. No subsequent events occurred that require recognition or additional disclosure in the schedules.

**Los Angeles County Metropolitan Transportation Authority**  
Proposition A Special Revenue Fund  
Schedule of Revenues and Expenditures – Budget and Actual  
For the Fiscal Year Ended June 30, 2020  
(Amounts expressed in thousands)

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>		
Revenues				
Sales tax	\$ 873,000	\$ 873,000	\$ 824,569	\$ (48,431)
Investment income	-	-	811	811
Net appreciation in fair value of investments	-	-	599	599
Other	-	-	-	-
Total revenues	<u>873,000</u>	<u>873,000</u>	<u>825,979</u>	<u>(47,021)</u>
Expenditures				
Transportation subsidies	340,605	340,605	322,705	17,900
Total expenditures	<u>340,605</u>	<u>340,605</u>	<u>322,705</u>	<u>17,900</u>
Excess of revenues over expenditures	<u>532,395</u>	<u>532,395</u>	<u>503,274</u>	<u>(29,121)</u>
Other financing sources (uses)				
Transfers out	(491,832)	(491,832)	(501,752)	(9,920)
Total other financing sources (uses)	<u>(491,832)</u>	<u>(491,832)</u>	<u>(501,752)</u>	<u>(9,920)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>\$ 40,563</u>	<u>\$ 40,563</u>	<u>\$ 1,522</u>	<u>\$ (39,041)</u>

**Los Angeles County Metropolitan Transportation Authority**  
**Proposition C Special Revenue Fund**  
**Schedule of Revenues and Expenditures – Budget and Actual**  
**For the Fiscal Year Ended June 30, 2020**  
(Amounts expressed in thousands)

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>		
Revenues				
Sales tax	\$ 873,000	\$ 873,000	\$ 824,567	\$ (48,433)
Intergovernmental	13,573	13,573	52,019	38,446
Investment income	-	-	3,229	3,229
Net appreciation in fair value of investments	-	-	1,936	1,936
	<u>886,573</u>	<u>886,573</u>	<u>881,751</u>	<u>(4,822)</u>
Total revenues				
Expenditures				
Administration and other	62,013	119,925	97,983	21,942
Transportation subsidies	499,635	494,635	475,872	18,763
	<u>561,648</u>	<u>614,560</u>	<u>573,855</u>	<u>40,705</u>
Total expenditures				
Excess of revenues over expenditures	<u>324,925</u>	<u>272,013</u>	<u>307,896</u>	<u>35,883</u>
Other financing sources (uses)				
Transfers in	83,234	83,234	40,451	(42,783)
Transfers out	(468,689)	(468,689)	(390,860)	77,829
	<u>(385,455)</u>	<u>(385,455)</u>	<u>(350,409)</u>	<u>35,046</u>
Total other financing sources (uses)				
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>\$ (60,530)</u>	<u>\$ (113,442)</u>	<u>\$ (42,513)</u>	<u>\$ 70,929</u>



**Independent Auditor's Report 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***

Independent Citizens' Advisory and Oversight Committee  
Los Angeles County Metropolitan Transportation Authority

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the Schedules of Revenues and Expenditures (the Schedules) for Proposition A and Proposition C Special Revenue Funds of the Los Angeles County Metropolitan Transportation Authority (LACMTA) for the fiscal year ended June 30, 2020, and the related notes to the Schedules, which collectively comprised LACMTA's basic Schedules, and have issued our report thereon dated November 16, 2020.

***Internal Control over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the LACMTA's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the LACMTA's internal control. Accordingly, we do not express an opinion on the effectiveness of the LACMTA'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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the LACMTA's Schedules 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 over financial reporting 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 financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting 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 LACMTA's Schedules are free of 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 the amounts on the Schedules. 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*BCA Watson Rice, LLP*

Torrance, California  
November 16, 2020

**Independent Auditor's Report on Compliance with Requirements  
Applicable to Proposition A and Proposition C Revenues and Expenditures in  
Accordance with the MTA Reform and Accountability Act of 1998,  
Ordinance No. 16 and Ordinance No. 49**

Independent Citizens' Advisory and Oversight Committee  
Los Angeles County Metropolitan Transportation Authority

**Report on Compliance**

We have audited the Los Angeles County Metropolitan Transportation Authority (LACMTA) compliance of the Proposition A and Proposition C revenues and expenditures with the compliance requirements described in the *MTA Reform and Accountability Act of 1998* (the Act), *Ordinance No. 16 (Proposition A)* and *Ordinance No. 49 (Proposition C)* for the fiscal year ended June 30, 2020.

***Management's Responsibility***

LACMTA's management is responsible for compliance with the requirements of laws and regulations applicable to the Proposition A and Proposition C revenues and expenditures.

***Auditor's Responsibility***

Our responsibility is to express an opinion on LACMTA's compliance with Proposition A and Proposition C revenues and expenditures based on our audit of the compliance requirements referred to above. We conducted our audit of compliance 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 audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on Proposition A and Proposition C revenues and expenditures occurred. An audit includes examining, on a test basis, evidence about the LACMTA'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 the Proposition A and Proposition C revenues and expenditures. However, our audit does not provide a legal determination of LACMTA's compliance.

***Opinion on Proposition A and Proposition C Revenues and Expenditures***

In our opinion, LACMTA complied, in all material respects, with the requirements referred to above that could have a direct and material effect on the Proposition A and Proposition C revenues and expenditures for the fiscal year ended June 30, 2020.

## Report on Internal Control over Compliance

Management of the LACMTA 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 LACMTA's internal control over compliance with the requirements that could have a direct and material effect on the Proposition A and Proposition C revenues and expenditures as a basis for designing 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 *MTA Reform and Accountability Act of 1998, Ordinance No. 16 (Proposition A)* and *Ordinance No. 49 (Proposition C)*, 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 LACMTA'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 with a compliance requirement 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 with a compliance requirement 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 a compliance requirement of the Proposition A and Proposition C revenues and expenditures 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 significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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.

*BCA Watson Rice, LLP*

Torrance, California  
November 16, 2020

**Los Angeles County Metropolitan Transportation Authority**  
Proposition A and Proposition C Special Revenue Funds  
Summary of Current Year Audit Findings  
For the Fiscal Year Ended June 30, 2020

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None noted.

**Los Angeles County Metropolitan Transportation Authority**  
Proposition A and Proposition C Special Revenue Funds  
Status of Prior Year Audit Findings

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None noted.

Proposition A and C List of Cities Audited by Vasquez

Agoura Hills	Lawndale
Azusa	Lynwood
Baldwin Park	Malibu
Bell	Maywood
Bell Gardens	Montebello
Beverly Hills	Monterey Park
Calabasas	Pico Rivera
Carson	Pomona
Commerce	Rosemead
Compton	San Fernando
Cudahy	Santa Fe Springs
Culver City	Santa Monica
El Monte	South El Monte
Gardena	South Gate
Hawthorne	Vernon
Hidden Hills	Walnut
Huntington Park	West Hollywood
Industry	Westlake Village
Inglewood	
Irwindale	
La Puente	

Proposition A and C List of Cities Audited by Simpson

Alhambra	Long Beach
Arcadia	Los Angeles City
Artesia	Los Angeles County
Avalon	Manhattan Beach
Bellflower	Monrovia
Bradbury	Norwalk
Burbank	Palmdale
Cerritos	Palos Verdes Estates
Claremont	Paramount
Covina	Pasadena
Diamond Bar	Rancho Palos Verdes
Downey	Redondo Beach
Duarte	Rolling Hills
El Segundo	Rolling Hills Estates
Glendale	San Dimas
Glendora	San Gabriel
Hawaiian Gardens	San Marino
Hermosa Beach	Santa Clarita
La Canada Flintridge	Sierra Madre
La Habra Heights	Signal Hill
La Mirada	South Pasadena
La Verne	Temple City
Lakewood	Torrance
Lancaster	West Covina
Lomita	Whittier





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

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
WITH THE REQUIREMENTS APPLICABLE TO  
PROPOSITION A AND PROPOSITION C ORDINANCES AND  
PROPOSITION A AND PROPOSITION C LOCAL RETURN GUIDELINES**

**TO THE LOS ANGELES COUNTY  
METROPOLITAN TRANSPORTATION AUTHORITY**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
WITH THE REQUIREMENTS APPLICABLE TO  
PROPOSITION A AND PROPOSITION C ORDINANCES AND  
PROPOSITION A AND PROPOSITION C LOCAL RETURN GUIDELINES**

**TO THE LOS ANGELES COUNTY  
METROPOLITAN TRANSPORTATION AUTHORITY**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**Los Angeles County Metropolitan Transportation Authority  
Proposition A and Proposition C Local Return Funds Consolidated Audit Report  
Fiscal Year Ended June 30, 2020**

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO PROPOSITION A AND PROPOSITION C ORDINANCES AND  
PROPOSITION A AND PROPOSITION C LOCAL RETURN GUIDELINES**

**To: Board of Directors of the Los Angeles County Metropolitan Transportation Authority  
and Proposition A and Proposition C Oversight Committee**

**Report on Compliance**

We have audited the compliance of the thirty-nine (39) Cities identified in Schedule 1, with the types of compliance requirements described in the Proposition A and Proposition C Ordinances enacted through a Los Angeles County voter-approved law in November 1980 and November 1990, respectively; Proposition A and Proposition C Local Return Guidelines, issued by the Los Angeles County Metropolitan Transportation Authority (LACMTA), approved by its Board of Directors in FY 2006-07 (collectively, the Guidelines); and the respective Assurances and Understandings Regarding Receipt and Use of Proposition A and Proposition C Local Return Funds, executed by LACMTA and the respective Cities for the year ended June 30, 2020 (collectively, the Requirements). Compliance with the above noted Guidelines and Requirements by the Cities are identified in the accompanying Summary of Compliance Findings, Schedule 1 and Schedule 2.

***Management's Responsibility***

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

***Auditor's Responsibility***

Our responsibility is to express opinions on the Cities' compliance with the Guidelines and the 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 Proposition A and Proposition C Local Return programs occurred. An audit includes examining, on a test basis, evidence about each City's compliance with the Guidelines and the Requirements and performing such other procedures as we considered necessary in the circumstances.

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



## **Opinion**

In our opinion, the Cities complied, in all material respects, with the Guidelines and the Requirements referred to above that could have a direct and material effect on the Proposition A and Proposition C Local Return programs for the year ended June 30, 2020.

## **Other Matters**

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Guidelines and the Requirements and which are described in the accompanying Summary of Audit Results (Schedule 1) and Schedule of Findings and Questioned Costs (Schedule 2) as Findings #2020-001 through #2020-021. Our opinion is not modified with respect to these matters.

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

## **Report on Internal Control over Compliance**

The management of each City is responsible for establishing and maintaining effective internal control over compliance with the Guidelines and the Requirements referred to above. In planning and performing our audits of compliance, we considered each City's internal control over compliance with the Guidelines and the Requirements that could have a direct and material effect on the Proposition A and Proposition C Local Return programs 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 the Requirements, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of each City's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

*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, such that there is a reasonable possibility that material noncompliance will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs (Schedule 2) as Findings #2020-003 and #2020-020 to be material weaknesses.



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. We consider the deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs (Schedule 2) as Findings #2020-005, #2020-006 and #2020-007 to be significant deficiencies.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing on internal control over compliance and the results of that testing based on the requirements of the Guidelines and the Requirements. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "Vaqueria &amp; Company LLP". The signature is written in a cursive, flowing style.

**Glendale, California  
December 31, 2020**

**Los Angeles County Metropolitan Transportation Authority  
Proposition A and Proposition C Local Return Funds  
Summary of Compliance Findings  
Fiscal Year ended June 30, 2020**

The audits of the 39 cities identified in Schedule 1 have resulted in 21 findings. The table below summarized those findings:

Finding	# of Findings	Responsible Cities/ Finding No. Reference	Questioned Costs		Resolved
			PALRF	PCLRF	During the Audit
Funds expended were approved and have not been substituted for property tax.	5	Baldwin Park (See Finding #2020-003)	\$ 187,766	\$ 302,945	\$ 490,711
		Bell Gardens (See Finding #2020-004)	14,743	-	14,743
		Compton (See Finding #2020-009)	20,000	-	20,000
		Lawndale (See Finding #2020-013)	-	88,280	88,280
		Montebello (See Finding #2020-015)	-	165,324	165,324
Expenditures that exceeded 25% of approved project budget have approved amended Project Description Form (Form A).	6	Bell Gardens (See Finding #2020-005)	None	-	None
		Carson (See Finding #2020-008)	-	None	None
		La Puente (See Finding #2020-011)	-	None	None
		Maywood (See Finding #2020-014)	None	None	None
		Pico Rivera (See Finding #2020-016)	None	-	None
South El Monte (See Finding #2020-019)	-	None	None		
Annual Project Summary Report (Form B) was submitted timely.	3	Azusa (See Finding #2020-001)	None	None	None
		Bell Gardens (See Finding #2020-006)	None	None	None
		Industry (See Finding #2020-010)	None	None	None
Accounting procedures, record keeping and documentation are adequate.	1	South El Monte (See Finding #2020-020)	82,602	20,729	-
Pavement Management System (PMS) in place and being used for Street Maintenance or Improvement Projects Expenditures.	1	Pomona (See Finding #2020-017)	-	None	None
Recreational Transit Form was submitted timely.	5	Azusa (See Finding #2020-002)	-	None	None
		Calabasas (See Finding #2020-007)	None	None	None
		La Puente (See Finding #2020-012)	None	-	None
		Pomona (See Finding #2020-018)	None	-	None
		South El Monte (See Finding #2020-021)	None	-	None
<b>Total Findings and Questioned Costs</b>	<b>21</b>		<b>\$ 305,111</b>	<b>\$ 577,278</b>	<b>\$ 779,058</b>

Details of the findings are in Schedule 2.

**Los Angeles County Metropolitan Transportation Authority  
Proposition A and Proposition C Local Return Funds  
Summary of Audit Results  
Fiscal Year Ended June 30, 2020**

<b>Compliance Area Tested</b>	<b>Agoura Hills</b>	<b>Azusa</b>	<b>Baldwin Park</b>
<b>Proposition A and Proposition C Local Return Funds</b>			
Uses the State Controller's Uniform System of Accounts and Records.	Compliant	Compliant	Compliant
Timely use of funds.	Compliant	Compliant	Compliant
Funds expended were approved and have not been substituted for property tax.	Compliant	Compliant	See Finding #2020-003
Expenditures that exceeded 25% of approved project budget have approved amended Project Description Form (Form A).	Compliant	Compliant	Compliant
Administrative expenses are within the 20% cap of the total annual Local Return Expenditures.	Compliant	Compliant	Compliant
All on-going and carryover projects were reported in Form B.	Compliant	Compliant	Compliant
Annual Project Summary Report (Form B) was submitted timely.	Compliant	See Finding #2020-001	Compliant
Annual Expenditure Report (Form C) was submitted timely.	Compliant	Compliant	Compliant
Cash or cash equivalents are maintained.	Compliant	Compliant	Compliant
Accounting procedures, record keeping and documentation are adequate.	Compliant	Compliant	Compliant
Pavement Management System (PMS) in place and being used for Street Maintenance or Improvement Projects Expenditures.	Compliant	Compliant	Compliant
Local Return Account is credited for reimbursable expenditures.	Compliant	Compliant	Not Applicable
Self-Certification was completed and submitted for Intelligent Transportation Systems projects or elements.	Not Applicable	Not Applicable	Not Applicable
Assurances and Understandings form was on file.	Compliant	Compliant	Compliant
Recreational Transit Form was submitted timely.	Compliant	See Finding #2020-002	Compliant



**Los Angeles County Metropolitan Transportation Authority  
Proposition A and Proposition C Local Return Funds  
Summary of Audit Results  
Fiscal Year Ended June 30, 2020  
(Continued)**

<b>Compliance Area Tested</b>	<b>Bell</b>	<b>Bell Gardens</b>	<b>Beverly Hills</b>
<b>Proposition A and Proposition C Local Return Funds</b>			
Uses the State Controller's Uniform System of Accounts and Records.	Compliant	Compliant	Compliant
Timely use of funds.	Compliant	Compliant	Compliant
Funds expended were approved and have not been substituted for property tax.	Compliant	See Finding #2020-004	Compliant
Expenditures that exceeded 25% of approved project budget have approved amended Project Description Form (Form A).	Compliant	See Finding #2020-005	Compliant
Administrative expenses are within the 20% cap of the total annual Local Return Expenditures.	Compliant	Compliant	Not Applicable
All on-going and carryover projects were reported in Form B.	Compliant	Compliant	Compliant
Annual Project Summary Report (Form B) was submitted timely.	Compliant	See Finding #2020-006	Compliant
Annual Expenditure Report (Form C) was submitted timely.	Compliant	Compliant	Compliant
Cash or cash equivalents are maintained.	Compliant	Compliant	Compliant
Accounting procedures, record keeping and documentation are adequate.	Compliant	Compliant	Compliant
Pavement Management System (PMS) in place and being used for Street Maintenance or Improvement Projects Expenditures.	Compliant	Compliant	Compliant
Local Return Account is credited for reimbursable expenditures.	Compliant	Not Applicable	Compliant
Self-Certification was completed and submitted for Intelligent Transportation Systems projects or elements.	Not Applicable	Not Applicable	Not Applicable
Assurances and Understandings form was on file.	Compliant	Compliant	Compliant
Recreational Transit Form was submitted timely.	Compliant	Compliant	Not Applicable

**Los Angeles County Metropolitan Transportation Authority  
Proposition A and Proposition C Local Return Funds  
Summary of Audit Results  
Fiscal Year Ended June 30, 2020  
(Continued)**

<b>Compliance Area Tested</b>	<b>Calabasas</b>	<b>Carson</b>	<b>Commerce</b>
<b>Proposition A and Proposition C Local Return Funds</b>			
Uses the State Controller's Uniform System of Accounts and Records.	Compliant	Compliant	Compliant
Timely use of funds.	Compliant	Compliant	Compliant
Funds expended were approved and have not been substituted for property tax.	Compliant	Compliant	Compliant
Expenditures that exceeded 25% of approved project budget have approved amended Project Description Form (Form A).	Compliant	See Finding #2020-008	Compliant
Administrative expenses are within the 20% cap of the total annual Local Return Expenditures.	Compliant	Compliant	Not Applicable
All on-going and carryover projects were reported in Form B.	Compliant	Compliant	Compliant
Annual Project Summary Report (Form B) was submitted timely.	Compliant	Compliant	Compliant
Annual Expenditure Report (Form C) was submitted timely.	Compliant	Compliant	Compliant
Cash or cash equivalents are maintained.	Compliant	Compliant	Compliant
Accounting procedures, record keeping and documentation are adequate.	Compliant	Compliant	Compliant
Pavement Management System (PMS) in place and being used for Street Maintenance or Improvement Projects Expenditures.	Compliant	Compliant	Not Applicable
Local Return Account is credited for reimbursable expenditures.	Not Applicable	Not Applicable	Not Applicable
Self-Certification was completed and submitted for Intelligent Transportation Systems projects or elements.	Not Applicable	Not Applicable	Not Applicable
Assurances and Understandings form was on file.	Compliant	Compliant	Compliant
Recreational Transit Form was submitted timely.	See Finding #2020-007	Not Applicable	Compliant

**Los Angeles County Metropolitan Transportation Authority  
Proposition A and Proposition C Local Return Funds  
Summary of Audit Results  
Fiscal Year Ended June 30, 2020  
(Continued)**

<b>Compliance Area Tested</b>	<b>Compton</b>	<b>Cudahy</b>	<b>Culver City</b>
<b>Proposition A and Proposition C Local Return Funds</b>			
Uses the State Controller's Uniform System of Accounts and Records.	Compliant	Compliant	Compliant
Timely use of funds.	Compliant	Compliant	Compliant
Funds expended were approved and have not been substituted for property tax.	See Finding #2020-009	Compliant	Compliant
Expenditures that exceeded 25% of approved project budget have approved amended Project Description Form (Form A).	Compliant	Compliant	Compliant
Administrative expenses are within the 20% cap of the total annual Local Return Expenditures.	Compliant	Compliant	Not Applicable
All on-going and carryover projects were reported in Form B.	Compliant	Compliant	Compliant
Annual Project Summary Report (Form B) was submitted timely.	Compliant	Compliant	Compliant
Annual Expenditure Report (Form C) was submitted timely.	Compliant	Compliant	Compliant
Cash or cash equivalents are maintained.	Compliant	Compliant	Compliant
Accounting procedures, record keeping and documentation are adequate.	Compliant	Compliant	Compliant
Pavement Management System (PMS) in place and being used for Street Maintenance or Improvement Projects Expenditures.	Compliant	Compliant	Not Applicable
Local Return Account is credited for reimbursable expenditures.	Not Applicable	Not Applicable	Not Applicable
Self-Certification was completed and submitted for Intelligent Transportation Systems projects or elements.	Not Applicable	Not Applicable	Not Applicable
Assurances and Understandings form was on file.	Compliant	Compliant	Compliant
Recreational Transit Form was submitted timely.	Compliant	Compliant	Not Applicable

**Los Angeles County Metropolitan Transportation Authority  
Proposition A and Proposition C Local Return Funds  
Summary of Audit Results  
Fiscal Year Ended June 30, 2020  
(Continued)**

<b>Compliance Area Tested</b>	<b>El Monte</b>	<b>Gardena</b>	<b>Hawthorne</b>
<b>Proposition A and Proposition C Local Return Funds</b>			
Uses the State Controller's Uniform System of Accounts and Records.	Compliant	Compliant	Compliant
Timely use of funds.	Compliant	Compliant	Compliant
Funds expended were approved and have not been substituted for property tax.	Compliant	Compliant	Compliant
Expenditures that exceeded 25% of approved project budget have approved amended Project Description Form (Form A).	Compliant	Compliant	Compliant
Administrative expenses are within the 20% cap of the total annual Local Return Expenditures.	Compliant	Compliant	Compliant
All on-going and carryover projects were reported in Form B.	Compliant	Compliant	Compliant
Annual Project Summary Report (Form B) was submitted timely.	Compliant	Compliant	Compliant
Annual Expenditure Report (Form C) was submitted timely.	Compliant	Compliant	Compliant
Cash or cash equivalents are maintained.	Compliant	Compliant	Compliant
Accounting procedures, record keeping and documentation are adequate.	Compliant	Compliant	Compliant
Pavement Management System (PMS) in place and being used for Street Maintenance or Improvement Projects Expenditures.	Compliant	Compliant	Compliant
Local Return Account is credited for reimbursable expenditures.	Not Applicable	Not Applicable	Not Applicable
Self-Certification was completed and submitted for Intelligent Transportation Systems projects or elements.	Not Applicable	Not Applicable	Not Applicable
Assurances and Understandings form was on file.	Compliant	Compliant	Compliant
Recreational Transit Form was submitted timely.	Compliant	Not Applicable	Compliant

**Los Angeles County Metropolitan Transportation Authority  
Proposition A and Proposition C Local Return Funds  
Summary of Audit Results  
Fiscal Year Ended June 30, 2020  
(Continued)**

<b>Compliance Area Tested  Proposition A and Proposition C Local Return Funds</b>	<b>Hidden Hills</b>	<b>Huntington  Park</b>	<b>Industry</b>
Uses the State Controller's Uniform System of Accounts and Records.	Compliant	Compliant	Compliant
Timely use of funds.	Compliant	Compliant	Compliant
Funds expended were approved and have not been substituted for property tax.	Compliant	Compliant	Compliant
Expenditures that exceeded 25% of approved project budget have approved amended Project Description Form (Form A).	Not Applicable	Compliant	Compliant
Administrative expenses are within the 20% cap of the total annual Local Return Expenditures.	Not Applicable	Compliant	Not Applicable
All on-going and carryover projects were reported in Form B.	Compliant	Compliant	Compliant
Annual Project Summary Report (Form B) was submitted timely.	Compliant	Compliant	See Finding #2020-010
Annual Expenditure Report (Form C) was submitted timely.	Compliant	Compliant	Compliant
Cash or cash equivalents are maintained.	Compliant	Compliant	Compliant
Accounting procedures, record keeping and documentation are adequate.	Compliant	Compliant	Compliant
Pavement Management System (PMS) in place and being used for Street Maintenance or Improvement Projects Expenditures.	Not Applicable	Compliant	Compliant
Local Return Account is credited for reimbursable expenditures.	Not Applicable	Compliant	Compliant
Self-Certification was completed and submitted for Intelligent Transportation Systems projects or elements.	Not Applicable	Not Applicable	Not Applicable
Assurances and Understandings form was on file.	Compliant	Compliant	Compliant
Recreational Transit Form was submitted timely.	Not Applicable	Compliant	Not Applicable

**Los Angeles County Metropolitan Transportation Authority  
Proposition A and Proposition C Local Return Funds  
Summary of Audit Results  
Fiscal Year Ended June 30, 2020  
(Continued)**

<b>Compliance Area Tested</b>	<b>Inglewood</b>	<b>Irwindale</b>	<b>La Puente</b>
<b>Proposition A and Proposition C Local Return Funds</b>			
Uses the State Controller's Uniform System of Accounts and Records.	Compliant	Compliant	Compliant
Timely use of funds.	Compliant	Compliant	Compliant
Funds expended were approved and have not been substituted for property tax.	Compliant	Compliant	Compliant
Expenditures that exceeded 25% of approved project budget have approved amended Project Description Form (Form A).	Compliant	Compliant	See Finding #2020-011
Administrative expenses are within the 20% cap of the total annual Local Return Expenditures.	Compliant	Not Applicable	Compliant
All on-going and carryover projects were reported in Form B.	Compliant	Compliant	Compliant
Annual Project Summary Report (Form B) was submitted timely.	Compliant	Compliant	Compliant
Annual Expenditure Report (Form C) was submitted timely.	Compliant	Compliant	Compliant
Cash or cash equivalents are maintained.	Compliant	Compliant	Compliant
Accounting procedures, record keeping and documentation are adequate.	Compliant	Compliant	Compliant
Pavement Management System (PMS) in place and being used for Street Maintenance or Improvement Projects Expenditures.	Compliant	Compliant	Compliant
Local Return Account is credited for reimbursable expenditures.	Compliant	Not Applicable	Not Applicable
Self-Certification was completed and submitted for Intelligent Transportation Systems projects or elements.	Not Applicable	Not Applicable	Not Applicable
Assurances and Understandings form was on file.	Compliant	Compliant	Compliant
Recreational Transit Form was submitted timely.	Not Applicable	Not Applicable	See Finding #2020-012

**Los Angeles County Metropolitan Transportation Authority  
Proposition A and Proposition C Local Return Funds  
Summary of Audit Results  
Fiscal Year Ended June 30, 2020  
(Continued)**

<b>Compliance Area Tested</b>	<b>Lawndale</b>	<b>Lynwood</b>	<b>Malibu</b>
<b>Proposition A and Proposition C Local Return Funds</b>			
Uses the State Controller's Uniform System of Accounts and Records.	Compliant	Compliant	Compliant
Timely use of funds.	Compliant	Compliant	Compliant
Funds expended were approved and have not been substituted for property tax.	See Finding #2020-013	Compliant	Compliant
Expenditures that exceeded 25% of approved project budget have approved amended Project Description Form (Form A).	Compliant	Compliant	Compliant
Administrative expenses are within the 20% cap of the total annual Local Return Expenditures.	Compliant	Compliant	Compliant
All on-going and carryover projects were reported in Form B.	Compliant	Compliant	Compliant
Annual Project Summary Report (Form B) was submitted timely.	Compliant	Compliant	Compliant
Annual Expenditure Report (Form C) was submitted timely.	Compliant	Compliant	Compliant
Cash or cash equivalents are maintained.	Compliant	Compliant	Compliant
Accounting procedures, record keeping and documentation are adequate.	Compliant	Compliant	Compliant
Pavement Management System (PMS) in place and being used for Street Maintenance or Improvement Projects Expenditures.	Compliant	Compliant	Compliant
Local Return Account is credited for reimbursable expenditures.	Not Applicable	Not Applicable	Not Applicable
Self-Certification was completed and submitted for Intelligent Transportation Systems projects or elements.	Not Applicable	Not Applicable	Not Applicable
Assurances and Understandings form was on file.	Compliant	Compliant	Compliant
Recreational Transit Form was submitted timely.	Not Applicable	Compliant	Compliant

**Los Angeles County Metropolitan Transportation Authority  
Proposition A and Proposition C Local Return Funds  
Summary of Audit Results  
Fiscal Year Ended June 30, 2020  
(Continued)**

<b>Compliance Area Tested</b>	<b>Proposition A and Proposition C Local Return Funds</b>	<b>Maywood</b>	<b>Montebello</b>	<b>Monterey Park</b>
Uses the State Controller's Uniform System of Accounts and Records.	Compliant	Compliant	Compliant	Compliant
Timely use of funds.	Compliant	Compliant	Compliant	Compliant
Funds expended were approved and have not been substituted for property tax.	Compliant	See Finding #2020-015	Compliant	Compliant
Expenditures that exceeded 25% of approved project budget have approved amended Project Description Form (Form A).	See Finding #2020-014	Compliant	Compliant	Compliant
Administrative expenses are within the 20% cap of the total annual Local Return Expenditures.	Compliant	Compliant	Compliant	Compliant
All on-going and carryover projects were reported in Form B.	Compliant	Compliant	Compliant	Compliant
Annual Project Summary Report (Form B) was submitted timely.	Compliant	Compliant	Compliant	Compliant
Annual Expenditure Report (Form C) was submitted timely.	Compliant	Compliant	Compliant	Compliant
Cash or cash equivalents are maintained.	Compliant	Compliant	Compliant	Compliant
Accounting procedures, record keeping and documentation are adequate.	Compliant	Compliant	Compliant	Compliant
Pavement Management System (PMS) in place and being used for Street Maintenance or Improvement Projects Expenditures.	Compliant	Compliant	Compliant	Compliant
Local Return Account is credited for reimbursable expenditures.	Not Applicable	Compliant	Compliant	Not Applicable
Self-Certification was completed and submitted for Intelligent Transportation Systems projects or elements.	Not Applicable	Not Applicable	Not Applicable	Not Applicable
Assurances and Understandings form was on file.	Compliant	Compliant	Compliant	Compliant
Recreational Transit Form was submitted timely.	Not Applicable	Not Applicable	Compliant	Compliant



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<b>Compliance Area Tested</b>	<b>Pico Rivera</b>	<b>Pomona</b>	<b>Rosemead</b>
<b>Proposition A and Proposition C Local Return Funds</b>			
Uses the State Controller's Uniform System of Accounts and Records.	Compliant	Compliant	Compliant
Timely use of funds.	Compliant	Compliant	Compliant
Funds expended were approved and have not been substituted for property tax.	Compliant	Compliant	Compliant
Expenditures that exceeded 25% of approved project budget have approved amended Project Description Form (Form A).	See Finding #2020-016	Compliant	Compliant
Administrative expenses are within the 20% cap of the total annual Local Return Expenditures.	Compliant	Compliant	Compliant
All on-going and carryover projects were reported in Form B.	Compliant	Compliant	Compliant
Annual Project Summary Report (Form B) was submitted timely.	Compliant	Compliant	Compliant
Annual Expenditure Report (Form C) was submitted timely.	Compliant	Compliant	Compliant
Cash or cash equivalents are maintained.	Compliant	Compliant	Compliant
Accounting procedures, record keeping and documentation are adequate.	Compliant	Compliant	Compliant
Pavement Management System (PMS) in place and being used for Street Maintenance or Improvement Projects Expenditures.	Compliant	See Finding #2020-017	Compliant
Local Return Account is credited for reimbursable expenditures.	Not Applicable	Compliant	Compliant
Self-Certification was completed and submitted for Intelligent Transportation Systems projects or elements.	Not Applicable	Not Applicable	Not Applicable
Assurances and Understandings form was on file.	Compliant	Compliant	Compliant
Recreational Transit Form was submitted timely.	Compliant	See Finding #2020-018	Compliant

**Los Angeles County Metropolitan Transportation Authority  
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<b>Compliance Area Tested  Proposition A and Proposition C Local Return Funds</b>	<b>San  Fernando</b>	<b>Santa Fe  Springs</b>	<b>Santa Monica</b>
Uses the State Controller's Uniform System of Accounts and Records.	Compliant	Compliant	Compliant
Timely use of funds.	Compliant	Compliant	Compliant
Funds expended were approved and have not been substituted for property tax.	Compliant	Compliant	Compliant
Expenditures that exceeded 25% of approved project budget have approved amended Project Description Form (Form A).	Compliant	Compliant	Compliant
Administrative expenses are within the 20% cap of the total annual Local Return Expenditures.	Compliant	Compliant	Compliant
All on-going and carryover projects were reported in Form B.	Compliant	Compliant	Compliant
Annual Project Summary Report (Form B) was submitted timely.	Compliant	Compliant	Compliant
Annual Expenditure Report (Form C) was submitted timely.	Compliant	Compliant	Compliant
Cash or cash equivalents are maintained.	Compliant	Compliant	Compliant
Accounting procedures, record keeping and documentation are adequate.	Compliant	Compliant	Compliant
Pavement Management System (PMS) in place and being used for Street Maintenance or Improvement Projects Expenditures.	Compliant	Compliant	Compliant
Local Return Account is credited for reimbursable expenditures.	Not Applicable	Not Applicable	Not Applicable
Self-Certification was completed and submitted for Intelligent Transportation Systems projects or elements.	Not Applicable	Not Applicable	Not Applicable
Assurances and Understandings form was on file.	Compliant	Compliant	Compliant
Recreational Transit Form was submitted timely.	Compliant	Compliant	Compliant

**Los Angeles County Metropolitan Transportation Authority**  
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<b>Compliance Area Tested</b>	<b>South El Monte</b>	<b>South Gate</b>	<b>Vernon</b>
<b>Proposition A and Proposition C Local Return Funds</b>			
Uses the State Controller's Uniform System of Accounts and Records.	Compliant	Compliant	Compliant
Timely use of funds.	Compliant	Compliant	Compliant
Funds expended were approved and have not been substituted for property tax.	Compliant	Compliant	Compliant
Expenditures that exceeded 25% of approved project budget have approved amended Project Description Form (Form A).	See Finding #2020-019	Compliant	Compliant
Administrative expenses are within the 20% cap of the total annual Local Return Expenditures.	Compliant	Compliant	Not Applicable
All on-going and carryover projects were reported in Form B.	Compliant	Compliant	Compliant
Annual Project Summary Report (Form B) was submitted timely.	Compliant	Compliant	Compliant
Annual Expenditure Report (Form C) was submitted timely.	Compliant	Compliant	Compliant
Cash or cash equivalents are maintained.	Compliant	Compliant	Compliant
Accounting procedures, record keeping and documentation are adequate.	See Finding #2020-020	Compliant	Compliant
Pavement Management System (PMS) in place and being used for Street Maintenance or Improvement Projects Expenditures.	Compliant	Compliant	Not Applicable
Local Return Account is credited for reimbursable expenditures.	Not Applicable	Not Applicable	Not Applicable
Self-Certification was completed and submitted for Intelligent Transportation Systems projects or elements.	Compliant	Not Applicable	Not Applicable
Assurances and Understandings form was on file.	Compliant	Compliant	Compliant
Recreational Transit Form was submitted timely.	See Finding #2020-021	Compliant	Not Applicable

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<b>Compliance Area Tested  Proposition A and Proposition C Local Return Funds</b>	<b>Walnut</b>	<b>West  Hollywood</b>	<b>Westlake  Village</b>
Uses the State Controller's Uniform System of Accounts and Records.	Compliant	Compliant	Compliant
Timely use of funds.	Compliant	Compliant	Compliant
Funds expended were approved and have not been substituted for property tax.	Compliant	Compliant	Compliant
Expenditures that exceeded 25% of approved project budget have approved amended Project Description Form (Form A).	Compliant	Compliant	Compliant
Administrative expenses are within the 20% cap of the total annual Local Return Expenditures.	Compliant	Compliant	Not Applicable
All on-going and carryover projects were reported in Form B.	Compliant	Compliant	Compliant
Annual Project Summary Report (Form B) was submitted timely.	Compliant	Compliant	Compliant
Annual Expenditure Report (Form C) was submitted timely.	Compliant	Compliant	Compliant
Cash or cash equivalents are maintained.	Compliant	Compliant	Compliant
Accounting procedures, record keeping and documentation are adequate.	Compliant	Compliant	Compliant
Pavement Management System (PMS) in place and being used for Street Maintenance or Improvement Projects Expenditures.	Compliant	Compliant	Not Applicable
Local Return Account is credited for reimbursable expenditures.	Not Applicable	Not Applicable	Not Applicable
Self-Certification was completed and submitted for Intelligent Transportation Systems projects or elements.	Not Applicable	Not Applicable	Not Applicable
Assurances and Understandings form was on file.	Compliant	Compliant	Compliant
Recreational Transit Form was submitted timely.	Compliant	Compliant	Not Applicable

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<b>Finding #2020-001: PALRF and PCLRF</b>	<b>City of Azusa</b>
<b>Compliance Reference</b>	Section I(C) Annual Project Update (Form B) of the Proposition A and C Local Return Guidelines state that, "Jurisdiction shall submit on or before August 1st of each fiscal year an Annual Project Update (Form B) to provide current information on all approved on-going and carryover LR projects. LACMTA will review and accept or return the report for changes. Cities shall report the anticipated expenditure cash flow amounts for the covered fiscal year."
<b>Condition</b>	The City submitted its Annual Project Update (Form B) on October 1, 2019, 60 days after the due date of August 1, 2019.
<b>Cause</b>	The City inadvertently missed the filing deadline.
<b>Effect</b>	The City was not in compliance with the reporting requirements of the Local Return Guidelines.
<b>Recommendation</b>	We recommend the City establish procedures and internal controls to ensure that the Annual Project Update (Form B) is submitted by August 1st as required by the Guidelines.
<b>Management's Response</b>	The City will ensure the Proposition A & C Form B is submitted in a timely manner by the August 1 for each fiscal year.
<b>Finding Corrected During the Audit</b>	The City subsequently submitted the Annual Project Update (Form B). No follow up is required.

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<b>Finding #2020-002: PCLRF</b>	<b>City of Azusa</b>
<b>Compliance Reference</b>	Under Section III(A) Reporting Requirements for Jurisdictions, Annual Expenditure Report (Form C) of the Proposition A and Proposition C Local Return Guidelines, "For Jurisdictions with Recreational Transit projects, Jurisdictions are required to annually submit an accounting of Recreational Transit trips, destinations and costs. This information should be submitted along with the Form C, no later than October 15 after the fiscal year".
<b>Condition</b>	The Recreational Transit Service Form was submitted on October 19, 2020, 4 days beyond the due date of October 15, 2020.
<b>Cause</b>	The City inadvertently missed the filing deadline.
<b>Effect</b>	The City was not in compliance with the reporting requirements of the Local Return Guidelines.
<b>Recommendation</b>	We recommend the City establish procedures and internal controls to ensure that the Annual Recreational Transit Service Form is submitted by October 15 <sup>th</sup> as required by the Guidelines.
<b>Management's Response</b>	The City will ensure the Recreational Transit Form and Certification is submitted in a timely manner by the October 15 for each fiscal year.
<b>Finding Corrected During the Audit</b>	The City subsequently submitted the Recreational Transit Service form. No follow up is required.

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<b>Finding #2020-003: PALRF and PCLRF</b>	<b>City of Baldwin Park</b>
<b>Compliance Reference</b>	Section I(C) Project Description Form (Form A) of the Proposition A and C Local Return Guidelines states that, "Jurisdictions shall submit for approval a Project Description Form (Form A) prior to the expenditure of funds for: 1) a new project; 2) a new route; 3) a 25 percent change (increase or decrease) in route or revenue vehicle miles for an established LR funded transit service; 4) a 0.75 miles or greater service change that duplicates/overlays an existing transit service; or 5) a 25 percent or greater change in an approved LR project budget or scope on all operating or capital LR projects."
<b>Condition</b>	<p>The City claimed expenditures under the following projects with no prior approval from LACMTA.</p> <p>The City claimed expenditures under the following projects with no prior approval from LACMTA.</p> <ul style="list-style-type: none"> <li>a. PALRF Project code 170-01, Bus Shelter Maintenance, totaling \$6,826;</li> <li>b. PALRF Project code 180-01, CNG Station, totaling \$13,712;</li> <li>c. PALRF Project code 270-02, Commuter Express Trolley Program Planning, totaling \$10,595;</li> <li>d. PALRF Project code 430-03, Complete Streets - Maine Phase II, totaling \$72,100;</li> <li>e. PALRF Project code 430-05, Walnut Creek NP Restoration, totaling \$13,079;</li> <li>f. PALRF Project code 450-01, SB1 Street Improvements and Rehabilitation, totaling \$42,454;</li> <li>g. PALRF Project code 470-02, Pavement Management Updates, totaling \$29,000;</li> <li>h. PCLRF Project code 120-01, Dial A Ride Service, totaling \$28,554;</li> <li>i. PCLRF Project code 220-01, Graffiti Removal, totaling \$55,529</li> <li>j. PCLRF Project code 230-02, Park/Ride Lot - Utilities, totaling \$2,135;</li> <li>k. PCLRF Project code 270-03, SGVCOG Dues, totaling \$12,292;</li> <li>l. PCLRF Project code 300-05, Transit Center/Pedestrian Bridge, totaling \$34,212;</li> <li>m. PCLRF Project code 440-08, Street Name/Roadway Signs, totaling \$75,566; and</li> </ul>

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<b>Finding #2020-003: PALRF and PCLRF (continued)</b>	<b>City of Baldwin Park</b>
<b>Condition (continued)</b>	<p>n. PCLRF Project code 450-10, Various Street Improvement Project, totaling \$94,657;</p> <p>Although we found the expenditures to be eligible for Local Return funding, these projects had no prior approval from LACMTA.</p> <p>This is a repeat finding from prior years' audits.</p>
<b>Cause</b>	The City continued transitioning of various reporting requirements among several staff members and departments throughout this year. Although the coordination among the various departments has greatly improved, staff is still adjusting to the newly implemented procedures that resulted from the previous year's findings. A combination of new staff positions and new procedures led to an oversight on the timely completion of the forms. This has been addressed and discussed with staff and should not re-occur moving forward.
<b>Effect</b>	Proposition A and Proposition C LR funds were expended towards project expenditures without prior approval by the LACMTA. The City did not comply with the Guidelines.
<b>Recommendation</b>	We recommend that the City establish procedures and internal controls to ensure that approval is obtained from LACMTA prior to spending on any Local Return-funded projects.
<b>Management's Response</b>	Procedures implemented in the most recent audit year have addressed hurdles in the preparation and submittal of the appropriate information in order to meet compliance with Proposition A and Proposition C Local Return Guidelines. Further, staff has been trained in the use of LACMTA's new Local Return Management System (LRMS) portal "Smartsheet" system which is expected to greatly improve the City's reporting submittal requirements. In addition, the City implemented a two-step verification process that includes both Finance and Public Works department staff obtaining verification of approval by LACMTA before issuing any checks and expending any funds for the projects.
<b>Findings Resolved During the Audit</b>	LACMTA Program Manager granted a retroactive approval of projects' budget on October 22 and 29, 2020. No follow up is required.



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<b>Finding #2020-004: PALRF</b>	<b>City of Bell Gardens</b>
<b>Compliance Reference</b>	Section I(C) Project Description Form (Form A) of the Proposition A and C Local Return Guidelines states that, "Jurisdictions shall submit for approval a Project Description Form (Form A) prior to the expenditure of funds for: 1) a new project; 2) a new route; 3) a 25 percent change (increase or decrease) in route or revenue vehicle miles for an established LR funded transit service; 4) a 0.75 miles or greater service change that duplicates/overlays an existing transit service; or 5) a 25 percent or greater change in an approved LR project budget or scope on all operating or capital LR projects."
<b>Condition</b>	<p>The City claimed expenditures under the PALRF Project Code 260-01, Vehicles, totaling \$14,743 with no prior approval from LACMTA.</p> <p>Although we found the expenditures to be eligible for Local Return funding, these projects had no prior approval from LACMTA.</p>
<b>Cause</b>	The finding was caused by an oversight by City staff.
<b>Effect</b>	Proposition A LR funds were expended towards project expenditures without prior approval by LACMTA.
<b>Recommendation</b>	We recommend the City establish procedures and implement internal controls to ensure that approval is obtained from LACMTA prior to spending on any Local Return-funded projects by submitting a Project Description Form (Form A).
<b>Management's Response</b>	<p>The City concurs with the finding that a Form A should have been submitted to LACMTA for approval for Project code 260-01, Vehicles.</p> <p>The City continues to reevaluate the processes that are in place to ensure that budgets for new projects are approved by LACMTA prior to expending the funds.</p>
<b>Finding Corrected During the Audit</b>	LACMTA Program Manager granted a retroactive approval of project's budget on September 24, 2020. No follow up is required.

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<b>Finding #2020-005: PALRF</b>	<b>City of Bell Gardens</b>
<b>Compliance Reference</b>	Section I(C) Project Description Form (Form A) of the Proposition A and C Local Return Guidelines states that, "Jurisdictions shall submit for approval a Project Description Form (Form A) prior to the expenditure of funds for: 1) a new project; 2) a new route; 3) a 25 percent change (increase or decrease) in route or revenue vehicle miles for an established LR funded transit service; 4) a 0.75 miles or greater service change that duplicates/overlays an existing transit service; or 5) a 25 percent or greater change in an approved LR project budget or scope on all operating or capital LR projects."
<b>Condition</b>	<p>The City exceeded LACMTA's approved budget by more than 25 percent without obtaining approval through a revised Form A for PALRF's Project Code 120-01, General Public Transit project. Amount in excess of 25 percent of the approved budget was \$405,277.</p> <p>Projects with greater than 25 percent change from the approved project budget should be amended by submitting a Project Description Form (Form A).</p> <p>The City submitted a Form A to the LACMTA Program Manager and obtained a retroactive approval of the project on September 24, 2020.</p> <p>This is a repeat finding from prior year's audit.</p>
<b>Cause</b>	The City revised the direct cost reporting for the General Public transit project. In previous years, all (100%) direct cost was reported in General Public Transit project. In the last two years, the City allocated 20% of the direct cost to Fixed Route Transit project since the direct cost applies to both Fixed Route Transit and General Public Transit. The finding was caused by an oversight by City staff.
<b>Effect</b>	The City's PALRF project expenditures exceeded 25 percent of the project budget approved by LACMTA without LACMTA's prior approval which resulted in the City's noncompliance with the Guidelines.

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<b>Finding #2020-005: PALRF</b>	<b>City of Bell Gardens</b>
<b>Recommendation</b>	We recommend that the City submit a revised Form A to obtain LACMTA's approval for the change in project budget and implement internal controls to ensure compliance with this requirement at all times.
<b>Management's Response</b>	The City concurs with the finding and will establish procedures to ensure that any projects exceeding the 25 percent threshold are identified and updated Project Description Form (Form A) is submitted to LACMTA for approval prior to the expenditure of funds.
<b>Finding Corrected During the Audit</b>	LACMTA Program Manager granted retroactive approval of the said project on September 24, 2020. No additional follow up is required.

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<b>Finding #2020-006: PALRF and PCLRF</b>	<b>City of Bell Gardens</b>
<b>Compliance Reference</b>	Section I(C) Annual Project Update (Form B) of the Proposition A and C Local Return Guidelines states that, "Jurisdictions shall submit on or before August 1 <sup>st</sup> of each fiscal year an Annual Project Update (Form B) to provide current information on all approved on-going and carryover LR projects. LACMTA will review and accept or return the report for changes. Cities shall report the anticipated expenditure cash flow amounts for the covered fiscal year."
<b>Condition</b>	The City submitted its Form B on August 21, 2019, 20 days after the due date of August 1, 2019.  This is a repeat finding from prior year's audit.
<b>Cause</b>	The Form B report was submitted late due to an oversight by City staff assigned to complete the task.
<b>Effect</b>	The City was not in compliance with the reporting requirements of the Local Return Guidelines.
<b>Recommendation</b>	We recommend the City establish procedures and controls to ensure that the Annual Project Update (Form B) is submitted by August 1 <sup>st</sup> as required by the Guidelines.
<b>Management's Response</b>	The City continues to reevaluate the processes that are in place to ensure forms are submitted to LACMTA timely.
<b>Finding Corrected During the Audit</b>	The City subsequently submitted the form. No follow up is required.

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<b>Finding #2020-007: PALRF and PCLRF</b>	<b>City of Calabasas</b>
<b>Compliance Reference</b>	Under Section III(A) Reporting Requirement for Jurisdictions, Annual Expenditure Report (Form C) of the Proposition A and Proposition C Local Return Guidelines, for Jurisdictions with Recreational Transit projects, Jurisdictions are required to annually submit an accounting of Recreational Transit trips, destinations and costs. This information should be submitted along with the Form C, no later than October 15 after the fiscal year.
<b>Condition</b>	The Recreational Transit report was submitted on November 18, 2020, 34 days beyond the due date of October 15, 2020.  This is a repeat finding from prior year's audit.
<b>Cause</b>	LACMTA had moved all documents to Smartsheet system. Staff was under the impression that this form was no longer in use as it was not listed on the website.
<b>Effect</b>	The City was not in compliance with the reporting requirements of the Local Return Guidelines.
<b>Recommendation</b>	We recommend that the City establish procedures and controls to ensure that the Annual Recreational Transit Report is submitted by October 15 <sup>th</sup> as required by the Guidelines.
<b>Management's Response</b>	Staff will ensure this form is submitted to LACMTA prior to the due date.
<b>Finding Corrected During the Audit</b>	The City subsequently submitted the Recreational Transit Service form. No follow up is required.

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<b>Finding #2020-008: PCLRF</b>	<b>City of Carson</b>
<b>Compliance Reference</b>	Section I(C) Project Description Form (Form A) of the Proposition A and C Local Return Guidelines states that, "Jurisdictions shall submit for approval a Project Description Form (Form A) prior to the expenditure of funds for: 1) a new project; 2) a new route; 3) a 25 percent change (increase or decrease) in route or revenue vehicle miles for an established LR funded transit service; 4) a 0.75 miles or greater service change that duplicates/overlays an existing transit service; or 5) a 25 percent or greater change in an approved LR project budget or scope on all operating or capital LR projects."
<b>Condition</b>	<p>The City exceeded LACMTA's approved budget by more than 25 percent without obtaining approval through a revised Form A for PCLRF's Project Code 240-03, Emergency Lyft Services project. Amount in excess of 25 percent of the approved budget was \$1,324.</p> <p>Projects with greater than 25 percent change from the approved project budget should be amended by submitting a revised Project Description Form (Form A).</p>
<b>Cause</b>	This condition was caused by staff oversight.
<b>Effect</b>	The City's PCLRF project expenditures exceeded 25 percent of the approved project budget without LACMTA's prior approval which resulted in the City's noncompliance with the Guidelines.
<b>Recommendation</b>	We recommend that the City submit a revised Form A to obtain LACMTA's approval for the change in project budget and implement internal controls to ensure compliance with this requirement at all times.
<b>Management's Response</b>	<p>The City will obtain LACMTA approval prior to spending LACMTA funded projects.</p> <p>The City requested to increase the budget and was granted a retroactive approval on the amended budget for this project on October 14, 2020.</p>
<b>Finding Corrected During the Audit</b>	LACMTA Program Manager granted retroactive approval of said project on October 14, 2020. No additional follow up is required.

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<b>Finding #2020-009: PALRF</b>	<b>City of Compton</b>
<b>Compliance Reference</b>	Section I(C) Project Description Form (Form A) of the Proposition A and C Local Return Guidelines states that, "Jurisdictions shall submit for approval a Project Description Form (Form A) prior to the expenditure of funds for: 1) a new project; 2) a new route; 3) a 25 percent change (increase or decrease) in route or revenue vehicle miles for an established LR funded transit service; 4) a 0.75 miles or greater service change that duplicates/overlays an existing transit service; or 5) a 25 percent or greater change in an approved LR project budget or scope on all operating or capital LR projects."
<b>Condition</b>	<p>The City claimed expenditures amounting to \$20,000 under PALRF Project code 280-30, Compton Station Transit Oriented Development (TOD) Specific Plan, with no prior approval from LACMTA.</p> <p>Although we found the expenditures to be eligible for Local Return funding, this project had no prior approval from LACMTA.</p>
<b>Cause</b>	This condition was caused by insufficient communication between the Budget Office, Grants Department, and LACMTA.
<b>Effect</b>	Proposition A funds were expended towards project expenditures without prior approval by the LACMTA. The City did not comply with the Guidelines.
<b>Recommendation</b>	We recommend the City establish procedures and internal controls to ensure that approval is obtained from LACMTA prior to spending on any Local Return-funded projects.
<b>Management's Response</b>	<p>The City will obtain LACMTA approval prior to spending LACMTA funded projects. The City received a retroactive approval for this project on November 10, 2020.</p> <p>The City is also preparing a new grants policy by December 31, 2020, which will address the areas of communication, so this will not occur again.</p>
<b>Finding Corrected During the Audit</b>	LACMTA Program Manager granted a retroactive approval of projects' budget on November 10, 2020. No follow up is required.

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<b>Finding #2020-010: PALRF and PCLRF</b>	<b>City of Industry</b>
<b>Compliance Reference</b>	Section I(C) Annual Project Update (Form B) of the Proposition A and C Local Return Guidelines states that, "Jurisdictions shall submit on or before August 1 <sup>st</sup> of each fiscal year an Annual Project Update (Form B) to provide current information on all approved on-going and carryover LR projects. LACMTA will review and accept or return the report for changes. Cities shall report the anticipated expenditure cash flow amounts for the covered fiscal year".
<b>Condition</b>	The City submitted its Form B on August 15, 2019, 14 days after the due date of August 1, 2019.
<b>Cause</b>	The Form B report was submitted late due to an oversight by City staff assigned to complete the task.
<b>Effect</b>	The City was not in compliance with the reporting requirements of the Local Return Guidelines.
<b>Recommendation</b>	We recommend the City establish procedures and controls to ensure that the Annual Project Update (Form B) is submitted by August 1 <sup>st</sup> as required by the Guidelines.
<b>Management's Response</b>	The City has since put in extra procedures to ensure timely reporting to comply with the requirements and the FY 2020 budget was filed on time.
<b>Finding Corrected During the Audit</b>	The City subsequently submitted the form. No follow up is required.



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(Continued)**

<b>Finding #2020-011: PCLRF</b>	<b>City of La Puente</b>
<b>Compliance Reference</b>	Section I(C) Project Description Form (Form A) of the Proposition A and C Local Return Guidelines states that, "Jurisdictions shall submit for approval a Project Description Form (Form A) prior to the expenditure of funds for: 1) a new project; 2) a new route; 3) a 25 percent change (increase or decrease) in route or revenue vehicle miles for an established LR funded transit service; 4) a 0.75 miles or greater service change that duplicates/overlays an existing transit service; or 5) a 25 percent or greater change in an approved LR project budget or scope on all operating or capital LR projects".
<b>Condition</b>	<p>The City exceeded LACMTA's approved budget by more than 25 percent without obtaining approval through a revised Form A for PCLRF's Project Code 480-02, Administration. Amount in excess of 25 percent of the approved budget was \$3,680.</p> <p>Projects with greater than 25 percent change from the approved project budget should be amended by submitting a Project Description Form (Form A).</p> <p>The City submitted a Form A to the LACMTA Program Manager and obtained a retroactive approval of the project on November 12, 2020.</p>
<b>Cause</b>	City staff became primarily engaged in disaster management and Emergency Operations Center (EOC) activities in March 2020 due to the COVID-19 Pandemic. As priorities in local government shifted towards protecting the community from this emergent threat, an oversight was made in monitoring expenditures in the Administration project.
<b>Effect</b>	The City's PCLRF project expenditures exceeded 25 percent of the approved project budget without LACMTA's prior approval, which resulted in the City's noncompliance with the Guidelines.
<b>Recommendation</b>	We recommend that the City submit a revised Form A to obtain LACMTA's approval for the change in project budget and implement internal controls to ensure compliance with this requirement at all times.

**Los Angeles County Metropolitan Transportation Authority  
 Proposition A and Proposition C Local Return Funds  
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 Fiscal Year Ended June 30, 2020  
 (Continued)**

<b>Finding #2020-011: PCLRF (continued)</b>	<b>City of La Puente</b>
<b>Management's Response</b>	City staff agrees with the finding and has put a procedure in place to verify that LACMTA approval has been obtained prior to the expenditure of funds. Under this procedure a designated staff member will review and complete all necessary documents for submission to LACMTA. Furthermore, staff has recently implemented a monthly budget monitoring and reporting process, which is reviewed at all levels of management.
<b>Finding Corrected During the Audit</b>	LACMTA Program Manager granted retroactive approval of the said project on November 12, 2020. No additional follow up is required.

**Los Angeles County Metropolitan Transportation Authority  
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 Fiscal Year Ended June 30, 2020  
 (Continued)**

<b>Finding #2020-012: PALRF</b>	<b>City of La Puente</b>
<b>Compliance Reference</b>	Under Section III (A) Reporting Requirements for Jurisdictions of the Proposition A and Proposition C Local Return Guidelines, for Jurisdictions with Recreational Transit projects, Jurisdictions are required to annually submit an accounting of Recreational Transit trips, destinations and costs. This information should be submitted along with the Form C, no later than October 15 after the fiscal year.
<b>Condition</b>	The Recreational Transit report was submitted on October 16, 2020, 1 day beyond the due date of October 15, 2020.
<b>Cause</b>	City staff became primarily engaged in disaster management and Emergency Operations Center (EOC) activities in March 2020 due to the COVID-19 Pandemic. Based on social distancing guidelines from Public Health authorities, recreational transit activities were halted. Due to the lack of activity in this area of service, City staff made an oversight in tracking the deadline for submittal of the report.
<b>Effect</b>	The City was not in compliance with the reporting requirements of the Local Return Guidelines.
<b>Recommendation</b>	We recommend the City establish procedures and controls to ensure that the Annual Recreational Transit Report is submitted by October 15 <sup>th</sup> as required by the Guidelines.
<b>Management's Response</b>	City staff agrees with the finding and has implemented new control procedures to ensure the timely submission of all LACMTA documents, including scheduling calendar events in MS Outlook on multiple user accounts within the Administrative Services Department.
<b>Finding Corrected During the Audit</b>	The City subsequently submitted the form. No follow up is required.

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

<b>Finding #2020-013: PCLRF</b>	<b>City of Lawndale</b>
<b>Compliance Reference</b>	Section I(C) Project Description Form (Form A) of the Proposition A and C Local Return Guidelines states that, "Jurisdictions shall submit for approval a Project Description Form (Form A) prior to the expenditure of funds for: 1) a new project; 2) a new route; 3) a 25 percent change (increase or decrease) in route or revenue vehicle miles for an established LR funded transit service; 4) a 0.75 miles or greater service change that duplicates/overlays an existing transit service; or 5) a 25 percent or greater change in an approved LR project budget or scope on all operating or capital LR projects".
<b>Condition</b>	The City claimed expenditures amounting to \$88,280 under PCLRF Project code 440-01, Street Maintenance and Repairs Project, with no prior approval from LACMTA.  Although we found the expenditures to be eligible for Local Return funding, this project had no prior approval from LACMTA.
<b>Cause</b>	The City had submitted its budget under project code 480-03 totaling to \$297,904 for FY 2019/20 including both administration costs and street maintenance and repairs costs.
<b>Effect</b>	Proposition C funds were expended towards project expenditures without prior approval by the LACMTA. The City did not comply with the Guidelines.
<b>Recommendation</b>	We recommend the City establish procedures and controls to ensure that approval is obtained from LACMTA prior to spending on any Local Return-funded projects.
<b>Management's Response</b>	The City will submit future proposals with the two costs, street maintenance and repairs and administration expenses, in separate project codes.
<b>Findings Resolved During the Audit</b>	LACMTA Program Manager granted a retroactive approval of projects' budget on November 2, 2020. No follow up is required.

**Los Angeles County Metropolitan Transportation Authority  
 Proposition A and Proposition C Local Return Funds  
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 Fiscal Year Ended June 30, 2020  
 (Continued)**

<b>Finding #2020-014: PALRF and PCLRF</b>	<b>City of Maywood</b>
<b>Compliance Reference</b>	Section I(C) Project Description Form (Form A) of the Proposition A and C Local Return Guidelines states that, "Jurisdictions shall submit for approval a Project Description Form (Form A) prior to the expenditure of funds for: 1) a new project; 2) a new route; 3) a 25 percent change (increase or decrease) in route or revenue vehicle miles for an established LR funded transit service; 4) a 0.75 miles or greater service change that duplicates/overlays an existing transit service; or 5) a 25 percent or greater change in an approved LR project budget or scope on all operating or capital LR projects".
<b>Condition</b>	<p>The City exceeded LACMTA's approved budget by more than 25 percent without obtaining approval through a revised Form A for the following projects:</p> <ul style="list-style-type: none"> <li>a. PALRF's Project code 405-03, Fund Exchange-Manhattan Beach Project. Amount in excess of 25 percent of the approved budget was \$23,973; and</li> <li>b. PCLRF's Project code 120-01, Maywood Dial-A-Ride project. Amount in excess of 25 percent of the approved budget was \$94,718.</li> </ul> <p>Projects with greater than 25 percent change from the approved project budget should be amended by submitting a Project Description Form (Form A).</p> <p>The City submitted a Form A to the LACMTA Program Manager and obtained a retroactive approval of the project on October 21, 2020.</p>
<b>Cause</b>	<p>The City is under the impression that the total of the project budgets of \$550,000 for the PALRF fund exchanges with the City of West Hollywood and City of Manhattan Beach was not exceeded. However, the actual fund exchange with the City of West Hollywood was lower than the budget and the fund exchange with the City of Manhattan Beach was higher than the budget but total fund exchange is the same as the budget.</p> <p>The former Finance Director was planning to use other funding source for the City's Dial-A-Ride project but the City ended up just using PCLRF.</p>

**Los Angeles County Metropolitan Transportation Authority  
 Proposition A and Proposition C Local Return Funds  
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 Fiscal Year Ended June 30, 2020  
 (Continued)**

<b>Finding #2020-014: PCLRF (continued)</b>	<b>City of Maywood</b>
<b>Effect</b>	The City's PALRF and PCLRF project expenditures exceeded 25 percent of the approved project budget without LACMTA's prior approval which resulted in the City's noncompliance with the Guidelines.
<b>Recommendation</b>	We recommend that the City submit a revised Form A to obtain LACMTA's approval for the change in project budget and implement internal controls to ensure compliance with this requirement at all times.
<b>Management's Response</b>	The City submitted a revised Form A and obtained an approval for the increase in the budget from LACMTA Program Manager.
<b>Finding Corrected During the Audit</b>	LACMTA Program Manager granted retroactive approval of said project on October 24, 2020. No additional follow up is required.

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

<b>Finding #2020-015: PCLRF</b>	<b>City of Montebello</b>
<b>Compliance Reference</b>	Section I(C) Project Description Form (Form A) of the Proposition A and C Local Return Guidelines states that, "Jurisdictions shall submit for approval a Project Description Form (Form A) prior to the expenditure of funds for: 1) a new project; 2) a new route; 3) a 25 percent change (increase or decrease) in route or revenue vehicle miles for an established LR funded transit service; 4) a 0.75 miles or greater service change that duplicates/overlays an existing transit service; or 5) a 25 percent or greater change in an approved LR project budget or scope on all operating or capital LR projects".
<b>Condition</b>	The City's issuance of the Proposition C Limited Tax Bonds and the use of the proceeds of the bonds for Paving the Way Project was approved by LACMTA before the issuance of the bonds in December 7019. Accordingly, the debt service payments were also approved as an eligible expense under PCLRF. However, to comply with LACMTA's annual budget approval process and reporting requirement, the City is required to submit Form A and include the annual budgets for both bond proceeds project expenditures and debt service payment for approval by LACMTA. Debt service payments of \$165,324 were not included in Form A.
<b>Cause</b>	The City had received approval for the bond issuance from LACMTA, but did not know that separate approvals were required for underlying annual project expenditures including debt service payments through Form B or Form A.
<b>Effect</b>	The City claimed debt service payments totaling \$165,324 without prior approval from LACMTA. Lack of prior approval results in noncompliance.
<b>Recommendation</b>	We recommend the City establish procedures and controls to ensure that approval is obtained from LACMTA prior to spending on Proposition C-funded projects.
<b>Management's Response</b>	The City submitted Form A to the LACMTA Program Manager and obtained a retroactive approval of the said project on October 29, 2020.
<b>Findings Resolved During the Audit</b>	LACMTA Program Manager granted retroactive approval of the said project on October 29, 2020. No additional follow up is required.

**Los Angeles County Metropolitan Transportation Authority  
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<b>Finding #2020-016: PALRF</b>	<b>City of Pico Rivera</b>
<b>Compliance Reference</b>	Section I(C) Project Description Form (Form A) of the Proposition A and C Local Return Guidelines states that, “Jurisdiction shall submit for approval a Project Description Form (Form A) prior to the expenditure of funds for : 1) a new project; 2) a new route; 3) a 25 percent change (increase or decrease) in route or revenue vehicle miles for an established LR funded transit service; 4) a 0.75 miles or greater service change that duplicates/overlays an existing transit service; or 5) a 25 percent or greater change in an approved LR project budget or scope on all operating or capital LR projects”.
<b>Condition</b>	<p>The City exceeded LACMTA’s approved budget by more than 25% without obtaining approval through a revised Form A for the following projects.</p> <p>a. PALRF’s Project code 220-01, Transit Security Project. Amount in excess of 25 percent of the approved budget was \$10,399; and</p> <p>b. PALRF’s Project code 300-01, Transit Facility Enhancement. Amount in excess of 25 percent of the approved budget was \$16,322.</p> <p>Projects with greater than 25 percent change from the approved project budget should be amended by submitting a Project Description Form (Form A).</p> <p>The City submitted amended Form A’s to the LACMTA Program Manager and obtained a retroactive approval of the projects on October 1, 2020.</p>
<b>Cause</b>	The staff that is actively working on the projects charge their time directly as they are working on them. Delays in project cost reviews were experienced due to the current work schedules caused by the mandated shutdown, and staff was unable to adjust costs greater than 25 percent to the employee’s home department.
<b>Effect</b>	The City’s PALRF project expenditures exceeded 25 percent of LACMTA’s approved project budget without LACMTA’s approval and the City did not comply with the Guidelines.



**Los Angeles County Metropolitan Transportation Authority  
 Proposition A and Proposition C Local Return Funds  
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 (Continued)**

<b>Finding #2020-016: PALRF (Continued)</b>	<b>City of Pico Rivera</b>
<b>Recommendation</b>	We recommend the City submit amended Form A's to obtain LACMTA's approval for the change in project budgets and implement internal controls to ensure compliance with this requirement at all times.
<b>Management's Response</b>	Staff was of the understanding that the direction given by LACMTA staff per LACMTA Senior Transportation Planner, Chelsea Meister's email dated September 24th stated reports typically due on August 1 needed to be completed by October 1st.
<b>Auditor Rejoinder</b>	<p>Although the City has submitted amended Form A's and the increase in the project budgets were retroactively approved by LACMTA, the City is required to submit the revised Form A anytime during the fiscal year and not after the fiscal year. There was a misunderstanding on the deadline for submission of the amended budgets.</p> <p>Based on the Proposition A and C Local Return Guidelines, a Project Description Form (Form A) has to be submitted any time during the fiscal year for projects with a change of 25% or more from the approved project budget.</p>
<b>Findings Resolved During the Audit</b>	LACMTA Program Manager granted retroactive approval of said projects on October 1, 2020. No additional follow up is required.

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

<b>Finding #2020-017: PCLRF</b>	<b>City of Pomona</b>
<b>Compliance Reference</b>	<p>Section II (C)(7) Pavement Management Systems (PMS) of the Proposition A and Proposition C Local Return Guidelines states that, "Jurisdictions are required to certify that they have conducted and maintain Pavement Management Systems (PMS) when proposing "Street Repair and Maintenance" or "Bikeway projects".</p> <p>"Self-certifications executed by the jurisdiction's Engineer or designated, registered civil engineer, must be submitted with Form A for new street maintenance or bikeway projects, or Form B (biannually) for ongoing projects, to satisfy "Street Repair and Maintenance" and "Bikeway" project eligibility criteria."</p> <p>"A Pavement Management System (PMS) Certification Form should be prepared and submitted to LACMTA with project codes 430, 440, 450 and 470."</p>
<b>Condition</b>	<p>The City did not submit a signed Pavement Management System (PMS) certification in FY 2019/20, which is required to be conducted and maintained every 3 years. The City's latest certification submitted to LACMTA on April 13, 2017 has a December 13, 2016 inventory update and review of pavement condition completion date which was already over three years as of June 30, 2020.</p> <p>A PMS Certification is required for the following PCLRF projects:</p> <ul style="list-style-type: none"> <li>a) Project code 440-01, Bridge Rehabilitation Program;</li> <li>b) Project code 440-11, Street Preservation CW;</li> <li>c) Project code 450-04, Holt Ave West Reconstruction;</li> <li>d) Project code 450-10, ADA Compliance Program; and</li> <li>e) Project code 450-11, Highway Improvement – SR 71 Highway Conversion.</li> </ul>
<b>Cause</b>	<p>The City completed an inventory updated on December 13, 2019, however the Certification was not submitted at that time.</p>
<b>Effect</b>	<p>The City was not in compliance with respect to the certification of PMS in conformance with the criteria stipulated in the Local Return Guidelines. As such, any local return funds spent maybe required to be returned to the Local Return Funds.</p>

**Los Angeles County Metropolitan Transportation Authority  
 Proposition A and Proposition C Local Return Funds  
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 (Continued)**

<b>Finding #2020-017: PCLRF (Continued)</b>	<b>City of Pomona</b>
<b>Recommendation</b>	We recommend that the City submit to LACMTA a signed certification that it has a PMS for eligibility of its new or ongoing street maintenance or bikeway projects and keep it on file.
<b>Management's Response</b>	The City continues to be in compliance by renewing the PMS every three years and completing the inventory and assessment on December 13, 2019.  The City will implement an internal deadline to submit PMS Certification as required by the Guidelines.
<b>Findings Resolved During the Audit</b>	The City subsequently submitted the PMS Certification on November 3, 2020. No follow up is required.

**Los Angeles County Metropolitan Transportation Authority  
 Proposition A and Proposition C Local Return Funds  
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 (Continued)**

<b>Finding #2020-018: PALRF</b>	<b>City of Pomona</b>
<b>Compliance Reference</b>	Section III (A) Reporting Requirements for Jurisdictions, Annual Expenditure Report (Form C) of the Proposition A and Proposition C Local Return Guidelines states that, for Jurisdictions with Recreational Transit projects, Jurisdictions are required to annually submit an accounting of Recreational Transit trips, destinations and costs. This information should be submitted along with the Form C, no later than October 15 after the fiscal year.
<b>Condition</b>	The Recreational Transit Services form was submitted on October 20, 2020, 5 days beyond the due date of October 15, 2020.
<b>Cause</b>	The finding was caused by an oversight by City staff.
<b>Effect</b>	The City was not in compliance with the reporting requirements of the Local Return Guidelines.
<b>Recommendation</b>	We recommend that the City establish procedures and internal controls to ensure that the Annual Recreational Transit Services form is submitted by October 15 <sup>th</sup> as required by the Guidelines.
<b>Management's Response</b>	The City will implement an internal deadline to submit the Recreational Transit Service report along with the Form C deadline to LACMTA. The City will develop a checklist to ensure all items are submitted prior to the audit.
<b>Findings Resolved During the Audit</b>	The City subsequently submitted the Recreational Transit Services form. No follow up is required.

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

<b>Finding #2020-019: PCLRF</b>	<b>City of South El Monte</b>
<b>Compliance Reference</b>	Section I(C) Project Description Form (Form A) of the Proposition A and C Local Return Guidelines states that, "Jurisdiction shall submit for approval a Project Description Form (Form A) prior to the expenditure of funds: 1) a new project; 2) a new route; 3) a 25 percent change (increase or decrease) in route or revenue vehicle miles for an established LR funded transit service; 4) a 0.75 miles or greater service change that duplicates/overlays an existing transit service; or 5) a 25 percent or greater change in an approved LR project budget or scope on all operating or capital LR projects".
<b>Condition</b>	<p>The City exceeded LACMTA's approved budget by more than 25% without obtaining approval through a revised Form A for PCLRF's Project code 480-02, Administration. Amount in excess of 25 percent of the approved budget was \$1,979.</p> <p>Projects with greater than 25 percent change from the approved project budget should be amended by submitting a Project Description Form (Form A).</p> <p>The City submitted a Form A to the LACMTA Program Manager and obtained a retroactive approval of the project on November 19, 2020.</p>
<b>Cause</b>	Due to COVID-19, the deadline to submit the form was overlooked. However, the City has been working diligently to catch up on all its compliance filings.
<b>Effect</b>	The City's PCLRF project expenditures exceeded 25 percent of LACMTA's approved budget without LACMTA's approval which resulted in the City's noncompliance with the Guidelines.
<b>Recommendation</b>	We recommend that the City submit a revised Form A to obtain LACMTA's approval for the change in project budget and implement internal control to ensure compliance with this requirement at all times.
<b>Management's Response</b>	Going forward, the City intends to check the amounts recorded per GL throughout the year to make sure that the City does not exceed what has been already approved, or seek approval prior to going over, in order not to request approval in retrospect.
<b>Findings Resolved During the Audit</b>	LACMTA Program Manager granted retroactive approval of the said project on November 19, 2020. No additional follow up is required.

**Los Angeles County Metropolitan Transportation Authority  
 Proposition A and Proposition C Local Return Funds  
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 (Continued)**

<b>Finding #2020-020: PALRF and PCLRF</b>	<b>City of South El Monte</b>
<b>Compliance Reference</b>	<p>Proposition A and Proposition C Local Return Guidelines (Guidelines) Section II states that, “A proposed expenditure of funds shall be deemed to be for public transit purposes to the extent that it can reasonably be expected to sustain or improve the quality and safety of and/or access to public transit services by the general public or those requiring special public transit assistance”. Also, Section V states that, “It is the jurisdictions’ responsibility to maintain proper accounting records and documentation to facilitate the performance of the audit as prescribed in these Guideline”.</p> <p>On February 14, 2019, the LACMTA Local Return Program Manager re-affirmed the memo issued on April 29, 2014 addressed to all Jurisdictions to provide clarification for adequate salary and related costs documentations for the audit of the Local Return funds.</p> <p>Below are recommendations to ensure that jurisdictions have adequate evidence to support its compliance with the Local Return Guidelines:</p> <ol style="list-style-type: none"> <li>1. All hours are required to be documented. Develop and/or maintain a system that will keep track of actual hours worked by employees whose salaries and benefits were charged to the LACMTA project. Expenditures claimed based solely on budgeted amounts is not considered adequate documentation because it does not reflect actual expenditures incurred on the LACMTA Project and do not provide adequate evidence that labor hours charged has transit/transportation purpose. The record of hours worked must: a) identify the LACMTA project, b) be authenticated by the employee and approved by his/her immediate supervisor, and c) tie to hours reported in the payroll records.</li> <li>2. Provide adequate support for indirect costs. For indirect expenditures allocated to LACMTA projects, develop and/or maintain a system that distributes allowable expenditures to projects based on causal or beneficial relationships. Expenditures cannot be claimed on LACMTA project if the expenditures are not allowable (i.e., not transportation or transit related) or not allocable to the LACMTA project (i.e., LACMTA project did not cause the incurrence of the expenditure or LACMTA project did not benefit from the expenditure).</li> </ol>

**Los Angeles County Metropolitan Transportation Authority  
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Schedule of Findings and Questioned Costs  
Fiscal Year Ended June 30, 2020  
(Continued)**

<b>Finding #2020-020: PALRF and PCLRF (Continued)</b>	<b>City of South El Monte</b>
<b>Condition</b>	<p>The City claimed salaries and benefits expenditures under the following projects:</p> <p><b><u>PALRF:</u></b></p> <p>a) Project code 170-01, Bus Shelter Maintenance, total amount of \$62,823; and</p> <p>b) Project code 480-02, Administration, total amount of \$19,779</p> <p><b><u>PCLRF:</u></b></p> <p>a) Project code 480-02, Administration, total amount of \$20,729</p> <p>The salaries and benefits claimed under PALRF and PCLRF of \$82,602 and \$20,729, respectively, are based on budget and are not supported by actual time charges and documented time study or indirect cost allocation plan for administrative charges.</p> <p>This is a repeat finding from prior year's audit.</p>
<b>Cause</b>	<p>In fiscal year 2020, the City made a switch from predetermined allocation per City adopted budget to timesheet. However, due to the year being a transition year, HR and Payroll setup had to be reevaluated numerous times, as the City encountered situations in which only salaries appeared in special revenue funds without benefits or overhead.</p>
<b>Effect</b>	<p>If the labor charges are not supported by actual time charges and documented time study or indirect cost allocation plan, the costs are considered unallowable and the Guidelines require the City return the money to the Local Return Funds.</p>
<b>Recommendation</b>	<p>We recommend that the City provide documentation to support the salaries and benefit charges to PALRF and PCLRF. If these documents are not provided, the City is required to reimburse its PALRF and PCLRF accounts the amount of \$82,602 and \$20,729, respectively.</p> <p>In addition, we recommend that the City establish controls to ensure that the salaries and benefits charged to the Local Return funds are adequately supported by timesheets, payroll registers, personnel action forms with job descriptions, or similar documentation as required by the Guidelines.</p>

**Los Angeles County Metropolitan Transportation Authority**  
**Proposition A and Proposition C Local Return Funds**  
**Schedule of Findings and Questioned Costs**  
**Fiscal Year Ended June 30, 2020**  
**(Continued)**

<b>Finding #2020-020: PALRF and PCLRF (Continued)</b>	<b>City of South El Monte</b>
<b>Management's Response</b>	<p>In order to systematically irradicate any unnecessary complexity and confusion regarding reimbursable labor cost going forward, the City intends to accomplish the following:</p> <ol style="list-style-type: none"> <li>1. Complete the cost and fee study currently being conducted by NBS, who were selected through a formal RFP process. Once the study is complete, the fully burdened hourly rate of each employee will be known.</li> <li>2. Default all City employee labor hours to the General Fund.</li> <li>3. Require all City employee to track labor hours spent working on special revenue fund projects on timesheets.</li> <li>4. Have the special revenue funds reimburse the General Fund based on employee's fully burdened hourly rate multiplied by the actual hours worked per timesheet.</li> </ol>



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

<b>Finding #2020-021: PALRF</b>	<b>City of South El Monte</b>
<b>Compliance Reference</b>	Under Section III(A) Reporting Requirements for Jurisdictions, Annual Expenditure Report (Form C) of the Proposition A and Proposition C Local Return Guidelines, "For Jurisdictions with Recreational Transit projects, Jurisdictions are required to annually submit an accounting of Recreational Transit trips, destinations and costs. This information should be submitted along with the Form C, no later than October 15 after the fiscal year".
<b>Condition</b>	The Recreational Transit Service Form was submitted on October 19, 2020, 4 days beyond the due date of October 15, 2020.
<b>Cause</b>	Due to COVID-19, the deadline to submit the form was overlooked. However, the City has been working diligently to catch up on all its compliance filings.
<b>Effect</b>	The City was not in compliance with the reporting requirements of the Local Return Guidelines.
<b>Recommendation</b>	We recommend that the City establish procedures and controls to ensure that the Annual Recreational Transit Service Form is submitted by October 15 <sup>th</sup> as required by the Guidelines.
<b>Management's Response</b>	Going forward, the City will place this item on its Outlook Calendar to send automatic reminder notice(s) so that it will be submitted prior to the due date.
<b>Findings Resolved During the Audit</b>	The City subsequently submitted the Recreational Transit Service Form. No follow up is required.



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**INDEPENDENT AUDITOR'S REPORT ON  
COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO PROPOSITION A AND PROPOSITION  
C ORDINANCES AND PROPOSITION A AND  
PROPOSITION C LOCAL RETURN GUIDELINES**

**TO THE LOS ANGELES COUNTY  
METROPOLITAN TRANSPORTATION AUTHORITY**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**



Simpson & Simpson, LLP  
Certified Public Accountants

**Los Angeles County Metropolitan Transportation Authority  
Proposition A and Proposition C Local Return Funds  
Consolidated Audit Report  
Fiscal Year Ended June 30, 2020**

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SIMPSON & SIMPSON  
CERTIFIED PUBLIC ACCOUNTANTS

FOUNDING PARTNERS  
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**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO PROPOSITION A AND PROPOSITION C ORDINANCES AND  
PROPOSTION A AND PROPOSITION C LOCAL RETURN GUIDELINES**

To: Board of Directors of the Los Angeles County Metropolitan Transportation Authority  
and Proposition A and Proposition C Oversight Committee

**Report on Compliance**

We have audited the compliance of the forty-nine (49) Cities and the County of Los Angeles (the County) identified in Schedule 1, with the types of compliance requirements described in the Proposition A and Proposition C Ordinances enacted through a Los Angeles County voter approved law in November 1980 and November 1990, respectively; Proposition A and Proposition C Local Return Guidelines, issued by the Los Angeles County Metropolitan Transportation Authority (LACMTA), approved by its Board of Directors in FY 2006-07 (collectively, the Guidelines); and the respective Assurances and Understandings Regarding Receipt and Use of Proposition A and Proposition C Local Return Funds, executed by LACMTA and the respective Cities and the County for the year ended June 30, 2020 (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 each City's 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 Proposition A and Proposition C Local Return programs occurred. An audit includes examining, on a test basis, evidence about each City's and the County's compliance with the Guidelines and Requirements and performing such other procedures as we considered necessary in the circumstances.

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





### ***Opinion***

In our opinion, the Cities and the County complied, in all material respects, with the Guidelines and Requirements referred to above that could have a direct and material effect on the Proposition A and Proposition C Local Return programs for the year ended June 30, 2020.

### ***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 Audit Results (Schedule 1) and Schedule of Findings and Questioned Costs (Schedule 2) as Findings #2020-001 through #2020-029. 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 the Requirements that could have a direct and material effect on the Proposition A and Proposition C Local Return programs 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.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

*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 under the Guidelines and Requirements on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance under the Guidelines and Requirements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs (Schedule 2) as Findings #2020-009 and #2020-010 to be material weaknesses.



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 deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs (Schedule 2) as Findings #2020-002, #2020-008, #2020-014, #2020-015, #2020-016, #2020-019 and #2020-029 that we consider to be significant deficiencies.

The responses by the Cities to the internal control over compliance findings identified in our audits are described in the accompanying Schedule of Findings and Questioned Costs (Schedule 2). The responses by the Cities were not 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 &amp; Simpson".

Los Angeles, California  
December 31, 2020

**Los Angeles County Metropolitan Transportation Authority  
Proposition A and Proposition C Local Return Funds  
Summary of Compliance Findings  
Fiscal Year Ended June 30, 2020**

The audits of the 49 cities and the County identified in Schedule 1 have resulted in 29 findings. The table below shows a summary of the findings:

Finding	# of Findings	Responsible Cities/ Finding No. Reference	Questioned Costs		Resolved During the Audit
			PALRF	PCLRF	
Funds were expended without LACMTA's approval.	5	Artesia (#2020-002) Lancaster (#2020-015) Manhattan Beach (#2020-018) Palmdale (#2020-022) Temple City (#2020-028)	\$ 20,000 - - 21,375 750,000	- \$ 862 77,600 - -	\$ 20,000 862 77,600 21,375 750,000
Total annual expenditures exceeded more than 25% of the approved budget.	3	La Cañada Flintridge (#2020-014) Lancaster (#2020-016) Palmdale (#2020-023)	None None None	- - -	None None None
Annual Project Summary Report (Form B) was not submitted on time.	1	Alhambra (#2020-001)	None	None	None
Annual Expenditure Report (Form C) was not submitted on time	1	Artesia (#2020-003)	None	None	None
Accounting procedures, record keeping, and documentation are adequate.	6	Artesia (#2020-004) Downey (#2020-009) Downey (#2020-010) Glendora (#2020-012) Manhattan Beach (#2020-019) Whittier (#2020-029)	None 462,403 126,690 None None 152,636	- 73,844 - - - 98,380	None - - None None None



**Los Angeles County Metropolitan Transportation Authority  
Proposition A and Proposition C Local Return Funds  
Summary of Compliance Findings  
Fiscal Year Ended June 30, 2020**

Finding	# of Findings	Responsible Cities/ Finding No. Reference	Questioned Costs		Resolved During the Audit
			PALRF	PCLRF	
Pavement Management System (PMS) is not in place or being used for Street Maintenance or Improvement Projects Expenditures.	4	Artesia (#2020-005) Claremont (#2020-007) Norwalk (#2020-021) Signal Hill (#2020-026)	- - - -	None None None None	None None None None
Recreational transit form was not submitted on time.	9	Artesia (#2020-006) Covina (#2020-008) El Segundo (#2020-011) Glendora (#2020-013) Los Angeles (#2020-017) Manhattan Beach (#2020-020) Pasadena (#2020-024) Redondo Beach (#2020-025) South Pasadena (#2020-027)	None None None None None None None None None	- - - - - - - - -	None None None None None None None None None
<b>Total Findings and Questioned Cost</b>	<b>29</b>		<b>\$ 1,533,104</b>	<b>\$ 250,686</b>	<b>\$ 869,837</b>

Details of the findings are in Schedule 2.

**Los Angeles County Metropolitan Transportation Authority  
Proposition A and Proposition C Local Return Funds  
Summary of Audit Results  
Fiscal Year Ended June 30, 2020**

<b>Compliance Area Tested</b>	<b>Alhambra</b>	<b>Arcadia</b>	<b>Artesia</b>
Uses the State Controller's Uniform System of Accounts and Records.	Compliant	Compliant	Compliant
Timely use of funds.	Compliant	Compliant	Compliant
Funds expended were approved and have not been substituted for property tax.	Compliant	Compliant	PA: #2020-002 PC: Compliant
Expenditures that exceeded 25% of approved project budget have approved amended project Description Form (Form A).	Compliant	Not Applicable	Not Applicable
Administrative expenses are within the 20% cap of the total annual Local Return Expenditures.	Compliant	Compliant	Compliant
All on-going and carryover projects were reported in Form B.	Compliant	Compliant	Compliant
Annual Project Summary Report (Form B) was submitted on time.	PA & PC: #2020-001	Compliant	Compliant
Annual Expenditure Report (Form C) was submitted on time.	Compliant	Compliant	PA & PC: #2020-003
Cash or cash equivalents are maintained.	Compliant	Compliant	Compliant
Accounting procedures, record keeping and documentation are adequate.	Compliant	Compliant	PA: #2020-004 PC: Compliant
Pavement Management System (PMS) is in place and being used for Street Maintenance or Improvement Projects Expenditures.	Compliant	Compliant	PA: Compliant PC: #2020-005
Local Return Account is credited for reimbursable expenditures.	Compliant	Compliant	Compliant
Self-Certification was completed and submitted for Intelligent Transportation Systems projects or elements.	Not Applicable	Compliant	Not Applicable
Assurances and Understandings form was on file.	Compliant	Compliant	Compliant
Recreational transit form was submitted on time.	Compliant	Compliant	PA: #2020-006 PC: Compliant

**Los Angeles County Metropolitan Transportation Authority  
Proposition A and Proposition C Local Return Funds  
Summary of Audit Results  
Fiscal Year Ended June 30, 2020  
(Continued)**

<b>Compliance Area Tested</b>	<b>Avalon</b>	<b>Bellflower</b>	<b>Bradbury</b>
Uses the State Controller's Uniform System of Accounts and Records.	Compliant	Compliant	Compliant
Timely use of funds.	Compliant	Compliant	Compliant
Funds expended were approved and have not been substituted for property tax.	Compliant	Compliant	Compliant
Expenditures that exceeded 25% of approved project budget have approved amended project Description Form (Form A).	Not Applicable	Compliant	Compliant
Administrative expenses are within the 20% cap of the total annual Local Return Expenditures.	Not Applicable	Compliant	Not Applicable
All on-going and carryover projects were reported in Form B.	Compliant	Compliant	Compliant
Annual Project Summary Report (Form B) was submitted on time.	Compliant	Compliant	Compliant
Annual Expenditure Report (Form C) was submitted on time.	Compliant	Compliant	Compliant
Cash or cash equivalents are maintained.	Compliant	Compliant	Compliant
Accounting procedures, record keeping and documentation are adequate.	Compliant	Compliant	Compliant
Pavement Management System (PMS) is in place and being used for Street Maintenance or Improvement Projects Expenditures.	Not Applicable	Compliant	Not Applicable
Local Return Account is credited for reimbursable expenditures.	Compliant	Compliant	Compliant
Self-Certification was completed and submitted for Intelligent Transportation Systems projects or elements.	Not Applicable	Not Applicable	Not Applicable
Assurances and Understandings form was on file.	Compliant	Compliant	Compliant
Recreational transit form was submitted on time.	Not Applicable	Not Applicable	Not Applicable

**Los Angeles County Metropolitan Transportation Authority  
Proposition A and Proposition C Local Return Funds  
Summary of Audit Results  
Fiscal Year Ended June 30, 2020  
(Continued)**

Compliance Area Tested	Burbank	Cerritos	Claremont
Uses the State Controller's Uniform System of Accounts and Records.	Compliant	Compliant	Compliant
Timely use of funds.	Compliant	Compliant	Compliant
Funds expended were approved and have not been substituted for property tax.	Compliant	Compliant	Compliant
Expenditures that exceeded 25% of approved project budget have approved amended project Description Form (Form A).	Not Applicable	Compliant	Compliant
Administrative expenses are within the 20% cap of the total annual Local Return Expenditures.	Compliant	Not Applicable	Compliant
All on-going and carryover projects were reported in Form B.	Compliant	Compliant	Compliant
Annual Project Summary Report (Form B) was submitted on time.	Compliant	Compliant	Compliant
Annual Expenditure Report (Form C) was submitted on time.	Compliant	Compliant	Compliant
Cash or cash equivalents are maintained.	Compliant	Compliant	Compliant
Accounting procedures, record keeping and documentation are adequate.	Compliant	Compliant	Compliant
Pavement Management System (PMS) is in place and being used for Street Maintenance or Improvement Projects Expenditures.	Not Applicable	Compliant	PA: Compliant PC: #2020-007
Local Return Account is credited for reimbursable expenditures.	Compliant	Compliant	Compliant
Self-Certification was completed and submitted for Intelligent Transportation Systems projects or elements.	Not Applicable	Not Applicable	Not Applicable
Assurances and Understandings form was on file.	Compliant	Compliant	Compliant
Recreational transit form was submitted on time.	Not Applicable	Not Applicable	Not Applicable

**Los Angeles County Metropolitan Transportation Authority  
Proposition A and Proposition C Local Return Funds  
Summary of Audit Results  
Fiscal Year Ended June 30, 2020  
(Continued)**

Compliance Area Tested	Covina	Diamond Bar	Downey
Uses the State Controller's Uniform System of Accounts and Records.	Compliant	Compliant	Compliant
Timely use of funds.	Compliant	Compliant	Compliant
Funds expended were approved and have not been substituted for property tax.	Compliant	Compliant	Compliant
Expenditures that exceeded 25% of approved project budget have approved amended project Description Form (Form A).	Compliant	Compliant	Compliant
Administrative expenses are within the 20% cap of the total annual Local Return Expenditures.	Compliant	Compliant	Compliant
All on-going and carryover projects were reported in Form B.	Compliant	Compliant	Compliant
Annual Project Summary Report (Form B) was submitted on time.	Compliant	Compliant	Compliant
Annual Expenditure Report (Form C) was submitted on time.	Compliant	Compliant	Compliant
Cash or cash equivalents are maintained.	Compliant	Compliant	Compliant
Accounting procedures, record keeping and documentation are adequate.	Compliant	Compliant	PA & PC: #2020-009 PA: #2020-010
Pavement Management System (PMS) is in place and being used for Street Maintenance or Improvement Projects Expenditures.	Compliant	Compliant	Compliant
Local Return Account is credited for reimbursable expenditures.	Compliant	Compliant	Compliant
Self-Certification was completed and submitted for Intelligent Transportation Systems projects or elements.	Compliant	Compliant	Not Applicable
Assurances and Understandings form was on file.	Compliant	Compliant	Compliant
Recreational transit form was submitted on time.	PA: #2020-008 PC: Compliant	Compliant	Compliant

**Los Angeles County Metropolitan Transportation Authority  
Proposition A and Proposition C Local Return Funds  
Summary of Audit Results  
Fiscal Year Ended June 30, 2020  
(Continued)**

Compliance Area Tested	Duarte	El Segundo	Glendale
Uses the State Controller's Uniform System of Accounts and Records.	Compliant	Compliant	Compliant
Timely use of funds.	Compliant	Compliant	Compliant
Funds expended were approved and have not been substituted for property tax.	Compliant	Compliant	Compliant
Expenditures that exceeded 25% of approved project budget have approved amended project Description Form (Form A).	Compliant	Compliant	Compliant
Administrative expenses are within the 20% cap of the total annual Local Return Expenditures.	Compliant	Compliant	Compliant
All on-going and carryover projects were reported in Form B.	Compliant	Compliant	Compliant
Annual Project Summary Report (Form B) was submitted on time.	Compliant	Compliant	Compliant
Annual Expenditure Report (Form C) was submitted on time.	Compliant	Compliant	Compliant
Cash or cash equivalents are maintained.	Compliant	Compliant	Compliant
Accounting procedures, record keeping and documentation are adequate.	Compliant	Compliant	Compliant
Pavement Management System (PMS) is in place and being used for Street Maintenance or Improvement Projects Expenditures.	Not Applicable	Compliant	Not Applicable
Local Return Account is credited for reimbursable expenditures.	Compliant	Compliant	Compliant
Self-Certification was completed and submitted for Intelligent Transportation Systems projects or elements.	Not Applicable	Not Applicable	Not Applicable
Assurances and Understandings form was on file.	Compliant	Compliant	Compliant
Recreational transit form was submitted on time.	Not Applicable	PA: #2020-011 PC: Compliant	Not Applicable

**Los Angeles County Metropolitan Transportation Authority  
Proposition A and Proposition C Local Return Funds  
Summary of Audit Results  
Fiscal Year Ended June 30, 2020  
(Continued)**

<b>Compliance Area Tested</b>	<b>Glendora</b>	<b>Hawaiian Gardens</b>	<b>Hermosa Beach</b>
Uses the State Controller's Uniform System of Accounts and Records.	Compliant	Compliant	Compliant
Timely use of funds.	Compliant	Compliant	Compliant
Funds expended were approved and have not been substituted for property tax.	Compliant	Compliant	Compliant
Expenditures that exceeded 25% of approved project budget have approved amended project Description Form (Form A).	Compliant	Compliant	Not Applicable
Administrative expenses are within the 20% cap of the total annual Local Return Expenditures.	Compliant	Compliant	Not Applicable
All on-going and carryover projects were reported in Form B.	Compliant	Compliant	Compliant
Annual Project Summary Report (Form B) was submitted on time.	Compliant	Compliant	Compliant
Annual Expenditure Report (Form C) was submitted on time.	Compliant	Compliant	Compliant
Cash or cash equivalents are maintained.	Compliant	Compliant	Compliant
Accounting procedures, record keeping and documentation are adequate.	PA: #2020-012 PC: Compliant	Compliant	Compliant
Pavement Management System (PMS) is in place and being used for Street Maintenance or Improvement Projects Expenditures.	Compliant	Not Applicable	Not Applicable
Local Return Account is credited for reimbursable expenditures.	Compliant	Not Applicable	Compliant
Self-Certification was completed and submitted for Intelligent Transportation Systems projects or elements.	Not Applicable	Not Applicable	Not Applicable
Assurances and Understandings form was on file.	Compliant	Compliant	Compliant
Recreational transit form was submitted on time.	PA: #2020-013 PC: Compliant	Not Applicable	Compliant

**Los Angeles County Metropolitan Transportation Authority  
Proposition A and Proposition C Local Return Funds  
Summary of Audit Results  
Fiscal Year Ended June 30, 2020  
(Continued)**

Compliance Area Tested	La Cañada Flintridge	La Habra Heights	La Mirada
Uses the State Controller's Uniform System of Accounts and Records.	Compliant	Compliant	Compliant
Timely use of funds.	Compliant	Compliant	Compliant
Funds expended were approved and have not been substituted for property tax.	Compliant	Compliant	Compliant
Expenditures that exceeded 25% of approved project budget have approved amended project Description Form (Form A).	PA: #2020-014 PC: Compliant	Compliant	Compliant
Administrative expenses are within the 20% cap of the total annual Local Return Expenditures.	Compliant	Not Applicable	Compliant
All on-going and carryover projects were reported in Form B.	Compliant	Compliant	Compliant
Annual Project Summary Report (Form B) was submitted on time.	Compliant	Compliant	Compliant
Annual Expenditure Report (Form C) was submitted on time.	Compliant	Compliant	Compliant
Cash or cash equivalents are maintained.	Compliant	Compliant	Compliant
Accounting procedures, record keeping and documentation are adequate.	Compliant	Compliant	Compliant
Pavement Management System (PMS) is in place and being used for Street Maintenance or Improvement Projects Expenditures.	Compliant	Compliant	Compliant
Local Return Account is credited for reimbursable expenditures.	Not Applicable	Compliant	Compliant
Self-Certification was completed and submitted for Intelligent Transportation Systems projects or elements.	Not Applicable	Not Applicable	Not Applicable
Assurances and Understandings form was on file.	Compliant	Compliant	Compliant
Recreational transit form was submitted on time.	Compliant	Not Applicable	Compliant



**Los Angeles County Metropolitan Transportation Authority**  
**Proposition A and Proposition C Local Return Funds**  
**Summary of Audit Results**  
**Fiscal Year Ended June 30, 2020**  
**(Continued)**

<b>Compliance Area Tested</b>	<b>La Verne</b>	<b>Lakewood</b>	<b>Lancaster</b>
Uses the State Controller's Uniform System of Accounts and Records.	Compliant	Compliant	Compliant
Timely use of funds.	Compliant	Compliant	Compliant
Funds expended were approved and have not been substituted for property tax.	Compliant	Compliant	PA: Compliant PC: #2020-015
Expenditures that exceeded 25% of approved project budget have approved amended project Description Form (Form A).	Compliant	Compliant	PA: #2020-016 PC: Compliant
Administrative expenses are within the 20% cap of the total annual Local Return Expenditures.	Compliant	Compliant	Compliant
All on-going and carryover projects were reported in Form B.	Compliant	Compliant	Compliant
Annual Project Summary Report (Form B) was submitted on time.	Compliant	Compliant	Compliant
Annual Expenditure Report (Form C) was submitted on time.	Compliant	Compliant	Compliant
Cash or cash equivalents are maintained.	Compliant	Compliant	Compliant
Accounting procedures, record keeping and documentation are adequate.	Compliant	Compliant	Compliant
Pavement Management System (PMS) is in place and being used for Street Maintenance or Improvement Projects Expenditures.	Compliant	Compliant	Compliant
Local Return Account is credited for reimbursable expenditures.	Not Applicable	Not Applicable	Compliant
Self-Certification was completed and submitted for Intelligent Transportation Systems projects or elements.	Not Applicable	Not Applicable	Not Applicable
Assurances and Understandings form was on file.	Compliant	Compliant	Compliant
Recreational transit form was submitted on time.	Compliant	Compliant	Compliant

**Los Angeles County Metropolitan Transportation Authority**  
**Proposition A and Proposition C Local Return Funds**  
**Summary of Audit Results**  
**Fiscal Year Ended June 30, 2020**  
**(Continued)**

<b>Compliance Area Tested</b>	<b>Lomita</b>	<b>Long Beach</b>	<b>Los Angeles City</b>
Uses the State Controller's Uniform System of Accounts and Records.	Compliant	Compliant	Compliant
Timely use of funds.	Compliant	Compliant	Compliant
Funds expended were approved and have not been substituted for property tax.	Compliant	Compliant	Compliant
Expenditures that exceeded 25% of approved project budget have approved amended project Description Form (Form A).	Not Applicable	Compliant	Compliant
Administrative expenses are within the 20% cap of the total annual Local Return Expenditures.	Compliant	Compliant	Compliant
All on-going and carryover projects were reported in Form B.	Compliant	Compliant	Compliant
Annual Project Summary Report (Form B) was submitted on time.	Compliant	Compliant	Compliant
Annual Expenditure Report (Form C) was submitted on time.	Compliant	Compliant	Compliant
Cash or cash equivalents are maintained.	Compliant	Compliant	Compliant
Accounting procedures, record keeping and documentation are adequate.	Compliant	Compliant	Compliant
Pavement Management System (PMS) is in place and being used for Street Maintenance or Improvement Projects Expenditures.	Compliant	Compliant	Compliant
Local Return Account is credited for reimbursable expenditures.	Compliant	Compliant	Compliant
Self-Certification was completed and submitted for Intelligent Transportation Systems projects or elements.	Not Applicable	Not Applicable	Compliant
Assurances and Understandings form was on file.	Compliant	Compliant	Compliant
Recreational transit form was submitted on time.	Not Applicable	Compliant	PA: #2020-017 PC: Compliant

**Los Angeles County Metropolitan Transportation Authority**  
**Proposition A and Proposition C Local Return Funds**  
**Summary of Audit Results**  
**Fiscal Year Ended June 30, 2020**  
**(Continued)**

<b>Compliance Area Tested</b>	<b>Los Angeles County</b>	<b>Manhattan Beach</b>	<b>Monrovia</b>
Uses the State Controller's Uniform System of Accounts and Records.	Compliant	Compliant	Compliant
Timely use of funds.	Compliant	Compliant	Compliant
Funds expended were approved and have not been substituted for property tax.	Compliant	PA: Compliant PC: #2020-018	Compliant
Expenditures that exceeded 25% of approved project budget have approved amended project Description Form (Form A).	Not Applicable	Not Applicable	Compliant
Administrative expenses are within the 20% cap of the total annual Local Return Expenditures.	Compliant	Compliant	Compliant
All on-going and carryover projects were reported in Form B.	Compliant	Compliant	Compliant
Annual Project Summary Report (Form B) was submitted on time.	Compliant	Compliant	Compliant
Annual Expenditure Report (Form C) was submitted on time.	Compliant	Compliant	Compliant
Cash or cash equivalents are maintained.	Compliant	Compliant	Compliant
Accounting procedures, record keeping and documentation are adequate.	Compliant	PA: #2020-019 PC: Compliant	Compliant
Pavement Management System (PMS) is in place and being used for Street Maintenance or Improvement Projects Expenditures.	Compliant	Compliant	Compliant
Local Return Account is credited for reimbursable expenditures.	Compliant	Compliant	Compliant
Self-Certification was completed and submitted for Intelligent Transportation Systems projects or elements.	Not Applicable	Not Applicable	Not Applicable
Assurances and Understandings form was on file.	Compliant	Compliant	Compliant
Recreational transit form was submitted on time.	Compliant	PA: #2020-020 PC: Compliant	Compliant

**Los Angeles County Metropolitan Transportation Authority  
Proposition A and Proposition C Local Return Funds  
Summary of Audit Results  
Fiscal Year Ended June 30, 2020  
(Continued)**

<b>Compliance Area Tested</b>	<b>Norwalk</b>	<b>Palmdale</b>	<b>Palos Verdes Estates</b>
Uses the State Controller's Uniform System of Accounts and Records.	Compliant	Compliant	Compliant
Timely use of funds.	Compliant	Compliant	Compliant
Funds expended were approved and have not been substituted for property tax.	Compliant	PA: #2020-022 PC: Compliant	Compliant
Expenditures that exceeded 25% of approved project budget have approved amended project Description Form (Form A).	Compliant	PA: #2020-023 PC: Compliant	Not Applicable
Administrative expenses are within the 20% cap of the total annual Local Return Expenditures.	Compliant	Compliant	Not Applicable
All on-going and carryover projects were reported in Form B.	Compliant	Compliant	Compliant
Annual Project Summary Report (Form B) was submitted on time.	Compliant	Compliant	Compliant
Annual Expenditure Report (Form C) was submitted on time.	Compliant	Compliant	Compliant
Cash or cash equivalents are maintained.	Compliant	Compliant	Compliant
Accounting procedures, record keeping and documentation are adequate.	Compliant	Compliant	Compliant
Pavement Management System (PMS) is in place and being used for Street Maintenance or Improvement Projects Expenditures.	PA: Compliant PC: #2020-021	Compliant	Compliant
Local Return Account is credited for reimbursable expenditures.	Compliant	Compliant	Compliant
Self-Certification was completed and submitted for Intelligent Transportation Systems projects or elements.	Compliant	Compliant	Not Applicable
Assurances and Understandings form was on file.	Compliant	Compliant	Compliant
Recreational transit form was submitted on time.	Not Applicable	Not Applicable	Not Applicable

**Los Angeles County Metropolitan Transportation Authority  
Proposition A and Proposition C Local Return Funds  
Summary of Audit Results  
Fiscal Year Ended June 30, 2020  
(Continued)**

<b>Compliance Area Tested</b>	<b>Paramount</b>	<b>Pasadena</b>	<b>Rancho Palos Verdes</b>
Uses the State Controller's Uniform System of Accounts and Records.	Compliant	Compliant	Compliant
Timely use of funds.	Compliant	Compliant	Compliant
Funds expended were approved and have not been substituted for property tax.	Compliant	Compliant	Compliant
Expenditures that exceeded 25% of approved project budget have approved amended project Description Form (Form A).	Compliant	Not Applicable	Not Applicable
Administrative expenses are within the 20% cap of the total annual Local Return Expenditures.	Compliant	Compliant	Not Applicable
All on-going and carryover projects were reported in Form B.	Compliant	Compliant	Compliant
Annual Project Summary Report (Form B) was submitted on time.	Compliant	Compliant	Compliant
Annual Expenditure Report (Form C) was submitted on time.	Compliant	Compliant	Compliant
Cash or cash equivalents are maintained.	Compliant	Compliant	Compliant
Accounting procedures, record keeping and documentation are adequate.	Compliant	Compliant	Compliant
Pavement Management System (PMS) is in place and being used for Street Maintenance or Improvement Projects Expenditures.	Compliant	Compliant	Compliant
Local Return Account is credited for reimbursable expenditures.	Compliant	Compliant	Compliant
Self-Certification was completed and submitted for Intelligent Transportation Systems projects or elements.	Not Applicable	Not Applicable	Not Applicable
Assurances and Understandings form was on file.	Compliant	Compliant	Compliant
Recreational transit form was submitted on time.	Compliant	PA: #2020-024 PC: Compliant	Not Applicable

**Los Angeles County Metropolitan Transportation Authority  
Proposition A and Proposition C Local Return Funds  
Summary of Audit Results  
Fiscal Year Ended June 30, 2020  
(Continued)**

<b>Compliance Area Tested</b>	<b>Redondo Beach</b>	<b>Rolling Hills</b>	<b>Rolling Hills Estates</b>
Uses the State Controller's Uniform System of Accounts and Records.	Compliant	Compliant	Compliant
Timely use of funds.	Compliant	Compliant	Compliant
Funds expended were approved and have not been substituted for property tax.	Compliant	Not Applicable	Compliant
Expenditures that exceeded 25% of approved project budget have approved amended project Description Form (Form A).	Not Applicable	Not Applicable	Not Applicable
Administrative expenses are within the 20% cap of the total annual Local Return Expenditures.	Compliant	Not Applicable	Compliant
All on-going and carryover projects were reported in Form B.	Compliant	Compliant	Compliant
Annual Project Summary Report (Form B) was submitted on time.	Compliant	Compliant	Compliant
Annual Expenditure Report (Form C) was submitted on time.	Compliant	Compliant	Compliant
Cash or cash equivalents are maintained.	Compliant	Compliant	Compliant
Accounting procedures, record keeping and documentation are adequate.	Compliant	Compliant	Compliant
Pavement Management System (PMS) is in place and being used for Street Maintenance or Improvement Projects Expenditures.	Compliant	Not Applicable	Compliant
Local Return Account is credited for reimbursable expenditures.	Compliant	Compliant	Compliant
Self-Certification was completed and submitted for Intelligent Transportation Systems projects or elements.	Not Applicable	Not Applicable	Not Applicable
Assurances and Understandings form was on file.	Compliant	Compliant	Compliant
Recreational transit form was submitted on time.	PA: #2020-025 PC: Compliant	Not Applicable	Not Applicable

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<b>Compliance Area Tested</b>	<b>San Dimas</b>	<b>San Gabriel</b>	<b>San Marino</b>
Uses the State Controller's Uniform System of Accounts and Records.	Compliant	Compliant	Compliant
Timely use of funds.	Compliant	Compliant	Compliant
Funds expended were approved and have not been substituted for property tax.	Compliant	Compliant	Compliant
Expenditures that exceeded 25% of approved project budget have approved amended project Description Form (Form A).	Compliant	Compliant	Compliant
Administrative expenses are within the 20% cap of the total annual Local Return Expenditures.	Compliant	Compliant	Not Applicable
All on-going and carryover projects were reported in Form B.	Compliant	Compliant	Compliant
Annual Project Summary Report (Form B) was submitted on time.	Compliant	Compliant	Compliant
Annual Expenditure Report (Form C) was submitted on time.	Compliant	Compliant	Compliant
Cash or cash equivalents are maintained.	Compliant	Compliant	Compliant
Accounting procedures, record keeping and documentation are adequate.	Compliant	Compliant	Compliant
Pavement Management System (PMS) is in place and being used for Street Maintenance or Improvement Projects Expenditures.	Compliant	Compliant	Compliant
Local Return Account is credited for reimbursable expenditures.	Compliant	Compliant	Compliant
Self-Certification was completed and submitted for Intelligent Transportation Systems projects or elements.	Not Applicable	Not Applicable	Not Applicable
Assurances and Understandings form was on file.	Compliant	Compliant	Compliant
Recreational transit form was submitted on time.	Compliant	Compliant	Compliant

**Los Angeles County Metropolitan Transportation Authority  
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<b>Compliance Area Tested</b>	<b>Santa Clarita</b>	<b>Sierra Madre</b>	<b>Signal Hill</b>
Uses the State Controller's Uniform System of Accounts and Records.	Compliant	Compliant	Compliant
Timely use of funds.	Compliant	Compliant	Compliant
Funds expended were approved and have not been substituted for property tax.	Compliant	Compliant	Compliant
Expenditures that exceeded 25% of approved project budget have approved amended project Description Form (Form A).	Not Applicable	Compliant	Compliant
Administrative expenses are within the 20% cap of the total annual Local Return Expenditures.	Not Applicable	Compliant	Compliant
All on-going and carryover projects were reported in Form B.	Compliant	Compliant	Compliant
Annual Project Summary Report (Form B) was submitted on time.	Compliant	Compliant	Compliant
Annual Expenditure Report (Form C) was submitted on time.	Compliant	Compliant	Compliant
Cash or cash equivalents are maintained.	Compliant	Compliant	Compliant
Accounting procedures, record keeping and documentation are adequate.	Compliant	Compliant	Compliant
Pavement Management System (PMS) is in place and being used for Street Maintenance or Improvement Projects Expenditures.	Compliant	Compliant	PA: Compliant PC: #2020-026
Local Return Account is credited for reimbursable expenditures.	Compliant	Compliant	Compliant
Self-Certification was completed and submitted for Intelligent Transportation Systems projects or elements.	Compliant	Not Applicable	Not Applicable
Assurances and Understandings form was on file.	Compliant	Compliant	Compliant
Recreational transit form was submitted on time.	Not Applicable	Not Applicable	Compliant



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<b>Compliance Area Tested</b>	<b>South Pasadena</b>	<b>Temple City</b>	<b>Torrance</b>
Uses the State Controller's Uniform System of Accounts and Records.	Compliant	Compliant	Compliant
Timely use of funds.	Compliant	Compliant	Compliant
Funds expended were approved and have not been substituted for property tax.	Compliant	PA: #2020-028 PC: Compliant	Compliant
Expenditures that exceeded 25% of approved project budget have approved amended project Description Form (Form A).	Compliant	Compliant	Not Applicable
Administrative expenses are within the 20% cap of the total annual Local Return Expenditures.	Compliant	Compliant	Compliant
All on-going and carryover projects were reported in Form B.	Compliant	Compliant	Compliant
Annual Project Summary Report (Form B) was submitted on time.	Compliant	Compliant	Compliant
Annual Expenditure Report (Form C) was submitted on time.	Compliant	Compliant	Compliant
Cash or cash equivalents are maintained.	Compliant	Compliant	Compliant
Accounting procedures, record keeping and documentation are adequate.	Compliant	Compliant	Compliant
Pavement Management System (PMS) is in place and being used for Street Maintenance or Improvement Projects Expenditures.	Compliant	Compliant	Compliant
Local Return Account is credited for reimbursable expenditures.	Compliant	Compliant	Compliant
Self-Certification was completed and submitted for Intelligent Transportation Systems projects or elements.	Not Applicable	Not Applicable	Not Applicable
Assurances and Understandings form was on file.	Compliant	Compliant	Compliant
Recreational transit form was submitted on time.	PA: #2020-027 PC: Compliant	Compliant	Not Applicable

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<b>Compliance Area Tested</b>	<b>West Covina</b>	<b>Whittier</b>
Uses the State Controller's Uniform System of Accounts and Records.	Compliant	Compliant
Timely use of funds.	Compliant	Compliant
Funds expended were approved and have not been substituted for property tax.	Compliant	Compliant
Expenditures that exceeded 25% of approved project budget have approved amended project Description Form (Form A).	Compliant	Compliant
Administrative expenses are within the 20% cap of the total annual Local Return Expenditures.	Compliant	Compliant
All on-going and carryover projects were reported in Form B.	Compliant	Compliant
Annual Project Summary Report (Form B) was submitted on time.	Compliant	Compliant
Annual Expenditure Report (Form C) was submitted on time.	Compliant	Compliant
Cash or cash equivalents are maintained.	Compliant	Compliant
Accounting procedures, record keeping and documentation are adequate.	Compliant	PA & PC: #2020-029
Pavement Management System (PMS) is in place and being used for Street Maintenance or Improvement Projects Expenditures.	Compliant	Compliant
Local Return Account is credited for reimbursable expenditures.	Compliant	Compliant
Self-Certification was completed and submitted for Intelligent Transportation Systems projects or elements.	Not Applicable	Not Applicable
Assurances and Understandings form was on file.	Compliant	Compliant
Recreational transit form was submitted on time.	Compliant	Compliant

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<b>PALRF Finding #2020-001</b>	<b>City of Alhambra</b>
<b>Compliance Reference</b>	According to Proposition A and Proposition C Local Return Guidelines, Section I. C, "Jurisdictions shall submit on or before August 1 of each fiscal year an Annual Project Update to provide current information on all approved on-going and carryover LR projects."
<b>Condition</b>	The City did not meet the August 1, 2019 deadline for submission of the Annual Project Update (Form B). However, the City submitted the Form B on August 14, 2019.
<b>Cause</b>	The submission of Form B was not completed in a timely manner due to the staff turnover. At the time of the submission deadline, the City was transitioning to a new Public Works Director after the retirement of the previous director.
<b>Effect</b>	The City's Form B was not submitted timely as required by the Proposition A and Proposition C Local Return Guidelines.
<b>Recommendation</b>	We recommend that the City establish procedures to ensure that the Form B is properly prepared and submitted before the due date of August 1st so that the City's expenditures of the Proposition A and Proposition C Local Return Funds will be in accordance with LACMTA's approval and the Guidelines. Furthermore, we recommend the City retain a confirmation of receipt by LACMTA to indicate the form was submitted in a timely manner.
<b>Management's Response</b>	The City has established and documented a clear workflow for the timely submission and tracking of the funds. The Management Analyst will be responsible for tracking and inputting the figures in the Local Return Database, with the appropriate back-up and financial data provided by the Accounting Manager.
<b>Finding Corrected During the Audit</b>	The City subsequently submitted the Form B on August 14, 2019. No follow-up is required.

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<b>PALRF Finding #2020-002</b>	<b>City of Artesia</b>
<b>Compliance Reference</b>	According to Proposition A and Proposition C Local Return Guidelines, Section I. C, Project Description Form (Form A): "Jurisdictions shall submit for approval a Project Description Form prior to the expenditure of funds for: 1) a new project."
<b>Condition</b>	The City used Proposition A Local Return funds for Project Code 480-08 Gateway COG Study in the amount of \$20,000 prior to LACMTA's approval. Subsequently, the City submitted a Project Description Form (Form A) to LACMTA, and the project was retroactively approved on December 23, 2020.  This is a repeat finding from the prior fiscal year.
<b>Cause</b>	It was due to an oversight by the City's finance department.
<b>Effect</b>	The City was not in compliance with Proposition A and Proposition C Local Return Guidelines of obtaining an approval from LACMTA prior to the expenditure of funds.
<b>Recommendation</b>	We recommend that the City strengthen internal control procedures to ensure all expenditures are approved by LACMTA prior to expending the funds by submitting Project Description Form (Form A) to LACMTA.
<b>Management's Response</b>	The City's Finance department has lost several key employees during FY2020. The new management team was unaware of compliance requirements of Local Return Funds.
<b>Finding Corrected During the Audit</b>	The City's Form A for Project Code 480-08 Gateway COG Study was submitted and retroactively approved by LACMTA on December 23, 2020. No follow-up is required.

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<b>PALRF and PCLRF Finding #2020-003</b>	<b>City of Artesia</b>
<b>Compliance Reference</b>	According to Proposition A and Proposition C Local Return Guidelines, Section I. C, Proposition A and Proposition C Forms and Submittal Requirements – Annual Expenditure Report (Form C), "On or before October 15th of each fiscal year, the Jurisdictions shall submit an Annual Expenditure Report to provide an update on previous year LR fund receipts and expenditures."
<b>Condition</b>	The City did not meet the October 15, 2020 deadline for submission of the Annual Expenditure Report (Form C). Instead, the City submitted the Form C on December 23, 2020.
<b>Cause</b>	It was due to an oversight by the City's finance department.
<b>Effect</b>	The City's Form C was not submitted timely as required by Proposition A and Proposition C Local Return Guidelines.
<b>Recommendation</b>	We recommend that the City establish procedures to ensure that the Form C is properly prepared and submitted before the due date of October 15th in accordance with the Proposition A and Proposition C Local Return Guidelines. Furthermore, we recommend the City retain a confirmation of receipt by LACMTA to indicate the form was submitted in a timely manner.
<b>Management's Response</b>	The City's Finance department has lost several key employees during FY2020. The new management team was unaware of compliance requirements of Local Return Funds.
<b>Finding Corrected During the Audit</b>	The City subsequently submitted the Form C on December 23, 2020. No follow up is required.

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<p><b>PALRF Finding #2020-004</b></p>	<p><b>City of Artesia</b></p>
<p><b>Compliance Reference</b></p>	<p>According to Proposition A and Proposition C Local Return Guidelines, Section II: Project Eligibility, “A proposed expenditure of funds shall be deemed to be for public transit purposes to the extent that it can reasonably be expected to sustain or improve the quality and safety of and/or access to public transit services by the general public or those requiring special public transit assistance,” and Section V: Audit Section, “It is the jurisdictions’ responsibility to maintain proper accounting records and documentation...”</p> <p>In addition, the LACMTA Local Return Program Manager issued a memo dated on April 29, 2014 to jurisdictions to provide recommendations that ensure jurisdictions have adequate evidence to support its compliance with the Local Return Guidelines. The recommendations state “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, the memo states that:</p> <p>“(4) Where employees work on multiple activities or cost objectives, a distribution of 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 style="text-align: center;">:</p> <p style="text-align: center;">(b) A Federal award and non-Federal award.</p> <p style="text-align: center;">:</p> <p>(5) Personnel activity reports or equivalent documentation must meet the following standards:</p> <p style="text-align: center;">(a) They must reflect an after the fact distribution of the actual activity of each employee,</p> <p style="text-align: center;">:</p> <p style="text-align: center;">(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:</p> <p style="text-align: center;">(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>

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<b>PALRF Finding #2020-004 (Continued)</b>	<b>City of Artesia</b>
<b>Condition</b>	<p>To support the propriety of expenditures charged to the Proposition A and Proposition C Local Return Funds, the salaries and benefits expenditures should be supported by time records, special funding certifications, activity reports, or other official documentation evidencing in proper detail the nature of the charges. However, the salaries and benefits charged for one (1) employee (Management Analyst) under Project 480-07, Prop A. Vehicle - Personnel Salary for the four (4) pay periods (1/10/20, 1/24/20, 2/8/20, 2/21/20) totaling \$2,025, did not agree with the authorized pay rate per Personnel Action Form (PAF) and the corresponding timesheets provided.</p> <p>However, based on the timesheets which showed actual hours worked per program and the pay rate per PAF to reflect the current effective pay rate allocated to the PALRF, the salaries and benefits charged under the Project 480-07 was under-allocated by \$95. The City represented that it was due to human error when allocating salaries and benefits expenditures to PALRF's project.</p>
<b>Cause</b>	It was due to an oversight by the City's finance department.
<b>Effect</b>	The City was not in compliance with Proposition A and Proposition C Local Return Guidelines.
<b>Recommendation</b>	We recommend that the City strengthen its controls over the allocation of payroll costs to ensure that all project expenditures are adequately supported and reported.
<b>Management's Response</b>	The error in salary expenditure allocation was due to an oversight, the new management team will ensure accurate recording in City's accounting system going forward.

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<b>PCLRF Finding #2020-005</b>	<b>City of Artesia</b>
<b>Compliance Reference</b>	<p>According to Proposition A and C Local Return Guidelines, Section II. C. 7, “Jurisdictions are required to certify that they have conducted and maintain Pavement Management Systems when proposing “Street Repair and Maintenance: or “Bikeway” Projects”.</p> <p><b>PMS must include the following:</b></p> <ul style="list-style-type: none"> <li>• Inventory of existing pavements including, as a minimum, arterial and collector routes, reviewed and updated triennially;</li> <li>• Inventory of existing Class I bikeways, reviewed and updated triennially;</li> <li>• Assessment of pavement condition including, as a minimum, arterial and collector routes, reviewed and updated triennially;</li> <li>• Identification of all pavement sections needing rehabilitation/replacement; and</li> <li>• Determination of budget needs for rehabilitation or replacement of deficient sections of pavement for current and following triennial period(s)</li> </ul> <p>Self-certifications (included in Appendix III) executed by the Jurisdiction’s Engineer or designated, registered civil engineer, must be submitted with a Form A for new street maintenance or bikeway projects, or Form B (biannually) for ongoing projects, to satisfy “Street Repair and Maintenance” and “Bikeway” project eligibility criteria.</p> <p>A Pavement Management System (PMS) Certification should be prepared and submitted to LACMTA when the City incurred expenditures on projects with project codes 430, 440, 450, and 470.</p>
<b>Condition</b>	<p>A PMS Certification Form was due for the fiscal year 2020 since the City incurred PCLRF expenditures for the following three projects: (1) 440-07 Pioneer, Artesia, &amp; Norwalk Landscaped Median; (2) 440-08 Pioneer, Artesia, I Norwalk &amp; South Street; and (3) 440-15 Traffic Stripping Maintenance. However, the City did not submit PMS Certification Form during the fiscal year 2020. The last PMS Certification Form was expired on November 15, 2019.</p>
<b>Cause</b>	<p>It was due to an oversight.</p>
<b>Effect</b>	<p>The City was not in compliance with the Proposition A and Proposition C Local Return Guidelines.</p>



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<b>PCLRF Finding #2020-005 (Continued)</b>	<b>City of Artesia</b>
<b>Recommendation</b>	We recommend that the City establish procedures to ensure that if the City incurs expenditures for projects with codes 430, 440, 450, or 470, a PMS Certification Form is properly certified and executed by the City’s Engineer or designated registered Civil Engineer and submitted to LACMTA on the third year from the last submission date to be in compliance with the Guidelines.
<b>Management’s Response</b>	The City is aware that the current Pavement Management System Certification (PMS) on file should have been updated in FY20. The City is in the process of obtaining a quote from the City's contracted engineer to update the PMS Certification. The City endeavors to bring the PMS Certification into compliance as quickly as possible in 2021.
<b>Finding Corrected During the Audit</b>	The City has reached out to LACMTA for an extension to submit the PMS certification form in FY2021. LACMTA subsequently approved on January 6, 2021. Verification of the PMS Certification Form submission will be performed during FY2021 audit.

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<b>PALRF Finding #2020-006</b>	<b>City of Artesia</b>
<b>Compliance Reference</b>	According to Proposition A and Proposition C Local Return Guidelines, Section II. A. 1. 3, Recreational Transit Service, "Jurisdictions shall submit a listing of Recreational Transit Services no later than October 15 after the fiscal year."
<b>Condition</b>	The City did not meet the October 15, 2020 deadline for submission of the Recreational Transit Form. However, the City submitted the Recreational Transit Form on December 28, 2020.
<b>Cause</b>	It was due to an oversight by the City's finance department.
<b>Effect</b>	The City did not comply with the Proposition A and Proposition C Local Return Guidelines.
<b>Recommendation</b>	We recommend the City strengthen its control procedures to ensure the timely submission of all required forms and documentations.
<b>Management's Response</b>	The City's Finance department has lost several key employees during FY2020. The new management team was unable to complete all required tasks on time.
<b>Finding Corrected During the Audit</b>	The City's Recreational Transit Form was submitted to LACMTA on December 28, 2020. No follow-up is required.

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<b>PCLRF Finding #2020-007</b>	<b>City of Claremont</b>
<b>Compliance Requirement</b>	<p>According to Proposition A and C Local Return Guidelines, Section II. C. 7, “Jurisdictions are required to certify that they have conducted and maintain Pavement Management Systems when proposing “Street Repair and Maintenance: or “Bikeway” Projects”.</p> <p><b>PMS must include the following:</b></p> <ul style="list-style-type: none"> <li>• Inventory of existing pavements including, as a minimum, arterial and collector routes, reviewed and updated triennially;</li> <li>• Inventory of existing Class I bikeways, reviewed and updated triennially;</li> <li>• Assessment of pavement condition including, as a minimum, arterial and collector routes, reviewed and updated triennially;</li> <li>• Identification of all pavement sections needing rehabilitation/replacement; and</li> <li>• Determination of budget needs for rehabilitation or replacement of deficient sections of pavement for current and following triennial period(s)</li> </ul> <p>Self-certifications (included in Appendix III) executed by the Jurisdiction’s Engineer or designated, registered civil engineer, must be submitted with a Form A for new street maintenance or bikeway projects, or Form B (biannually) for ongoing projects, to satisfy “Street Repair and Maintenance” and “Bikeway” project eligibility criteria.</p> <p>A Pavement Management System (PMS) Certification should be prepared and submitted to LACMTA when the City incurred expenditures on projects with project codes 430, 440, 450, and 470.</p>
<b>Condition</b>	<p>A PMS Certification Form was due for the fiscal year 2020 since the City incurred PCLRF expenditures for its Project Code 440-01, On-Call Asphalt Repair. However, the City did not submit the form. The last PMS Certification Form submitted was for fiscal year 2017 which was provided to LACMTA on December 8, 2016.</p> <p>Subsequently, the City submitted the PMS Certification on December 10, 2020.</p>
<b>Cause</b>	This is due to the City staff’s oversight.
<b>Effect</b>	The City did not comply with the Proposition A and Proposition C Local Return Guidelines.

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<b>PCLRF Finding #2020-007 (Continued)</b>	<b>City of Claremont</b>
<b>Recommendation</b>	We recommended that the City establish procedures to ensure that if the City incurs expenditures for projects with codes 430, 440, 450, or 470, a PMS Certification Form is properly certified and executed by the City’s Engineer or designated registered Civil Engineer and submitted to LACMTA on the third year from the last submission date to be in compliance with the Guidelines.
<b>Management’s Response</b>	The Management concurred with the finding.
<b>Finding Corrected During the Audit</b>	The City subsequently submitted the PMS Certification on December 10, 2020. No follow-up is required.

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<b>PALRF Finding #2020-008</b>	<b>City of Covina</b>
<b>Compliance Reference</b>	According to Proposition A and Proposition C Local Return Guidelines, Section II. A. 1. 3, Recreational Transit Service, "Jurisdictions shall submit a listing of Recreational Transit Services no later than October 15 after the fiscal year."
<b>Condition</b>	The City did not meet the October 15, 2020 deadline for submission of the Listing of Recreational Transit Services. However, the City submitted the listing on November 3, 2020.  This is a repeat finding from prior fiscal year.
<b>Cause</b>	With rollout of the new LACMTA LRMS in October 2020, the submission of the Listing of Recreational Transit Services form was overlooked.
<b>Effect</b>	The City's Listing of Recreational Transit Services was not submitted timely as required by the Guidelines.
<b>Recommendation</b>	We recommend that the City establish procedures to ensure that the Recreational Transit Services Listing is properly prepared and submitted before the due date of October 15th so that the City's expenditures of the Proposition A Local Return Fund 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.
<b>Management's Response</b>	Moving forward, the City will implement a new process to ensure that the submission of PALRF form deadline is met.
<b>Finding Corrected During Audit</b>	The City submitted the form to LACMTA on November 3, 2020. No follow-up is required.

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<p><b>PALRF &amp; PCLRF                  Finding #2020-009</b></p>	<p><b>City of Downey</b></p>
<p><b>Compliance Reference</b></p>	<p>According to Proposition A and Proposition C Local Return Guidelines, Section II: Project Eligibility, “A proposed expenditure of funds shall be deemed to be for public transit purposes to the extent that it can reasonably be expected to sustain or improve the quality and safety of and/or access to public transit services by the general public or those requiring special public transit assistance,” and Section V: Audit Section, “It is the jurisdictions’ responsibility to maintain proper accounting records and documentation...”</p> <p>In addition, the LACMTA Local Return Program Manager issued a memo dated on April 29, 2014 to jurisdictions to provide recommendations that ensure jurisdictions have adequate evidence to support its compliance with the Local Return Guidelines. The recommendations state “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, the memo states that:</p> <p>“(4) Where employees work on multiple activities or cost objectives, a distribution of 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 align="center">:</p> <p align="center">(b) A Federal award and non-Federal award.</p> <p align="center">:</p> <p>(5) Personnel activity reports or equivalent documentation must meet the following standards:</p> <p align="center">(a) They must reflect an after the fact distribution of the actual activity of each employee,</p> <p align="center">:</p> <p align="center">(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>

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 (Continued)**

<p><b>PALRF &amp; PCLRF                  Finding #2020-009                  (Continued)</b></p>	<p><b>City of Downey</b></p>
<p><b>Condition</b></p>	<p>To support the propriety of expenditures charged to the Proposition A and Proposition C Local Return Funds, the salaries and benefits expenditures should be supported by time records, special funding certifications, activity reports, or other official documentation evidencing in proper detail the nature of the charges. However, the salaries and benefits charged were based on estimated percentages on PALRF and PCLRF activities rather than the employee’s actual hours worked on the projects. Although the City provided a time study listing the employees charged to PALRF and PCLRF, the salaries and benefits on the time study were based on estimated percentages. Moreover, the hours were not adjusted to reflect the “true” hours worked on the projects at the end of the fiscal year 2019-20. The following is a list of the unsupported salaries and benefits allocations per project:</p> <p>(a) PALRF’s Fixed Route Program Project Code 110-13 in the amount of \$33,307.</p> <p>(b) PALRF’s Revised Senior/Handicapped Transit Program Project Code 130-02 in the amount of \$429,096.</p> <p>(c) PCLRF’s Ride Sharing Program Administration Project Code 480-02 in the amount of \$40,997.</p> <p>(d) PCLRF’s Local Return Fund Administration (Public Works) Project Code 480-28 in the amount of \$32,847.</p> <p>This is a repeat finding from the prior four fiscal years.</p>
<p><b>Cause</b></p>	<p>The City allocates the salaries and benefits charges based on a time study from fiscal year 2011-12. The same percentage allocations have been used in prior fiscal years. Additionally, the City believed the estimated percentages charged to the funds for salaries and benefit expenses are still less than the actual costs incurred for the programs.</p>
<p><b>Effect</b></p>	<p>The payroll costs claimed under the PALRF and PCLRF projects may include expenditures which may be disallowed Proposition A and Proposition C project expenditures. This resulted in questioned costs of \$462,403 and \$73,844 for PALRF and PCLRF, respectively.</p>
<p><b>Recommendation</b></p>	<p>We recommend that the City reimburse its PALRF and PCLRF accounts for \$462,403 and \$73,844, respectively. In addition, we recommend that the City strengthen its controls over the allocation of payroll costs by using a supported allocation basis, time sheets or similar documentation to substantiate the actual hours worked by employees charged to the programs.</p>

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<b>PALRF &amp; PCLRF          Finding #2020-009          (Continued)</b>	<b>City of Downey</b>
<b>Management's Response</b>	<p>The City's management agrees that the amounts were based on a time study from fiscal year 2011-12. However, the City believes that the percentage charged to all City funds (Enterprise, Special Revenue, Successor Agency) for salaries and benefits are less than the actual costs incurred for the programs. In fiscal year 2018-19, as opposed to the time study from fiscal year 2011-12, the program was internally administered in which caused an increase in the salaries and benefits costs. In fiscal year 2019-20, the City implemented KRONOS, an online-based timekeeping system, for the staff to properly allocate the actual time spent on projects and to be able to track the time spent on each program. With the implementation of this system, the City will be able to charge salaries and benefits costs directly to the program. With the full implementation of KRONOS, the City expects this finding to be fully resolved in fiscal year 2020-21.</p>



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<b>PALRF Finding #2020-010</b>	<b>City of Downey</b>
<b>Compliance Reference</b>	According to Proposition A and Proposition C Local Return Guidelines, Section II: Project Eligibility, “A proposed expenditure of funds shall be deemed to be for public transit purposes to the extent that it can reasonably be expected to sustain or improve the quality and safety of and/or access to public transit services by the general public or those requiring special public transit assistance” and Section V: Audit Section, “It is the jurisdictions’ responsibility to maintain proper accounting records and documentation...”
<b>Condition</b>	To support the propriety of expenditures charged to the Proposition A and Proposition C Local Return Funds, non-payroll expenditures should be supported by properly executed contracts, invoices, and vouchers or other official documentation evidencing in proper detail the nature of the charges. However, payments for equipment rental in the amount of \$126,690 were charged to PALRF's Revised Senior/Handicapped Transit Program, Project Code 130-02, without appropriate supporting documentation, i.e., invoices, purchase orders, contracts, etc., to validate the disbursements.  This is a repeat finding from the prior three fiscal years.
<b>Cause</b>	The City allocates equipment rental charges based on a time study from fiscal year 2011-12. The same percentage allocation has been used in prior fiscal years. Additionally, the City believed the estimated percentage charged to the fund for equipment rental expenditures are still less than the actual costs incurred for the program.
<b>Effect</b>	The unsupported expenditures for the equipment rental resulted in questioned costs of \$126,690.
<b>Recommendation</b>	We recommend that the City reimburse its PALRF account for \$126,690. In addition, we recommend that the City strengthen its controls over the allocation of equipment rental costs by using an equitable and supported allocation basis to substantiate the costs charged to the program.
<b>Management’s Response</b>	The City’s management agrees that the amounts were based on a time study from fiscal year 2011-12. However, the City believes that the percentage charged to all City funds (Enterprise, Special Revenue, Successor Agency) for the allocation of equipment rental expenditures are less than the actual costs incurred to administer the program. For example, the maintenance costs are directly charged to the City’s equipment fund and monthly charges are distributed to various departments for the repairs, maintenance, and general upkeep of the vehicles. In fiscal year 2019-20, legal costs in the amount of \$230,000 were incurred for charges in a Dial-A-Ride lawsuit. Both the maintenance and legal costs far exceed the amount allocated to the PALRF.

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<b>PALRF Finding #2020-011</b>	<b>City of El Segundo</b>
<b>Compliance Reference</b>	According to Proposition A and Proposition C Local Return Guidelines, Section II. A. 1. 3, Recreational Transit Service, "Jurisdictions shall submit a listing of Recreational Transit Services no later than October 15 after the fiscal year."
<b>Condition</b>	The City did not meet the October 15, 2020 deadline for submission of the Recreational Transit Form.  However, the City submitted the Recreational Transit Form on November 18, 2020.
<b>Cause</b>	This was an oversight by the City for not submitting the Recreational Transit Form by the due date.
<b>Effect</b>	The City did not comply with Proposition A and Proposition C Local Return Guidelines.
<b>Recommendation</b>	We recommend that the City strengthen internal control procedures to ensure that the Recreational Transit Form is properly prepared and submitted before the due date of October 15th to meet Proposition A and Proposition C Local Return Guidelines.
<b>Management's Response</b>	City staff submitted the Recreational Transit Form on November 18, 2020 due to oversight. In the future the City will make sure to submit Recreational Transit Form by the October 15th deadline to ensure compliance with the requirements.
<b>Findings Corrected During the Audit</b>	The City's Recreational Transit Form was submitted on November 18, 2020. No follow-up is required.

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<b>PALRF Finding #2020-012</b>	<b>City of Glendora</b>
<b>Compliance Reference</b>	<p>According to Proposition A and Proposition C Local Return Guidelines, Section II: Project Eligibility, “A proposed expenditure of funds shall be deemed to be for public transit purposes to the extent that it can reasonably be expected to sustain or improve the quality and safety of and/or access to public transit services by the general public or those requiring special public transit assistance,” and Section V: Audit Section, “It is the jurisdictions’ responsibility to maintain proper accounting records and documentation...”</p> <p>The Measure R Local Return Guidelines, Section A.I: Program Summary, states, “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: Audit Section, “It is the Jurisdictions’ responsibility to maintain proper accounting records and documentation to facilitate the performance of audit prescribed in these guidelines.”</p> <p>Likewise, the Measure M Local Return Guidelines, Section XXV: Program Objective, states, “The Measure M Ordinance specifies that LR funds are to be used for transportation purposes. No net revenues distributed to cities and County of Los Angeles (Jurisdictions) may be used for purposes other than transportation purposes.” and Audit Requirements, “It is each Jurisdiction’s responsibility to maintain proper accounting records and documentation...”</p>
<b>Condition</b>	<p>During our payroll testing, the City provided both the timesheets and the Special Funding Time Certification (Certification), a supplemental form for the timesheet that is signed by both the employee and the employee’s supervisor. The Certification is prepared annually and provides the hours worked by the employee on PALRF, MRLRF, and MMLRF projects for all pay periods during the fiscal year 2019-20. The pay periods tested were as follows:</p> <ul style="list-style-type: none"> <li>a) March 22, 2020</li> <li>b) April 19, 2020</li> <li>c) May 17, 2020</li> <li>d) June 14, 2020</li> </ul> <p>We noted that the Certifications sampled were signed and dated by the employees and supervisors after the year-end, October, November, and December 2020, which were four to seven months after the fact.</p>
<b>Cause</b>	<p>The City was not aware that the Certification needs to be prepared and reviewed near the end of the period covered. As a result, the Certifications were untimely signed by both employees and supervisors.</p>

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<b>PALRF Finding #2020-012 (Continued)</b>	<b>City of Glendora</b>
<b>Effect</b>	Without employees and supervisors signing the timecards/certifications, the City may be unable to substantiate the actual hours worked by the employees that were charged to the programs. Inadequate support for salaries could result in disallowed costs.
<b>Recommendation</b>	We recommend the City strengthen controls over payroll so that all employees and supervisors prepare, review, sign, and date the Certifications at minimum, on a monthly basis, to ensure the accuracy of hours worked on the local return funds' projects.
<b>Management's Response</b>	The City will re-evaluate the preparation process of the Certifications to ensure that the forms are signed and dated by the employees and supervisors within a reasonable period of time.

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<b>PALRF Finding #2020-013</b>	<b>City of Glendora</b>
<b>Compliance Reference</b>	According to Proposition A and Proposition C Local Return Guidelines, Section II. A. 1. 3, Recreational Transit Service, “Jurisdictions shall submit a listing of Recreational Transit Services no later than October 15 after the fiscal year.”
<b>Condition</b>	The City did not meet the October 15, 2020 deadline for submission of the Listing of Recreational Transit Services. However, the City submitted the listing on October 19, 2020.
<b>Cause</b>	Due to the change in the reporting database with the other Metro forms, the late submission of the form was due to an oversight.
<b>Effect</b>	The City’s Listing of Recreational Transit Services was not submitted timely as required by the Guidelines.
<b>Recommendation</b>	We recommend that the City establish procedures to ensure that the Recreational Transit Services Listing is properly prepared and submitted before the due date of October 15th so that the City’s expenditures of the Proposition A Local Return Fund will be in accordance with LACMTA’s approval and the Guidelines. Furthermore, we recommend that the City retain a confirmation of receipt from LACMTA to indicate the form was submitted in a timely manner.
<b>Management’s Response</b>	The City will re-evaluate the process to ensure that the form will be submitted timely in the future.
<b>Finding Corrected During the Audit</b>	The City submitted the form to LACMTA on October 19, 2020. No follow-up is required.

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<b>PALRF Finding #2020-014</b>	<b>City of La Cañada Flintridge</b>
<b>Compliance Reference</b>	According to Proposition A and Proposition C Local Return Guidelines, Section I. C, Project Description Form (Form A), "Jurisdictions shall submit for approval a Project Description Form prior to the expenditure of funds for: 5) a 25 percent or greater change in an approved Local Return project budget or scope on all operating or capital Local Return projects."
<b>Condition</b>	<p>The City exceeded more than 25 percent of LACMTA's approved budget on PALRF Project Code 150.03, Bus Shelter Maintenance Program for City's Bus Shelters, in the amount of \$328. However, the City submitted a Project Description Form (Form A) to obtain a budget increase from LACMTA and received subsequent approval on October 5, 2020.</p> <p>This is a repeat finding from fiscal year ending June 30, 2018.</p>
<b>Cause</b>	The work performed on this project was completed in late June. The invoice was received in July 2020 and determined that the actual cost of the project was higher than the amount budgeted. Since the invoice was received after June 2020, the City was not able to submit a request for a budget increase from LACMTA in a timely manner.
<b>Effect</b>	The City's PALRF project expenditure exceeded 25 percent of LACMTA's approved budget without LACMTA's approval and the City did not comply with the Guidelines.
<b>Recommendation</b>	We recommend that the City establish procedures to ensure that project expenditures are within the 25 percent cap of the LACMTA's approved budget and an amended Form A (Project Description Form) is properly prepared and submitted prior to the expenditure of funds which would result in a 25 percent or greater change in an approved Local Return project budget or scope on all operating Local Return projects.
<b>Management's Response</b>	The City will review the PALRF expenditures on a monthly basis to ensure that all expenditures incurred are within the budget. The City will obtain approvals from LACMTA when the City determines that more costs are necessary to complete a project or task.
<b>Finding Corrected During the Audit</b>	LACMTA Program Manager granted retroactive budget approval in the amount of \$3,140 for the said project on October 5, 2020. No follow-up is required.

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<b>PCLRF Finding #2020-015</b>	<b>City of Lancaster</b>
<b>Compliance Reference</b>	According to Proposition A and Proposition C Local Return Guidelines, Section I. C, Project Description Form (Form A): “Jurisdictions shall submit for approval a Project Description Form prior to the expenditure of funds for: 1) a new project.”
<b>Condition</b>	The City used Proposition C Local Return funds for Project Code 470-13, 2021 Pavement Management Program (12ST041) in the amount of \$862 prior to LACMTA’s approval. Subsequently, the City submitted a Project Description Form (Form A) to LACMTA, and the project was retroactively approved on December 21, 2020.  This is a repeat finding from the prior fiscal year.
<b>Cause</b>	It was due to an oversight by the City’s program department.
<b>Effect</b>	The City was not in compliance with the Proposition A and Proposition C Local Return Guidelines in obtaining an approval from LACMTA prior to expenditure of funds.
<b>Recommendation</b>	We recommend that the City strengthen internal control procedures to ensure all expenditures are approved by LACMTA prior to expending the funds by submitting Project Description Form (Form A) to LACMTA.
<b>Management’s Response</b>	The City will establish procedures to ensure that Project Description Form (Form A) will be submitted timely.
<b>Finding Corrected During the Audit</b>	The City’s Form A for Project Code 470-13, 2021 Pavement Management Program (12ST041) was submitted and retroactively approved by LACMTA on December 21, 2020. No follow-up is required.

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<b>PALRF Finding #2020-016</b>	<b>City of Lancaster</b>
<b>Compliance Reference</b>	According to Proposition A and Proposition C Local Return Guidelines, Section I. C, Project Description Form (Form A), "Jurisdictions shall submit for approval a Project Description Form prior to the expenditure of funds for: 5) a 25 percent or greater change in an approved Local Return project budget or scope on all operating or capital Local Return projects."
<b>Condition</b>	<p>The City exceeded more than 25 percent of LACMTA's approved budget on PALRF Project Code 160-04, Bus Stop Improvements (as part of Project 16ST007) and Project Code 480-05, General Fund Overhead Allocation without prior approval from LACMTA. The amounts that exceeded the approved budget by more than 25 percent were \$3,999 and \$42,139, respectively. Subsequently, the City submitted amended Project Description forms (Form A) to obtain budget increases from LACMTA for Project Code 160-04 and Project Code 480-05 and received approvals on October 12, 2020 and December 21, 2020, respectively.</p> <p>This is a repeat finding from the prior fiscal year.</p>
<b>Cause</b>	It was due to an oversight by the City's program department.
<b>Effect</b>	The City's PALRF project expenditures exceeded 25 percent of Metro's approved budget. The City did not comply with the Proposition A and Proposition C Local Return Guidelines.
<b>Recommendation</b>	We recommend that the City establish procedures to ensure that project expenditures are within the 25 percent cap of LACMTA's approved budget. If the City expects project expenditures will be in excess of 25 percent of the approved budget, the City should submit an amended Form A prior to the expenditure of funds.
<b>Management's Response</b>	The City will establish procedures to ensure that project expenditures are within the 25 percent cap of LACMTA's approved budget.
<b>Finding Corrected During the Audit</b>	Amended Form A's were submitted to LACMTA and were approved on October 12, 2020 and December 21, 2020, respectively. No follow-up is required.



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<b>PALRF Finding #2020-017</b>	<b>City of Los Angeles</b>
<b>Compliance Reference</b>	According to Proposition A and Proposition C Local Return Guidelines, Section II. A. 1. 3, Recreational Transit Service, "Jurisdictions shall submit a listing of Recreational Transit Services no later than October 15 after the fiscal year."
<b>Condition</b>	The City did not meet the October 15, 2020 deadline for submission of the Recreational Transit Form. However, the City submitted the Recreational Transit Form on November 18, 2020.
<b>Cause</b>	This was an oversight by the City in submitting the Recreational Transit Form before the due date.
<b>Effect</b>	The City did not comply with Proposition A and Proposition C Local Return Guidelines.
<b>Recommendation</b>	We recommend that the City strengthen internal control procedures to ensure that the Recreational Transit Form is properly prepared and submitted before the due date of October 15th to meet Proposition A and Proposition C Local Return Guidelines.
<b>Management's Response</b>	The City in the future will endeavor to submit the Recreational Transit Form on or before the due date.
<b>Finding Corrected During the Audit</b>	The City's Recreational Transit Form was submitted on November 18, 2020. No follow-up is required.

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<b>PCLRF Finding #2020-018</b>	<b>City of Manhattan Beach</b>
<b>Compliance Reference</b>	According to Proposition A and Proposition C Local Return Guidelines, Section III. A: Reporting Requirements for Jurisdictions, Project Description Form (Form A), “A new project that meets the eligibility criteria...must be submitted to Metro on Project Description Form (Form A) prior to the expenditure of funds. Metro will review the project to determine if it meets the statutory eligibility requirement and notify Jurisdictions of the project’s LR funding eligibility. If a Jurisdiction expends Proposition A or Proposition C LR funds for a project prior to Metro approval, the Jurisdiction will be required to reimburse its LR Account. Additionally, approvals cannot be retroactive. A Project Description Form (Form A) may be submitted any time during the fiscal year”.
<b>Condition</b>	The City incurred expenditures in the amount of \$77,600 for the Street Resurfacing: Liberty Village project code 440-03 prior to receiving approval from LACMTA. However, the project was subsequently approved on September 24, 2020.
<b>Cause</b>	The City did not submit Form A to LACMTA prior to expenditure of funds on a new project due to an oversight.
<b>Effect</b>	The City did not comply with the Proposition A and Proposition C Local Return Guidelines as expenditures for the PCLRF projects were incurred prior to LACMTA’s approval.
<b>Recommendation</b>	We recommend that the City strengthen internal control procedures to ensure that Form A is submitted to LACMTA prior to expending funds on a new project.
<b>Management’s Response</b>	The City in the future will endeavor to submit the Form A on or before the due date.
<b>Finding Corrected During the Audit</b>	Updated Form A was submitted to LACMTA and was retroactively approved on September 24, 2020. No follow-up is required.

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<b>PALRF Finding #2020-019</b>	<b>City of Manhattan Beach</b>
<b>Compliance Reference</b>	According to Proposition A and Proposition C Local Return Guidelines, Section II: Project Eligibility, "A proposed expenditure of funds shall be deemed to be for public transit purposes to the extent that it can reasonably be expected to sustain or improve the quality and safety of and/or access to public transit services by the general public or those requiring special public transit assistance," and Section V: Audit Section, "It is the jurisdictions' responsibility to maintain proper accounting records and documentation..."
<b>Condition</b>	<p>To support the propriety of expenditures charged to the Proposition A Local Return Fund (PALRF), all expenditures should be based on actual amounts incurred and supported by a properly executed invoice, purchase order, contract, or other official documentation evidencing in proper detail the nature of the charges. However, during our review of expenditures charged to PALRF for the Dial-A-Ride project code 130-01, it was noted that information system expenditures from the City's Internal Service Fund were allocated to the PALRF based on the budgeted amount of \$86,640 and would not be "trued up" to the actual cost of \$89,620 at year end. The result was an undercharge of \$2,980 to the PALRF account.</p> <p>This is a repeat finding from the prior fiscal year.</p>
<b>Cause</b>	The City was unaware that charging budgeted amounts to the PALRF is unallowable.
<b>Effect</b>	The City undercharged the PALRF for information system allocations by \$2,980.
<b>Recommendation</b>	We recommend that the City ensure all budgeted expenditures charged to the PALRF are "trued up" to actual amounts.
<b>Management's Response</b>	The City in the future will allocate internal service funds on an actual basis.

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<b>PALRF Finding #2020-020</b>	<b>City of Manhattan Beach</b>
<b>Compliance Reference</b>	According to Proposition A and Proposition C Local Return Guidelines, Section II. A. 1. 3, Recreational Transit Service, "Jurisdictions shall submit a listing of Recreational Transit Services no later than October 15 after the fiscal year."
<b>Condition</b>	The City did not meet the October 15, 2020 deadline for the submission of the Recreational Transit Form. Instead, the City submitted the Recreational Transit Form on November 19, 2020.
<b>Cause</b>	This was an oversight by the City in submitting the Recreational Transit Form before the due date.
<b>Effect</b>	The City did not comply with the Proposition A and Proposition C Local Return Guidelines.
<b>Recommendation</b>	We recommend that the City strengthen its internal control procedures to ensure that the Recreational Transit Form is properly prepared and submitted before the due date of October 15th to meet the Proposition A and Proposition C Local Return Guidelines.
<b>Management's Response</b>	The City in the future will endeavor to submit the Recreational Transit Form on or before the due date.
<b>Finding Corrected During the Audit</b>	The City's Recreational Transit Form was submitted on November 19, 2020. No follow-up is required.

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<b>PCLRF Finding #2020-021</b>	<b>City of Norwalk</b>
<b>Compliance Reference</b>	<p>According to Proposition A and C Local Return Guidelines, Section II. C. 7, “Jurisdictions are required to certify that they have conducted and maintain Pavement Management Systems when proposing “Street Repair and Maintenance: or “Bikeway” Projects”.</p> <p><b>PMS must include the following:</b></p> <ul style="list-style-type: none"> <li>• Inventory of existing pavements including, as a minimum, arterial and collector routes, reviewed and updated triennially;</li> <li>• Inventory of existing Class I bikeways, reviewed and updated triennially;</li> <li>• Assessment of pavement condition including, as a minimum, arterial and collector routes, reviewed and updated triennially;</li> <li>• Identification of all pavement sections needing rehabilitation/replacement; and</li> <li>• Determination of budget needs for rehabilitation or replacement of deficient sections of pavement for current and following triennial period(s)</li> </ul> <p>Self-certifications (included in Appendix III) executed by the Jurisdiction’s Engineer or designated, registered civil engineer, must be submitted with a Form A for new street maintenance or bikeway projects, or Form B (biannually) for ongoing projects, to satisfy “Street Repair and Maintenance” and “Bikeway” project eligibility criteria.</p> <p>A Pavement Management System (PMS) Certification should be prepared and submitted to LACMTA when the City incurred expenditures on projects with project codes 430, 440, 450, and 470</p>
<b>Condition</b>	<p>A PMS Certification Form was due for the fiscal year 2020 since the City incurred PCLRF expenditures for the following four projects: (1) 440-01 Foster Road Rehabilitation from Studebaker Road to Pioneer Blvd (7904); (2) 440-44 Imperial Highway Rehabilitation - Phase I (7905); (3) 440-47 Alondra Boulevard Rehabilitation from Gridley Road to Studebaker Avenue (Design); and (4) 450-02 Firestone Bridge Guard Rails (7196). However, the City did not submit PMS Certification Form during the fiscal year 2020. The last PMS Certification Form was expired on September 28, 2019.</p>
<b>Cause</b>	<p>It was due to an oversight.</p>
<b>Effect</b>	<p>The City did not comply with the Proposition A and Proposition C Local Return Guidelines.</p>

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<b>PCLRF Finding #2020-021 (Continued)</b>	<b>City of Norwalk</b>
<b>Recommendation</b>	We recommended that the City establish procedures to ensure that if the City incurs expenditures for projects with codes 430, 440, 450, or 470, a PMS Certification Form is properly certified and executed by the City’s Engineer or designated registered Civil Engineer and submitted to LACMTA on the third year from the last submission date to be in compliance with the Guidelines.
<b>Management’s Response</b>	The City hired an independent engineering firm to complete the PMS Certification. The City’s PMP study is currently 90% complete. However, there have been delays in finalizing this study due to the COVID-19. The final report will be adopted by the City Council in early Spring 2021.

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<b>PALRF Finding #2020-022</b>	<b>City of Palmdale</b>
<b>Compliance Reference</b>	According to Proposition A and Proposition C Local Return Guidelines, Section I. C, Project Description Form (Form A): "Jurisdictions shall submit for approval a Project Description Form prior to the expenditure of funds for: 1) a new project."
<b>Condition</b>	The City used Proposition A Local Return funds for Project Code 500-01 VOIP Telephone System Improvements in the amount of \$21,375 prior to LACMTA's approval. Subsequently, the City submitted a Project Description Form (Form A) to LACMTA, and the project was retroactively approved on December 15, 2020.
<b>Cause</b>	It was due to an oversight by the City's program department.
<b>Effect</b>	The City was not in compliance with Proposition A and Proposition C Local Return Guidelines in obtaining an approval from LACMTA prior to expenditure of funds.
<b>Recommendation</b>	We recommend that the City strengthen internal control procedures to ensure all expenditures are approved by LACMTA prior to expending the funds by submitting Project Description Form (Form A) to LACMTA.
<b>Management's Response</b>	The City will establish procedures to ensure that Project Description Form (Form A) will be submitted timely.
<b>Finding Corrected During the Audit</b>	The City's Form A for Project Code 500-01 VOIP Telephone System Improvements was submitted and retroactively approved by LACMTA on December 15, 2020. No follow-up is required.

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<b>PALRF Finding #2020-023</b>	<b>City of Palmdale</b>
<b>Compliance Reference</b>	According to Proposition A and Proposition C Local Return Guidelines, Section I. C, Project Description Form (Form A): “Jurisdictions shall submit for approval a Project Description Form prior to the expenditure of funds for: 5) a 25 percent or greater change in an approved Local Return project budget or scope on all operating or capital Local Return projects.”
<b>Condition</b>	The City exceeded more than 25 percent of LACMTA’s approved budget on PALRF Project Code 230-04 Park and Ride Security without prior approval from LACMTA. The amount that exceeded the approved budget by more than 25 percent is \$10,801. Subsequently, the City submitted a Project Description Form (Form A) to obtain a budget increase from LACMTA and received an approval on December 15, 2020.
<b>Cause</b>	It was due to an oversight by the City’s program department.
<b>Effect</b>	The City’s PALRF project expenditures exceeded 25 percent of LACMTA’s approved budget. The City did not comply with the Proposition A and Proposition C Local Return Guidelines.
<b>Recommendation</b>	We recommend that the City establish procedures to ensure that project expenditures are within the 25 percent cap of LACMTA’s approved budget. If the City expects project expenditures will be in excess of 25 percent of the approved budget, the City should submit an amended Form A prior to the expenditure of funds.
<b>Management’s Response</b>	The City will establish procedures to ensure that project expenditures are within the 25 percent cap of LACMTA’s approved budget.
<b>Finding Corrected During the Audit</b>	An amended Form A for Project Code 230-04 Park and Ride Security was submitted to LACMTA and was approved on December 15, 2020. No follow-up is required.



**Los Angeles County Metropolitan Transportation Authority  
Proposition A and Proposition C Local Return Funds  
Schedule of Findings and Questioned Costs  
Fiscal Year Ended June 30, 2020  
(Continued)**

<b>PALRF Finding #2020-024</b>	<b>City of Pasadena</b>
<b>Compliance Reference</b>	According to Proposition A and Proposition C Local Return Guidelines, Section II. A. 1. 3, Recreational Transit Service, “Jurisdictions shall submit a listing of Recreational Transit Services no later than October 15 after the fiscal year.”
<b>Condition</b>	The City did not meet the October 15, 2020 deadline for submission of the Recreational Transit Form. However, the City submitted the Recreational Transit Form on October 20, 2020.
<b>Cause</b>	It was due to an oversight.
<b>Effect</b>	The City did not comply with the Proposition A and Proposition C Local Return Guidelines.
<b>Recommendation</b>	We recommend the City strengthen internal controls to ensure the timely submission of all required forms and documentations.
<b>Management’s Response</b>	There was a staff turnover in Transportation Department and the new staff missed the deadline when submitting the required forms. A reminder has been added to the reporting task calendar to ensure future Recreation Transit reporting due dates are met.
<b>Finding Corrected During the Audit</b>	The City’s Recreational Transit Form was submitted to LACMTA on October 20, 2020. No follow-up is required.

**Los Angeles County Metropolitan Transportation Authority  
 Proposition A and Proposition C Local Return Funds  
 Schedule of Findings and Questioned Costs  
 Fiscal Year Ended June 30, 2020  
 (Continued)**

<b>PALRF Finding #2020-025</b>	<b>City of Redondo Beach</b>
<b>Compliance Reference</b>	According to Proposition A and Proposition C Local Return Guidelines, Section II. A. 1. 3, Recreational Transit Service, "Jurisdictions shall submit a listing of Recreational Transit Services no later than October 15 after the fiscal year."
<b>Condition</b>	The City did not meet the October 15, 2020 deadline for submission of the Recreational Transit Form. However, the City submitted the Recreational Transit Form on October 29, 2020.
<b>Cause</b>	It was due to an oversight.
<b>Effect</b>	The City did not comply with the Proposition A and Proposition C Local Return Guidelines.
<b>Recommendation</b>	We recommend the City strengthen internal controls to ensure the timely submission of all required forms and documentations.
<b>Management Response</b>	The Recreational Transit form was submitted late due to staff oversight. The City will work on submitting documents on time in the future.
<b>Finding Corrected During the Audit</b>	The City's Recreational Transit Form was submitted to LACMTA on October 29, 2020. No follow-up is required.

**Los Angeles County Metropolitan Transportation Authority  
 Proposition A and Proposition C Local Return Funds  
 Schedule of Findings and Questioned Costs  
 Fiscal Year Ended June 30, 2020  
 (Continued)**

<b>PCLRF Finding #2020-026</b>	<b>City of Signal Hill</b>
<b>Compliance Reference</b>	<p>According to Proposition A and C Local Return Guidelines, Section II. C. 7, “Jurisdictions are required to certify that they have conducted and maintain Pavement Management Systems when proposing “Street Repair and Maintenance: or “Bikeway” Projects”.</p> <p><b>PMS must include the following:</b></p> <ul style="list-style-type: none"> <li>• Inventory of existing pavements including, as a minimum, arterial and collector routes, reviewed and updated triennially;</li> <li>• Inventory of existing Class I bikeways, reviewed and updated triennially;</li> <li>• Assessment of pavement condition including, as a minimum, arterial and collector routes, reviewed and updated triennially;</li> <li>• Identification of all pavement sections needing rehabilitation/replacement; and</li> <li>• Determination of budget needs for rehabilitation or replacement of deficient sections of pavement for current and following triennial period(s)</li> </ul> <p>Self-certifications (included in Appendix III) executed by the Jurisdiction’s Engineer or designated, registered civil engineer, must be submitted with a Form A for new street maintenance or bikeway projects, or Form B (biannually) for ongoing projects, to satisfy “Street Repair and Maintenance” and “Bikeway” project eligibility criteria.</p> <p>A Pavement Management System (PMS) Certification should be prepared and submitted to LACMTA when the City incurred expenditures on projects with project codes 430, 440, 450, and 470.</p>
<b>Condition</b>	<p>The City has incurred expenditures for PCLRF Project Code 440, Street Improvement and Maintenance. However, the City’s latest PMS Certification expired on June 17, 2020.</p> <p>Subsequently, the City submitted the PMS Certification on December 1, 2020.</p>
<b>Cause</b>	It was due to an oversight.
<b>Effect</b>	The City did not comply with the Proposition A and Proposition C Local Return Guidelines.
<b>Recommendation</b>	We recommend the City strengthen internal controls to ensure the timely submission of all required forms and documentation to indicate the listing was submitted in a timely manner.

**Los Angeles County Metropolitan Transportation Authority  
 Proposition A and Proposition C Local Return Funds  
 Schedule of Findings and Questioned Costs  
 Fiscal Year Ended June 30, 2020  
 (Continued)**

<b>PCLRF Finding #2020-026 (Continued)</b>	<b>City of Signal Hill</b>
<b>Management's Response</b>	There was staff turnover in Public Works Department and the new staff did not know the PMS Certification was to be submitted on time
<b>Finding Corrected During the Audit</b>	The City subsequently submitted the PMS Certification on December 1, 2020. No follow-up is required.

**Los Angeles County Metropolitan Transportation Authority  
Proposition A and Proposition C Local Return Funds  
Schedule of Findings and Questioned Costs  
Fiscal Year Ended June 30, 2020  
(Continued)**

<b>PALRF Finding #2020-027</b>	<b>City of South Pasadena</b>
<b>Compliance Reference</b>	According to Proposition A and Proposition C Local Return Guidelines, Section II.A.1.3, Recreational Transit Service, "Jurisdictions shall submit a listing of Recreational Transit Services no later than October 15 after the fiscal year."
<b>Condition</b>	The City did not meet the October 15, 2020 deadline for submission of the Listing of Recreational Transit Services. However, the City submitted the listing on November 18, 2020.
<b>Cause</b>	The staff responsible for the submission of the form was out of the office for an extended period of time. As a result, the submission of the form was overlooked.
<b>Effect</b>	The City's Listing of Recreational Transit Services was not submitted timely as required by the Guidelines.
<b>Recommendation</b>	We recommend that the City establish procedures to ensure that the Recreational Transit Services Listing is properly prepared and submitted before the due date of October 15th so that the City's expenditures of the Proposition A Local Return Fund 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.
<b>Management's Response</b>	The City will provide proper training to handle the submission of form to several staff in case the staff who is primarily responsible for the submission of the form is unavailable.
<b>Finding Corrected During the Audit</b>	The City subsequently submitted the Listing of Recreational Transit Services on November 18, 2020. No follow-up is required.

**Los Angeles County Metropolitan Transportation Authority  
Proposition A and Proposition C Local Return Funds  
Schedule of Findings and Questioned Costs  
Fiscal Year Ended June 30, 2020  
(Continued)**

<b>PALRF Finding #2020-028</b>	<b>City of Temple City</b>
<b>Compliance Reference</b>	According to Proposition A and Proposition C Local Return Guidelines, Section I. C, Project Description Form (Form A): "Jurisdictions shall submit for approval a Project Description Form prior to the expenditure of funds for: 1) a new project."
<b>Condition</b>	The City incurred expenditures prior to receiving approval from LACMTA for PALRF's Project Code 410-00, Proposition A Fund Exchange with Foothill Transit, in the amount of \$750,000. However, the project was subsequently approved on September 29, 2020.
<b>Cause</b>	Due to miscommunication amongst the staff, the City mistakenly did not submit a request for budget approval from LACMTA for PALRF's Proposition A Fund Exchange with Foothill Transit.
<b>Effect</b>	The City did not comply with the Guidelines when expenditures for PALRF project are incurred prior to LACMTA's approval.
<b>Recommendation</b>	We recommend that the City establish procedures to ensure that it obtains approval from LACMTA prior to implementing any Proposition A and Proposition C Local Return projects.
<b>Management's Response</b>	Moving forward, the City will ensure that the necessary forms are submitted and official approvals from LACMTA are acquired before expending PALRF on any projects.
<b>Finding Corrected During the Audit</b>	LACMTA Program Manager granted retroactive approval of the said expenditures on September 29, 2020. No follow-up is required.

**Los Angeles County Metropolitan Transportation Authority  
Proposition A and Proposition C Local Return Funds  
Schedule of Findings and Questioned Costs  
Fiscal Year Ended June 30, 2020  
(Continued)**

<b>PALRF &amp; PCLRF Finding #2020-029</b>	<b>City of Whittier</b>
<b>Compliance Reference</b>	According to Proposition A and Proposition C Local Return Guidelines, Section II: Project Eligibility, “A proposed expenditure of funds shall be deemed to be for public transit purposes to the extent that it can reasonably be expected to sustain or improve the quality and safety of and/or access to public transit services by the general public or those requiring special public transit assistance,” and Section V: Audit Section, “It is the jurisdictions’ responsibility to maintain proper accounting records and documentation...”
<b>Condition</b>	To support the propriety of expenditures being charged to the Proposition A and Proposition C Local Return Funds, non-payroll expenditures should be supported by properly executed contracts, invoices, and vouchers or other official documentation evidencing in proper detail the nature of the charges. However, indirect costs charged to PALRF and PCLRF in the amounts of \$152,636 and \$98,380, respectively, were based on a Cost Allocation Plan (CAP) that was prepared in fiscal year 1991-92.  This is a repeat finding from prior fiscal year.
<b>Cause</b>	The City was in the final stages of review of CAP but has decided to work with an outside consultant to implement the CAP.
<b>Effect</b>	The expenditures allocated may not reflect the appropriate share of costs charged to PALRF and PCLRF.
<b>Recommendation</b>	We recommend that the City update its CAP either by the City’s own qualified personnel or by an independent external party to perform a study of the share of costs between departments, programs and funds throughout the City. The study ensures that the respective funds, including PALRF and PCLRF, are fairly and accurately paying for the services received. For a CAP to be reasonable, the City needs to establish an allocation system that is fair, equitable, and supported by current data.
<b>Management Response</b>	The City will implement a revised CAP.



## Board Report

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**File #:** 2020-0920, **File Type:** Informational Report

**Agenda Number:** 3.

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### INDEPENDENT CITIZEN'S ADVISORY AND OVERSIGHT COMMITTEE FEBRUARY 23, 2021

**SUBJECT: PROPOSITION A AND PROPOSITION C AUDITS OF FISCAL YEAR 2020**

**ACTION: RECEIVE AND FILE**

#### **RECOMMENDATION**

RECEIVE AND FILE the Independent Auditor's Report on:

- A. Schedules of Revenues and Expenditures for Proposition A and Proposition C Special Revenue Funds for the Fiscal Year ended June 30, 2020 completed by BCA Watson Rice, LLP (BCA);
- B. Compliance with Requirements Applicable to Proposition A and Proposition C Ordinances and Local Return Guidelines for the Fiscal Year ended June 30, 2020 completed by Vasquez & Company, LLP; and
- C. Compliance with Requirements Applicable to Proposition A and Proposition C Ordinances and Local Return Guidelines for the Fiscal Year ended June 30, 2020 completed by Simpson and Simpson, CPAs.

#### **ISSUE**

In November of 1998, Los Angeles County voters passed the MTA Reform and Accountability Act of 1998. This Act requires the completion of an independent audit to determine compliance by LACMTA with the provisions of Propositions A and C since the effective dates of each ordinance through June 30, 1998, and then annual audits thereafter. The oversight process requires that an annual audit be conducted six months after the end of the fiscal year to determine compliance with the provisions of the Ordinances related to the receipt and expenditure of sales tax revenues during the fiscal year. The audit must be provided to the Oversight Committee so that the Oversight Committee can determine whether the LACMTA and local subrecipients have complied with the Proposition A and Proposition C requirements.

#### **DISCUSSION**



The following summarizes the independent auditor's report on Schedules of Revenues and Expenditures for Proposition A and Proposition C Special Revenue Funds:

Management Audit Services contracted with BCA to perform the independent audit of the LACMTA, as required by the Ordinances and the MTA Reform and Accountability Act of 1998. BCA conducted the audit 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 BCA plan and perform the audit to obtain reasonable assurance about whether the Schedules of Proposition A and Proposition C Revenues and Expenditures (Schedules) are free of material misstatement.

The auditors found that the Schedules referred to above present fairly, in all material respects, the Proposition A and Proposition C Revenues and Expenditures of LACMTA for the fiscal year ended June 30, 2020, in accordance with accounting principles generally accepted in the United States of America. The auditors also found that LACMTA complied, in all material respects, with the requirements of the Ordinances and the MTA Reform and Accountability Act of 1998 for the fiscal year ended June 30, 2020.

The following summarizes the independent auditor's reports on Compliance with Requirements Applicable to Proposition A and Proposition C Ordinances and Proposition A and Proposition C Local Return Guidelines:

Management Audit Services contracted with two firms, Vasquez and Company (Vasquez) and Simpson and Simpson, CPAs (Simpson and Simpson), to conduct the audits of Proposition A and Proposition C sales tax revenues used by the 88 cities (Cities) as well as the County of Los Angeles (County). These reports cover the audits of 39 Cities completed by Vasquez as listed in Attachment A; and audits of 49 Cities and the County completed by Simpson and Simpson as listed in Attachment B. The firms conducted the audit of compliance 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 the independent auditors plan and perform the audit to obtain reasonable assurance about whether noncompliance with the requirements in the Ordinances and the Proposition A and Proposition C Local Return Guidelines which could have a direct and material effect on the Proposition A and Proposition C Local Return program occurred.

Vasquez concluded that the Cities complied in all material respects, with the requirements in the Ordinances and the Proposition A and Proposition C Local Return Guidelines that are applicable to the Proposition A and Proposition C Local Return program for the fiscal year ended June 30, 2020. Vasquez found 21 instances of noncompliance, which are summarized in Schedule 2 of Attachment C.

Simpson and Simpson concluded that the Cities and County complied, in all material respects, with the requirements in the Ordinances and the Proposition A and Proposition C Local Return Guidelines that are applicable to the Proposition A and Proposition C Local Return program for the fiscal year ended June 30, 2020. Simpson and Simpson found 29 instances of noncompliance, which are

summarized in Schedule 2 of Attachment D.

**NEXT STEPS**

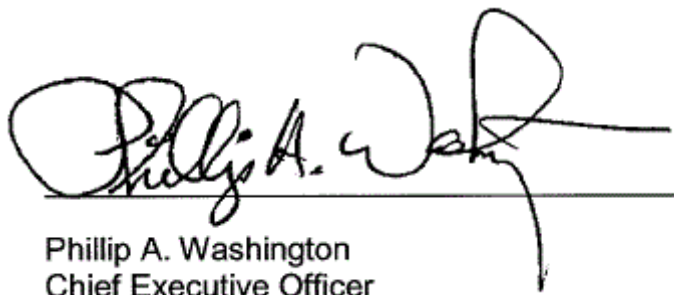
A public hearing will be scheduled.

**ATTACHMENT(S)**

- A. Independent Auditor's Report on Schedules of Revenues and Expenditures for Proposition A and Proposition C Special Revenue Funds for the Fiscal Year Ended June 30, 2020
- B. List of Entities Audited by Vasquez
- C. List of Entities Audited by Simpson and Simpson
- D. Report on Compliance with Requirements Applicable to Proposition A and Proposition C Ordinances and Proposition A and Proposition C Local Return Guidelines (Vasquez)
- E. Report on Compliance with Requirements Applicable to Proposition A and Proposition C Ordinances and Proposition A and Proposition C Local Return Guidelines (Simpson and Simpson)

Prepared by: Lauren Choi, Sr. Director (Interim), Audit, (213) 922-3926  
Monica Del Toro, Audit Support Manager, (213) 922-7494

Reviewed by: Shalonda Baldwin, Executive Officer, Administration, (213) 418-3265



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Phillip A. Washington  
Chief Executive Officer